

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
COON RAPIDS, MINNESOTA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**



PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
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INTRODUCTORY SECTION

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
SCHOOL BOARD AND ADMINISTRATION
JUNE 30, 2025**

SCHOOL BOARD

<u>Name</u>	<u>Term Expires</u>	<u>Board Position</u>
Frank Stucki	06/30/2025	Chairman
Sarah Sannes	06/30/2025	Vice Chair
Nicholas Garcia	06/30/2027	Treasurer/Secretary
Summer Anderson	06/30/2027	Teacher Member
Tiffany Salak	06/30/2026	Parent Representative

PCTHS BUILDING COMPANY BOARD

<u>Name</u>	<u>Board Position</u>
John Klockeman	Chairman
William Best	Treasurer
Jessie Brueske	Secretary

ADMINISTRATION

<u>Name</u>	<u>Board Position</u>
Brandon Wait	Principal and Executive Director
Ashley Evans	Special Education Director
Eric Gieseke	Finance and Business Director

School Office:
Paladin Career & Technical High School
Charter School No. 4104
10220 Goldenrod St. NW,
Coon Rapids, MN 55448

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Paladin Career & Technical High School
Charter School No. 4104
Coon Rapids, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Paladin Career & Technical High School (the School) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School'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 and each major fund of the School, as of June 30, 2025, and the respective changes in financial position and the respective budgetary comparison for the General Fund and Food 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 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 School, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Prior Period Restatement

As discussed in Note 8 to the financial statements, the School restated its beginning net position to correct the amounts of deferred outflows and deferred inflows related to pension liability from the prior year. The result was a decline in the beginning net position. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (Continued)

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 School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School'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 School's ability to continue as a going concern for a reasonable period.

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, TRA Schedule of the School's Proportionate Share of the Net Pension Liability, TRA Schedule of School's Contributions, GERS Schedule of the School's Proportionate Share of the Net Pension Liability, and GERS Schedule of School's Contributions be presented to supplement the basic financial statements.

Required Supplementary Information (Continued)

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 (GASB) who consider 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 School's basic financial statements. The accompanying Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the UFARS Compliance Table are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2025, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School'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 School's internal control over financial reporting and compliance.



Thomas & Company, CPA, PA
Cooper City, Florida
November 26, 2025

REQUIRED SUPPLEMENTARY INFORMATION

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

This section of Paladin Career & Technical High School – Charter School No. 4104’s annual financial report presents our discussion and analysis of the School’s financial performance during the fiscal year that ended June 30, 2025. Please read it in conjunction with the School’s financial statements, which immediately follow this section. Certain comparative information between the current year (2024-2025) and the prior year (2023-2024) is required to be presented in the Management’s Discussion and Analysis.

FINANCIAL HIGHLIGHTS

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

- The fund balance of the General Fund increased by \$133,594 from the prior year for an ending fund balance of \$922,206 on June 30, 2025.
- Net position increased by \$99,933 during fiscal year ended June 30, 2025.
- Total General Fund revenues were \$5,146,210 as compared to \$5,009,741 of expenditure.
- Government-wide total revenues were \$5,218,556 as compared to \$5,118,623 of expenses.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of the following 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 statement includes two kinds of statements that present different views of the School:

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the School’s overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School, reporting the School’s operations in more detail than the government-wide statements.
- Governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

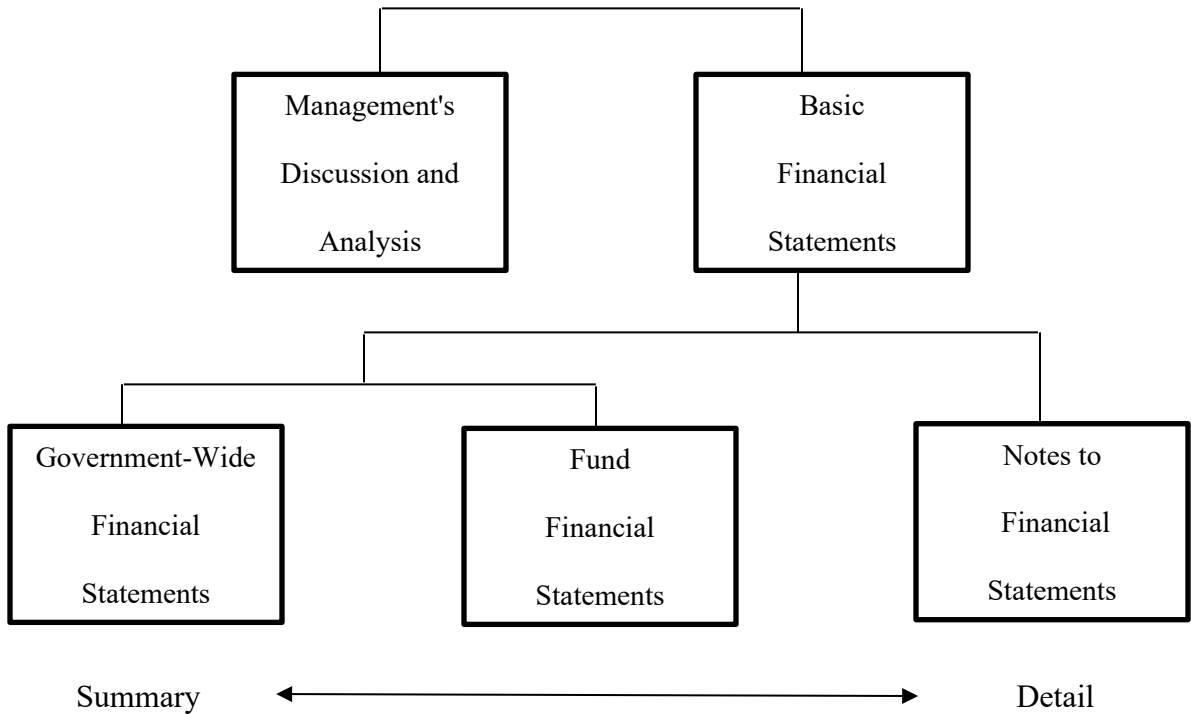
The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of supplementary information that further explains and supports the financial statements.

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1
Annual Report Format**



**PALADIN CAREER & TECHNICAL HIGH SCHOOL
 CHARTER SCHOOL NO. 4104
 MANAGEMENT’S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED JUNE 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The major features of the School’s financial statements, including the portion of the School’s activities they cover and the types of information they contain. The remainder of this overview section of the MD&A highlights the structure and contents of each of the statements.

Fund Financial Statements		
	Government-Wide Statements	Governmental Funds
Scope	Entire School	The activities of the School
Required financial statements	* Statement of Net Position * Statement of Activities	* Balance Sheet * Statement of Revenues, Expenditures and Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial focus.
Type of assets/liability information	All assets and liabilities, both financial and capital, short-term and long-term.	Generally, the assets that are expected to be used up and the liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included.
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.

GOVERNMENT-WIDE STATEMENTS

The government-wide statements (Statement of Net Position and Statement of Activities) report information about the School using accounting methods like those used by private-sector companies. The statement of net position includes *all* the School’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All 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 on the School’s *net position* and how they have changed. Net position—the difference between the School’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources—is one way to measure the School’s financial health or *position*.

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

GOVERNMENT-WIDE STATEMENTS (CONTINUED)

- Over time, increases or decreases in the School’s net position are indicators of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the School you need to consider additional non-financial factors such as changes in the enrollment, the School’s creditworthiness and the condition of School buildings and other facilities.

In the government-wide financial statements the School’s activities are shown in one category:

- *Governmental Activities* – The School’s basic services are included here, such as regular and special education and administration. State aids finance most of these activities.

FUND FINANCIAL STATEMENTS

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

- Some funds are required by State law and by debt covenants.
- The School may establish other funds to control and manage money.

The School has the following fund types:

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

The School uses or may use the following types of Governmental Funds:

- General Fund - is the School’s primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund.
- Special Revenue Funds – account for specific revenue, such as federal grants, that is legally restricted to expenditures for particular purposes.

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Net Position

Net position may serve over time as a useful indicator of a government's financial position. In the case of the School, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources at the close of the most recent fiscal year. A portion of the School's net position reflects its investment in capital assets (e.g., building, building improvements, vehicle, furniture and equipment), less any related debt used to acquire those assets that are still outstanding. The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending. The School's combined net position was a deficit of \$1,279,489 on June 30, 2025 (see Table A-1).

