

## **Wrenshall ISD 100 Wrenshall Board of Education Meeting**

Monday, November 10, 2025 - 6:00 PM

Wrenshall School Music Room

1. Call to Order  
Chairperson
2. Pledge of Allegiance  
Chairperson
3. Roll Call  
Chairperson
4. Adoption of Agenda  
Chairperson
5. Regular Business

Chairperson

- a. Approval of Minutes  
Chairperson  
Approval of official minutes
  - b. Accept Business Office Report  
Beth Peterson - Frank Schill
  - c. Approval of Consent Agenda  
Frank Schill
  - d. Fiscal Year 2025 Audit Presentation  
Beth Peterson
6. Informational Items

Chairperson

Regular Business

- a. Board Committee Reports  
Mary Carlson
- b. Principal's Report  
Michelle Blanchard  
Optional Informational Principal's report.
- c. Community Education Report  
Katie Beck

Optional Informational Report from the Community Education Coordinator.

- d. American Indian Cultural Liaison Report  
Kevin Kot
  - e. Enrollment Report  
Frank Schill  
Monthly snapshot of current enrollment statistics
  - f. Superintendent's Report  
Frank Schill
  - g. Consolidation Discussion  
Mary Carlson  
Update on the Joint board meeting of the Wrenshall and Carlton school boards regarding the referendum and consolidation process.
  - h. MSBA Leadership Conference
  - i. Organizational Chart
7. Action Items  
Mary Carlson
7. Action Items
- a. Approve contract with Carlton County for Family School Support Worker
  - b. Accept Fiscal Year 2025 Independent Audit Report  
Frank schill  
The independent audit report is scheduled to be presented by Wipfli, LLP representatives during the business office report.
  - c. Renew WIPFI Contract
8. Policy Review Cycle
9. Acceptance of Donations
10. Future Meetings  
Chairperson  
Confirm upcoming meetings.
11. Adjournment  
Chairperson

# Wrenshall Board of Education Meeting

Monday, November 10, 2025 6:00 p.m. \*\*\* OPEN FORUM 5:30 p.m.  
Wrenshall School Music Room, 207 Pioneer Drive, Wrenshall, MN 55797

## 1. Call to Order

## 2. Pledge of Allegiance

## 3. Roll Call

## 4. Adoption of Agenda

## 5. Regular Business

- a. Approval of Minutes
- b. Accept Business Office Report
- c. Approval of Consent Agenda
- d. Fiscal Year 2024 Audit Presentation

## 6. Informational Items

- a. Board Committee Reports
- b. Principal's Report
- c. Community Education Report
- d. American Indian Cultural Liaison Report
- e. Enrollment Report
- f. Superintendent's Report
- g. Consolidation Discussion
- h. MSBA Leadership Conference
- i. Organizational Chart

## 7. Action Items

- a. Approve contract with Carlton County for Family School Support Worker
- b. Accept Fiscal Year 2024 Independent Audit Report
- c. Renew WIPFI Contract

## 8. Policy Review Cycle

## 9. Acceptance of Donations

## Future Meetings

## Adjournment

CERTIFICATION OF MINUTES

RELATING TO THE CONSOLIDATION OF INDEPENDENT SCHOOL DISTRICT NO. 93  
(CARLTON SCHOOL DISTRICT) WITH INDEPENDENT SCHOOL DISTRICT NO. 100  
(WRENSHALL SCHOOL DISTRICT)  
GOVERNING BODY: SCHOOL BOARD

Special Joint Session of the Boards on October 13th, 2025 at 5:00 p.m.

Carlton Members Present:

Wrenshall Members Absent:

Documents Attached: Extract of Minutes of said meeting.

RESOLUTION PROPOSING THE CONSOLIDATION OF INDEPENDENT SCHOOL  
DISTRICT NO. 0093 (CARLTON SCHOOL DISTRICT) WITH INDEPENDENT SCHOOL  
DISTRICT NO. 100 (WRENSHALL SCHOOL DISTRICT)

I, the undersigned, being the duly qualified and acting recording officer of the public corporation issuing the obligations referred to in the title of this certificate, certify that the documents attached hereto, as described above, have been carefully compared with the original records of said corporation in my legal custody, from which they have been transcribed; that said documents are a correct and complete transcript of the minutes of a meeting of the governing body of said corporation, and correct and complete copies of all resolutions and other actions taken and of all documents approved by the governing body at said meeting, so far as they relate to said obligations; and that said meeting was duly held by the governing body at the time and place and was attended throughout by the members indicated above, pursuant to call and notice of such meeting given as required by law.

WITNESS BY HAND officially as such recording officer this 13th day of October, 2025.



Ben Johnson

Clerk of the Wrenshall School Board



Sue Karp

Clerk of the Carlton School Board

EXTRACT OF MINUTES OF A SPECIAL JOINT SESSION OF THE CARLTON SCHOOL BOARD (ISD 93) AND WRENSHALL SCHOOL BOARD (ISD 100) STATE OF MINNESOTA HELD: October 13th, 2025

Pursuant to due call and notice thereof, a special meeting of the School Boards of Independent School District No. 100 (Wrenshall School District) and Independent School District No. 93 (Carlton School District), State of Minnesota, was duly held in said school district on October 13th, 2025 moved the adoption of the following Resolution:

RESOLUTION PROPOSING THE CONSOLIDATION OF INDEPENDENT SCHOOL DISTRICT NO. 093 (CARLTON SCHOOL DISTRICT) WITH INDEPENDENT SCHOOL DISTRICT NO. 100 (WRENSHALL SCHOOL DISTRICT)

WHEREAS, Minnesota Statutes, Section 123A.48, as amended ("Section 123A.48") permits independent school districts to consolidate into a single independent school district by proceedings taken in accordance with Section 123A.48.

WHEREAS, Section 123A.48 provides that the consolidation process may be commenced by a resolution adopted by the school board; and

WHEREAS, Independent School District No. 0093 (Carlton School District) and Independent School District No. 100 (Wrenshall School District) are neighboring school districts that share a common border; and

WHEREAS, over time, Carlton and Wrenshall have experienced declining enrollment. As of October 2025, Carlton has 260 students enrolled K-12 and Wrenshall has 332 ; and

WHEREAS, Carlton's School Board will decommission their high school on or before July 1, 2027; and

WHEREAS, over the past many years, representatives of Carlton and Wrenshall have met and consulted regarding the possible consolidation of the two school districts; and

WHEREAS, after public meetings, stakeholder engagement, and an analysis of educational programming, financial operations, facilities, and enrollment trends, both school boards have determined that consolidation is in the best interest of students and the communities served; and

WHEREAS, the consolidation plan provides for the merger of certain assets and liabilities, the alignment of curriculum and educational programs, and a governance structure that reflects the combined needs of both communities; and

WHEREAS, the School Boards hereby find and determine that it is reasonable, appropriate and advantageous to consolidate Independent School District No. 93 (Carlton School District) and Independent School District No. 100 (Wrenshall School District) after June 30, 2026.

**NOW, THEREFORE, BE IT RESOLVED** by the School Boards of Independent School District No. 100 and Independent School District No. 93, State of Minnesota, as follows:

1. Consolidation. The Carlton School District and the Wrenshall School District will consolidate in accordance with the provisions of Section 123A.48 and this resolution. The effective date of the consolidation shall be July 1, 2026. The area proposed for consolidation is all territory located in both school districts.
2. Preparation of Plat. The County Auditor of Carlton County, Minnesota (the "County Auditor") is hereby requested and authorized, pursuant to Section 123A.48, to prepare a consolidation plat and a required supporting statement for the consolidation of the Carlton School District and the Wrenshall School District. The supporting statement shall include the information specified in Section 123A.48, subd. 5. The plat must show the boundaries of the proposed school district, the location of school buildings, and other information prescribed in Section 123A.48, subd 2(c). The County Auditor is further requested to verify that the resulting consolidated school district will contain at least 18 sections of land. The County Auditor shall submit the proposed plat and supporting statement to the Commissioner of Education for examination and approval.
3. Name and Identification Number of Consolidated District. The School Board finds and determines that, in the interest of efficiency and economy of operation, it is more practical and reasonable to retain Wrenshall's identification number for the consolidated school district. The name of the newly consolidated district will be determined at a later date.
4. School Board Transition Plan. The School Board of the consolidated school district will elect three members from each pre-existing school district along existing election boundaries. The boards will seek resignations from 2 members of each board effective the day prior to the consolidation date. Each board will seek an additional resignation one year following the consolidation date. Pursuant to Section 123A.48, subd. 4, the transition plan may shorten any or all terms of incumbent school board members to achieve an orderly reduction of the school board. When the transition process is completed, the school board of the consolidated school district will have six (6) members. Members of the administration are hereby authorized and directed to submit a copy of the transition plan to the Minnesota Secretary of State for review and comment.
5. Energy and Capital Loans. Carlton and Wrenshall have no energy loans or capital loans.
6. Bonded Debt. Carlton and Wrenshall both have outstanding general obligation bonds. Any bonded debt existing on July 1, 2026 will become in part or whole the obligation of all the taxpayers in the newly consolidated district

7. Referendum Revenue Authorizations. The referendum revenue authorizations previously approved by the voters of Carlton, and renewed by authorization of Carlton School Board pursuant to Minnesota Statutes, Section 126C.17, subdivision 9b, will be continued as provided in Minnesota Statutes, Section 123A.73, subdivision 4 or 5.
8. Operational Debt. At the time this resolution is written, neither school has any operational debt. Any operational debt incurred prior to the date of consolidation will become an obligation of all the taxpayers in the newly consolidated district using an operational debt levy made over five years as provided in Minnesota Statutes, Section 123A.73, subdivision 9.
9. Distribution of Assets and Liabilities: Post-Consolidation Responsibilities. All of the assets, real and personal, of Carlton and Wrenshall, and all legally valid and enforceable claims and contract obligations of both school districts shall, effective July 1, 2026, pass to the consolidated school district.
10. Superintendent Authorized. The Superintendents are hereby authorized and directed to take such actions as are reasonable and necessary to accomplish the purposes of this resolution. Any actions taken by the Superintendents prior to the date of this resolution in furtherance of the proposed consolidation of Carlton and Wrenshall are hereby ratified, confirmed and approved in all respects.
11. Notice to County Auditors. A certified copy of this resolution shall be delivered forthwith to the County Auditors of Carlton County, Minnesota.

Carlton Call:

The motion for the adoption of the foregoing resolution was read into record by Ryan Leonzal  
And duly seconded by Ben Nilsen

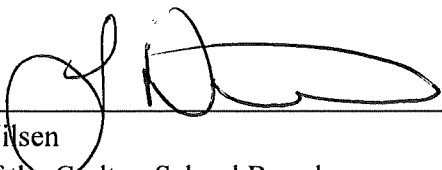
On a roll call vote, the following voted in favor:

and the following voted against:

Dan, Ryan, Laura, Ben, Sue

Absent: Sam

Whereupon said resolution was declared duly passed and adopted.

  
\_\_\_\_\_  
Laura Nilsen  
Chair of the Carlton School Board

Wrenshall Role:

The motion for the adoption of the foregoing resolution was read into record by Eric Ankrum  
And duly seconded by Ashley Laveau

On a roll call vote, the following voted in favor:  
and the following voted against:

Mary, Jon, Ben, Eric, Ashley

No: Erin

Whereupon said resolution was declared duly passed and adopted.

A handwritten signature in black ink, appearing to read 'Mary Carlson', written over a horizontal line.

Mary Carlson

Chair of the Wrenshall School Board

**Wrenshall School ISD #100**  
**Exp/Rev Summary - Fd**  
**Period Ending October 31, 2025**

Sequence: L, Fd

Description		Adopted26 Annual Budget	Period 202604	Year To Date	% YTD	Encumbrances	% YTD + Enc	Remaining Balance
E	Expenditure							
01	General Fund	4,857,681.00	471,516.53	1,055,407.90	22%	1,556.58	22%	3,800,716.52
02	Food Services Fund	215,346.00	22,526.19	45,575.32	21%	0.00	21%	169,770.68
03	Transportation (Sub of 01)	432,272.00	32,440.19	101,529.18	23%	0.00	23%	330,742.82
04	Community Service	190,043.00	17,803.30	60,622.23	32%	0.00	32%	129,420.77
05	Capital Outlay (Sub of 01)	155,196.00	15,855.28	173,286.47	112%	38,233.84	136%	(56,324.31)
07	Debt Redemption Fund	947,210.00	0.00	149,080.00	16%	0.00	16%	798,130.00
18	Custodial	0.00	0.00	(300.00)	0%	0.00	0%	300.00
21	Student Activities	0.00	1,837.49	1,837.49	0%	0.00	0%	(1,837.49)
E	Expenditure	6,797,748.00	561,978.98	1,587,038.59	23%	39,790.42	24%	5,170,918.99
R	Revenue							
01	General Fund	(4,999,462.00)	(611,449.95)	(1,411,750.27)	28%	0.00	28%	(3,587,711.73)
02	Food Services Fund	(216,700.00)	(27,454.35)	(22,624.35)	10%	0.00	10%	(194,075.65)
03	Transportation (Sub of 01)	(253,307.00)	0.00	0.00	0%	0.00	0%	(253,307.00)
04	Community Service	(188,427.00)	(13,776.68)	(68,178.16)	36%	0.00	36%	(120,248.84)
05	Capital Outlay (Sub of 01)	(149,909.00)	0.00	0.00	0%	0.00	0%	(149,909.00)
07	Debt Redemption Fund	(966,060.00)	(15,414.63)	(59,890.70)	6%	0.00	6%	(906,169.30)
21	Student Activities	0.00	(42,091.80)	(45,211.80)	0%	0.00	0%	45,211.80
R	Revenue	(6,773,865.00)	(710,187.41)	(1,607,655.28)	24%	0.00	24%	(5,166,209.72)
	<b>Report Totals:</b>	<b>23,883.00</b>	<b>(148,208.43)</b>	<b>(20,616.69)</b>	<b>(86%)</b>	<b>39,790.42</b>	<b>80%</b>	<b>4,709.27</b>

**Wrenshall School ISD #100**  
**Receipt Listing Report with Detail by Deposit**  
**Fund Summary**

<b>Fund</b>	<b>Total</b>
01	\$610,029.24
02	\$27,454.35
04	\$13,776.68
07	\$15,414.63
21	\$42,091.80
<b>Report Total</b>	<b>\$708,766.70</b>

**Wrenshall School ISD #100**  
**Detail Payment Register By Check**  
**Fund Summary**

<b>Fund</b>	<b>Description</b>	<b>Total</b>
01	General Fund	\$247,795.22
02	Food Services Fund	\$13,658.23
03	Transportation (Sub of 01)	\$9,729.12
04	Community Service	\$336.20
05	Capital Outlay (Sub of 01)	\$15,785.28
21	Student Activities	\$1,837.49
<b>Report Total</b>		<b>\$289,141.54</b>

# WRENSHALL PUBLIC SCHOOL DISTRICT



Dr. Frank Schill, Superintendent  
Michelle Blanchard, Principal

November 10, 2025

## **Hiring Requests**

1. Raptors Athletic Director

# WRENSHALL PUBLIC SCHOOL DISTRICT



Dr. Frank Schill, Superintendent  
Michelle Blanchard, Principal

November 10, 2025

## **Consent Agenda**

- *Any Director may request to remove any item from this consent agenda and place it on the regular meeting agenda for individual consideration.*

### **Appointments:**

1. Ellisyn, Roettger, Wrens Club Student Aide, effective on completion of background check

### **Changes of Assignment:**

### **At-Will Agreements:**

### **Leaves of Absence:**

### **Resignations:**

1. Katie Beck, Community Education Coordinator, effective December 31, 2025

# Independent School District No. 100 Wrenshall, Minnesota

Financial Statements and  
Supplementary Information

Year Ended June 30, 2025



# Independent School District No. 100

Year Ended June 30, 2025

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# Independent School District No. 100

Year Ended June 30, 2025

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## School Officials

<u>Elective</u>	<u>Office</u>	<u>Term Expires</u>
Mary Carlson	Chair	1/1/27
Eric Ankrum	Vice-Chair	1/1/27
Erin Riley	Treasurer	1/1/29
Ben Johnson	Clerk	1/1/27
Jon Beck	Member	1/1/29
Ashley Laveau	Member	1/1/29
<u>Appointive</u>		
Frank Schill	Superintendent	

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## **Independent Auditor’s Report**

To the School Board  
Independent School District No. 100  
Wrenshall, Minnesota

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 100 (District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2025, and the respective changes in financial position, and the respective budgetary comparison for the General Fund and Debt Service Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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.

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pages 5 through 9, the information about the District's other postemployment health care plan, page 48, and the information about the District's net pension liability, pages 49 through 54 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining nonmajor governmental funds financial statements, and the fiscal compliance table, pages 55 through 57, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor governmental funds financial statements and fiscal compliance table are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated **OPEN**, 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 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.

Wipfli LLP

**OPEN**

Eau Claire, Wisconsin

DRAFT

## Management's Discussion and Analysis

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# Independent School District No. 100

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

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As management of Independent School District No. 100 (District), 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

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

- Total net position was \$1,813,353 at June 30, 2025, an increase of \$393,302 over the prior year.
- Overall actual revenues in the Statement of Activities were \$7,071,299 and expenses were \$6,677,997.
- General Fund total fund balance decreased \$51,317 during the fiscal year ended June 30, 2025.

### Overview of the Financial Statements

The financial section of the annual report consists of four parts - Independent Auditor's Report, required supplementary information which includes the Management's Discussion and Analysis (this section), the basic financial statements and supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

### Government-wide Statements

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

The two government-wide statements report the District's net position and how it has changed.

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 between the two 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 overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

The statement of activities presents information showing how the District's net position changed during the 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 the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (i.e., uncollected taxes and earned but unused compensated absences).

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation, and operation of non-instructional services.

# Independent School District No. 100

## Management's Discussion and Analysis (Continued)

Year Ended June 30, 2025

### 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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, state statutes, and to control and manage money for particular purposes. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds - Most of the District's basic services are included in governmental funds. Governmental fund financial statements focus on near-term inflows of cash and other financial assets that can readily be converted to cash, as well as the balances at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Because this information does not encompass the additional long-term focus of the district-wide statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. A reconciliation is provided to facilitate a comparison between government funds financial statements and district-wide financial statements.

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

### Financial Analysis of the District as a Whole

Net position may serve over time as a useful indicator of a district's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,813,353 as of June 30, 2025.

#### Statement of Net Position (Deficit) June 30,

	2025	2024
Capital assets	\$ 16,875,812	\$ 17,104,966
Current and other assets	3,027,094	3,229,353
<b>Total assets</b>	<b>19,902,906</b>	<b>20,334,319</b>
Deferred outflows of resources	670,895	831,279
Long-term liabilities	15,138,580	16,609,357
Other liabilities	936,869	1,210,893
<b>Total liabilities</b>	<b>16,075,449</b>	<b>17,820,250</b>
Deferred inflows of resources	2,684,999	1,925,297
Net position		
Net investment in capital assets	4,473,970	4,194,900
Restricted	358,069	220,696
Unrestricted (deficit)	(3,018,686)	(2,995,545)
<b>Total net position (deficit)</b>	<b>\$ 1,813,353</b>	<b>\$ 1,420,051</b>

# Independent School District No. 100

## Management's Discussion and Analysis (Continued)

Year Ended June 30, 2025

	Change in Net Position For the years ended June 30,	
	2025	2024
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 342,294	\$ 369,596
Operating grants and contributions	1,448,522	1,462,813
Capital grants and contributions	25,000	
General revenues		
Property taxes	1,437,644	1,525,303
State aids	3,747,771	3,622,536
Other	70,068	58,047
<b>Total revenues</b>	<b>7,071,299</b>	<b>7,038,295</b>
<b>Expenses</b>		
District and school administration	345,539	341,021
District support services	350,162	308,042
Regular instruction	2,359,052	2,189,610
Vocational instruction	100,766	91,562
Exceptional instruction	949,100	1,066,331
Instructional support services	176,863	78,935
Pupil support services	748,881	537,877
Sites, building and equipment	738,222	734,057
Fiscal and other fixed cost programs	56,536	47,117
Food service	214,464	199,364
Community service	192,392	154,226
Interest and fiscal charges on long-term debt	301,344	385,185
Unallocated depreciation	144,676	147,045
<b>Total expenses</b>	<b>6,677,997</b>	<b>6,280,372</b>
Change in net position	393,302	757,923
Net position, beginning of year	1,420,051	662,128
<b>Net position, end of year (deficit)</b>	<b>\$ 1,813,353</b>	<b>\$ 1,420,051</b>

### Financial Analysis of the District's Funds

While the government-wide presentations are designed to present users with a more complete picture of the District's financial position and results of operations, the traditional fund accounting basis provides users with information that can be used by the District to make decisions in the near-term.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$738,409, an increase of \$15,497 from the prior year. This total consists of: General Fund, \$419,802; Debt Service Fund, \$192,860; Food Service Fund, \$91,615; and Community Service Fund, \$34,132.

# Independent School District No. 100

## Management's Discussion and Analysis (Continued)

Year Ended June 30, 2025

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At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$236,183. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund budget. Unassigned fund balance represents 4.18% of the total General Fund's final budgeted expenditures of \$5,273,338 at June 30, 2025. The School Board has adopted a Fund Balance Policy, establishing a goal of having a positive General Fund unassigned fund balance.

The Debt Service fund balance increased by \$41,394, the Food Service fund balance increased by \$21,255 and the Community Service Fund balance increased \$4,165.

### General Fund Budgetary Highlights

The board of each school district must approve and adopt its revenue and expenditure budgets for the next school year prior to July 1 of each year. The budget document adopted is an expenditure-authorizing or appropriations document. No funds shall be expended by any board or district for any purpose in any school year prior to the adoption of the budget document which authorizes the expenditure or prior to an amendment to the budget document by the board to authorize the expenditure.

The originally adopted General Fund revenue and other financing sources budget was \$5,263,528. Budgeted revenues and other financing sources were revised during the year to \$5,611,104, an increase of \$347,576.

The originally adopted General Fund expenditure budget was \$5,273,338. Budgeted expenditures were revised during the year to \$5,648,497, an increase of \$375,159.

Actual revenues and other financing sources were \$109,462 more than anticipated primarily due to the issuance of leases and promissory notes.

Actual expenditures were \$206,963 less than anticipated due to fewer capital outlay expenditures.

### Capital Assets and Debt Administration

#### Capital Assets

By the end of fiscal year 2025, the District had invested \$23,954,964 in a broad range of capital assets, including land, school buildings, athletic facilities, buses, computer equipment, and leased equipment. Total depreciation and amortization expense for the year was \$533,502. More detailed information about the District's capital assets is presented in Note 3 to the financial statements.

#### Debt Administration

At June 30, 2025, the District had \$11,935,000 in general obligation bonds payable outstanding. Under current state statutes, the District's general obligation bonded debt issuances are subject to a legal limitation of 10 percent of the fair market value of property in the District. The District is within its legal authority for bonded debt.

The District also had \$116,241 in notes payable, \$2,443,352 in net pension liability, \$30,389 in total OPEB liability, and \$262,997 in compensated absence liabilities at June 30, 2025.

More detailed information about the District's long-term liabilities is presented in Note 4 to the financial statements.

# Independent School District No. 100

## Management's Discussion and Analysis (Continued)

Year Ended June 30, 2025

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### Factors Bearing on the District's Future

Wrenshall School District continues to promote and maintain a comprehensive PK-12 educational system for Wrenshall resident students and open enrolled students from area school districts. The educational staff is now in the tenth school year of the Quality Compensation Program which has allowed for focused-systemic staff development. Under the Quality Compensation Program, the educators are evaluated every year under the Charlotte Danielson Model which has been very helpful. In addition, the professional learning communities are led by teacher leaders who do informal observations of all of the teaching staff. This has proved to be valuable and a collegial effort towards effective school improvement.

### Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, 207 Pioneer Drive Wrenshall, MN 55797 or call the Business Manager, (218) 384-4274.

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# Government-Wide Financial Statements

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# Independent School District No. 100

## Statement of Net Position

For the Year Ended June 30, 2025

	Governmental Activities
<b>Assets and Deferred Outflows of Resources</b>	
Current assets	
Cash and investments	\$ 1,804,505
Current property taxes receivable	531,691
Delinquent property taxes receivable	18,913
Accounts receivable	6,884
Due from other Minnesota school districts	40,965
Due from Minnesota Department of Education	467,475
Due from federal government through the Minnesota Department of Education	89,841
Due from other governmental units	22,117
Prepaid expenses	33,570
Inventory	11,133
<b>Total current assets</b>	<b>3,027,094</b>
Capital assets, net of depreciation	
Capital assets not being depreciated	22,760
Capital assets being depreciated, net of accumulated depreciation	16,853,052
<b>Total capital assets, net of accumulated depreciation</b>	<b>16,875,812</b>
Deferred outflows of resources	
Items related to pensions plans	670,895
<b>Total assets and deferred outflow of resources</b>	<b>\$ 20,573,801</b>
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>	
Current liabilities	
Salaries payable	\$ 455,305
Accounts payable	26,419
Accrued payroll liabilities	77,785
Due to other Minnesota school districts	213,959
Due to other governments	12,419
Interest payable	125,861
Unearned revenue	25,121
Current portion of long-term liabilities	696,347
<b>Total current liabilities</b>	<b>1,633,216</b>
<b>Long-term liabilities</b>	<b>14,442,233</b>
<b>Total liabilities</b>	<b>16,075,449</b>
Deferred inflows of resources	
Property taxes levied for subsequent year's expenditures	1,458,764
Items related to pension plans	1,226,235
<b>Total deferred inflows of resources</b>	<b>2,684,999</b>
Net position	
Net investment in capital assets	4,473,970
Restricted	358,069
Unrestricted	(3,018,686)
<b>Total net position</b>	<b>1,813,353</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 20,573,801</b>

See accompanying notes to financial statements.

# Independent School District No. 100

## Statement of Activities

For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities</b>					
District and school administration	\$ 345,539	\$	\$	\$	\$ (345,539)
District support services	350,162	83,777	9,374		(257,011)
Regular instruction	2,359,052	161,190	130,751		(2,067,111)
Vocational instruction	100,766		6,655		(94,111)
Exceptional instruction	949,100		952,227		3,127
Instructional support services	176,863				(176,863)
Pupil support services	748,881		42,000		(706,881)
Sites, buildings and equipment	738,222			25,000	(713,222)
Fiscal and other fixed program costs	56,536				(56,536)
Food service	214,464	(634)	236,353		21,255
Community service	192,392	97,961	71,162		(23,269)
Interest and fiscal charges on long-term debt	301,344				(301,344)
Unallocated depreciation	144,676				(144,676)
<b>Total governmental activities</b>	<b>\$ 6,677,997</b>	<b>\$ 342,294</b>	<b>\$ 1,448,522</b>	<b>\$ 25,000</b>	<b>(4,862,181)</b>

### General revenues

#### Taxes

Property taxes, levied for general purposes	540,688
Property taxes, levied for community service	26,326
Property taxes, levied for debt service	870,630
State aid-formula grants	3,747,771
Investment earnings	63,600
Other	6,468

**Total general revenues** **5,255,483**

Change in net position **393,302**

**Net position (deficit), beginning of the year** **1,420,051**

**Net position (deficit), end of the year** **\$ 1,813,353**

See accompanying notes to financial statements.

# Independent School District No. 100

## Governmental Funds – Balance Sheet

June 30, 2025

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 861,469	\$ 783,346	\$ 159,690	\$ 1,804,505
Current property taxes receivable	188,528	334,305	8,858	531,691
Delinquent property taxes receivable	6,701	11,882	330	18,913
Accounts receivable			6,884	6,884
Due from other Minnesota school districts	40,965			40,965
Due from the Minnesota Department of Education	452,913	11,805	2,757	467,475
Due from the federal government through the Minnesota Department of Education	89,841			89,841
Due from other governmental units	22,117			22,117
Prepaid expenses	33,570			33,570
Inventory	2,876		8,257	11,133
<b>Total assets</b>	<b>\$ 1,698,980</b>	<b>\$ 1,141,338</b>	<b>\$ 186,776</b>	<b>\$ 3,027,094</b>
<b>Liabilities</b>				
Salaries payable	\$ 426,170	\$	\$ 29,135	\$ 455,305
Accounts payable	25,730		689	26,419
Accrued payroll liabilities	77,785			77,785
Due to other Minnesota school districts	213,959			213,959
Due to other governments	12,419			12,419
Unearned revenue	23,166		1,955	25,121
<b>Total liabilities</b>	<b>779,229</b>		<b>31,779</b>	<b>811,008</b>
<b>Deferred inflows of resources</b>				
Delinquent property taxes	6,701	11,882	330	18,913
Property taxes levied for subsequent year's expenditures	493,248	936,596	28,920	1,458,764
<b>Total deferred inflows of resources</b>	<b>499,949</b>	<b>948,478</b>	<b>29,250</b>	<b>1,477,677</b>
<b>Fund balances</b>				
Nonspendable	36,446		8,257	44,703
Assigned	668			668
Restricted	146,505	192,860	132,353	471,718
Unassigned	236,183		(14,863)	221,320
<b>Total fund balances</b>	<b>419,802</b>	<b>192,860</b>	<b>125,747</b>	<b>738,409</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,698,980</b>	<b>\$ 1,141,338</b>	<b>\$ 186,776</b>	<b>\$ 3,027,094</b>

See accompanying notes to financial statements.

# Independent School District No. 100

## Governmental Funds – Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2025

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Total fund balances - governmental funds	\$ 738,409
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.

Cost of capital assets	23,954,964
Less accumulated depreciation	(7,079,152)

Long-term liabilities, including bonds payable, notes payable, other postemployment benefits, and compensated absences payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

General obligation bonds	(11,935,000)
Notes payable	(116,241)
Lease liabilities	(36,439)
Unamortized bond premium	(314,162)
Compensated absences	(262,997)
Total OPEB obligation	(30,389)

The net pension liability and the deferred outflows of resources and inflows of resources related to pensions are only reported in the statement of net position

Net pension liability	(2,443,352)
Deferred inflows of resources related to pensions	(1,226,235)
Deferred outflows related to pensions	670,895

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 deferred in the funds.

18,913

Interest on long-term debt is not accrued in governmental funds, but rather recognized as an expenditure when due.

(125,861)

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Total net position - governmental activities	\$ 1,813,353
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See accompanying notes to financial statements.

# Independent School District No. 100

## Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended June 30, 2025

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Local property tax levies	\$ 539,466	\$ 867,916	\$ 26,253	\$ 1,433,635
Other local and county revenues	198,206		101,241	299,447
Revenue from state sources	4,583,513	117,023	185,901	4,886,437
Revenue from federal sources	179,553		119,035	298,588
Interest income	63,600			63,600
Sales and other conversion of assets	2,160		(154)	2,006
<b>Total revenues</b>	<b>5,566,498</b>	<b>984,939</b>	<b>432,276</b>	<b>6,983,713</b>
<b>Expenditures</b>				
<b>Current</b>				
District and school administration	345,539			345,539
District support services	345,089			345,089
Regular instruction	2,413,772			2,413,772
Vocational instruction	100,765			100,765
Exceptional instruction	943,133			943,133
Community education and services			192,392	192,392
Instructional support services	173,603			173,603
Pupil support services	543,598		214,464	758,062
Site, buildings, and equipment	660,868			660,868
Fiscal and other fixed cost programs	56,536			56,536
Capital outlay	244,270			244,270
<b>Debt service</b>				
Principal	21,033	620,000		641,033
Interest and other fiscal costs	7,254	323,545		330,799
<b>Total expenditures</b>	<b>5,855,460</b>	<b>943,545</b>	<b>406,856</b>	<b>7,205,861</b>
Excess of revenues over expenditures	(288,962)	41,394	25,420	(222,148)
<b>Other financing sources</b>				
Issuance of promissory notes	116,241			116,241
Issuance of leases	37,827			37,827
Insurance recovery	83,577			83,577
<b>Total other financing sources</b>	<b>237,645</b>			<b>237,645</b>
Net change in fund balances	(51,317)	41,394	25,420	15,497
Fund balances, beginning	471,119	151,466	100,327	722,912
<b>Fund balances, ending</b>	<b>\$ 419,802</b>	<b>\$ 192,860</b>	<b>\$ 125,747</b>	<b>\$ 738,409</b>

See accompanying notes to financial statements.

# Independent School District No. 100

## Governmental Funds – Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the Year Ended June 30, 2025

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Total net changes in fund balances - governmental funds	\$	15,497
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the costs of those assets is allocated over the estimated useful lives as depreciation expense.

Capital outlays		304,348
Depreciation expense		(533,502)
Net book value of assets retired		

The issuance of long-term debt provides current financial resources to governmental funds but increases long-term liabilities in the statement of net position.

Issuance of leases		(37,827)
Issuance of notes		(116,241)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal payments on general obligation bonds		620,000
Principal payments on notes payable		19,645
Principal payments on lease liabilities		1,388
Amortization of bond premium		21,259

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. However, in the statement of activities, interest expense is recognized as it is accrued, regardless of when it is due.

8,196

Vested employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.

Change in total OPEB liability		(3,300)
Change in compensated absences		(128,869)
Change in deferred outflows of resources related to pensions		(160,384)
Change in deferred inflows of resources related to pensions		(715,639)
Change in pension liability		1,094,722

Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditure, and therefore are deferred in the funds.

4,009

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Change in net position - governmental activities	\$	393,302
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See accompanying notes to financial statements.