**Table A-1
The School's Net Position**

	Governmental Activities		Percentage Change
	as of June 30,		
	2025	2024	
Assets			
Current Assets	\$ 1,990,283	\$ 1,730,169	15.03%
Capital Assets, Net	6,841,849	7,027,319	-2.64%
Total Assets	8,832,132	8,757,488	0.85%
Deferred Outflows of Resources	770,237	808,060	-4.68%
Total Assets and Deferred Outflows of Resources	9,602,369	9,565,548	0.38%
Liabilities			
Current Liabilities	522,857	422,414	23.78%
Long Term Liability	9,688,361	10,184,699	-4.87%
Total Liabilities	10,211,218	10,607,113	-3.73%
Deferred Inflows of Resources	670,640	313,116	114.18%
Net Position			
Net Investment in Capital Assets	(774,243)	(709,795)	9.08%
Restricted	102,420	76,343	34.16%
Unrestricted	(607,666)	(721,229)	-15.75%
Total Net Position	(1,279,489)	(1,354,681)	-5.55%
Total Liabilities, Deferred Inflows of Resources and Net Position	\$9,602,369	\$9,565,548	0.38%

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE (CONTINUED)

Changes in Net Position

The School's total government-wide revenues were \$5,218,556 for the year ended June 30, 2025. State Aid Grants accounted for 52.5% of total revenue while Operating Grants and Contributions accounted for 46% for the year. The remaining 1.5% came from Investment Income and Other General Revenues. Table A-2 is a condensed version of the School's Change in Net Position:

**Table A-2
Change in Net Position**

	Governmental Activities for		Percentage
	the Year Ended June 30,		
	2025	2024	Change
Revenues			
Program Revenues:			
Operating Grants and Contributions	\$ 2,397,433	\$ 2,662,861	-9.97%
General Revenues:			
State Aid Grants	2,742,428	2,582,961	6.17%
Other General Revenues	52,418	20,964	150.04%
Investment Income	26,277	29,202	-10.02%
Total Revenues	5,218,556	5,295,988	-1.46%
Expenses			
Administration	202,296	164,165	23.23%
District Support Services	296,689	282,128	5.16%
Regular Instruction	1,125,768	1,195,990	-5.87%
Special Education Instruction	1,809,629	1,660,748	8.96%
Instructional Support Services	309,520	270,479	14.43%
Pupil Support Services	437,763	479,258	-8.66%
Sites and Buildings	423,653	375,464	12.83%
Fiscal and Other Fixed Cost Programs	88,119	74,740	17.90%
Food Service	99,393	-	-
Interest and Fiscal Charges on Long-term Liabilities	325,793	327,457	-0.51%
Total Expenses	5,118,623	4,830,429	5.97%
Change in Net Position	99,933	465,559	
Net Position - Beginning	(1,354,681)	(1,820,240)	
Prior Period Adjustment	(24,741)	-	
Beginning Net Position, as Restated	(1,379,422)	-	
Net Position – Ending	\$ (1,279,489)	\$ (1,354,681)	

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

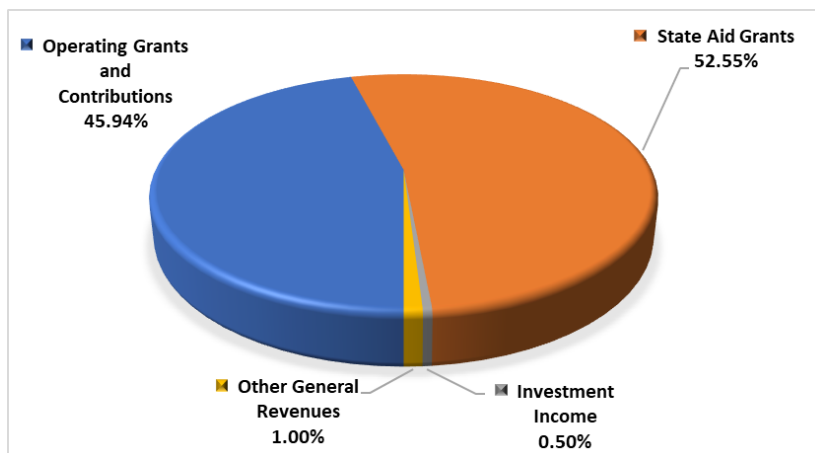
FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE (CONTINUED)

Total revenues exceeded expenses, increasing the net position by \$99,933. Revenue decreased slightly while expenses increased during the year.

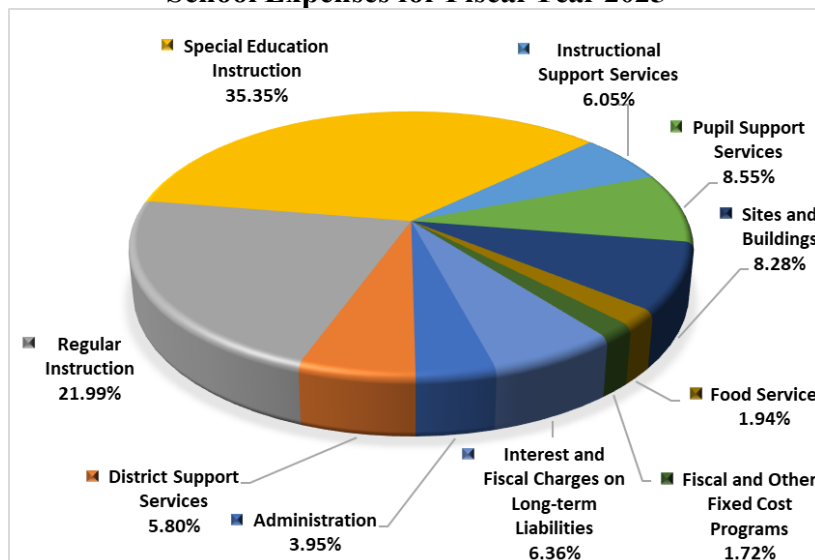
The cost of all governmental activities this year was \$5,118,623:

- The state and federal government subsidized certain programs with grants and contributions (\$2,397,433).
- Most of the School's costs were paid for by unrestricted state aid, investment income and other general revenue (\$2,821,123).

**Figure A-2
Sources of School's Revenues for Fiscal Year 2025**



**Figure A-3
School Expenses for Fiscal Year 2025**



**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE (CONTINUED)

**Table A-3
Program Expenses and Net Cost of Services for Fiscal Year 2025**

	<u>Total Cost of Services</u>		<u>Percentage Change</u>	<u>Net Cost of Services</u>		<u>Percentage Change</u>
	<u>2025</u>	<u>2024</u>		<u>2025</u>	<u>2024</u>	
Administration	\$ 202,296	\$ 164,165	23.23%	\$ 202,296	\$ 164,165	23.23%
District Support Services	296,689	282,128	5.16%	296,689	282,128	5.16%
Regular Instruction	1,125,768	1,195,990	-5.87%	1,031,359	763,550	35.07%
Special Education Instruction	1,809,629	1,660,748	8.96%	84,659	(70,742)	-219.67%
Instructional Support Services	309,520	270,479	14.43%	289,520	250,479	15.59%
Pupil Support Services	437,763	479,258	-8.66%	417,763	408,116	2.36%
Sites and Buildings	423,653	375,464	12.83%	(67,793)	(32,325)	109.72%
Fiscal and Other Fixed Cost Programs	88,119	74,740	17.90%	88,119	74,740	17.90%
Food Service	99,393	-	-	52,785	-	-
Interest and Fiscal Charges on Long-term Liabilities	325,793	327,457	-0.51%	325,793	327,457	-0.51%
Total	<u>\$5,118,623</u>	<u>\$ 4,830,429</u>		<u>\$2,721,190</u>	<u>\$2,167,568</u>	

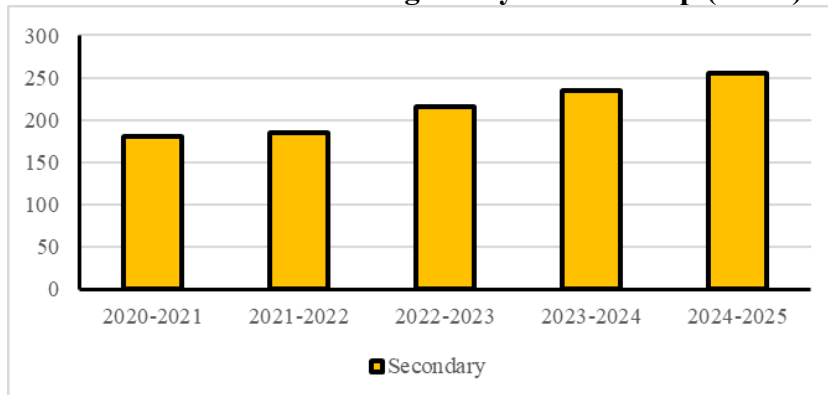
FINANCIAL ANALYSIS OF THE SCHOOL’S FUNDS

The financial performance of the School is reflected in its government funds. Revenues (including other financing sources) for the School’s governmental funds were \$5,296,607 while total expenditures (including other financing sources) were \$5,163,013. This contributed to a combined fund balance of \$937,572 which is \$133,594 higher than last year’s ending fund balance of \$803,978.

ENROLLMENT

The following chart shows that the number of students has increased approximately 20 ADM from the previous year.

**Figure A-4
Enrollment Trend - Average Daily Membership (ADM)**



**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

ENROLLMENT (CONTINUED)

Enrollment is a critical factor in determining revenue with approximately 96% of General Fund revenue being determined by enrollment. It is hoped that the School will maintain a steady enrollment. All staff members need to assume an active role in retention and recruitment efforts. The School will continue to pursue creative and thoughtful marketing strategies to encourage families to consider the School as the option of choice. Paladin Career & Technical High School’s average enrollment in 2024-2025 was 255 students compared to 235 in the prior year.

GENERAL FUND

The General Fund includes the primary operations of the School in providing educational services to students from grade nine through grade twelve. A significant portion of General Fund operational revenue is controlled by a complex set of state funding formulas resulting in the local School board having no meaningful authority to determine the level of resources. This revenue resource includes general education aid, lease aid and special education aid.

Total General Fund Revenue decreased by \$57,258, or 1.10% from the previous year. Basic general education revenue is determined by multiple complex state formulas, largely enrollment driven, and consists of a specified minimum amount with variables such as socioeconomic indicators driving additional funding. For Minnesota charter schools most of the funding consists of general education aid, special education aid and charter school lease aid. Other revenue consists of federal and private grant funding that is often expenditure driven.