# Independent School District No. 100

## General Fund – Statement of Revenues, Expenditures, and Change in Fund Balance – Budget and Actual

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance Over (Under)
<b>Revenues</b>				
Local property tax levies	\$ 579,210	\$ 549,431	\$ 539,466	\$ (9,965)
Other local and county revenues	95,450	129,099	198,206	69,107
Revenue from state sources	4,378,433	4,692,449	4,583,513	(108,936)
Revenue from federal sources	170,435	183,830	179,553	(4,277)
Sales and conversion of assets		1,295	2,160	865
Interest income	40,000	55,000	63,600	8,600
<b>Total revenues</b>	<b>5,263,528</b>	<b>5,611,104</b>	<b>5,566,498</b>	<b>(44,606)</b>
<b>Expenditures</b>				
<b>Current</b>				
District and school administration	405,366	353,090	345,539	(7,551)
District support services	246,799	339,511	345,089	5,578
Regular instruction	2,058,063	2,312,295	2,413,772	101,477
Vocational instruction	142,090	115,888	100,765	(15,123)
Exceptional instruction	1,149,537	1,024,967	943,133	(81,834)
Instructional support services	96,241	135,755	173,603	37,848
Pupil support services	510,105	580,966	543,598	(37,368)
Site, buildings, and equipment	542,331	608,036	660,868	52,832
Fiscal and other fixed cost programs	42,000	56,651	56,536	(115)
Capital outlay	35,806	68,696	244,270	175,574
<b>Debt service</b>				
Principal	19,023	27,114	21,033	(6,081)
Interest	25,977	25,528	7,254	(18,274)
<b>Total expenditures</b>	<b>5,273,338</b>	<b>5,648,497</b>	<b>5,855,460</b>	<b>206,963</b>
<b>Excess of revenues under expenditures</b>	<b>(9,810)</b>	<b>(37,393)</b>	<b>(288,962)</b>	<b>(251,569)</b>
<b>Other financing sources</b>				
Issuance of leases			37,827	37,827
Issuance of promissory note			116,241	116,241
Insurance recovery		83,577	83,577	
<b>Total other financing sources</b>		<b>83,577</b>	<b>237,645</b>	<b>154,068</b>
<b>Net change in fund balance</b>	<b>(9,810)</b>	<b>46,184</b>	<b>(51,317)</b>	<b>(97,501)</b>
<b>Fund balance, beginning</b>	<b>471,119</b>	<b>471,119</b>	<b>471,119</b>	
<b>Fund balance, ending</b>	<b>\$ 461,309</b>	<b>\$ 517,303</b>	<b>\$ 419,802</b>	<b>\$ (97,501)</b>

See accompanying notes to financial statements.

# Independent School District No. 100

## Debt Service Fund – Statement of Revenues, Expenditures, and Change in Fund Balance – Budget and Actual

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance Over (Under)
<b>Revenues</b>				
Local property tax levies	\$ 959,097	\$ 870,510	\$ 867,916	\$ (2,594)
Revenue from state sources	27,800	116,386	117,023	637
<b>Total revenues</b>	<b>986,897</b>	<b>986,896</b>	<b>984,939</b>	<b>(1,957)</b>
<b>Expenditures</b>				
Debt service				
Principal	620,000	620,000	620,000	
Interest	323,770	323,770	323,545	(225)
<b>Total expenditures</b>	<b>943,770</b>	<b>943,770</b>	<b>943,545</b>	<b>(225)</b>
Excess of revenues over expenditures	43,127	43,126	41,394	(1,732)
Net change in fund balance	43,127	43,126	41,394	(1,732)
Fund balance, beginning	151,466	151,466	151,466	
<b>Fund balance, ending</b>	<b>\$ 194,593</b>	<b>\$ 194,592</b>	<b>\$ 192,860</b>	<b>\$ (1,732)</b>

See accompanying notes to financial statements.

# Independent School District No. 100

## Fiduciary Fund – Statement of Fiduciary Net Position

June 30, 2025

	Custodial Fund
Assets	
Cash and investments	\$ 51,780
Net position	
Held in trust for scholarships	\$ 51,780
Total liabilities and net position	\$ 51,780

See accompanying notes to financial statements.

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# Independent School District No. 100

## Fiduciary Fund – Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2025

	Custodial Fund
Additions	
Donations	\$ 1,500
Interest income	1,838
<b>Total additions</b>	<b>3,338</b>
Deductions	
Scholarships paid	3,290
<b>Total deductions</b>	<b>3,290</b>
Change in net position	48
Net position, beginning of the year	51,732
<b>Net position, end of the year</b>	<b>\$ 51,780</b>

See accompanying notes to financial statements.

# Independent School District No. 100

## Notes to Financial Statements

Year Ended June 30, 2025

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### Note 1 Summary of Significant Accounting Policies

Independent School District No. 100 (District) was formed and operates pursuant to applicable Minnesota laws and statutes. The Governing Body consists of a six-member Board elected by voters of the District. Members are elected for four-year terms. The accounting policies of the District conform to accounting principles generally accepted in the United States as applied to government units. The Governmental Accounting Standards Board is the accepted standard setting board for establishing governmental accounting and financial reporting principles.

#### Reporting Entity

The District's financial statements include all funds, departments, agencies, boards, commissions, and other component units for which the District is considered to be financially accountable or for which the exclusion of would render the financial statements misleading. 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. Based on these criteria established by the Governmental Accounting Standards Board, there are no organizations considered to be component units of the District.

The student activity accounts of the District are under School Board control. The activity is accounted for in the General Fund.

#### Basic Financial Statement Presentation

The government-wide financial statements (i.e. the statement of net position and the statement of activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. The fiduciary funds are only reported in separate financial statements at the fund financial statement level.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The District applies restricted resources first when an expense is incurred for the purpose for which both restricted and unrestricted resources are available. Depreciation expense can be specifically identified by function and is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities. Generally, the effect of material interfund activity has been removed from the government-wide financial statements.

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

The fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the District, these funds are not incorporated into the government-wide statements.

# Independent School District No. 100

## Notes to Financial Statements (Continued)

Year Ended June 30, 2025

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### Note 1 Summary of Significant Accounting Policies (Continued)

#### Measurement Focus and Basis of Accounting

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

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

1. Revenue Recognition - Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year in which it applies according to Minnesota Statutes. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Other revenue is considered available if collected within one year.
2. Recording of Expenditures - Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used. Principal and interest on long-term debt issues are recognized on their due dates.

A general summary of the nature and purpose of each of the funds maintained by the District follows:

#### **Major Governmental Funds**

**General Fund** - This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The general fund accounts for: administration, kindergarten through 12<sup>th</sup> grade instruction, transporting students to and from school, maintenance of facilities, equipment purchases, health and safety projects, and disabled accessibility projects.

**Debt Service Fund** - This fund accounts for the accumulation of resources for the retirement of principal and interest on all general obligation bond indebtedness. Assets of the Debt Service Fund are restricted to the payment of bond principal and interest.

# Independent School District No. 100

## Notes to Financial Statements (Continued)

Year Ended June 30, 2025

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### Note 1 Summary of Significant Accounting Policies (Continued)

#### Nonmajor Governmental Funds

**Special Revenue Funds** - These funds are used to account for proceeds of specific revenue sources that are restricted by law or administrative action to expense for specified purposes. The District has two special revenue funds:

Food Service Fund - Is used to account for food service revenues and expenditures. Revenues consist of state and federal aids and sales to students and employees.

Community Service Fund - Is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, adult or early childhood programs, K-6 extended day programs, or other similar services. Revenues consist of state and federal aids and grants and fees from program participants.

#### Fiduciary Funds

**Custodial Fund** - The Scholarship Trust Fund is used to account for resources received and held by the District in a trustee capacity to be used in making scholarship awards.

#### Budgeting

Formal budgetary accounting is employed as a management control for all funds of the District. For each fund for which a formal budget is adopted, the budget is prepared on the same basis of accounting as the financial statements. The budget is adopted through passage of a resolution. The School Board must approve revisions. Legal budgetary control is at the fund account level.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

#### Cash and Investments

Cash and investments of the individual funds are combined to form a pool and are invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the respective funds on the basis of average cash balance participation by each fund.

Investments are stated at fair value or amortized cost.

#### Receivables

All receivables are shown net of any allowance for uncollectible amounts. No allowances for uncollectibles have been recorded. The only receivables not expected to be collected within one year are delinquent property taxes receivable.

# Independent School District No. 100

## Notes to Financial Statements (Continued)

Year Ended June 30, 2025

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

**Inventory**

The District maintains no central stores and, therefore, expenses supply items as purchased. However, inventories for food items and fuel have been recorded in the proper funds. The District values its inventories at cost, on a first-in, first-out basis.

**Property Taxes**

Property taxes are set by the school board and certified to the county auditor who acts as collecting agent, in December, of the year prior to collection. Taxes become a lien on property on the following January 1. Minnesota school districts operate under a levy limitation law that generally limits annual increases in taxes per capita. This law does not cover levies for bonded indebtedness.

Real property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. Personal property taxes may be paid on February 28 and June 30. The county provides tax settlements to school districts and other taxing districts in January, March, June, and November or December. Portions of the tax levy paid by the state in the form of credits are included in revenue from state sources.

Generally, tax revenue is recognized in the fiscal year ending June 30, following the calendar year in which the tax levy is collectible, while the current calendar year tax levy is recorded as a deferred inflow of resources (property taxes levied for subsequent year). General fund revenue is determined annually by statutory funding formulas. These formulas allocate revenue between property taxes and state aids based on education funding priorities set by the Minnesota State Legislature. Changes in this allocation result in an annual change in property tax revenue recognition referred to as the "tax shift". In prior years, the amount of shift has varied between 0 and 50 percent.

The following is a summary of tax shift transactions by fund:

	Total Shift June 30, 2024	State Aid Adjustment	Revenue Adjustment	Total Shift June 30, 2025
General Fund	\$ 98,411	\$	\$ (27,974)	\$ 70,437

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is reported as a deferred inflow of resources in the fund based financial statements because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes is considered necessary.

# Independent School District No. 100

## Notes to Financial Statements (Continued)

Year Ended June 30, 2025

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### Note 1 Summary of Significant Accounting Policies (Continued)

#### Capital Assets

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

Capital assets are reported in the district-wide financial statements but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives, ranging from five to fifty years.

Capital assets not being depreciated include land.

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

#### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has reported deferred outflows of resources related to pensions for its proportionate share of collective deferred outflows of resources related to pensions and the Districts contributions to pension plans subsequent to the measurement date of the collective net pension liability.

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has reported unavailable revenue from delinquent property taxes, which arises only under a modified accrual basis of accounting, in the governmental funds balance sheet. The District has also reported property taxes levied for subsequent years expenditures as a deferred inflow of resources in both the governmental funds balance sheet and the statement of net position. The District has also reported deferred inflows of resources for its proportionate share of the collective deferred inflows of resources related to pensions.

#### Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

# Independent School District No. 100

## Notes to Financial Statements (Continued)

Year Ended June 30, 2025

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### Note 1 Summary of Significant Accounting Policies (Continued)

#### Leases

The District is a lessee in a noncancelable lease. If the contract provides the District the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

The discount rate used is the implicit rate in the lease contract, if it is readily determinable, or the District's incremental borrowing rate. The District uses the incremental borrowing rate based on the information available at the commencement date for all leases. The District's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment.

The ROU asset for leases is amortized on a straight-line basis over the lease term.

#### Pensions

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

TRA has a special funding situation created by direct aid contributions made by the State of Minnesota, City of Minneapolis, and Minneapolis School District. This direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. A second direct aid source is from the State of Minnesota for the merger of the Duluth Teacher's Retirement Fund Association (DTRFA) in 2015. Additional information can be found in Note 7.

#### Compensated Absences

Vacation granted and sick pay earned are based on length of service and various bargaining unit contracts. In the fund financial statements, vacation pay is recorded when paid. In the district-wide financial statements, a liability is recorded for vacation pay when it is earned. Unused sick leave enters into the calculation of early retirement incentive payments for some employees upon termination.

#### Other Postemployment Benefits (OPEB)

The District provides postemployment health insurance benefits to some retired employees as established by contracts with bargaining units or other employment contracts. These contracts state the years, age and retiring dates needed to qualify for these postemployment benefits.

# Independent School District No. 100

## Notes to Financial Statements (Continued)

Year Ended June 30, 2025

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### Note 1 Summary of Significant Accounting Policies (Continued)

#### **Fund Balance**

In the fund financial statements, governmental funds report fund balance amounts within one of the following categories: non-spendable, restricted, committed, assigned or unassigned. Non-spendable fund balance is either (a) not in spendable form, or (b) legally or contractually required to remain intact. Restricted fund balance includes amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Committed fund balance includes amounts that can be used only for specific purposes determined by a formal action of the School Board. Assigned fund balance includes amounts intended to be used for specific purposes, but do not meet the criteria to be classified as restricted or committed. In accordance with the District's fund balance policy, a majority vote of the School Board is required to commit a fund balance to a specific purpose and subsequently remove or change any commitment and the District's superintendent is authorized to assign fund balance to a specific purpose.

At June 30, 2025, the District had no committed fund balances. The portion of the fund balance not non-spendable, restricted, committed, or assigned, is reported as unassigned. If resources from one fund balance classification could be spent, the District will strive to spend resources in the following order: restricted, committed, assigned, and unassigned. The District applies restricted resources first when an expense is incurred for the purpose for which both restricted and unrestricted fund balance is available.

The District strives to maintain a positive unassigned general fund balance. At June 30, 2025, the District has met that minimum general fund balance goal for FY2025.

#### **Net Position**

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

# Independent School District No. 100

## Notes to Financial Statements (Continued)

Year Ended June 30, 2025

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### Note 2 Deposits and Investments

#### Deposits

In accordance with Minnesota Statutes, the School District maintains deposits at those depository banks authorized by the School Board.

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

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to it. The District requires collateral for deposits over FDIC insurance amounts. At June 30, 2025, the District's deposits were not exposed to custodial credit risk.

#### Investments

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

# Independent School District No. 100

## Notes to Financial Statements (Continued)

Year Ended June 30, 2025

### Note 2 Deposits and Investments (Continued)

The Minnesota School District Liquid Asset Fund (MSDLAF), the Minnesota Trust (MNTrust) Investment Shares Portfolio, and MNTrust Term Series-Flex are external investment pools are regulated by the Minnesota Statutes and are not registered with the Securities and Exchange Commission (SEC). The District's investments in these investment pools are measured at net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value. The fund is a short-term money market portfolio, a cash-management vehicle created exclusively for Minnesota school districts. The Portfolio is managed to maintain a dollar-weighted average portfolio maturity of no greater than 60 days and seeks to maintain a constant net asset value (NAV) per share of \$1.00.

MNTrust Term Series-Flex are intended to be held until maturity but can be fully or partially redeemed on the specified date for the weekly redemption provided that the notice of such redemption was provided to the Administrator at least one business day before such redemption date.

Interest rate risk - Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

State law limits investments as discussed above. The District has no investment policy that would further limit its investment choices.

At June 30, 2025, investments consisted of the following:

Investment		Less Than One Year
MNTrust Investment Shares Portfolio	\$ 1,174,973	\$ 1,174,973
MNTrust Term Series - Flex	273,305	273,305
MSDLAF+ Liquid Class	213	213
MSDLAF+ MAX Class	124	124
Certificates of Deposit	242,600	242,600
Money Market Fund	42,311	42,311
Total	\$ 1,733,526	\$ 1,733,526

Credit risk - Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the District's policy to invest only in securities that meet the ratings requirements set by state statute.

AAAm (S&P Global)	\$ 1,175,310
Not rated	558,216
Total	\$ 1,733,526

# Independent School District No. 100

## Notes to Financial Statements (Continued)

Year Ended June 30, 2025

### Note 2 Deposits and Investments (Continued)

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. At June 30, 2025, none of the District's investments were subject to custodial credit risk.

Concentration of credit risk - The concentration of credit risk is the risk of loss that may be caused by the District's investment in a single issuer. The District has no policy that would limit its investment in a single issuer. At June 30, 2025, the District had 68% of its investments in the MNTrust Investment Shares Portfolio.

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 assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 are significant unobservable inputs.

The District had the following investments valued at recurring measurements at June 30, 2025:

Investments by fair value level	Total	Fair Value Measurements Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	\$ 242,600	\$	\$ 242,600	\$
Money market	42,311		42,311	
<b>Total debt securities/investments by fair value level</b>	<b>284,911</b>	<b>\$</b>	<b>\$ 284,911</b>	<b>\$</b>
<b>Investments measured at the net asset value (NAV)</b>				
External investment pools	1,448,615			
<b>Total investments</b>	<b>\$ 1,733,526</b>			

The following table sets forth additional disclosures about the District's investments whose value are estimated using net asset value (NAV) as of June 30, 2025:

	Total	Unfunded Commitments	Redemption Frequency	Redemption Notice Period 2 P.M. Eastern Time transaction deadline.
External Investment Pool - MSDLAF+ Liquid Class	\$ 213	\$ 0	On Demand 14 days, with the exception of direct investments of funds distributed by the State of Minnesota	
External Investment Pool - MSDLAF+ MAX Class	124	\$0		24-hour notice
External Investment Pool - MNTrust Investment Shares Portfolio	1,174,973	\$0	On Demand	None
External Investment Pool - MNTrust Term Series-Flex	273,305	\$0	Weekly	One business day prior to weekly redemption date
<b>Total External Pool Investments</b>	<b>\$ 1,448,615</b>			

# Independent School District No. 100

## Notes to Financial Statements (Continued)

Year Ended June 30, 2025

### Note 2 Deposits and Investments (Continued)

The District's total deposits and investments are as follows:

Petty cash	\$ 1,025
Deposits	121,734
Investments	1,733,526
<hr/>	
Total	\$ 1,856,285

Presented in the basic financial statements as follows:

Statement of Net Position	
Cash and investments	\$ 1,804,505
Statement of Fiduciary Net Position	
Custodial Fund	
Cash and investments	51,780
<hr/>	
Total cash and investments	\$ 1,856,285

### Note 3 Capital Assets

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

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Capital assets not being depreciated				
Land	\$ 22,760			\$ 22,760
<hr/>				
Total capital assets not being depreciated	22,760			22,760
Capital assets being depreciated or amortized				
Land improvements	142,880		(11,481)	131,399
Buildings	22,170,875	84,650		22,255,525
Equipment	1,339,888	181,871	(14,306)	1,507,453
Lease assets - Equipment		37,827		37,827
<hr/>				
Total capital assets being depreciated or amortized	23,653,643	304,348	(25,787)	23,932,204
Less accumulated depreciation/amortization				
Land improvements	133,553	941	(11,481)	123,013
Buildings	5,524,593	434,913		5,959,506
Equipment	913,291	96,126	(14,306)	995,111
Lease assets - Equipment		1,522		1,522
<hr/>				
Total accumulated depreciation/amortization	6,571,437	533,502	(25,787)	7,079,152
<hr/>				
Total capital assets being depreciated or amortized, net	17,082,206	(229,154)		16,853,052
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Capital assets, net	\$ 17,104,966	\$ (229,154)	\$	\$ 16,875,812

# Independent School District No. 100

## Notes to Financial Statements (Continued)

Year Ended June 30, 2025

### Note 3 Capital Assets (Continued)

Depreciation is charged to governmental functions as follows:

District support services	\$	5,073
Regular instruction		13,914
Exceptional instruction		3,773
Instructional support services		3,260
Pupil support services		56,068
Sites, building and equipment		306,738
Unallocated		144,676
<b>Total</b>	<b>\$</b>	<b>533,502</b>

### Note 4 Long-Term Obligations

The following is a summary of change in long-term obligations:

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
<b>General Obligation Bonds</b>					
\$9,240,000 General Obligation Facilities Maintenance Bonds, Series 2020A, due in annual installments of \$35,000 to \$625,000 plus interest of 2.0% to 4.0% through February 2040.	\$ 8,305,000	\$	\$ 410,000	\$ 7,895,000	\$ 425,000
\$965,000 General Obligation Facilities Maintenance Bonds, Series 2021A, due in annual installments of \$60,000 to \$70,000 plus interest of 1.1% to 2.0% through February 2037.	845,000		60,000	785,000	60,000
\$3,670,000 General Obligation Facilities Maintenance Bonds, Series 2021B, due in annual installments of \$120,000 to \$780,000 plus interest of 2% to 3% through February 2041.	3,405,000		150,000	3,255,000	160,000
Unamortized bond premium	335,421		21,259	314,162	21,259
<b>Total general obligation bonds</b>	<b>12,890,421</b>	<b>-</b>	<b>641,259</b>	<b>12,249,162</b>	<b>666,259</b>
<b>Promissory Notes - Direct Borrowings</b>					
\$57,096 promissory note, due in annual installments of \$20,281 including interest at 3.2% through December 31, 2024.	19,645		19,645		
\$116,241 promissory note, due in annual installments of \$27,905 including interest at 7.0% through December 20, 2029.		116,241		116,241	21,935
<b>Total promissory notes - Direct borrowings</b>	<b>19,645</b>	<b>116,241</b>	<b>19,645</b>	<b>116,241</b>	<b>21,935</b>
<b>Lease liabilities</b>		37,827	1,388	36,439	8,153
<b>Pension liability</b>	3,538,074	-	1,094,722	2,443,352	
<b>Compensated absences</b>	134,128	128,869		262,997	
<b>Total OPEB obligation</b>	<b>27,089</b>	<b>4,491</b>	<b>1,191</b>	<b>30,389</b>	
<b>Total</b>	<b>\$ 16,609,357</b>	<b>\$ 287,428</b>	<b>\$ 1,758,205</b>	<b>\$ 15,138,580</b>	<b>\$ 696,347</b>

General Obligation School Building Refunding Bonds are paid from the Debt Service Fund. The notes payable, pension liability, OPEB obligation and compensated absences are paid from the General, Food Service, or Community Service Funds.

# Independent School District No. 100

## Notes to Financial Statements (Continued)

Year Ended June 30, 2025

### Note 4 Long-Term Obligations (Continued)

Annual amounts required to service outstanding general obligation bonds:

	General Obligation Bonds		
	Principal	Interest	Total
2026	\$ 645,000	\$ 297,210	\$ 942,210
2027	670,000	274,750	944,750
2028	690,000	251,340	941,340
2029	725,000	227,180	952,180
2030	735,000	213,103	948,103
2031 - 2035	3,775,000	819,435	4,594,435
2036 - 2040	3,915,000	367,545	4,282,545
2041	780,000	15,600	795,600
<b>Total</b>	<b>\$ 11,935,000</b>	<b>\$ 2,466,163</b>	<b>\$ 14,401,163</b>

The District has issued a notes for the purchase of a two buses. Annual amounts required to service the outstanding notes payable are as follows:

	Promissory Notes - Direct Obligations		
	Principal	Interest	Total
2026	\$ 21,935	\$ 5,969	\$ 27,904
2027	21,209	6,696	27,905
2028	22,715	5,190	27,905
2029	24,327	3,577	27,905

The buses purchased with the proceeds of the notes are collateral on the loans.

The District has also entered into lease agreements for equipment. The lease asset and related lease liability have been recorded in the government-wide financial statements. Annual amounts required to service the outstanding lease liabilities are as follows:

	Leases		
	Principal	Interest	Total
2026	\$ 8,153	\$ 2,269	\$ 10,422
2027	8,742	1,680	10,422
2028	7,662	1,077	8,739
2029	5,734	650	6,384
2030	6,148	236	6,384
<b>Total</b>	<b>\$ 36,439</b>	<b>\$ 5,912</b>	<b>\$ 42,351</b>

### Note 5 Interfund Transactions

There were no interfund receivable/payables at June 30, 2025. The District also did not record any interfund transfers during 2024-25.

# Independent School District No. 100

## Notes to Financial Statements (Continued)

Year Ended June 30, 2025

### Note 6 Net Position/Fund Balances

Fund balances were non-spendable for the following purposes at June 30, 2025:

Nonspendable	
General Fund - Prepaid expenses	\$ 33,570
General Fund - Inventory	2,876
Food Service Fund - Inventory	8,257
Total nonspendable	<u>\$ 44,703</u>

Fund balances were assigned for the following purposes at June 30, 2025:

Assigned	
General Fund - Kindergarten	\$ 600
General Fund - Football Scoreboard	68
	<u>\$ 668</u>

Net position and fund balance were restricted for the following purposes at June 30, 2025:

Restricted	Net Position	Fund Balance
General Fund		
Student activities	\$ 19,235	\$ 19,235
American Indian Education aid	270	270
Literacy incentive aid	25,513	25,513
LTFM	1	1
Operating capital	14,451	14,451
Medical assistance	40,511	40,511
Student support personnel	1,140	1,140
Q Comp	1,291	1,291
READ Act - Literacy aid	4,656	4,656
Staff development	39,437	39,437
<b>Total general fund</b>	<b>146,505</b>	<b>146,505</b>
<b>Debt service</b>	<b>78,881</b>	<b>192,860</b>
Other nonmajor governmental funds		
Food service	83,358	83,358
ECFE	44,676	44,676
Community service	2,786	2,456
School readiness	1,863	1,863
<b>Total other nonmajor governmental funds</b>	<b>132,683</b>	<b>132,353</b>
<b>Total restricted</b>	<b>\$ 358,069</b>	<b>\$ 471,718</b>

# Independent School District No. 100

## Notes to Financial Statements (Continued)

Year Ended June 30, 2025

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### Note 6 Net Position/Fund Balances (Continued)

The following funds had projects with fund balance deficits at June 30, 2024:

Deficit Fund balances

Community Service Fund

Community education \$ (14,863)

The project deficits in the community service and general funds are allowable by the Minnesota Department of Education and will be eliminated through revenues in future years. The deficits are included in unassigned fund balance on the fund financial statements.

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# Independent School District No. 100

## Notes to Financial Statements (Continued)

Year Ended June 30, 2025

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### Note 7 Defined Benefit Pension Plans

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

#### A. Teachers Retirement Fund (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 schools, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those employed by St. Paul schools or Minnesota State Colleges and Universities). Educators first hired by Minnesota State may elect either TRA coverage or 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 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 Benefits*

<b>Tier I</b>	<b>Step rate formula</b>	<b>Percentage</b>
Basic	1st ten years of service	2.2 percent per year
	All years after	2.7 percent per year
Coordinated	1 <sup>st</sup> ten years if service years are up to July 1, 2006	1.2 percent per year
	1 <sup>st</sup> 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

# Independent School District No. 100

## Notes to Financial Statements (Continued)

Year Ended June 30, 2025

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### Note 7 Defined Benefit Pension Plans (Continued)

With these provisions:

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

or

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

#### ***Tier II Benefits***

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

Six different types of annuities are available to members upon retirement. The No Refund Life Plan is a lifetime annuity that ceases upon the death of the retiree - no survivor annuity is payable. A retiring member may also choose to provide survivor benefits to a designated beneficiary(ies) by selecting one of the five plans which 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 members terminating service are 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 the employees and employers. Rates for the fiscal year 2025 for coordinated were 7.75% for the employee and 8.75% for the employer. Basic rates were 11.25% for the employee and 12.75% for the employer. The District's contributions to TRA for the plan's fiscal year ended June 30, 2025 were \$200,332. The District's contributions were equal to the required contributions for each year as set by state statute.

# Independent School District No. 100

## Notes to Financial Statements (Continued)

Year Ended June 30, 2025

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### Note 7 Defined Benefit Pension Plans (Continued)

#### 4. Actuarial Assumptions

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

#### Key Methods and Assumptions Used in Valuation of Total Pension Liability

##### Actuarial Information:

Experience studies	August 2, 2023 (demographic and economic assumptions)*
Actuarial cost method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.00%
Price Inflation	2.50%
Wage growth rate	2.85% before July 1, 2028 and 3.25% after June 30, 2028
Projected Salary Increase	2.85% to 8.85% before July 1, 2028 and 3.25% to 9.25% after June 30, 2028
Cost of living adjustment	1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

##### Mortality Assumption:

Pre-retirement	PubT-2010(A) Employee Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.
Healthy Retirees	PubT-2010 (A) Retiree Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.
Beneficiaries	Pub-2010 (A) Contingent Survivor Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.
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.*

# Independent School District No. 100

## Notes to Financial Statements (Continued)

Year Ended June 30, 2025

### Note 7 Defined Benefit Pension Plans (Continued)

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 rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future real rates of return by the target asset allocation 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	100%	

#### Changes in 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 and employer contributions will be made at the fiscal 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.

# Independent School District No. 100

## Notes to Financial Statements (Continued)

Year Ended June 30, 2025

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### Note 7 Defined Benefit Pension Plans (Continued)

#### 6. Net Pension Liability

At June 30, 2025, the District reported a liability of \$2,065,154 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The District's proportion of the net pension liability was based on the District's contributions to 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 0.0325% at the end of the measurement period and 0.352% for the beginning of the period.

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	\$	2,065,154
State's proportionate share of the net pension liability associated with the District	\$	134,970

For the year ended June 30, 2025, the District recognized pension expense of (\$66,213). It also recognized \$1,651 as a 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 \$57,254 for the year ended June 30, 2025 as revenue and an offsetting reduction of the net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Fund.

# Independent School District No. 100

## Notes to Financial Statements (Continued)

Year Ended June 30, 2025

### Note 7 Defined Benefit Pension Plans (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	\$ 100,387	\$ 29,250
Net difference between projected and actual investment earnings on pension plan investments		271,522
Changes in actuarial assumptions	233,262	246,275
Changes in proportion	22,752	287,193
District contributions paid to TRA subsequent to the measurement date	200,332	
<b>Total</b>	<b>\$ 556,733</b>	<b>\$ 834,240</b>

\$200,332 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:

Year ended June 30,	Pension Expense Amount
2026	\$ (176,279)
2027	170,371
2028	(213,632)
2029	(188,554)
2030	(69,745)
<b>Total</b>	<b>\$ (477,839)</b>

### 7. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability 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:

Discount Rate	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
	6.00%	7.00%	8.00%
District's proportionate share of the TRA net pension liability	\$ 3,636,858	\$ 2,065,154	\$ 771,605

# Independent School District No. 100

## Notes to Financial Statements (Continued)

Year Ended June 30, 2025

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### Note 7 Defined Benefit Pension Plans (Continued)

#### 8. Pension Plan Fiduciary Net Position

Detailed information about TRA'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, Minnesota, 55103-4000; or by calling (651)-296-2409 or 800-657-3669.

### B. Public Employee 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.

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

# Independent School District No. 100

## Notes to Financial Statements (Continued)

Year Ended June 30, 2025

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### Note 7 Defined Benefit Pension Plans (Continued)

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.

#### 3. Contributions

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

General Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2025 and the District was required to contribute 7.5% for General Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2025 were \$73,302. The District's contribution was equal to the required contributions as set by state statute.

#### 4. Pension Costs

At June 30, 2025, the District reported a liability of \$378,198 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's totaled \$9,779.

District's proportionate share of the net pension liability	\$	378,198
State of Minnesota's proportionate share of the net pension liability associated with the District		9,779
Total	\$	<u>387,977</u>

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The District's proportion was 0.0102% at the end of the measurement period and 0.0113% for the beginning of the period.

For the year ended June 30, 2024 the District recognized pension expense of \$(75,918) for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized an additional \$262 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's pension expense for the annual \$16 million contribution.

# Independent School District No. 100

## Notes to Financial Statements (Continued)

Year Ended June 30, 2025

### Note 7 Defined Benefit Pension Plans (Continued)

During the plan year ended June 30, 2024, the State of Minnesota contributed 170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The District recognized \$17,401 for the year ended June 30, 2025 as revenue and an offsetting reduction of the net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 37,321	\$
Changes in actuarial assumptions	2,472	154,075
Net difference between projected and actual earnings on pension plan investments		98,007
Changes in proportion	1,067	139,913
Employer contributions made to PERA subsequent to the measurement date	73,302	
<b>Total</b>	<b>\$ 114,162</b>	<b>\$ 391,995</b>

\$73,302 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:

Year ended June 30,	Pension Expense Amount
2026	\$ (195,094)
2027	(64,463)
2028	(62,592)
2029	(28,986)
<b>Total</b>	<b>\$ (351,135)</b>

### 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:

# Independent School District No. 100

## Notes to Financial Statements (Continued)

Year Ended June 30, 2025

### Note 7 Defined Benefit Pension Plans (Continued)

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%	

#### 6. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2024, actuarial valuation was determined using the entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of 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 return investment return rates deemed to be 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 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation.

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

#### 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.

# Independent School District No. 100

## Notes to Financial Statements (Continued)

Year Ended June 30, 2025

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### Note 7 Defined Benefit Pension Plans (Continued)

#### 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 Plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### 8. Pension Liability Sensitivity

The following table presents the District's proportionate share of the net pension liability 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:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Discount Rate	6.00%	7.00%	8.00%
District's proportionate share of the PERA net pension liability	\$ 826,046	\$ 378,198	\$ 9,803

#### 9. Pension Plan Fiduciary Net Position

Detailed information about the 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 can be obtained at [www.mnpera.org](http://www.mnpera.org).

# Independent School District No. 100

## Notes to Financial Statements (Continued)

Year Ended June 30, 2025

### Note 8 Postemployment Healthcare Plan

*Plan Description* – The District administers a single-employer defined benefit OPEB plan which provides medical benefits to eligible retired employees and their dependents in accordance with the terms of the plan. The District has not established a trust fund to account for the plan and there is not a stand-alone report for the plan. As of June 30, 2023, the date of the latest actuarial study, there were 59 active employees eligible to receive benefits and no retirees receiving benefits.

#### Total Other Postemployment Benefit Liability

The District’s total OPEB liability of \$30,389 was measured as of June 30, 2024 and was determined by an actuarial valuation dated June 30, 2023.

#### Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	2.50%
Discount rate	3.97%
Healthcare trend rates	7.6% for FY2024, gradually decreasing over several decades to an ultimate rate of 3.9% in FY2076 and later years.

The discount rate was determined using the Municipal GO AA index rate for 20-Year, tax-exempt municipal bonds.

Mortality rates were based on the RP-2014 mortality tables with projected mortality improvements based on scale MP-2015 for teachers and Pub-2010 for non-teachers based on scale MP-2021 and other adjustments.