The following schedule presents a summary of General Fund Revenues.

**Table A-4
General Fund Revenues**

	<u>Year Ended June 30,</u>		<u>Change</u>	
	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Federal Sources	\$ 174,006	\$ 698,079	\$ (524,073)	-75.07%
State Sources	4,919,786	4,484,425	435,361	9.71%
Local Sources:				
Other	52,418	20,964	31,454	150.04%
Total General Fund Revenue	<u>\$ 5,146,210</u>	<u>\$ 5,203,468</u>	<u>\$ (57,258)</u>	-1.10%

Total General Fund expenditures increased by \$2,963 or 0.06% from the previous year. In 2024-2025, General Fund revenues were greater than expenditures by \$136,469. The total fund balance for the year increased to \$922,206. Ending fund balance is the single best measure of overall financial health. The fund balance of the General Fund at June 30, 2025, represents 18.41% of annual expenditure.

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

GENERAL FUND (CONTINUED)

The following schedule presents a summary of General Fund Expenditures.

**Table A-5
General Fund Expenditures**

	<u>Year Ended June 30,</u>		<u>Change</u>	
	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Salaries and Wages	\$ 2,403,866	\$ 2,401,680	\$ 2,186	0.09%
Employee Benefits	779,093	723,994	55,099	7.61%
Purchased Services	1,455,078	1,454,129	949	0.07%
Supplies and Materials	261,298	252,448	8,850	3.51%
Capital Expenditures	45,928	115,787	(69,859)	-60.33%
Debt Service	54,672	48,397	6,275	12.97%
Other Expenditures	9,806	10,343	(537)	-5.19%
Total General Fund Expenditures	<u>\$ 5,009,741</u>	<u>\$ 5,006,778</u>	<u>\$ 2,963</u>	0.06%

GENERAL FUND BUDGETARY HIGHLIGHTS

The budget is approved prior to the beginning of the fiscal year. The School then may revise the annual operating budget in mid-year. These budget amendments fall into two main categories:

- Implementing budgets for specially funded projects, which include both federal and state grants and reinstating unexpended funds being carried over from the prior fiscal year.
- Legislation passes after budget adoption, changes necessitated by employment agreements, and increases in appropriations for significant unbudgeted costs.

Actual revenues were more than budgeted with a variance of \$138,068 or 2.76%. The actual expenditure was also more than budgeted with a variance of \$11,914 or 0.24%. The majority of this is found in the areas of Instructional Support Services and Special Education Instruction.

OTHER MAJOR FUNDS

Food Service Fund

The actual revenues for Food Service Fund were less than budgeted by \$8,392 or 15.26% and the actual expenditure was also less than budgeted by \$12,502 or 11.12%. Expenditure exceeded revenue in the Food Service Fund by \$53,332, resulting in transfers from General Fund to eliminate negative fund balance.

Building Company Fund

For the Building Company Fund, revenues exceeded expenditures by \$25,752, which resulted in a fund balance of \$555,606 as on June 30, 2025.

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of the 2024-2025 fiscal year, the School had invested \$7,778,485 in capital assets including land, buildings and improvements, vehicle, furniture and equipment. More detailed information about capital assets is presented in Note 5 to the financial statements. During the year, the School purchased vehicle for \$45,928 and there was no disposal of capital assets. The total depreciation expense for the year was \$231,398.

**Table A-6
Capital Assets**

	2025	2024
Land	\$ 947,782	\$ 947,782
Bulidings and Improvements	6,114,310	6,114,310
Furniture and Equipment	130,012	130,012
Vehicle	586,381	540,453
Less: Accumulated Depreciation	(936,636)	(705,238)
Total Capital and Right-to-use Assets	\$ 6,841,849	\$ 7,027,319

Long-Term Liabilities

At year-end, the School's outstanding long-term debt excluding the net pension liability, was related to bonds payable and notes payable. As of June 30, 2025, the School had long-term liabilities of \$9,688,361, of which \$175,143 was payable within one year.

**Table A-7
Long-term Liabilities**

	2025	2024	Percentage Change
Bonds Payable	\$ 7,885,000	\$ 8,015,000	-1.62%
Notes Payable	173,892	164,914	5.44%
Net Pension Liability	1,629,469	2,004,785	-18.72%
Total Long-Term Liabilities	9,688,361	10,184,699	-4.87%
Long-Term Liabilities:			
Due Within One Year	175,143	168,861	3.72%
Due in More Than One Year	9,513,218	10,015,838	-5.02%
Total Long-Term Liabilities	\$ 9,688,361	\$ 10,184,699	-4.87%

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

FACTORS BEARING ON THE SCHOOL'S FUTURE

The School is dependent on the State of Minnesota for its revenue authority. Recent experience demonstrates that legislated revenue have not been sufficient to meet instructional program needs and increased costs due to inflation. It is imperative that the School's financial management develop budgets with a surplus to be added to the unassigned fund balance in order to meet their fund balance policy requirements.

The School will strive to implement and sustain a commitment to academic excellence and educational opportunity for students within a framework of financial fiduciary responsibility.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our constituents, state oversight agencies, lenders, customers, legislative leaders, and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact: The Business Office, Paladin Career & Technical High School, Charter School No. 4104, 10220 Goldenrod St NW, Coon Rapids, MN 55448.

BASIC FINANCIAL STATEMENTS

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
STATEMENT OF NET POSITION
AS OF JUNE 30, 2025**

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$ 661,529
Cash and Investments held by Trustees	555,389
Due from Minnesota Department of Education	773,365
Capital Assets, Net	<u>6,841,849</u>
Total Assets	<u>8,832,132</u>
 Deferred Outflows of Resources	
Deferred Outflows - Pension Payments	<u>770,237</u>
 Total Assets and Deferred Outflows of Resources	 <u><u>9,602,369</u></u>
 Liabilities	
Salaries and Wages Payable	326,694
Payroll Deductions and Employer Contributions	57,658
Accounts Payable	112,753
Accrued Interest Payable	25,752
Long-Term Liabilities:	
Net Pension Liability	1,629,469
Notes Payable:	
Due Within One Year	50,143
Due in More Than One Year	123,749
Bonds Payable:	
Due Within One Year	125,000
Due in More Than One Year	<u>7,760,000</u>
Total Liabilities	<u>10,211,218</u>
 Deferred Inflows of Resources	
Deferred Inflows - Pension Payments	<u>670,640</u>
 Net Position	
Net Investment in Capital Assets	(774,243)
Restricted	102,420
Unrestricted	<u>(607,666)</u>
Total Net Position	<u>(1,279,489)</u>
 Total Liabilities, Deferred Inflows of Resources and Net Position	 <u><u>\$ 9,602,369</u></u>

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

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental Activities					
Administration	\$ 202,296	\$ -	\$ -	\$ -	\$ (202,296)
District Support Services	296,689	-	-	-	(296,689)
Regular Instruction	1,125,768	-	94,409	-	(1,031,359)
Special Education Instruction	1,809,629	-	1,724,970	-	(84,659)
Instructional Support Services	309,520	-	20,000	-	(289,520)
Pupil Support Services	437,763	-	20,000	-	(417,763)
Sites and Buildings	423,653	-	491,446	-	67,793
Fiscal and Other Fixed Cost Programs	88,119	-	-	-	(88,119)
Food Service	99,393	-	46,608	-	(52,785)
Interest and Fiscal Charges on Long-term Liabilities	325,793	-	-	-	(325,793)
Total Governmental Activities	\$ 5,118,623	\$ -	\$ 2,397,433	\$ -	(2,721,190)
General Revenues					
					2,742,428
					52,418
					26,277
					2,821,123
Change in Net Position					
					99,933
					(1,354,681)
					(24,741)
					(1,379,422)
					\$ (1,279,489)

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

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
 CHARTER SCHOOL NO. 4104
 BALANCE SHEET - GOVERNMENTAL FUNDS
 AS OF JUNE 30, 2025**

	Major Funds			Total Governmental Funds
	General Fund	Food Service Fund	Building Company Fund	
Assets				
Cash and Cash Equivalents	\$ 643,671	\$ 17,641	\$ 217	\$ 661,529
Cash and Investments held by Trustees	-	-	555,389	555,389
Receivables:				
Due from Minnesota Department of Education	773,365	-	-	773,365
Total Assets	1,417,036	17,641	555,606	1,990,283
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	112,753	-	-	112,753
Salaries and Wages Payable	324,581	2,113	-	326,694
Payroll Deductions and Employer Contributions	57,496	162	-	57,658
Total Liabilities	494,830	2,275	-	497,105
Fund Balances (Deficit)				
Restricted:				
Food service	-	15,366	-	15,366
Debt Service	-	-	555,606	555,606
Unassigned	922,206	-	-	922,206
Total Fund Balances (Deficit)	922,206	15,366	555,606	1,493,178
Total Liabilities and Fund Balances (Deficit)	\$ 1,417,036	\$ 17,641	\$ 555,606	\$ 1,990,283

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

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
 CHARTER SCHOOL NO. 4104
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENT FUNDS TO THE
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2025**

Total Fund Balances – Governmental Funds **\$ 1,493,178**

Total net position reported for governmental activities in the statement of net position is different because:

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

Capital Assets, Net of Accumulated Depreciation 6,841,849

The School's net pension liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:

Net Pension Liability (1,629,469)

Deferred Inflows of Resources - Pensions (670,640)