#### Change in the Total OPEB Liability

Balance at 6/30/2024	\$ 27,089
Changes for the year:	
Service Cost	3,334
Interest	1,157
Changes of assumptions	(272)
Benefit payments	(919)
Net change	3,300
Balance at 6/30/2025	\$ 30,389

# Independent School District No. 100

## Notes to Financial Statements (Continued)

Year Ended June 30, 2025

**Note 8 Postemployment Healthcare Plan (Continued)**

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.97 percent) or one percentage point higher (4.97 percent) than the current discount rate:

	1% Decrease 2.97%	Discount Rate 3.97%	1% Increase 4.97%
Total OPEB Liability	\$ 32,957	\$ 30,389	\$ 28,041

Sensitivity of the Total OPEB Liability to Changes in the Health Care Trend Rates

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Total OPEB Liability	\$ 26,847	\$ 30,389	\$ 34,707

OPEB Expense

For the year ended June 30, 2025 the District recognized OPEB expense of 4,219.

**Note 9 Commitments and Contingencies**

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

# Independent School District No. 100

## Notes to Financial Statements (Continued)

Year Ended June 30, 2025

### Note 10 Temporary Notes Payable

The District issued General Obligation Aid Anticipation Certificates of Indebtedness, Series 2024A during fiscal year 2024. The note matured on September 30, 2024. The following is a summary of the temporary note activity during fiscal year 2024.

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025
G.O. Aid Certificates of Indebtedness, Series 2024A	\$ 300,000	\$	\$ 300,000	\$
	\$ 300,000	\$	\$ 300,000	\$

Interest paid on temporary notes payable during fiscal year 2025 was \$6,329.

### Note 11 Risk Management

The District's property and liability premiums and reemployment claims are paid by the General Fund. The General, Food Service and Community Service Funds pay workers' compensation premiums based on salaries. There were no significant reductions in insurance coverage from coverage in prior years and insurance settlements have not exceeded insurance coverage in any of the past three years.

The District purchases commercial insurance for property and liability, transferring the risk of loss to the insurance carrier.

The District participates in a risk pool for workers' compensation insurance. The pool in turn contracts with an insurance carrier, thereby transferring the risk from the pool members to the insurance carrier. The workers' compensation policy is retrospectively rated in that the initial premium is adjusted based on the actual experience during coverage period of the group of entities that participate in the pool.

The District handles reemployment costs through a self-insurance plan. The District retains the risks associated with reemployment claims.

## Required Supplementary Information

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# Independent School District No. 100

## Information about the District's Other Postemployment Health Care Plan

Year Ended June 30, 2025

Measurement date	2025	2024	2023	2022	2021	2020
	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
<b>Total OPEB Liability</b>						
Service Cost	\$ 3,334	\$ 3,302	\$ 4,223	\$ 5,553	\$ 4,899	\$ 3,018
Interest	1,157	1,438	794	1,333	1,421	1,142
Changes of assumptions	(272)	1,164	(5,833)	(174)	2,576	3,626
Differences between expected and actual experience	-	(14,232)		(17,710)		4,352
Benefit payments	(919)	(483)	(811)	(682)	(349)	
Net change in total OPEB liability	3,300	(8,811)	(1,627)	(11,680)	8,547	12,138
Total OPEB Liability - beginning of year	27,089	35,900	37,527	49,207	40,660	28,522
Total OPEB liability - end of year	\$ 30,389	\$ 27,089	\$ 35,900	\$ 37,527	\$ 49,207	\$ 40,660
Covered payroll	2,441,329	2,650,019	2,846,978	3,020,185	2,933,720	2,808,572
Total OPEB liability as a percentage of covered payroll	1.2%	1.0%	1.3%	1.2%	1.7%	1.4%

### Notes to Schedule

Funding: There are no assets accumulated in a trust that meets the criteria of GASB No 75, paragraph 4, to pay related benefits.

#### Changes of Assumptions:

The discount rate was changed from 3.86% to 3.97% based on updated 20-year municipal bond rates.

Healthcare trend rates remained unchanged at 7.6%, gradually decreasing over several decades to an ultimate rate of 3.9% in FY2076 and later years.

Mortality rates remained the rates used in the 7/1/2022 PERA General Employees Plan valuation.

The inflation assumption was unchanged at 2.50%

\*This schedule is intended to present information for the last 10 years. Additional information will be added as it becomes available.

# Independent School District No. 100

## Information about the District's Net Pension Liability

Year Ended June 30, 2025

### Schedule of Employer's Contributions

#### Teacher's Retirement Association (TRA)

Fiscal Year Ending	Contributions in Relation to the			Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
	Statutorily Required Contribution (a)	Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)		
June 30, 2025	\$200,332	\$200,332	\$0	\$2,289,508	8.75%
June 30, 2024	\$188,190	\$188,190	\$0	\$2,150,743	8.75%
June 30, 2023	\$191,132	\$191,132	\$0	\$2,235,467	8.55%
June 30, 2022	\$191,378	\$191,378	\$0	\$2,294,698	8.34%
June 30, 2021	\$176,971	\$176,971	\$0	\$2,176,751	8.13%
June 30, 2020	\$167,529	\$167,529	\$0	\$2,115,259	7.92%
June 30, 2019	\$156,084	\$156,084	\$0	\$2,024,431	7.71%
June 30, 2018	\$149,550	\$149,550	\$0	\$1,994,004	7.50%
June 30, 2017	\$132,702	\$132,702	\$0	\$1,769,357	7.50%
June 30, 2016	\$125,327	\$125,327	\$0	\$1,671,026	7.50%

#### Public Employees Retirement Association (PERA)

Fiscal Year Ending	Contributions in Relation to the			Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
	Statutorily Required Contribution (a)	Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)		
June 30, 2025	\$73,302	\$73,302	\$0	\$977,356	7.50%
June 30, 2024	\$64,534	\$64,534	\$0	\$860,448	7.50%
June 30, 2023	\$67,493	\$67,493	\$0	\$899,905	7.50%
June 30, 2022	\$76,874	\$76,874	\$0	\$1,024,977	7.50%
June 30, 2021	\$72,448	\$72,448	\$0	\$965,968	7.50%
June 30, 2020	\$70,264	\$70,264	\$0	\$936,853	7.50%
June 30, 2019	\$63,878	\$63,878	\$0	\$851,704	7.50%
June 30, 2018	\$57,567	\$57,567	\$0	\$767,561	7.50%
June 30, 2017	\$54,108	\$54,108	\$0	\$721,292	7.50%

# Independent School District No. 100

## Information about the District's Net Pension Liability (Continued)

Year Ended June 30, 2025

### Schedule of Employer's Proportionate Share of Net Pension Liability

#### Teacher's Retirement Association (TRA)

Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability	Employer's Proportionate Share (Amount) of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability associated with the District	Total	Employer's Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2024	0.0325%	\$2,065,154	\$134,970	\$2,200,124	\$2,150,743	96.0%	82.1%
June 30, 2023	0.0352%	\$2,906,191	\$203,760	\$3,109,951	\$2,235,467	130.0%	76.4%
June 30, 2022	0.0371%	\$2,970,772	\$220,578	\$3,191,350	\$2,294,698	129.5%	76.2%
June 30, 2021	0.0364%	\$1,592,973	\$134,452	\$1,727,425	\$2,176,751	73.2%	86.6%
June 30, 2020	0.0364%	\$2,689,281	\$225,653	\$2,914,934	\$2,115,259	127.1%	75.5%
June 30, 2019	0.0357%	\$2,275,525	\$201,588	\$2,477,113	\$2,024,431	112.4%	78.1%
June 30, 2018	0.0361%	\$2,266,863	\$213,075	\$2,479,938	\$1,994,004	113.7%	78.1%
June 30, 2017	0.0329%	\$6,567,437	\$635,199	\$7,202,636	\$1,769,357	371.2%	51.6%
June 30, 2016	0.0321%	\$7,656,616	\$768,046	\$8,424,662	\$1,671,026	458.2%	44.9%
June 30, 2015	0.0318%	\$1,967,145	\$241,285	\$2,208,430	\$1,616,225	121.7%	76.8%

#### Public Employees Retirement Association (PERA)

Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability	Employer's Proportionate Share (Amount) of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability associated with the District	Total	Employer's Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2024	0.0102%	\$378,198	\$9,779	\$387,977	\$860,448	44.0%	89.1%
June 30, 2023	0.0113%	\$631,883	\$17,402	\$649,285	\$899,905	70.2%	74.6%
June 30, 2022	0.0137%	\$1,085,045	\$31,807	\$1,116,852	\$1,024,977	105.9%	76.7%
June 30, 2021	0.0136%	\$580,781	\$17,716	\$598,497	\$965,968	60.1%	87.0%
June 30, 2020	0.0131%	\$785,405	\$24,212	\$809,617	\$936,853	83.8%	79.1%
June 30, 2019	0.0120%	\$663,463	\$20,666	\$684,129	\$851,704	77.9%	80.2%
June 30, 2018	0.0114%	\$632,425	\$20,791	\$653,216	\$767,561	82.4%	79.5%
June 30, 2017	0.0112%	\$715,001	\$9,025	\$724,026	\$721,292	99.1%	75.9%
June 30, 2016	0.0105%	\$852,548	\$11,200	\$863,748	\$652,479	130.7%	68.9%

# Independent School District No. 100

## Information about the District's Net Pension Liability (Continued)

Year Ended June 30, 2025

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### 2024 Changes

#### *Changes in Actuarial Assumptions*

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.

#### *Changes in Plan Provisions*

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

### 2023 Changes

#### *Changes in Actuarial Assumptions*

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

#### *Changes in Plan Provisions*

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

### 2022 Changes

#### *Changes in Actuarial Assumptions*

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

#### *Changes in Plan Provisions*

- There were no changes in plan provisions since the previous valuation.

### 2021 Changes

#### *Changes in Actuarial Assumptions*

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

# Independent School District No. 100

## Information about the District's Net Pension Liability (Continued)

Year Ended June 30, 2025

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### *Changes in Plan Provisions*

- There were no changes in plan provisions since the previous valuation.

### **2020 Changes**

#### *Changes in Actuarial Assumptions*

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 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 percent Joint & Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint & Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

#### *Changes in Plan Provisions*

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

### **2019 Changes**

#### *Changes in Actuarial Assumptions*

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

#### *Changes in Plan Provisions*

- The employer supplemental contribution was changed prospectively, decreasing from \$31 million to \$21 million per year. The State's special funding contribution was changed prospectively, requiring \$16 million due per year through 2031.

# Independent School District No. 100

## Information about the District's Net Pension Liability (Continued)

Year Ended June 30, 2025

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### 2018 Changes

#### *Changes in Actuarial Assumptions*

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1 percent per year through 2044 and 2.5 percent per year thereafter to 1.25 percent per year.

#### *Changes in Plan Provisions*

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4 percent to 3 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Annual increases were changed from 1 percent per year with a provision to increase to 2.5 percent upon attainment of 90 percent funding ratio to 50 percent of the Social Security Cost-of Living Adjustment, not less than 1 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 Changes

#### *Changes in Actuarial Assumptions*

- The combined service annuity (CSA) loads were changed from 0.80 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA load are now 0 percent for active member liability, 15 percent for vested deferred member liability, and 3 percent for non-vested deferred member liability.
- The assumed annual increase rate was changed for 1 percent per year for all years to 1 percent per year through 2044 and 2.50 percent per year thereafter.

#### *Changes in Plan Provisions*

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16.0 million in 2017 and 2018 and \$6.0 million thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 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 Changes:

#### *Changes in Actuarial Assumptions*

- The assumed annual increase rate was changed from 1 percent per year through 2035 and 2.50 percent per year thereafter to 1 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 7.50 percent.

# Independent School District No. 100

## Information about the District's Net Pension Liability (Continued)

Year Ended June 30, 2025

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- Other assumptions were changed pursuant to the experience study 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.

### ***Changes in Plan Provisions***

- There have been no changes since the prior valuation.

### **2015 Changes:**

#### ***Changes in Actuarial Assumptions***

- The assumed annual increase rate was changed from 1 percent per year through 2030 and 2.5 percent per year thereafter to 1 percent per year through 2035 and 2.5 percent per year thereafter.

#### ***Changes in Plan Provisions:***

- 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 increase the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6 million, which meets the special funding situation definition, was due September 2015.

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Supplementary Financial Information

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# Independent School District No. 100

## Nonmajor Governmental Funds – Combining Balance Sheet

June 30, 2025

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Food Service Fund	Community Service Fund	
<b>Assets</b>			
Cash and temporary cash investments	\$ 92,704	\$ 66,986	\$ 159,690
Accounts receivable	6,884		6,884
Current property taxes receivable		8,858	8,858
Delinquent property taxes receivable		330	330
Due from the Minnesota Department of Education		2,757	2,757
Inventory	8,257		8,257
<b>Total assets</b>	<b>\$ 107,845</b>	<b>\$ 78,931</b>	<b>\$ 186,776</b>
<b>Liabilities</b>			
Salaries payable	\$ 14,144	\$ 14,991	\$ 29,135
Accounts payable	131	558	689
Unearned revenue	1,955		1,955
<b>Total liabilities</b>	<b>16,230</b>	<b>15,549</b>	<b>31,779</b>
<b>Deferred inflows of resources</b>			
Delinquent property taxes		330	330
Property taxes levied for subsequent year's expenditures		28,920	28,920
<b>Total deferred inflows of resources</b>		<b>29,250</b>	<b>29,250</b>
<b>Fund balances</b>			
Nonspendable	8,257		8,257
Restricted	83,358	48,995	132,353
Unassigned		(14,863)	(14,863)
<b>Total fund balances</b>	<b>91,615</b>	<b>34,132</b>	<b>125,747</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 107,845</b>	<b>\$ 78,931</b>	<b>\$ 186,776</b>

# Independent School District No. 100

## Nonmajor Governmental Funds – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended June 30, 2025

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Food Service Fund	Community Service Fund	
<b>Revenues</b>			
Local property tax levies	\$	\$ 26,253	\$ 26,253
Other local and county revenues	2,760	98,481	101,241
Revenue from state sources	115,438	70,463	185,901
Revenue from federal sources	118,155	880	119,035
Sales and other conversion of assets	(634)	480	(154)
<b>Total revenues</b>	<b>235,719</b>	<b>196,557</b>	<b>432,276</b>
<b>Expenditures</b>			
Current			
Community education and services		192,392	192,392
Pupil support services	214,464		214,464
<b>Total expenditures</b>	<b>214,464</b>	<b>192,392</b>	<b>406,856</b>
Net change in fund balances	21,255	4,165	25,420
Fund balances, beginning	70,360	29,967	100,327
<b>Fund balances, ending</b>	<b>\$ 91,615</b>	<b>\$ 34,132</b>	<b>\$ 125,747</b>

# Independent School District No. 100

## Fiscal Compliance Table

For the Year Ended June 30, 2025

	Audit	UFARS	Audit - UFARS		Audit	UFARS	Audit - UFARS
<b>01 GENERAL FUND</b>				<b>06 BUILDING CONSTRUCTION</b>			
Total revenues	\$ 5,566,498	\$ 5,566,498	\$	Total revenues	\$	\$	\$
Total expenditures	5,855,460	5,855,460		Total expenditures			
<i>Non spendable</i>				<i>Non spendable</i>			
460 Non spendable fund balance	36,446	3,641	32,805	460 Non spendable fund balance			
<i>Restricted/Reserve</i>				<i>Restricted/Reserve</i>			
401 Student activities	19,235	19,235		467 LTFM			
403 Staff development	39,437	39,437		407 Down payment levy			
405 Deferred maintenance				409 Alternative facility program			
406 Health and safety				413 Projects funded by COP			
407 Capital Projects Levy				<i>Restricted</i>			
408 Cooperative revenue				464 Restricted fund balance			
411 Severance pay				<i>Unassigned</i>			
412 Literacy incentive aid	25,513	25,513		463 Unassigned fund balance			
414 Operating debt				<b>07 DEBT SERVICE</b>			
416 Levy reduction				Total revenues	984,939	984,939	
417 Taconite building maintenance				Total expenditures	943,545	943,545	
420 American Indian Ed Aid	270	270		<i>Non spendable</i>			
424 Operating capital	14,451	14,451		460 Non spendable fund balance			
426 \$25 Taconite				<i>Restricted/Reserve</i>			
427 Disabled accessibility				425 Bond refundings			
428 Learning and development				451 QZAB payments			
434 Area learning center				<i>Restricted</i>			
435 Contracted alt. Programs				464 Restricted fund balance	192,860	192,860	
437 Q Comp	1,291	1,291		<i>Unassigned</i>			
438 Gifted & talented				463 Unassigned fund balance			
441 Basic skills program				<b>08 TRUST</b>			
445 Career and technical Programs				Total revenues			
446 First Grade Preparedness				Total expenditures			
449 Safe schools levy				422 Net position			
450 Prekindergarten				<b>18 CUSTODIAL FUND</b>			
451 QZAB payments				Total revenues	3,338	3,338	
452 OPEB liability not in trust				Total expenditures	3,290	3,290	
456 Literacy Aid	4,656	4,656		402 Scholarships	51,780	51,780	
467 LTFM	1	1		<b>20 INTERNAL SERVICE</b>			
471 Student Support Personnel	1,140	1,140		Total revenues			
472 Medical Assistance	40,511	40,511		Total expenditures			
<i>Restricted</i>				422 Net position			
464 Restricted fund balance				<b>25 OPEB REVOCABLE TRUST FUND</b>			
<i>Committed</i>				Total revenues			
418 Committed for separation				Total expenditures			
461 Committed fund balance				422 Net position			
<i>Assigned</i>				<b>45 OPEB IRREVOCABLE TRUST FUND</b>			
462 Assigned fund balance	668	668		Total revenues			
<i>Unassigned</i>				Total expenditures			
422 Unassigned fund balance	236,183	268,988	(32,805)	422 Net position			
<b>02 FOOD SERVICE</b>				<b>47 OPEB DEBT SERVICE FUND</b>			
Total revenues	235,719	235,719		Total revenues			
Total expenditures	214,464	214,464		Total expenditures			
<i>Non spendable</i>				<i>Non spendable</i>			
460 Non spendable fund balance	8,257	8,258	(1)	460 Non spendable fund balance			
<i>Restricted</i>				<i>Restricted</i>			
452 OPEB liability not in trust				425 Bond refundings			
464 Restricted fund balance	83,358	83,358		464 Restricted fund balance			
<i>Unassigned</i>				<i>Unassigned</i>			
463 Unassigned fund balance	-	-		463 Unassigned fund balance			
<b>04 COMMUNITY SERVICE</b>							
Total revenues	196,557	196,557					
Total expenditures	192,392	192,392					
<i>Non spendable</i>							
460 Non spendable fund balance							
<i>Restricted/Reserve</i>							
426 \$25 taconite							
431 Community education	(14,863)	(14,863)					
432 ECFE	44,676	44,676					
444 School readiness	1,863	1,863					
447 Adult Basic Education							
452 OPEB liability not in trust							
<i>Restricted</i>							
464 Restricted fund balance	2,456	2,456					
<i>Unassigned</i>							
463 Unassigned fund balance							

Reports Required by *Government Auditing Standards*  
and the State of Minnesota

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## **Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the School Board  
Independent School District No. 100  
Wrenshall, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 100, Wrenshall, Minnesota (District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated **OPEN**.

### **Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2025-001 that we consider to be a significant deficiency.

### **Report on Compliance and Other Matters**

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

### **District's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

**OPEN**

Eau Claire, Wisconsin

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## **Independent Auditor’s Report on Legal Compliance for the State of Minnesota**

To the School Board  
Independent School District No. 100  
Wrenshall, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 100, (District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated **OPEN**.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the contracting-bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards for Minnesota school districts (UFARS) sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to 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.

Wipfli LLP

**OPEN**  
Eau Claire, Wisconsin

# Independent School District No. 100

## Schedule of Findings and Responses

For the Year Ended June 30, 2025

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### Financial Statement Findings

#### Item 2025-001 - Financial Statement Presentation and Disclosures (Significant Deficiency)

**Criteria** - The District is responsible for having controls in place to prepare the financial statements in accordance with accounting principles generally accepted in the United States (GAAP).

**Condition** - The District's internal control over financial reporting does not end at the general ledger but extends to the financial statements and related notes. As part of our professional services for the year ended June 30, 2025, Wipfli assisted in drafting the financial statements and related notes. While the District does have an internal control process to review the financial statements prepared by the auditors, the District does not have sufficient expertise to completely prepare its own financial statements and related notes and relies on the auditors to provide necessary understanding of current accounting and disclosure principles in the preparation of the financial statements and related notes.

**Cause** - The District does not expect, nor does it require, its financial staff to have the ability to prepare GAAP statements.

**Effect** - The completeness of the related note disclosures and the accuracy of the overall financial presentation is negatively impacted as outside auditors do not have the same comprehensive understanding of the District and its staff. The potential exists that a misstatement of the financial statements and related notes could occur and not be prevented or detected by the District.

**Recommendation** - We recommend that management and those charged with governance continue to evaluate whether to accept the degree of risk associated with this condition because of cost or other considerations.

#### **DISTRICT'S CORRECTIVE ACTION PLAN (CAP):**

1. Explanation of Disagreement

The District does not disagree with the audit finding.

2. Action Planned

The District will continue to rely upon the auditors to prepare the financial statements and related notes. Management will review and approve the annual financial statements and related notes.

3. Official Responsible

The Superintendent is the official responsible for ensuring corrective action for the deficiency.

4. Planned Completion Date

Ongoing.

5. Plan to Monitor

The School Board will monitor compliance with the corrective action plan.

### Minnesota Legal Compliance Findings

None

# Independent School District No. 100

## Schedule of Prior Year Findings and Responses

For the Year Ended June 30, 2025

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### Financial Statement Findings

#### Item 2024-001 –Financial Statement Presentation and Disclosure

Resolution: This finding was repeated for fiscal year 2025 as item 2025-001.

DRAFT



Independent School District No. 100  
Wrenshull  
Audit Presentation  
Year Ended June 30, 2025  
Wipfli LLP

**WIPFLI**

# Auditor Responsibility

- Issue an opinion on the basic financial statements
- Report on compliance and internal controls over financial reporting
- Report on compliance with Minnesota statutes tested

# Auditor Results

- Unmodified opinion on the basic financial statements
- Report on compliance and internal controls over financial reporting
  - No material weaknesses
  - One significant deficiency (Financial Statement Presentation and Disclosure)
- No findings for noncompliance with Minnesota statutes tested
- Other Audit Comments
  - During our review of bank reconciliations, we noted reconciling items older than one year on the June 2025 bank reconciliation. We recommend all bank account reconciliations be cleaned up only to true reconciling items.

# Year Over Year Comparison – Overall District

## Statement of Net Position (Deficit)

	2025	2024
Capital assets	\$ 16,875,812	\$ 17,104,966
Current and other assets	3,027,094	3,229,353
<b>Total assets</b>	<b>19,902,906</b>	<b>20,334,319</b>
Deferred outflows of resources	670,895	831,279
Long-term liabilities	15,138,580	16,609,357
Other liabilities	936,869	1,210,893
<b>Total liabilities</b>	<b>16,075,449</b>	<b>17,820,250</b>
Deferred inflows of resources	2,684,999	1,925,297
Net position		
Net investment in capital assets	4,473,970	4,194,900
Restricted	358,069	220,696
Unrestricted (deficit)	(3,018,686)	(2,995,545)
<b>Total net position (deficit)</b>	<b>\$ 1,813,353</b>	<b>\$ 1,420,051</b>

# Year Over Year Comparison – Overall District Change in Net Position (Deficit)

	2025	2024
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 342,294	\$ 369,596
Operating grants and contributions	1,448,522	1,462,813
Capital grants and contributions	25,000	
General revenues		
Property taxes	1,437,644	1,525,303
State aids	3,747,771	3,622,536
Other	70,068	58,047
<b>Total revenues</b>	<b>7,071,299</b>	<b>7,038,295</b>
<b>Expenses</b>		
District and school administration	345,539	341,021
District support services	350,162	308,042
Regular instruction	2,359,052	2,189,610
Vocational instruction	100,766	91,562
Exceptional instruction	949,100	1,066,331
Instructional support services	176,863	78,935
Pupil support services	748,881	537,877
Sites, building and equipment	738,222	734,057
Fiscal and other fixed cost programs	56,536	47,117
Food service	214,464	199,364
Community service	192,392	154,226
Interest and fiscal charges on long-term debt	301,344	385,185
Unallocated depreciation	144,676	147,045
<b>Total expenses</b>	<b>6,677,997</b>	<b>6,280,372</b>
<b>Change in net position</b>	<b>393,302</b>	<b>757,923</b>
<b>Net position, beginning of year</b>	<b>1,420,051</b>	<b>662,128</b>
<b>Net position, end of year (deficit)</b>	<b>\$ 1,813,353</b>	<b>\$ 1,420,051</b>

# Financial Snapshot by Fund - Balance Sheet

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 861,469	\$ 783,346	\$ 159,690	\$ 1,804,505
Current property taxes receivable	188,528	334,305	8,858	531,691
Delinquent property taxes receivable	6,701	11,882	330	18,913
Accounts receivable			6,884	6,884
Due from other Minnesota school districts	40,965			40,965
Due from the Minnesota Department of Education	452,913	11,805	2,757	467,475
Due from the federal government through the Minnesota Department of Education	89,841			89,841
Due from other governmental units	22,117			22,117
Prepaid expenses	33,570			33,570
Inventory	2,876		8,257	11,133
<b>Total assets</b>	<b>\$ 1,698,980</b>	<b>\$ 1,141,338</b>	<b>\$ 186,776</b>	<b>\$ 3,027,094</b>
<b>Liabilities</b>				
Salaries payable	\$ 426,170	\$	\$ 29,135	\$ 455,305
Accounts payable	25,730		689	26,419
Accrued payroll liabilities	77,785			77,785
Due to other Minnesota school districts	213,959			213,959
Due to other governments	12,419			12,419
Unearned revenue	23,166		1,955	25,121
<b>Total liabilities</b>	<b>779,229</b>		<b>31,779</b>	<b>811,008</b>
<b>Deferred inflows of resources</b>				
Delinquent property taxes	6,701	11,882	330	18,913
Property taxes levied for subsequent year's expenditures	493,248	936,596	28,920	1,458,764
<b>Total deferred inflows of resources</b>	<b>499,949</b>	<b>948,478</b>	<b>29,250</b>	<b>1,477,677</b>
<b>Fund balances</b>				
Nonspendable	36,446		8,257	44,703
Assigned	668			668
Restricted	146,505	192,860	132,353	471,718
Unassigned	236,183		(14,863)	221,320
<b>Total fund balances</b>	<b>419,802</b>	<b>192,860</b>	<b>125,747</b>	<b>738,409</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,698,980</b>	<b>\$ 1,141,338</b>	<b>\$ 186,776</b>	<b>\$ 3,027,094</b>

# Financial Snapshot by Fund – Revenue, Expenses, and Changes in Fund Balance

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Local property tax levies	\$ 539,466	\$ 867,916	\$ 26,253	\$ 1,433,635
Other local and county revenues	198,206		101,241	299,447
Revenue from state sources	4,583,513	117,023	185,901	4,886,437
Revenue from federal sources	179,553		119,035	298,588
Interest income	63,600			63,600
Sales and other conversion of assets	2,160		(154)	2,006
<b>Total revenues</b>	<b>5,566,498</b>	<b>984,939</b>	<b>432,276</b>	<b>6,983,713</b>
<b>Expenditures</b>				
<b>Current</b>				
District and school administration	345,539			345,539
District support services	345,089			345,089
Regular instruction	2,413,772			2,413,772
Vocational instruction	100,765			100,765
Exceptional instruction	943,133			943,133
Community education and services			192,392	192,392
Instructional support services	173,603			173,603
Pupil support services	543,598		214,464	758,062
Site, buildings, and equipment	660,868			660,868
Fiscal and other fixed cost programs	56,536			56,536
Capital outlay	244,270			244,270
<b>Debt service</b>				
Principal	21,033	620,000		641,033
Interest and other fiscal costs	7,254	323,545		330,799
<b>Total expenditures</b>	<b>5,855,460</b>	<b>943,545</b>	<b>406,856</b>	<b>7,205,861</b>
<b>Excess of revenues over expenditures</b>	<b>(288,962)</b>	<b>41,394</b>	<b>25,420</b>	<b>(222,148)</b>
<b>Other financing sources</b>				
Issuance of promissory notes	116,241			116,241
Issuance of leases	37,827			37,827
Insurance recovery	83,577			83,577
<b>Total other financing sources</b>	<b>237,645</b>			<b>237,645</b>
<b>Net change in fund balances</b>	<b>(51,317)</b>	<b>41,394</b>	<b>25,420</b>	<b>15,497</b>
<b>Fund balances, beginning</b>	<b>471,119</b>	<b>151,466</b>	<b>100,327</b>	<b>722,912</b>
<b>Fund balances, ending</b>	<b>\$ 419,802</b>	<b>\$ 192,860</b>	<b>\$ 125,747</b>	<b>\$ 738,409</b>

# Budget to Actual – General Fund

	Original Budget	Final Budget	Actual	Variance Over (Under)
<b>Revenues</b>				
Local property tax levies	\$ 579,210	\$ 549,431	\$ 539,466	\$ (9,965)
Other local and county revenues	95,450	129,099	198,206	69,107
Revenue from state sources	4,378,433	4,692,449	4,583,513	(108,936)
Revenue from federal sources	170,435	183,830	179,553	(4,277)
Sales and conversion of assets		1,295	2,160	865
Interest income	40,000	55,000	63,600	8,600
<b>Total revenues</b>	<b>5,263,528</b>	<b>5,611,104</b>	<b>5,566,498</b>	<b>(44,606)</b>
<b>Expenditures</b>				
<b>Current</b>				
District and school administration	405,366	353,090	345,539	(7,551)
District support services	246,799	339,511	345,089	5,578
Regular instruction	2,058,063	2,312,295	2,413,772	101,477
Vocational instruction	142,090	115,888	100,765	(15,123)
Exceptional instruction	1,149,537	1,024,967	943,133	(81,834)
Instructional support services	96,241	135,755	173,603	37,848
Pupil support services	510,105	580,966	543,598	(37,368)
Site, buildings, and equipment	542,331	608,036	660,868	52,832
Fiscal and other fixed cost programs	42,000	56,651	56,536	(115)
Capital outlay	35,806	68,696	244,270	175,574
Debt service				
Principal	19,023	27,114	21,033	(6,081)
Interest	25,977	25,528	7,254	(18,274)
<b>Total expenditures</b>	<b>5,273,338</b>	<b>5,648,497</b>	<b>5,855,460</b>	<b>206,963</b>
<b>Excess of revenues under expenditures</b>	<b>(9,810)</b>	<b>(37,393)</b>	<b>(288,962)</b>	<b>(251,569)</b>
<b>Other financing sources</b>				
Issuance of leases			37,827	37,827
Issuance of promissory note			116,241	116,241
Insurance recovery		83,577	83,577	
<b>Total other financing sources</b>		<b>83,577</b>	<b>237,645</b>	<b>154,068</b>
<b>Net change in fund balance</b>	<b>(9,810)</b>	<b>46,184</b>	<b>(51,317)</b>	<b>(97,501)</b>
<b>Fund balance, beginning</b>	<b>471,119</b>	<b>471,119</b>	<b>471,119</b>	
<b>Fund balance, ending</b>	<b>\$ 461,309</b>	<b>\$ 517,303</b>	<b>\$ 419,802</b>	<b>\$ (97,501)</b>

# Budget to Actual – Food Service Fund

	Original Budget	Final Budget	Actual	Variance Over (Under)
<b>Revenues</b>				
Local property tax levies	\$ 959,097	\$ 870,510	\$ 867,916	\$ (2,594)
Revenue from state sources	27,800	116,386	117,023	637
<b>Total revenues</b>	<b>986,897</b>	<b>986,896</b>	<b>984,939</b>	<b>(1,957)</b>
<b>Expenditures</b>				
Debt service				
Principal	620,000	620,000	620,000	
Interest	323,770	323,770	323,545	(225)
<b>Total expenditures</b>	<b>943,770</b>	<b>943,770</b>	<b>943,545</b>	<b>(225)</b>
<b>Excess of revenues over expenditures</b>	<b>43,127</b>	<b>43,126</b>	<b>41,394</b>	<b>(1,732)</b>
<b>Net change in fund balance</b>	<b>43,127</b>	<b>43,126</b>	<b>41,394</b>	<b>(1,732)</b>
<b>Fund balance, beginning</b>	<b>151,466</b>	<b>151,466</b>	<b>151,466</b>	
<b>Fund balance, ending</b>	<b>\$ 194,593</b>	<b>\$ 194,592</b>	<b>\$ 192,860</b>	<b>\$ (1,732)</b>

# Notes of the Financial Statements

- Note 1 – Summary of Significant Accounting Policies
- Note 2 – Deposits and Investments
- Note 3 – Capital Assets
- Note 4 – Long Term Obligations (Debt, Leases, Compensated Absences, Net Pension Liabilities)
- Note 5 – Interfund Transactions (None in FY25)
- Note 6 – Net Position/Fund Balances
- Note 7 – Pension Plans (PERA & TRA)
- Note 8 – Postemployment Healthcare Plan
- Note 9 – Commitments and Contingencies
- Note 10 – Temporary Notes Payable
- Note 11 – Risk Management

# Thank you for your time

For any questions regarding this report, please feel free to reach out to either:

- Rob Ganschow (Partner) [rganschow@wipfli.com](mailto:rganschow@wipfli.com) or
- Zak Sharp (Manager) [zsharp@wipfli.com](mailto:zsharp@wipfli.com)

The logo consists of the word "WIPFLI" in a bold, white, serif font, centered within a solid blue rectangular background.

**WIPFLI**

[www.wipfli.com](http://www.wipfli.com)

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Recommendation to hire

November 10 2025

To: Wrenshall Board of Education

From: Katie Beck: Community Education Coordinator

Recommendation to hire Ellisynd Roettger as a wrens club child care student aid up 10-15 hours per week with a pay rate of \$13.50/hour

The candidate was interviewed by Katie Beck and Blythe Bartl and found she would be a great fit to help before and after school. Katie has checked references.