Deferred Outflows of Resources - Pensions 770,237

Long-term liabilities that pertain to governmental funds, including loans payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year-end are:

Bonds Payable (7,885,000)

Notes Payable (173,892)

Accrued Interest Payable (25,752)

Total Net Position – Governmental Activities **\$ (1,279,489)**

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	Major Funds			Total Governmental Funds
	General Fund	Food Service Fund	Building Company	
Revenue				
Federal Sources	\$ 174,006	\$ 46,608	\$ -	\$ 220,614
State Sources	4,919,786	-	-	4,919,786
Local Sources:				
Other	52,418	-	473,177	525,595
Total Revenue	5,146,210	46,608	473,177	5,665,995
Expenditures				
Current:				
Administration	196,632	-	-	196,632
District Support Services	293,417	-	4,500	297,917
Regular Instruction	1,117,905	-	-	1,117,905
Special Education Instruction	1,816,362	-	-	1,816,362
Instructional Support Services	312,415	-	-	312,415
Pupil Support Services	384,619	-	-	384,619
Sites and Buildings	699,672	-	-	699,672
Fiscal and Other Fixed Cost Programs	88,119	-	-	88,119
Food Service	-	99,940	-	99,940
Capital Outlay				
Pupil Support Services	45,928	-	-	45,928
Debt Service:				
Principal	41,479	-	130,000	171,479
Interest	13,193	-	312,925	326,118
Total Expenditures	5,009,741	99,940	447,425	5,557,106
Excess (Deficiency) of Revenue Over (Under) Expenditures	136,469	(53,332)	25,752	108,889
Other Financing Sources (Uses)				
Proceeds from Issuance of Long-Term Debt	50,457	-	-	50,457
Transfers In	-	53,332	-	53,332
Transfers (Out)	(53,332)	-	-	(53,332)
Total Other Financing Sources (Uses)	(2,875)	53,332	-	50,457
Net Change in Fund Balances	133,594	-	25,752	159,346
Fund Balances (Deficit) - Beginning of the year	788,612	15,366	529,854	1,333,832
Fund Balances (Deficit) - End of the year	\$ 922,206	\$ 15,366	\$ 555,606	\$ 1,493,178

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

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
 CHARTER SCHOOL NO. 4104
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
 THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2025**

Net Change in Fund Balances – Governmental Funds **\$ 159,346**

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlays	45,928
Depreciation Expense	(231,398)

Some capital asset additions are financed through the issuance of bonds and notes. In the governmental funds, the proceeds from bonds and notes are reported as other financing sources because these funds use the current financial resources measurement focus. However, in the statement of net position, the related bonds and notes are recognized as long-term liabilities. Likewise, while the repayment of principal is recorded as an expenditure in the governmental funds, it reduces the outstanding liability in the statement of net position.

Principal Payments - Bonds and Notes	171,479
Proceeds from the Issuance of Notes	(50,457)
Change in Accrued Interest Payable	325

Pension expenditures in the governmental funds are measured by current year employer contributions. Pension expenses on the statement of activities are measured by the change in the net pension liability and the related deferred inflows and outflows of resources.

Pension Expense	4,710
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Change in Net Position – Governmental Activities	\$ 99,933
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**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Over (Under)</u> <u>Final Budget</u>
	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>		
Revenue				
Federal Sources	\$ 171,148	\$ 171,148	\$ 174,006	\$ 2,858
State Sources	4,807,994	4,807,994	4,919,786	111,792
Local Sources:				
Other	29,000	29,000	52,418	23,418
Total Revenue	<u>5,008,142</u>	<u>5,008,142</u>	<u>5,146,210</u>	<u>138,068</u>
Expenditures				
Current:				
Administration	206,515	206,515	196,632	9,883
District Support Services	268,735	268,735	293,417	(24,682)
Regular Instruction	1,160,328	1,160,328	1,117,905	42,423
Vocational Education Instruction	5,000	5,000	-	5,000
Special Education Instruction	1,744,131	1,744,131	1,816,362	(72,231)
Instructional Support Services	250,663	250,663	312,415	(61,752)
Pupil Support Services	421,657	421,657	384,619	37,038
Sites and Buildings	710,450	710,450	699,672	10,778
Fiscal and Other Fixed Cost Programs	79,800	79,800	88,119	(8,319)
Capital Outlay	87,000	87,000	45,928	41,072
Debt Service	63,548	63,548	54,672	8,876
Total Expenditures	<u>4,997,827</u>	<u>4,997,827</u>	<u>5,009,741</u>	<u>(11,914)</u>
Excess (Deficiency) of Revenue				
Over (Under) Expenditures	<u>10,315</u>	<u>10,315</u>	<u>136,469</u>	<u>126,154</u>
Other Financing Sources (Uses)				
Issuance of Long-Term Debt	87,000	87,000	50,457	(36,543)
Transfers Out	(57,419)	(57,419)	(53,332)	4,087
Total Other Financing Sources (Uses)	<u>29,581</u>	<u>29,581</u>	<u>(2,875)</u>	<u>(32,456)</u>
Net Change in Fund Balances	<u>\$ 39,896</u>	<u>\$ 39,896</u>	<u>\$ 133,594</u>	<u>\$ 93,698</u>

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

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
 CHARTER SCHOOL NO. 4104
 STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOOD SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Over (Under) Final Budget</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenue				
Federal Sources	\$ 55,000	\$ 55,000	\$ 46,608	\$ (8,392)
Total Revenue	<u>55,000</u>	<u>55,000</u>	<u>46,608</u>	<u>(8,392)</u>
Expenditures				
Current:				
Food Service	112,442	112,442	99,940	12,502
Total Expenditures	<u>112,442</u>	<u>112,442</u>	<u>99,940</u>	<u>12,502</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>(57,442)</u>	<u>(57,442)</u>	<u>(53,332)</u>	<u>4,110</u>
Other Financing Sources (Uses)				
Transfers In	57,419	57,419	53,332	(4,087)
Total Other Financing Sources (Uses)	<u>57,419</u>	<u>57,419</u>	<u>53,332</u>	<u>(4,087)</u>
Net Change in Fund Balances	<u>\$ (23)</u>	<u>\$ (23)</u>	<u>\$ -</u>	<u>\$ 23</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Charter School No. 4104, also known as Paladin Career & Technical High School, have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. Financial Reporting Entity

Charter School No. 4104, also known as Paladin Career & Technical High School (the School), is a nonprofit corporation that was formed and began operating on 2003. The School is authorized by Innovative Quality Schools, a nonprofit organization, and is operating under an authorizer agreement extending through fiscal year 2028. The governing body consisted of board of directors composed of five members.

The School's policy is to include in the financial statements all funds, departments, agencies, boards, commissions, and other component units for which the School is considered to be financially accountable.

Component units are legally separate entities for which the School is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit include whether the primary government appoints most of the potential component unit's governing body, can impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit or is fiscally depended upon by the potential component unit. Based on these criteria, there is one organization that is a component unit of the School.

PCTHS Building Company (the Building Company) is a Minnesota nonprofit corporation which owns the real estate and building that is leased by the School for its operations. The Building Company is governed by a separate board appointed by the board of the School. Although it is legally separate from the School, the Building Company is reported as if it were part of the School (as a blended component unit) because its sole purpose is to acquire, construct and own an educational site. Separate financial statements are not issued for the Building Company.

The School is required to operate under a charter agreement with an entity that has been approved by the Minnesota Department of Education (MDE) to be a charter school "authorizer". The authorizer monitors and evaluates the School's performance and periodically determines whether to renew the School's charter. Aside from its authorizer role, Innovative Quality Schools has no authority, control, power, or administrative responsibilities over Paladin Career & Technical High School. Therefore, the School is not considered a component unit of Innovative Quality Schools.

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. 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 School.

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. Other items not properly included among program revenues are reported instead as general revenues.

The School applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Depreciation and amortization expense that can be specifically identified by function is included in the direct expenses of each function. Interest in long-term debt is considered an indirect expense and is reported separately on the statement of activities. The effect of interfund activity has been removed from these statements.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. 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 that 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. State revenue is recognized in the year to which it applies according to Minnesota Statutes and U.S. generally accepted accounting principles. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Food service sales and other miscellaneous revenue (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. A six-month availability period is generally used for other fund revenue.

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

2. Recording of Expenditures

Expenditures are generally recorded when liability is incurred, except for principal and interest on long-term debt and other long-term liabilities, which are recognized as expenditures to the extent they have incurred. Capital asset acquisitions are reported as capital outlay expenditures in governmental funds. 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.

Description of Funds

As required by state statute, the School operates as a nonprofit corporation under Minnesota Statutes §317A. However, state law also requires that the School comply with Uniform Financial Accounting and Reporting Standards for Minnesota School Districts (UFARS) which mandates the use of a governmental fund accounting structure. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. A description of the funds included in this report is as follows:

Major Governmental Funds

General Fund

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

Special Revenue Funds

The special revenue funds are used to account for the proceeds of certain specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes. The School maintains the following special revenue funds:

Food Service Fund

The Food Service Fund is used to account for food service revenues and expenditures. The primary sources of revenue for this fund are from federal and state meal reimbursements and School lunch fees.

Affiliated Building Company Fund

This fund is used to account for the financial activity of the affiliated building company, including debt service on outstanding bonds.

E. Accounts Receivable

Accounts receivable represents amounts due from individuals, firms, and corporations for goods and services furnished by the School. No substantial losses are anticipated from present receivable balances. Therefore, no allowance for uncollectible accounts is deemed necessary.