**0100 WRENSHALL District**207 PIONEER DRIVE, WRENSHALL, MN 55797-0068  
Generated on 11/06/2025 11:47:38 AM Page 1 of 1**Student Enrollment Summary Report**Effective Date: 11/06/2025 Enrollment Types: P, S, N  
Total Race/Ethnicities: 4 of 7 Total Schools: 2  
Race/Ethnicity Source: Federal Male/Female/Total: 163/169/332**Student Population by Race/Ethnicity and Grade Level (Male/Female/Total)****Wrenshall Elementary**

Grade	1:Hispanic/Latino	2:American Indian or Alaska Native	3:Asian	4:Black or African American	5:Native Hawaiian or Other Pacific Islander	6:White	7:Two or more races	Total
01	3/2/5	1/0/1	-	-	-	9/13/22	0/1/1	13/16/29
02	1/0/1	1/0/1	-	-	-	8/10/18	1/2/3	11/12/23
03	1/0/1	-	-	-	-	15/11/26	0/2/2	16/13/29
04	-	1/0/1	-	-	-	5/9/14	2/4/6	8/13/21
05	-	0/1/1	-	-	-	13/11/24	-	13/12/25
06	0/1/1	1/0/1	-	-	-	8/11/19	1/0/1	10/12/22
EC	-	-	-	-	-	7/3/10	-	7/3/10
KA	0/1/1	-	-	-	-	7/12/19	-	7/13/20
All Grades	5/4/9	4/1/5	-	-	-	72/80/152	4/9/13	85/94/179

**Wrenshall High School**

Grade	1:Hispanic/Latino	2:American Indian or Alaska Native	3:Asian	4:Black or African American	5:Native Hawaiian or Other Pacific Islander	6:White	7:Two or more races	Total
07	-	0/1/1	-	-	-	9/12/21	1/2/3	10/15/25
08	-	1/0/1	-	-	-	13/8/21	0/1/1	14/9/23
09	0/1/1	0/1/1	-	-	-	11/12/23	1/3/4	12/17/29
10	-	-	-	-	-	13/8/21	0/1/1	13/9/22
11	1/0/1	0/1/1	-	-	-	14/10/24	0/1/1	15/12/27
12	1/1/2	1/0/1	-	-	-	10/12/22	2/0/2	14/13/27
All Grades	2/2/4	2/3/5	-	-	-	70/62/132	4/8/12	78/75/153

**Student Population Excluding White not of Hispanic Origin**

School	Total	Percentage
Wrenshall Elementary	27	15.08%
Wrenshall High School	21	13.73%
Total	48	14.46%

July 25, 2025

Frank Schill  
*Superintendent*  
Independent School District No. 100  
207 Pioneer Drive  
Wrenshall, MN 55797

Dear Members of the School Board:

Wipfli LLP ("Wipfli") is pleased to serve as the independent auditors for Independent School District No. 100 ("Client") for the year ended June 30, 2025. This letter, together with the attached Wipfli LLP Professional Services Terms and Conditions, confirms the terms of our engagement and is collectively referred to herein as the "Letter" or the "Engagement Letter."

#### Fees

Our fees and expenses for this engagement will be billed as work progresses, and progress billings may be submitted. Based upon our discussions with representatives of Client, the fee for this engagement will be \$21,505. Our fee has been determined based on our understanding obtained through discussions with you regarding your preparedness for the engagement and your current operations. To the extent we encounter circumstances outside of our expectations that warrant additional procedures and time, we will communicate that fact and advise you of options and the additional fees necessary to complete the engagement. We will also charge our actual direct travel expenses (if any) plus a technology and administration fee equal to six percent (6%) of our professional fees. We expect payment of our billings within 30 days after submission.

The District is required by the Governmental Accounting Standards Board ("GASB") to adopt GASB Statement No. 101 - Compensated Absences for the current fiscal year. At this time, we do not have an estimate of the additional effort that will be required related to the District's adoption of the standard. Once we have determined what the additional effort will be, we will discuss with District management any additional fees that may be required.

Our fees for the services described below are based upon the value of the services performed and the time required by the individuals assigned to the engagement. Our fee estimate and completion of our work are based upon the following criteria:

1. Anticipated cooperation from Client personnel
2. Timely responses to our inquiries
3. Timely completion and delivery of client assistance requests
4. Timely communication of all significant accounting and financial reporting matters
5. The assumption that unexpected circumstances will not be encountered during the engagement

If any of the aforementioned criteria are not met, then the fees may increase. Interim billings will be submitted as work progresses and as expenses are incurred.

### Audit Scope and Objectives

We will audit the financial statements of the governmental activities, each major fund, and aggregate remaining fund information, and the disclosures, which collectively comprise the basic financial statements of Client, as of and for the year ended June 30, 2025.

The objectives of our audit are to obtain reasonable assurance as to whether Client's financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether Client's financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information, referred to in the second paragraph of this section, when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they could influence the judgment of a reasonable user made based on the financial statements.

The objectives also include reporting on:

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Our report will state that the report is not suitable for any other purpose. Our audit will be conducted in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions.

Accounting standards generally accepted in the United States of America ("GAAP") provide for certain required supplementary information ("RSI"), such as management's discussion and analysis ("MD&A"), to supplement Client's 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. As part of our engagement, we will apply certain limited procedures to Client's RSI in accordance with auditing standards generally accepted in the United States of America ("GAAS"). These limited procedures will consist of inquiries of management regarding 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 will 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.

The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Information about the District's Net Pension Liability
3. Information about the District's Other Postemployment Health Care Plan

We have also been engaged to report on supplementary information other than RSI that accompanies Client's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and will provide an opinion on it in relation to the financial statements as a whole:

1. Combining Nonmajor Governmental Fund Financial Statements
2. Fiscal Compliance Table

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

We will conduct our audit in accordance with GAAS, the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

An audit includes an evaluation of the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as an evaluation of the overall presentation of the financial statements, including the disclosures, to assess whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. To express an opinion, we are required to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* does not expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or government regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

In performing our audit, we will consider and conclude whether, based on the audit evidence obtained, there are conditions or events, considered in the aggregate, which raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and may include tests of the physical existence of inventories, and direct confirmation of cash, receivables, loan balances, and certain assets and liabilities by correspondence with selected customers, funding sources, creditors, and financial institutions. We may also request written representations from your attorneys as part of the engagement, and they may submit an invoice for responding to this inquiry.

#### Audit Procedures – Internal Control

In the conduct of our audit, we will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. 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, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control-related matters that are required to be communicated under professional standards.

#### Audit Procedures – Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Client's compliance with the provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of our audit will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

#### Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that management acknowledges and understands its responsibility for (1) designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. Management is also responsible for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with GAAP, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements. Management's responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making available to us drafts of financial statements, all financial records, and related information and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). Management is also responsible for providing us with (1) access to all information of which it is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from management about the financial statements and related matters.

Management is responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for the design and implementation of programs and controls to prevent and detect fraud and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, management is responsible for identifying and ensuring that the government complies with applicable laws and regulations. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report.

The audit shall be conducted on Client premises at a mutually agreeable time, and Client shall provide space deemed adequate by the auditor.

Management is responsible for the preparation of the supplementary information in conformity with GAAP. Management agrees to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. Management also agrees to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Management's responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

We cannot perform management functions or make management decisions on behalf of Client. However, we may provide advice and recommendations to assist management in performing its functions and fulfilling its responsibilities. We may advise management about appropriate accounting principles and their application, but the responsibility for the financial statements remains with management.

## Reporting

We will issue a written report upon completion of our audit of Client's financial statements. Our report will be addressed to the School Board. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report or, if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or withdraw from this engagement.

We expect to also issue the following report as further described in the Audit Scope and Objectives section of this letter:

- A report on internal control over financial reporting and compliance based on an audit of financial statements performed in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*.

If during our audit we become aware that Client is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with generally accepted auditing standards established by the Auditing Standards Board ("United States") and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

If Client intends to reproduce or publish these financial statements or any portion thereof, whether in paper or electronic form, subsequent to anticipated year-end filings, and make reference to our firm name in connection therewith, management agrees to provide us with proofs in sufficient time for our review and written approval before printing. If in our professional judgment the circumstances require, we may withhold our approval. Client agrees to compensate Wipfli for the time associated with such review.

Client acknowledges and agrees that any advice, recommendations, information, or work product provided to Client by Wipfli in connection with this engagement is for the sole use of Client and may not be relied upon by any third party. Wipfli has no liability or responsibility to any third parties as a result of this engagement.

## Management Assistance

Assistance to be supplied by Client personnel, including the preparation of schedules and analysis of accounts, will be discussed with Beth Peterson. Timely completion of this work will facilitate the completion of our engagement.

## Engagement Administration

Rob Ganschow, CPA, CFE will be your audit engagement partner.

Professional and certain regulatory standards require us to be independent in both fact and appearance. Any discussions that you have with Wipfli personnel regarding employment could pose a threat to our independence. Therefore, we request that you inform us immediately prior to any such discussions so that we can implement appropriate safeguards to maintain our independence.

Other Services

We may prepare a draft of your financial statements and related notes. In accordance with *Government Auditing Standards*, management will be required to review and approve those financial statements prior to their issuance and have a responsibility to be in a position in fact and appearance to make an informed judgment on those financial statements. Further, you are required to designate a qualified management-level individual to be responsible and accountable for overseeing our services.

Management agrees to assume all management responsibilities for these services; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Annual Information Filings

We will complete and submit the "audit column" of the Fiscal Compliance Report required by the Minnesota Department of Education. We will also prepare a Report on Legal Compliance for the State of Minnesota.

Conclusion and Approval to Proceed

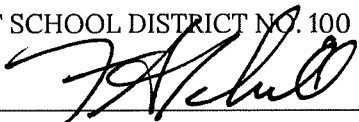
If the terms above of this Engagement Letter are acceptable to you and the services outlined are in accordance with your requirements, please return a signed copy of this Letter to us.

We look forward to our continued association with you and your staff and appreciate the opportunity to serve you. Please do not hesitate to call us if you have any questions about the work we are to perform or any other aspect of the services we can provide.

*Wipfli LLP*

Wipfli LLP

ACCEPTED: INDEPENDENT SCHOOL DISTRICT NO. 100

By: 

Frank Schell, Superintendent  
(Print Name and Title)

Date: 8-19-25

Wipfli LLP  
Professional Services Terms and Conditions

1. Terms and Conditions and Related Engagement Documents

These Wipfli LLP Professional Services Terms and Conditions ("Terms and Conditions") apply to and govern Wipfli LLP's provision of services to You. For the purposes of these Terms and Conditions, any reference to "Wipfli," "We," "Us," "Our," or similar is a reference to Wipfli LLP, and includes any subsidiaries or subcontractors of Wipfli LLP, and any reference to "Client," "You," or similar is a reference to the party or parties that have engaged Us to provide services, and the parties ultimately responsible for Our fees and expenses.

These Terms and Conditions may be appended to or incorporated into an engagement letter outlining the delivery of specific services by Us to You, and in that case such engagement letter and any appendices thereto and these Terms and Conditions form the entire agreement between You and Wipfli with respect to the services described therein, and supersede and merge all prior or contemporaneous agreements and understandings (oral or written) between or among the parties regarding the subject matter thereof, including prior proposals of Wipfli regarding the engagement or services, understandings, and agreements (oral or written) between the parties relating to the subject matter, including, without limitation, the terms of any request for proposal issued by Client or the standard printed terms on any purchase order issued by Client and any non-disclosure or confidentiality agreement between Wipfli and Client dated prior to the date of the engagement letter. No modification, amendment, supplement to, or waiver of these Terms and Conditions shall be binding upon the parties unless made in writing and duly signed by both parties. To the greatest extent reasonably possible, the provisions of these Terms and Conditions, any engagement letter, its appendices, any other exhibit, attachment, schedule, or other document referenced in or by the engagement letter, shall be read together and harmonized to give effect to the parties' intent. In the event of a direct conflict among the express provisions of the foregoing, the engagement letter shall be given controlling effect. Notwithstanding the foregoing, where Wipfli provides services, support, and advice not covered by an engagement letter, these Terms and Conditions shall apply, including with respect to any such services, support, or advice performed or provided prior to the execution of an engagement letter related to those services.

2. Change Orders

Unless an engagement letter specifies otherwise, services that fall outside the agreed-upon scope of Wipfli's engagement under any engagement letter shall be covered by a Change Order, or, if the nature and amount of such services are not material to the overall engagement, shall be delineated and included on Wipfli's invoice for such services. A "Change Order" means a mutually agreed-upon change in the scope of work or services, schedule, or the time for Wipfli's performance of the work or services under an engagement letter, or a change in the fees or the basis of the fees to be paid to Wipfli by Client, which is reduced to a writing that is executed or otherwise acknowledged by an authorized representative of each for Wipfli and Client. Services performed under a Change Order shall be subject to these Terms and Conditions.

3. Commencement and Term

Our engagement will commence when acceptance of these Terms and Conditions and any related engagement letter is delivered to Wipfli through execution thereof by a duly authorized representative of Client and shall continue until the services contemplated under the engagement letter are Complete (as reasonably determined by Wipfli), unless earlier terminated by either party as provided herein. Each person executing an engagement letter or Change Order on behalf of a party represents and warrants to the other that he or she has all power and authority to bind the party on whose behalf he or she is executing the same. For the purposes of this paragraph, "Complete" means the delivery by Wipfli of the report or other deliverables contemplated by the engagement letter, or where no deliverables are contemplated, three (3) months after the last date of services rendered by Wipfli with respect to the services at issue. Notwithstanding the foregoing, services, support, and advice provided by Wipfli in respect of an engagement after the termination of such engagement shall be governed by these Terms and Conditions.

4. Termination of Services

Wipfli's services may be terminated as follows: (i) by either party immediately upon written notice to the other if either party hereto becomes the subject of voluntary or involuntary bankruptcy or other insolvency proceeding, (ii) by Wipfli or Client if either party defaults in the performance of any of its covenants and agreements and such default is not cured within thirty (30) days after notice from the other party specifying the nature of such default, and (iii) by Wipfli or Client with or without cause upon providing thirty (30) days' written notice. Wipfli has the right to terminate services with immediate effect if We determine applicable professional standards require Us to do so, if Client does not in a timely manner provide Us with information reasonably requested by Us to perform the contemplated services, refuses to cooperate with Our reasonable requests for assistance in connection with the

delivery of Our services, or misrepresents any material facts. Our withdrawal will release Us from any obligation to complete the services and will constitute termination of Our engagement. Termination of Our engagement shall have no effect on either party's obligation to pay any amount due and owing with respect to such periods prior to the effective date of such termination and Client agrees to compensate Us for Our time and out-of-pocket expenses through the effective date of termination.

5. Fee Estimates and Expenses

An engagement letter may set forth specific fee amounts, hourly rates, or certain ranges for Wipfli's fees in respect of the services contemplated by the engagement letter. Where Wipfli provides an estimate of fees, Client acknowledges that Wipfli provides fee estimates as an accommodation to Client. These estimates depend on various assumptions, including without limitation: (a) anticipated cooperation from Client personnel; (b) timely responses to Our inquiries; (c) timely completion and delivery of Client assistance requests; (d) timely communication of all significant accounting and financial reporting matters; (e) the assumption that unexpected circumstances will not be encountered during the engagement; and (f) where applicable, the assumption that Client's hardware platform/computer system will, at the commencement of the services, be fully operable as intended and designed, functioning as necessary and available to Wipfli without material restriction for the duration of the services. Unless otherwise indicated in an engagement letter, fee estimates shall not be construed as or deemed to be a minimum or maximum fee quotation. Although Wipfli reasonably believes suggested fee ranges are accurate, Wipfli's actual fees may vary from its fee estimates.

Unless otherwise agreed in an engagement letter, a technology and administration fee of six percent (6%) of professional fees will be added to all invoices, along with any direct travel expenses incurred. The technology and administration fee is in lieu of other direct expenses and charges which might otherwise apply. Notwithstanding the foregoing, the cost of software and software licenses or subscriptions and similar miscellaneous tools provided or acquired specifically for Client or for Client's use in connection with the performance of services may be invoiced separately.

6. Payment of Fees and Expenses

All invoices are due and payable within thirty (30) days of the invoice date. All business or commercial accounts will be charged interest at the lesser of one percent (1%) per month or the maximum rate permitted by law, except where prohibited by law, on the balance due to Wipfli that is outstanding over thirty (30) days. At Our discretion, services may be suspended if Client's account becomes overdue and services will not be resumed until Client's account is paid in full. Client acknowledges and agrees that We are not required to continue services in the event of a failure to pay on a timely basis for services rendered. Client further acknowledges and agrees that in the event Wipfli suspends or terminates services as a result of Client's failure to pay as agreed on a timely basis for services rendered, Wipfli shall not be liable to Client for any damages that occur, whether direct or indirect, foreseen or unforeseen, and whether or not the parties have been advised of the possibility of such damages, and Client agrees to indemnify and hold Wipfli harmless against any such damages or claims.

7. Engagement Staffing

Wipfli expressly reserves the right to replace, in Our reasonable discretion, any of Our team members as necessary to provide quality and timely service to Client. From time to time, and depending upon circumstances, Wipfli may use third-party service providers, such as independent contractors, specialists, or vendors to assist Us in providing professional services, including tax services. These parties and their personnel may be located within or outside the United States. We may also use personnel from affiliates of Wipfli and other Wipfli-related entities (including Our wholly owned subsidiary based in India and contractors in the Philippines).