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Income Taxes

The School and Building Company are classified as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code and comparable sections of the Minnesota income tax statutes.

A tax expense or benefit from an uncertain income tax position (including tax-exempt status) may be recognized only when it is more likely than not that the position will be sustained upon examination by taxing authorities. Management believes the School and Building Company have no uncertain income tax positions that would result in an accrual, expense or benefit under the more likely than not standard.

G. Budgeting

Budgets presented in this report for comparison to actual amounts are presented in accordance with GAAP. The School Board adopts an annual budget for the General Fund and the Food Service Fund. Reported budget amounts represent the amended budget as adopted by the School Board. Legal budgetary control is at the fund level.

Procedurally, in establishing the budgetary data reflected in these financial statements, the Director submits to the School Board prior to July 1, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means to finance them. The budget is legally enacted by School Board action. Revisions to budgeted amounts must be approved by the School Board. Individual amendments were not material in relation to the original appropriations. Total fund expenditures in excess of the budget require approval of the School Board. Spending control is established by the number of expenditures budgeted for the fund, but management control is exercised at line item levels.

At the end of each fiscal year, if the General Fund has a net unassigned deficit fund balance, calculated in accordance with the uniform financial accounting and reporting standards for Minnesota Schools which excludes certain restricted balances specified in Minnesota Statutes, exceeding 2.5% of expenditures, a condition referred to as “statutory operating debt” exists. That debt requires retirement through the accumulation of subsequent operating surpluses in accordance with a “special operating plan” approved by the Commissioner of the Department of Education.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Prepaid items are reported using the consumption method and recorded as an expense or expenditure at the time of consumption.

I. 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. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deposits and Investments

Cash balances from all funds are combined and invested to the extent available in various securities as authorized by Minnesota Statutes. Earnings from the pooled investments are allocated to the respective funds based on applicable cash balance participation by each fund.

Minnesota Statutes requires all deposits be protected by federal deposit insurance, corporate surety bonds, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by Federal Deposit Insurance Corporation (FDIC) insurance or corporate surety bonds.

Minnesota Statutes authorize charter schools to invest public funds in obligations of the U.S. Treasury, U.S. agencies and instrumentalities; in shares of investment companies whose only investments are in such securities; in obligations of the State of Minnesota or its municipalities; in bankers' acceptances; in commercial paper of the highest quality with a maturity of 270 days or less; and in repurchase and reverse repurchase agreements in accordance with statutory requirements.

Cash balances from all funds are combined and invested to the extent available in various securities as authorized by Minnesota Statutes. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund. Cash and investments held by trustee consist of funds held by an escrow agent for the purpose of providing debt service payments on the Revenue Bonds used to obtain the site for the school as well as the construction and improvement of the school site.

K. Deferred Outflows/Inflows or 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(s) and so will *not* be recognized as an outflow of resources (expenses/expenditure) until then. The School has one item that qualifies for reporting in this category. Deferred outflow related to pension, reported in the government-wide Statement of Net Position. A deferred outflow relating to pension activity is recorded for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of a net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The School has one type of item which qualifies for reporting in this category. A deferred inflow of resources relating to pensions is recorded on the government wide statements for various estimate differences that will be amortized and recognized over future years.

L. Interfund Activity

From time to time, the School may have interfund activity in the normal course of operations. This activity is eliminated in government wide financial statements when consolidated. The effects of interfund activities have been removed from Government-wide financial statements.

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Capital Assets

Capital assets are capitalized at historical cost or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The School maintains a threshold level of \$500 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 recorded in the government-wide financial statement but are not reported in the Fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the School, no salvage value is taken into consideration for depreciation and amortization purposes. Useful lives of the assets vary from 5 to 20 years.

The School does not possess any material amounts of infrastructure capital assets. Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

N. Pensions

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

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

O. Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; worker's compensation and natural disasters. The School purchases commercial insurance coverage for such risks.

There has been no significant reduction in insurance coverage from the previous year in any of the School's policies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Net Position

Net position represents the difference between assets, deferred inflows, liabilities, and deferred outflows in the Government-wide financial statements. Net investment in capital assets consists of capital assets, a net of accumulated depreciation and amortization, reduced by the outstanding balance of any long-term debt used to build or acquire 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.

Q. Fund Balances

In the fund financial statements, governmental funds report various levels of spending constraints. These classifications are as follows:

- Non spendable – These are amounts that cannot be spent because they are not in spendable form as they are legally or contractually required to be maintained intact and include prepaid items.
- Restricted – These are subject to externally enforceable legal restrictions established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.
- Committed – These are subject to internally imposed constraints. These constraints are established by Resolution of the School Board.
- Assigned – It consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the School's intended use. These constraints are established by the School Board and/or management.
- Unassigned – This is the residual classification for the General Fund and also reflects negative residual amounts in other funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the School's policy to use restricted first, then unrestricted fund balance. When an expenditure is incurred for which committed, assigned, or unassigned amounts are available, it is the School's policy to use committed first, then assigned.

R. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

V. Prior Period Adjustments

The School restated its beginning net position to correct the understatement of deferred outflows and deferred inflows and net pension liability from the previous year. See note 8 for more information.

PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Leases

The School determines if an arrangement is a lease at inception. Leases are included in lease assets and lease liabilities in the statement of net position.

Lease assets represent the School's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the School's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the net present value of expected lease payments over the lease term, and less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option.

T. Student Activities

Extracurricular Student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside of school hours. In accordance with Minnesota Statutes, school boards must control all extracurricular activities of the teachers and students. Therefore, any extracurricular student activity accounts are included in the School's General Fund.

U. Compensated Absences

Substantially all of Paladin's employees are entitled to personal leave at various rates. However, because employees cannot carry over leave from one reporting period to the next and employees are not compensated for personal leave upon termination, no long-term liability for unused compensated absences has been recorded.

W. Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. Adoption of New Accounting Standards (Continued)

In accordance with the provisions of GASB Statement No. 101, *Compensated Absences*, the School has evaluated its policies and historical data regarding compensated absences to determine the appropriate recognition of a liability. Based on this evaluation, the School has determined that the financial impact of recognizing a liability for compensated absences under the criteria of GASB Statement No. 101 is immaterial to the financial statements taken as a whole. Therefore, no liability for compensated absences has been recognized in the accompanying financial statements for the year ended June 30, 2025.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. DEPOSITS

In accordance with the applicable Minnesota Statutes, the School maintains deposits at depository banks authorized by the School’s Board.

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

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds. Authorized collateral includes U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated “A” or better; revenue obligations of a state or local government rated “AA” or better; irrevocable standby letter of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency.

Minnesota Statutes require securities pledged as collateral to be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust department of a commercial bank or other financial institution not owned or controlled by the depository.

At year-end, the School had deposits with a carrying value of \$660,719 and a bank balance of \$689,151 which were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

B. INVESTMENTS

The School and the Building Company may also invest idle funds as authorized by Minnesota Statute 118A.04. Such investments are subject to the following risks:

Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Minnesota Statutes 118A.04 and 118A.05 limit investments to the top two rating issued by nationally recognized statistical rating organizations.

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 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. INVESTMENTS (CONTINUED)

Custodial Credit Risk – For investments in securities, custodial credit risk is the risk that in the event of failure of the counterparty to a transaction, the School will not be able to recover the value of its investment securities that are in the possession of an outside party. Investments in investment pools and money markets are not evidenced by securities that exist in physical or book entry form, and therefore are not subject to custodial credit risk disclosures. The School’s investment policy does not address custodial credit risk.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates of debt investments could adversely affect the fair value of an investment. The School’s investment policy does not address interest rate risk.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss that may be attributed to the magnitude of an entity’s investment in a single issuer. The School places no limit on the amount it may invest in any one issuer.

As of June 30, 2025, only the Building Company held investments. All Building Company investments were in the Fidelity Money Market Treasury Fund #2016 with UMB Bank serving as the trustee. The fund has an S&P rating of AAAM. The fund utilizes the amortized cost method of valuation to transact at a \$1.00 share price. Shares may be redeemed without penalty on any business day. In addition to following Minnesota Statutes pertaining to deposits and investments, the Building Company complies with all investment limitations and requirements imposed by its bondholders.

NOTE 3 – STEWARDSHIP AND ACCOUNTABILITY

The overages were considered necessary for the operation of the School and were approved of by the School Board. Expenditures exceeded budgeted amounts in the following funds:

	Budget	Expenditures	Excess
General Fund	\$ 4,997,827	\$ 5,009,741	\$ 11,914

NOTE 4 – INTERFUND TRANSFERS

The following were the interfund transfers made from General Fund to fund the Food Service Fund’s excess of expenditures over revenues during the year ended June 30, 2025:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 53,332
Special Revenue Fund:		
Food Service Fund	53,332	-
Total	\$ 53,332	\$ 53,332

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
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NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 5 - CAPITAL ASSETS

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

	<u>Balance</u> <u>July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2025</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 947,782	\$ -	\$ -	\$ 947,782
Total Capital Assets, Not Being Depreciated	947,782	-	-	947,782
Capital Assets, Being Depreciated				
Buildings and Improvements	6,114,310	-	-	6,114,310
Furniture and Equipment	130,012	-	-	130,012
Vehicle	540,453	45,928	-	586,381
Total Capital Assets, Being Depreciated	6,784,775	45,928	-	6,830,703
Accumulated Depreciation:				
Buildings and Improvements	(313,554)	(156,777)	-	(470,331)
Furniture and Equipment	(47,519)	(18,162)	-	(65,681)
Vehicle	(344,165)	(56,459)	-	(400,624)
Total Accumulated Depreciation	(705,238)	(231,398)	-	(936,636)
Total Capital Assets, Net	7,027,319	(185,470)	-	6,841,849
Total Governmental Activities Capital Assets, Net	\$ 7,027,319	\$ (185,470)	\$ -	\$ 6,841,849

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

Governmental Activities	
Administration	\$ 4,896
Regular Instruction	234
Pupil Support Services	54,537
Sites and Buildings	171,731
Total Depreciation Expense, Governmental Activities	\$ 231,398

NOTE 6 – SUBSEQUENT EVENTS

For the year ended June 30, 2025, the School has evaluated all subsequent events through November 26, 2025, which is the date the financial statements were available to be issued, and concluded no additional subsequent events have occurred that would require recognition or disclosure in these financial statements that have not already been accounted for.

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
 CHARTER SCHOOL NO. 4104
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 7 - DEFINED BENEFIT PENSION PLANS

Substantially all employees of the School are required by state law to belong to pension plans administered by Teachers' Retirement Association (TRA) or Public Employees' Retirement Association (PERA), all of which are administered on a statewide basis. Disclosures relating to these plans follow:

Teachers Retirement Association

A. Plan Description

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

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

B. Benefits Provided

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

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

Tier I Benefits

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

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NOTE 7 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Teachers Retirement Association (Continued)

B. Benefits Provided (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 factor for all years under normal retirement age.
- c) Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

or

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

Tier II Benefits

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

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

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

C. Contribution Rate

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for the fiscal year 2025 for coordinated were 7.75% for the employee and 8.75% for the employer. Basic rates were 11.25% for the employee and 12.75% for the employer. The School's contributions to TRA for the plan's fiscal year ended June 30, 2025 were \$109,269. The School's contributions were equal to the required contributions for each year as set by state statute.

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NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 7 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Teachers Retirement Association (Continued)

D. Actuarial Assumptions

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

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%
Price Inflation	2.5%
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 Adjustments	1% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.
Mortality assumptions	
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.*

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
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NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 7 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Teachers Retirement Association (Continued)

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	25%	0.75%
Private Markets	25%	5.90%
Total	100.00%	

Changes in actuarial assumptions since the 2023 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.

E. Discount Rate

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

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
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NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 7 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Teachers Retirement Association (Continued)

F. Net Pension Liability

On June 30, 2025, the School reported a liability of \$1,118,360 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The School's proportion of the net pension liability was based on the School'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. School's proportionate share was 0.0176% at the end of the measurement period and 0.0148% for the beginning of the year. The pension liability amount reflected a reduction due to direct aid provided to TRA. The amount recognized by the district as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the district were as follows:

Description	Amount
School's proportionate share of the TRA net pension liability	\$ 1,118,360
State's proportionate share of the net pension liability associated with the school	72,990
Total	\$ 1,191,350

For the year ended June 30, 2025, the School recognized pension expense of \$157,002. It also recognized \$893 as a decrease to pension expenses 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 School recognized \$31,005 for the year ended June 30, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Fund.

At June 30, 2025, the School 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	\$ 53,316	\$ 14,493
Changes in actuarial assumptions	112,787	133,368
Net difference between projected and actual earnings on Plan Investments	-	158,290
Changes in Proportion	283,090	14,385
School Contributions Subsequent to the Measurement Date	109,269	-
Total	\$ 558,462	\$ 320,536

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
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NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 7 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Teachers Retirement Association (Continued)

F. Net Pension Liability (Continued)

The \$109,269 reported as deferred outflows of resources related to pensions resulting from School Contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and (deferred inflows of resources) will be recognized in pension expense as follows:

<u>Year Ending June, 30</u>	<u>Pension Expense Amount</u>
2025	\$ 12,229
2026	151,299
2027	(24,701)
2028	(26,882)
2029	\$ 16,712

G. Pension Liability Sensitivity

The following presents the net pension liability of TRA calculated using the discount rate of 7%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6%) or one percentage point higher (8%) than the current rate.

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
TRA Discount Rate	6.00%	7.00%	8.00%
School's proportionate share of the TRA Net Pension Liability	\$ 1,969,498	\$ 1,118,360	\$ 417,854

H. Pension Plan Fiduciary Net Position

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

General Employees Retirement Plan

A. Plan Description

The School 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.

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 7 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

General Employees Retirement Plan (Continued)

A. Plan Description (Continued)

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

B. 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.

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. 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.

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
 CHARTER SCHOOL NO. 4104
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 7 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

General Employees Retirement Plan (Continued)

C. Contributions

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

General Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2025 and the School was required to contribute 7.50 percent for General Plan members. The School’s contributions to the General Employees Fund for the year ended June 30, 2025, were \$89,212. The School’s contributions were equal to the required contributions as set by state statute.

D. Pension Costs

At June 30, 2025, the School reported a liability of \$511,109 for its proportionate share of the General Employees Fund’s net pension liability. The School’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 School totaled \$13,216.

Description	Amount
School’s proportionate share of the GERF net pension liability	\$ 511,109
State of Minnesota’s proportionate share of the net pension liability associated with the school	13,216
Total	\$ 524,325

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 school’s proportion of the net pension liability was based on the school’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 school’s proportionate share was 0.0138% at the end of the measurement period and 0.0140% for the beginning of the period. For the year ended June 30, 2025, the school recognized pension expense of \$87,248 for its proportionate share of the General Employees Plan’s pension expense. In addition, the school recognized \$354 as pension expense for its proportionate share of the State of Minnesota’s pension expense for the annual \$16 million contribution.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The school recognized \$23,516 for the year ended June 30, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota’s on-behalf contributions to the General Employees Fund.

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 7 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

General Employees Retirement Plan (Continued)

D. Pension Costs (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 48,058	\$ -
Changes in actuarial assumptions	2,495	193,446
Net difference between projected and actual investment earnings	-	148,422
Changes in Proportion	72,010	8,236
Contributions paid to GERF subsequent to the measurement date	89,212	-
Total	\$ 211,775	\$ 350,104

The \$89,212 reported as deferred outflows of resources related to pensions resulting from School 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:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2026	\$ (125,679)
2027	2,678
2028	(65,367)
2029	\$ (39,173)

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

F. 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.

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 7 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

General Employees Retirement Plan (Continued)

F. Long-Term Expected Return on Investment (Continued)

These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	25%	0.75%
Private Markets	25%	5.90%
Total	100.00%	

G. Actuarial Methods and Assumptions

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

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3% after 27 years of service.

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

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 Plan Provisions:

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

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 7 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

General Employees Retirement Plan (Continued)

G. Actuarial Methods and Assumptions (Continued)

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.

H. Pension Liability Sensitivity

The following presents the School's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the School'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	Current Discount Rate	1% Increase in Discount Rate
GERF Discount Rate	6.00%	7.00%	8.00%
School's proportionate share of the GERF Net Pension liability	\$ 1,116,345	\$ 511,109	\$ 13,248

I. Pension Plan Fiduciary Net Position

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

NOTE 8 – PRIOR PERIOD RESTATEMENT

The School restated its net position to correct the understatement of PERA and TRA deferred outflows and deferred inflows and from the prior year. The effect of the restatement is as follows:

	Governmental Activities
Beginning Net Position, as previously stated	\$ (1,354,681)
Prior Period Restatement for the correction of PERA and TRA Deferred Outflows and Deferred Inflows	(24,741)
Beginning Net Position, as Restated	\$ (1,379,422)

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 9 – LONG-TERM LIABILITES

In April 2021, Paladin's component unit, PCTHS Building Company, purchased a building in Coon Rapids, Minnesota for \$1,800,000. After building improvements were completed, the building was leased to Paladin for use as a school. The building and improvements were financed by the City of Independence, Minnesota Series 2021A and 2021B Charter School Leave Revenue bonds.

As of June 30, 2025, Paladin has four outstanding notes payable, the proceeds from which were used to purchase vehicles.

A summary of long-term liabilities as of June 30, 2025 is as follows:

Building Company	Balance June 30, 2025
\$7,885,000 Charter School Lease Revenue Bonds, Series 2021A; interest rates from 3.25% to 4.00%; final maturity date June 1, 2056.	\$7,885,000
\$50,607 note payable secured by vehicles; monthly payments of \$1,232; interest rate of 7.75%; final payment due March 2029.	47,894
\$87,836 note payable secured by vehicles; monthly payments of \$1,743; interest rate of 6.99%; final payment due November 2027.	46,324
\$23,224 note payable secured by vehicles; monthly payments of \$505; interest rate of 11.04%; final payment due August 2028.	15,989
\$84,067 note payable secured by vehicles; monthly payments of \$1,719; interest rate of 8.25%; final payment due January 2029.	63,685
Total	\$8,058,892

Changes in long-term liabilities for the year ended June 30, 2025 were as follows:

	Balance July 1, 2024	Additions	Retirements	Balance June 30, 2025	Principal Due Within One Year
Bonds Payable	\$8,015,000	\$ -	\$ (130,000)	\$ 7,885,000	\$ 125,000
Notes Payable	164,914	50,607	(41,629)	173,892	50,143
	\$ 8,179,914	\$ 50,607	\$ (171,629)	\$ 8,058,892	\$ 175,143

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 9 – LONG-TERM LIABILITES (CONTINUED)

Debt service payments to maturity are as follows:

Year ending June 30,	Bonds Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2026	\$ 125,000	\$ 309,025	\$ 50,143	\$ 12,258
2027	135,000	304,963	54,301	8,100
2028	140,000	300,575	46,469	3,732
2029	145,000	296,025	22,979	623
2030	150,000	291,313	-	-
2031-2035	830,000	1,372,838	-	-
2036-2040	1,005,000	1,194,600	-	-
2041-2045	1,225,000	977,000	-	-
2046-2050	1,490,000	711,400	-	-
2051-2055	1,810,000	388,600	-	-
2056	830,000	33,200	-	-
Total	\$ 7,885,000	\$ 6,179,538	\$ 173,892	\$ 24,713

NOTE 10 – COMMITMENTS AND CONTIGENCIES

A. FEDERAL AND STATE REVENUES

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

B. LEGAL CLAIMS

Existing and pending lawsuits, claims, and other actions in which Paladin is a defendant are either covered by insurance; of an immaterial amount; or, in the judgment of management, remotely recoverable by plaintiffs.