We remain responsible to Client for the supervision of all independent contractors, service providers, entities, and personnel who assist Us in rendering professional services hereunder and for protecting the confidentiality of Client information. Client hereby consents and authorizes Us to disclose Client information to the foregoing parties for the purpose of providing services to Client. Applicable rules in some states require that We advise you that some persons who own an interest in Wipfli may not be licensed as Certified Public Accountants and may provide services.

8. Confidentiality, Information Security and Electronic Information Storage

The performance of services by Wipfli may result in the parties having access to information that is confidential to one another, including, without limitation, source code, documentation, specifications, databases, system design, file layouts, tool combinations, development methods, or business or financial affairs, which may incorporate business methods, marketing strategies, pricing, competitor information, product development strategies

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and methods, customer lists, customer information, and financial results (collectively "Confidential Information"). Confidential Information may include information received from third parties, both written and oral, that each party is obligated to treat as confidential.

Confidential Information shall not include any information that (i) is already known by the receiving party or its affiliates, free of any obligation to keep it confidential; (ii) is or becomes publicly known through no wrongful act of the receiving party or its affiliates; (iii) is received by the receiving party from a third party without any restriction on confidentiality; (iv) is independently developed by the receiving party or its affiliates without the use of the disclosing party's Confidential Information; (v) is disclosed to third parties by the disclosing party without any obligation of confidentiality; or (vi) is approved for release by prior written authorization of the disclosing party.

Except as permitted hereunder and necessary for the performance of services hereunder, without the advance written consent of the other party or as required by law, regulation, legal process, or to comply with professional standards applicable to a party, neither party shall disclose to a third party Confidential Information of the other party. Each party agrees to maintain at least the same procedures regarding the Confidential Information of the other as it maintains with respect to its own Confidential Information. Each party may use the Confidential Information received from the other party only in connection with fulfilling its obligations under this agreement. The parties further agree that expiration or termination of this agreement, for any reason, shall not relieve either party, nor minimize their obligations with respect to Confidential Information, as set forth herein.

Wipfli may utilize third-party service providers, including cloud-based service providers, who may collect, use, transfer, transmit, store, or otherwise process Client Confidential Information in connection with the delivery of certain services and Client consents to their use. Wipfli will ensure that it maintains appropriate policies, procedures and safeguards to protect the confidentiality of Client Confidential Information. In addition, to the extent possible and practicable, We will ensure that Our agreements with all third-party service providers contain appropriate provisions to protect Client Confidential Information. We may use electronic media to transmit Client Confidential Information, and such use in itself will not constitute a breach of any security or confidentiality obligation. Client acknowledges that Wipfli has no control over the unauthorized interception or breach of any communications or electronic data once it has been transmitted or if it has been subject to unauthorized access while stored, notwithstanding all reasonable security measures employed by Us. You consent to Our use of electronic devices and applications in the delivery of Our services.

Wipfli is committed to protecting personal information that can be linked to specific individuals, including health information ("Personal Data"). Any Personal Data provided to Us by Client to receive Our services will be kept confidential and not disclosed to any third party not described above (parties providing Us assistance in rendering professional services) unless necessary to deliver services, expressly permitted by Client, or required by law, regulation, legal process, or to comply with professional standards applicable to Wipfli. Client is responsible for obtaining, pursuant to law or regulation, consents from parties that provided Client with their Personal Data which will be obtained, used, and disclosed by Wipfli to render services, and Wipfli may rely on the representation that Client has obtained such consents. Notwithstanding anything to the contrary, Client acknowledges that Wipfli may collect, use, and disclose certain administrative Personal Data (such as contact information and Internet activity) to administer the contract between the parties and in accordance with Wipfli's Privacy Statement (as applicable) available at [www.wipfli.com/privacy-statement](http://www.wipfli.com/privacy-statement).

9. Intellectual Property Rights, Client Records, Wipfli Workpapers, Use of Deliverables and Drafts

Wipfli acknowledges that all Client materials, data, or other information provided to Wipfli to permit Wipfli to perform services ("Client IP") belongs to and shall remain the property of Client. Client acknowledges that proprietary information, documents, materials, management techniques, and other intellectual property (collectively "Wipfli IP") are a material asset to Wipfli and source of services We perform for Client and others and were developed prior to performing services for Client. Client acknowledges that Wipfli owns all right, title and interest in Wipfli IP including enhancements thereto produced or developed by Wipfli throughout the duration of this engagement, excluding any pre-existing ownership right of Client and without implying any ownership interest in any Client IP, all of which shall remain the property of Client. Upon completion of the services and full payment by Client of all related invoices, Wipfli grants to Client a perpetual paid-up license to use or modify, for internal purposes only, any deliverable produced by Wipfli and actually delivered to Client (including embedded Wipfli IP), provided that any use or modification of such deliverable, other than for the purposes stated in the related engagement letter, is not authorized. In addition, Client shall not alter or remove any of Wipfli's trademarks, copyright registration marks, patent, or other intellectual

property notices applicable to any of Wipfli's goods, products, services, marketing material, or advertising media and shall not in any way alter any of Wipfli's products. Neither party shall acquire any right, title, or interest in or to the other party's code, data, business processes, or other information to which such party may have access during the term of the engagement hereunder. All such code, data, business process, and other information shall be solely and exclusively the property of the originating party.

Client's original documents, data, books, and records are the property of Client, and it is Client's responsibility to maintain all such materials. Wipfli has no responsibility to do so unless specifically undertaken by Wipfli in an engagement letter. Workpapers, documentation, and files created by Us in the course of providing services are the property of Wipfli. We will retain workpapers, documentation, and files pursuant to Our record retention policy. In the event We are required to respond to a subpoena, court order, government regulatory inquiry, or other legal process related to Client or its management (other than a matter in which Wipfli is named as a party) for the production of workpapers, documents, files and/or testimony relative to information We obtained and/or prepared during the course of rendering services, We will, to the extent permitted by law and applicable professional standards, notify You of the matter, but You agree We have no obligation to You in the event We determine We are obligated to provide documents or other information. You agree to compensate Us for all time We expend in connection with such response, at Our regular rates, and to reimburse Us for all related out-of-pocket costs, including reasonable attorney's fees, that We may incur. Any services under this paragraph will be deemed a separate engagement subject to these Terms and Conditions.

Client agrees that Wipfli may use Client's name and logo in experience citations and in proposals, work product and deliverables provided or directed to Client pursuant to the engagement letter or otherwise. Notwithstanding any other provision of the engagement letter or these Terms and Conditions, and except as prohibited by law, Wipfli may use the information received under the engagement letter, including tax return information, in an aggregated and anonymized manner, to develop, enhance, modify and improve technologies, tools, methodologies, services and offerings, and/or for development or performance of data analysis or other insight generation. Information developed in connection with these purposes may be used or disclosed to You or current or prospective clients to provide them services or offerings. In no event will We use or disclose the information in a way that would permit Client to be identified by third parties without Client's express consent. With respect to tax return information, Client may request in writing a more limited use and disclosure than the foregoing. The foregoing consent is valid until further notice by Client.

10. Third-Party Software, Technology Tools and Related Products and Limitations Thereon

Wipfli may use software, technology tools, or related products ("Third-Party Products") to deliver services to Client. Where Wipfli uses Third-Party Products or is engaged to provide services related to the selection, implementation, or use of Third-Party Products, Wipfli will employ commercially reasonable efforts to research, learn, and assist Client in the selection, implementation, and use of such Third-Party Products. However, Wipfli shall not be held liable for any issues, errors, or malfunctions related to or arising from the Third-Party Products not directly caused by Wipfli's fraud or willful misconduct. Client acknowledges that Wipfli does not have control over the functionality, performance, or availability of Third-Party Products and cannot assure or make any representation that the Third-Party Products are free from defects, malware, viruses, trojan horses, and similar risks. Consequently, Wipfli disclaims any warranties or guarantees, express or implied, regarding the performance, reliability, or results obtained from the use of Third-Party Products, and Client acknowledges that the use of such Third-Party Products is subject to the terms of any end user agreement associated with each of the Third-Party Products and accepts such terms. Where Client is provided access to Third-Party Products by Wipfli, Client will: 1) use and access such Third-Party Products only for the purpose for which they were provided access; 2) not tamper with, modify, or alter such Third-Party Products; and 3) comply with all reasonable instructions from Wipfli in respect of such access.

11. Tax Services

Tax services are subject to and will be performed in accordance with Treasury Department Circular 230, the American Institute of Certified Public Accountants (AICPA), and other professional standards applicable to tax services. Our fees for services do not include time spent responding to IRS or state or local inquiries, and Client understands that We are not responsible for IRS or state or local disallowance of doubtful deductions or deductions unsupported by adequate documentation, nor for resulting taxes, penalties, and interest. Client's tax returns may be selected for review by the taxing authorities. Any proposed adjustments by an examining agent are subject to certain rights of appeal. In the event of such tax examination, We will be available upon request to represent Client and will charge additional fees for

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the time and expenses incurred. Any such services will constitute a separate and distinct engagement.

If Client is an individual with respect to whom IRC 7216 and the related regulations ("7216") are applicable, Wipfli will not utilize foreign persons or resources to provide tax services without first obtaining appropriate consent from Client, and any provision of these Terms and Conditions which would contravene the requirements of 7216 shall be inapplicable.

12. Allocation of Risk and Limitation of Liability

In no event will Wipfli or Client be liable to the other for claims of punitive, consequential, special, or indirect damages, whether or not a party was advised of the possibility of such damages, regardless of whether they were foreseeable, and regardless of whether such damages arise under a theory of contract, tort, strict liability, or otherwise. Wipfli's liability for all claims, damages, and costs of Client arising from Wipfli's services performed under an engagement letter, Change Order, or otherwise shall be limited to the amount of fees paid by Client to Wipfli for the specific services which give rise to the claim for damages or, in the case of services provided in respect of an engagement which spans a period of more than twelve (12) months, the fees paid by Client to Wipfli in the twelve (12) months preceding the event giving rise to the claim. The limitation of liability in the preceding sentence shall not apply in the event of Wipfli's fraud or willful misconduct or where disallowed by applicable law, regulation, or professional standards applicable to the services performed under these Terms and Conditions. Because Wipfli will rely on Client and its management for the accuracy of the representations made to Wipfli to perform services, and except where indemnity is disallowed by applicable law, regulation, or professional standards applicable to the services performed under these Terms and Conditions, Client holds harmless and releases Wipfli and its owners and employees from all claims, liabilities, losses, and costs of any kind arising which arise from: (i) a knowing misrepresentation, withholding, or concealment of information by Client or its management; or (ii) a wrongful act by Client or a member of Client's management or ownership group.

13. Dispute Resolution; Choice of Law and Statute of Limitations

If any dispute arises regarding the subject matter hereof or services provided by Wipfli to Client, and such dispute cannot be resolved through informal negotiations and discussions, prior to resorting to litigation, the parties will try in good faith to settle the dispute by non-binding mediation administered by the American Arbitration Association under its applicable rules for resolving professional accounting and related services disputes. Either party may request mediation, and costs of any mediation proceeding shall be shared equally. IN THE EVENT OF LITIGATION, WIPFLI AND CLIENT HEREBY AGREE NOT TO ELECT OR REQUEST A TRIAL BY JURY OF ANY ISSUE TRIABLE BY RIGHT OF JURY AND WAIVE ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH RESPECT TO THE SERVICES, THESE TERMS AND CONDITIONS, OR ANY CLAIM, COUNTERCLAIM, OR OTHER ACTION ARISING THEREWITH.

The parties agree that any dispute arising out of Wipfli's services or these Terms and Conditions shall be governed by the laws of the state of Illinois, without regard to conflict of laws principles. Except for an action by Us to collect payment of Our invoices, Wipfli and Client agree that no claim arising out of services rendered by Wipfli shall be filed after the earlier of the expiration of the applicable statute of limitations, or: (i) in the case of any report or deliverable issued by Wipfli under the engagement letter, no later than two years from the date of such report or deliverable (or if no report or deliverable is issued, two years from the date of any related engagement letter); or (ii) in the case of any tax form or similar governmental filing, no later than three years after the extended due date of such tax form or filing.

14. Regulatory Matters and Impact On Independence

Where Wipfli is (a) providing services to an entity that is registered with the SEC or an affiliate of such registrant; or (b) providing services to an entity or affiliate that is subject to professional standards more stringent than those which exist under the AICPA Code of Professional Conduct, any provision of these Terms and Conditions which would be prohibited by such professional standards or deemed to impair Wipfli's independence relative to Client under such professional standards shall not apply to the extent necessary to avoid such prohibition or independence impairment, it being the intent of Wipfli and Client to ensure Wipfli and Client's compliance with applicable professional standards in respect of Wipfli's engagement by Client and to ensure, where appropriate and necessary, Wipfli's independence from Client.

15. Certain Sales (and Similar) Tax Responsibilities

To the extent applicable, Client shall pay and be solely and exclusively liable for all sales, use, ad valorem, excise, or other taxes or governmental charges imposed on the installation, implementation, licensure, or sale of goods or services by Wipfli or third parties to Client.

16. Severability

The provisions of these Terms and Conditions shall be severable, so that the invalidity or unenforceability of any provision will not affect the validity or enforceability of the remaining provisions; provided that no such severability shall be effective if it materially changes the economic benefit of these Terms and Conditions to either party.

17. Independent Contractor Status and Non-Exclusivity

The relationship between Wipfli and Client is solely and exclusively that of independently contracting parties. No right of exclusivity is granted, guaranteed, or implied by Wipfli by entry into an engagement letter or the performance of services. Client acknowledges that Wipfli regularly performs the same or similar services as are being provided hereunder to third parties.

18. Insurance

Wipfli will carry and maintain in force at all times during the term of its engagement with Client appropriate insurance coverages, including policies covering professional liability errors and omissions, cyber liability, general liability, automotive liability, and worker's compensation.

19. Notices

All notices required to be given to either party hereunder shall be in writing and sent by email or traceable carrier. In the case of Client, notice shall be sent to the mailing address (or email address) indicated on any engagement letter issued to Client, or such other address as Client may indicate by at least ten (10) business days' prior written notice. In the case of Wipfli, notice shall be sent to [wipfli-legal@wipfli.com](mailto:wipfli-legal@wipfli.com). Notices shall be effective upon receipt.

20. Counterparts and Electronic Signatures

Any document contemplated hereby may be executed in one or more counterparts, each of which will be deemed to be an original, and all of which, when taken together, will be deemed to constitute one and the same document. Each party hereto agrees that any electronic signature of a party to any document contemplated hereby is intended to authenticate such writing and shall be as valid and have the same force and effect, as a manual signature. Any such electronically signed document shall be deemed (i) to be "written" or "in writing"; (ii) to have been signed; and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Each party hereto also agrees that electronic delivery of a signature to any such document (via email or otherwise) shall be as effective as manual delivery of a manual signature.

21. Assignment

These Terms and Conditions and related engagement letters and agreements shall be binding on the parties hereto and their respective successors and assigns. Neither party may make assignment thereof without the prior written consent of the other party, except that Wipfli may assign its rights and obligations hereunder without approval of Client to an entity that acquires all or substantially all of the assets of Wipfli or to any subsidiary, affiliate, or successor in a merger, acquisition, or change of control of Wipfli; provided that in no event shall such assignment relieve Wipfli of its obligations hereunder or under any applicable engagement letter.

22. Force Majeure

Either party may suspend (or, if such suspension continues for more than thirty (30) days, terminate) its obligations (except the obligation to pay for services previously rendered) hereunder or under any engagement letter or Change Order if such obligations are delayed, prevented, or rendered impractical or impossible due to circumstances beyond its reasonable control, including, without limitation, events generally understood to be "Acts of God."

23. Certain Disclosures

Wipfli's services do not constitute legal or investment advice. We are not in a fiduciary relationship with You. Wipfli does not provide investment advisory services. Wipfli owns a membership interest in Creative Planning Holdco, LLC, which in turn owns Creative Planning, LLC, an SEC-registered investment adviser ("Creative"). Certain Wipfli employees also dually serve as Creative investment adviser representatives ("IARs"). If Client requires investment advisory services, Wipfli will introduce Client to a Wipfli employee who dually serves as an IAR. If Client subsequently engages Creative, Creative will, in most cases, share a portion of its ongoing investment advisory fee with the IAR. The IAR is required to remit such amounts to Wipfli as the IAR's employer. Wipfli's receipt of a portion of the Creative advisory fee will not result in Client's payment of a higher Creative investment advisory fee than if Client had engaged Creative independent of Wipfli and the IAR. The IAR will provide Client with written disclosure of the relationship and economic arrangement by and among Wipfli, the IAR, and Creative. All investment advisory services are provided exclusively by Creative per the terms and

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conditions of a separate written agreement between Client and Creative. Wipfli does not provide investment advisory services, but Wipfli's receipt of compensation as described does present the potential of a conflict of interest. The IAR's role is limited to the introduction of Creative. Creative's written disclosure brochure and Form CRS discussing its advisory services and fees is available at [www.creativeplanning.com](http://www.creativeplanning.com). **No Client is under any obligation to engage Creative or to continue engaging with Creative after having decided to engage Creative.**