C. LEASE BETWEEN PALADIN AND THE BUILDING COMPANY

Paladin entered into a lease agreement for office and educational space with PCTHS Building Company. The current agreement extends through June 30, 2056. The net annual base rent for the term of the lease agreement is tied closely to the debt service requirements of the Building Company. Rent expense for the year ended June 30, 2025 was \$446,900. This entitlement is subject to proration by the Minnesota Department of Education to the extent the overall funding that has been provided is insufficient to meet all amounts owed to Minnesota charter schools. Paladin's ability to make payments under its lease agreements are dependent on its revenues which are, in turn, largely dependent on sufficient enrollments being served and on sufficient state aid per student being authorized and received from the State of Minnesota. Management believes that its enrollments and their entitlements will be sufficient to meet lease obligations as they become due.

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
 CHARTER SCHOOL NO. 4104
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 10 – COMMITMENTS AND CONTIGENCIES (CONTINUED)

C. LEASE BETWEEN PALADIN AND THE BUILDING COMPANY (CONTINUED)

Future minimum lease payments on this lease are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2026	\$ 439,700
2027	445,200
2028	445,650
2029	496,200
2030	496,200
2031-2035	2,380,600
2036-2040	2,227,700
2041-2045	2,230,250
2046-2050	2,230,150
2051-2055	2,260,050
2056	796,400
Total	<u>\$ 14,448,100</u>

REQUIRED SUPPLEMENTARY INFORMATION

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
GERF PLAN SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF NET
PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2025
LAST TEN MEASUREMENT DATES**

Measurement Date June 30,	School's Proportion of the Net Pension Liability	School's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with School	Total	School's Covered Payroll	School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0248%	\$ 1,285,265	\$ -	\$ 1,285,265	\$ 1,433,147	89.68%	78.19%
2016	0.0194%	1,575,184	20,517	1,595,701	1,202,960	130.94%	68.91%
2017	0.0160%	1,021,429	12,809	1,034,238	1,027,960	99.36%	75.90%
2018	0.0140%	776,663	25,372	802,035	938,440	82.76%	79.53%
2019	0.0134%	740,856	22,999	763,855	946,587	78.27%	80.23%
2020	0.0110%	659,500	20,446	679,946	787,973	83.70%	79.06%
2021	0.0114%	486,831	14,932	501,763	821,280	59.28%	87.00%
2022	0.0118%	934,564	27,521	962,085	885,067	105.59%	76.67%
2023	0.0140%	782,864	21,602	804,466	1,116,680	70.11%	83.10%
2024	0.0138%	\$ 511,109	\$ 13,216	\$ 524,325	\$ 1,170,107	43.68%	89.08%

See notes to required supplementary information.

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
 CHARTER SCHOOL NO. 4104
 GERP PLAN SCHEDULE OF SCHOOL'S CONTRIBUTIONS
 FOR THE YEAR ENDED JUNE 30, 2025
 LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 90,222	\$ 90,222	\$ -	\$ 1,202,960	7.50%
2017	77,097	77,097	-	1,027,960	7.50%
2018	70,383	70,383	-	938,440	7.50%
2019	70,994	70,994	-	946,587	7.50%
2020	59,098	59,098	-	787,973	7.50%
2021	61,596	61,596	-	821,280	7.50%
2022	66,380	66,380	-	885,067	7.50%
2023	83,751	83,751	-	1,116,680	7.50%
2024	87,758	87,758	-	1,170,107	7.50%
2025	\$ 89,212	\$ 89,212	\$ -	\$ 1,189,493	7.50%

See notes to required supplementary information.

PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
TRA PLAN SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF NET
PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2025
LAST TEN MEASUREMENT DATES

Measurement Date June 30,	School's Proportion of the Net Pension Liability	School's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with School	Total	School's Covered Payroll	School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0131%	\$ 810,365	\$ 99,353	\$ 909,718	\$ 665,040	121.85%	76.77%
2016	0.0193%	4,603,510	461,263	5,064,773	1,002,240	459.32%	44.88%
2017	0.0176%	3,513,279	339,594	3,852,873	947,907	370.64%	51.57%
2018	0.0132%	826,151	77,678	903,829	726,707	113.68%	78.07%
2019	0.0118%	752,134	66,332	818,466	672,010	111.92%	78.21%
2020	0.0137%	1,012,174	84,548	1,096,722	795,088	127.30%	75.48%
2021	0.0133%	582,048	49,015	631,063	794,785	73.23%	86.63%
2022	0.0143%	1,145,068	85,135	1,230,203	886,799	129.12%	76.17%
2023	0.0148%	1,221,921	85,395	1,307,316	943,088	129.57%	76.42%
2024	0.0176%	\$ 1,118,360	\$ 72,990	\$ 1,191,350	\$ 1,163,554	96.12%	82.07%

See notes to required supplementary information.

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
TRA PLAN SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2025
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 75,168	\$ 75,168	\$ -	\$ 1,002,240	7.50%
2017	71,093	71,093	-	947,907	7.50%
2018	54,503	54,503	-	726,707	7.50%
2019	51,812	51,812	-	672,010	7.71%
2020	62,971	62,971	-	795,088	7.92%
2021	64,616	64,616	-	794,785	8.13%
2022	73,959	73,959	-	886,799	8.34%
2023	80,634	80,634	-	943,088	8.55%
2024	101,811	101,811	-	1,163,554	8.75%
2025	\$ 109,269	\$ 109,269	\$ -	\$ 1,248,789	8.75%

See notes to required supplementary information.

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**

**CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS,
AND ASSUMPTIONS**

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

2024

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2023

Changes in Actuarial Assumptions

- The investment return 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.

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**

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

2022

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 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

Changes in Plan Provisions

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

2020

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption 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 June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years two through five, and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 Table to the Pub-2010 General Mortality Table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality Table to the Pub-2010 General/Teacher Disabled Annuitant Mortality Table, with adjustments.
- The mortality improvement scale was changed from MP-2018 to MP-2019.

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**

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

2020 (Continued)

- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100.00 percent joint and survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100.00 percent joint and survivor option changed from 15.00 percent to 30.00 percent. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

2019

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018

Changes in Actuarial Assumptions

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

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, 2025.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to zero percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**

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

2018 (Continued)

- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.00 percent per year, with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio, to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age. Does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2016

Changes in Actuarial Assumptions

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

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**

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

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

2024

Changes in Actuarial Assumptions

- Mortality tables were updated for active employees, retirees, disabled retirees, and contingent beneficiaries to recently published tables derived from public plan data known as the Pub2010 family of tables.
- Retirement rates were increased for some of the tier 2 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 ten 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.

Changes in Plan Provisions

- The 2024 Omnibus Pensions and Retirement Bill (HF 5040/SF 4643) lowered the normal retirement age for Tier 2 members from 66 to 65 effective July 1, 2024 and provided for a one-time State appropriation of \$28.46 million to cover the cost.
- HF 3100, appropriated \$176,166,838 to TRA, payable on October 1, 2023:
 - \$28,735,816 for the difference between the statutory 1.1% compounded COLA payable on January 1, 2024 and a one-time 2.5% lump-sum COLA for coordinated plan members;
 - \$2,384,222 for the difference between the statutory 1.1% compounded COLA payable on January 1, 2024 and a one-time 4.0% lump-sum COLA for basic plan members; and
 - \$145,046,800 to pay down the unfunded actuarial accrued liability.

2023

Changes in Actuarial Assumptions

- The investment return assumption was changed from 7.5% to 7.00%. This does not affect the GASB valuation which was already using the 7.00% assumption.

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**

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

2023 (Continued)

Changes in Plan Provisions

- Effective July 1, 2025, the normal retirement age for Tier 2 members will decrease from 66 to 65.
- The employer contribution rate will increase from 8.75% to 9.5% on July 1, 2025.
- The employee contribution rate will increase from 7.75% to 8.00% on July 1, 2025.

2022

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2021

Changes in Actuarial Assumptions

- The investment return assumption was changed from 7.50% to 7.00%

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**

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

2019

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2025 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**

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

2018 (Continued)

- Augmentation on deferred benefits will be reduced to 0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 5 years, (7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

2017

Changes in Actuarial Assumptions

- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- Adjustment were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the nonvested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The COLA was not assumed to increase to 2.5%, but remain at 2.0% for all future years.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for 10 years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

Changes in Plan Provisions

- There have been no changes since the prior valuation

2016

Changes in Actuarial Assumptions

- The cost of living adjustment was not assumed to increase (it remained at 2.0% for all future years).

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**

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

2016 (Continued)

- The price inflation assumption was lowered from 3.0% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes at some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back six years, and female rates set back five years. Generational projection uses the MP-2015 scale.
- The postretirement mortality assumption was changed to the RP-2014 while collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
- The post-disability mortality assumption was changed to the RP-2014 disabled retiree mortality table, without adjustments.
- Separate retirement assumptions for members hired before or after July 1, 1989 were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional forms of payment at retirement were made.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015

Changes in Actuarial Assumptions

- The cost of living adjustment was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2037.
- The investment return assumption was changed from 8.25% to 8.0%.

Changes in Plan Provisions

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

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**

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

2014

Changes in Actuarial Assumptions

- The cost-of-living adjustment was assumed to increase from 2.0% annually to 2.5% annually once the legally specified criteria was met. This was estimated to occur July 1, 2031.

Changes in Plan Provisions

- The increase in the postretirement benefit adjustment (COLA) will be made once the System is 90% funded (on a market value basis) in two consecutive years, rather than just one year.

SUPPLEMENTARY INFORMATION

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
YEAR ENDED JUNE 30, 2025**

	AUDIT	UFARS	Difference
01 GENERAL FUND			
Total Revenue	\$ 5,146,210	\$ 5,146,211	\$ (1)
Total Expenditures	5,009,741	5,009,740	1
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	-	-	-
<i>Restricted / Reserved:</i>			
4.01 Student Activities	-	-	-
4.02 Scholarships	-	-	-
4.03 Staff Development	-	-	-
4.07 Capital Projects Levy	-	-	-
4.08 Cooperative Revenue	-	-	-
4.13 Funded by COP/FP	-	-	-
4.14 Operating Debt	-	-	-
4.16 Levy Reduction	-	-	-
4.17 Taconite Building Maint	-	-	-
4.24 Operating Capital	-	-	-
4.26 \$25 Taconite	-	-	-
4.27 Disabled Accessibility	-	-	-
4.28 Learning & Development	-	-	-
4.34 Area Learning Center	-	-	-
4.35 Contracted Alt. Programs	-	-	-
4.36 State Approved Alt. Program	-	-	-
4.38 Gifted & Talented	-	-	-
4.40 Teacher Development and Evaluation	-	-	-
4.41 Basic Skills Programs	-	-	-
4.43 School Library Aid	-	-	-
4.48 Achievement and Integration	-	-	-
4.49 Safe Schools Levy	-	-	-
4.51 QZAB Payments	-	-	-
4.52 OPEB Liab Not In Trust	-	-	-
4.53 Unfunded Sev & Retirement Levy	-	-	-
4.56 Literacy Aid	-	-	-
4.57 Teacher Comp Read Act	-	-	-
4.59 Basic Skills Extended Time	-	-	-
4.67 LTFM	-	-	-
4.71 Student Support Personnel	-	-	-
4.72 Medical Assistance	-	-	-
<i>Restricted:</i>			
4.64 Restricted Fund Balance	-	-	-
4.75 Title VII Impact Aid	-	-	-
4.76 Payments in Lieu of Taxes	-	-	-
<i>Committed:</i>			
4.18 Committed for Separation	-	-	-
4.61 Committed Fund Balance	-	-	-
<i>Assigned:</i>			
4.62 Assigned Fund Balance	-	-	-
<i>Unassigned:</i>			
4.22 Unassigned Fund Balance	\$ 922,206	\$ 922,207	\$ (1)

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
YEAR ENDED JUNE 30, 2025**

	<u>AUDIT</u>	<u>UFARS</u>	<u>Difference</u>
02 FOOD SERVICES			
Total Revenue	\$ 46,608	\$ 46,608	\$ -
Total Expenditures	99,940	99,940	-
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	-	-	-
<i>Restricted / Reserved:</i>			
4.52 OPEB Liab Not In Trust	-	-	-
<i>Restricted:</i>			
4.64 Restricted Fund Balance	15,366	15,366	-
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	-	-	-
04 COMMUNITY SERVICE			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	-	-	-
<i>Restricted / Reserved:</i>			
4.26 \$25 Taconite	-	-	-
4.31 Community Education	-	-	-
4.32 E.C.F.E	-	-	-
4.40 Teacher Development and Evaluation	-	-	-
4.44 School Readiness	-	-	-
4.47 Adult Basic Education	-	-	-
4.52 OPEB Liab Not In Trust	-	-	-
<i>Restricted:</i>			
4.64 Restricted Fund Balance	-	-	-
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$ -	\$ -	\$ -

OTHER REQUIRED REPORTS



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 Board of Directors
Paladin Career & Technical High School
Charter School No. 4104
Coon Rapids, 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 and each major fund of Paladin Career & Technical High School, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Paladin Career & Technical High School's basic financial statements, and have issued our report thereon dated November 26, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Paladin Career & Technical High School'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 Paladin Career & Technical High School's internal control. Accordingly, we do not express an opinion on the effectiveness of Paladin Career & Technical High School's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-003 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Paladin Career & Technical High School'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*.

Minnesota Legal Compliance

In connection with our audit, we noted that Paladin Career & Technical High School failed to comply with provisions of the *Minnesota Legal Compliance Audit Guide for Charter Schools*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters as described in the schedule of findings and recommendations as item 2025-001 and 2025-002. Also, in connection with our audit, nothing came to our attention that caused us to believe that Paladin Career & Technical High School failed to comply with the provisions of the charter schools and the uniform financial accounting and reporting standards for Minnesota charter schools sections of the *Minnesota Legal Compliance Audit Guide for Charter Schools*, 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 Paladin Career & Technical High School's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

Paladin Career & Technical High School's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Paladin Career & Technical High School's response to the legal compliance findings identified in our audit and described in the accompanying schedule of findings and recommendations. The Paladin Career & Technical High School's response was not subjected to the other 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 provisions of the *Minnesota Legal Compliance Audit Guide for Charter Schools* 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.



Thomas & Company, CPA, PA
Cooper City, Florida
November 26, 2025



Thomas & Company, CPA, PA
Certified Public Accountants and Business Consultants

INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

To the Board of Directors
Paladin Career & Technical High School
Charter School No. 4104
Coon Rapids, 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 and each major fund of Paladin Career & Technical High School as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Paladin Career & Technical High School's basic financial statements, and have issued our report thereon dated November 26, 2025.

In connection with our audit, we noted that Paladin Career & Technical High School failed to comply with provisions of the *Minnesota Legal Compliance Audit Guide for Charter Schools*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters as described in the schedule of findings and recommendations as item 2025-001 and 2025-002. Also, in connection with our audit, nothing came to our attention that caused us to believe that Paladin Career & Technical High School failed to comply with the provisions of the charter schools and the uniform financial accounting and reporting standards for Minnesota charter schools sections of the *Minnesota Legal Compliance Audit Guide for Charter Schools*, 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 Paladin Career & Technical High School's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Paladin Career & Technical High School's response to the legal compliance findings identified in our audit and described in the accompanying schedule of findings and recommendations. The Paladin Career & Technical High School's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for Charter Schools* and the results of that testing, and not to provide an opinion on Paladin Career & Technical High School's compliance. Accordingly, this communication is not suitable for any other purpose.

Thomas J. Compy CPA PA

Thomas & Company, CPA, PA
Cooper City, Florida
November 26, 2025

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
YEAR ENDED JUNE 30, 2025**

Minnesota Legal Compliance Findings

2025-001 – Prompt Payment of Bills

Type of Finding: Legal Compliance

Criteria: Minnesota Statutes § 471.425, subd. 2 notes that local governmental entities need to pay bills promptly. If the entity is not having board meetings on a monthly basis, then payments need to be paid within the contract terms or within 45 days of receiving the claim.

Condition/Context: During the testing of disbursements, we noted certain selections that were not paid within the 45-day payment period noted in state statutes.

Cause: The school did not send payment within 45 days of receiving the claim.

Effect: The school was not in compliance with the Minnesota statutes.

Recommendation: We recommend that the school design a system of internal controls that ensures all claims are promptly paid in line with state statutes.

CORRECTIVE ACTION PLAN (CAP)

Explanation of Disagreement with Audit Findings:

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

The school will work to ensure that all claims of the school are paid timely in line with state statutes.

Official Responsible for Ensuring CAP:

The School Director is the official responsible for ensuring corrective action of the deficiency.

Planned Completion Date for CAP:

The planned completion date is June 30, 2026.

Plan to Monitor Completion of CAP:

The School Board will be monitoring this corrective action plan.

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
YEAR ENDED JUNE 30, 2025**

Minnesota Legal Compliance Findings (Continued)

2025-002 – Delay in Issuance of Prior Year Audit Report

Type of Finding: Legal Compliance

Criteria: Minnesota Statutes § 124E.16, subd. 1 require the charter school to submit an audit report to the commissioner and its authorizer annually by December 31.

Condition/Context: The audit report for the fiscal year ending June 30, 2024, was not immediately submitted to the Minnesota Department of Education by the deadline.

Cause: According to management, the delay resulted from a breakdown in communication and urgency on the part of the former audit firm during December and January. In addition, the School had not fully resolved the building company financial statements from the prior year, which contributed to delays in finalizing the audit. These combined factors prevented timely issuance of the audit report.

Effect: The Minnesota Department of Education and associated parties will not receive the annual report on time to review the school’s financial and make any appropriate and timely decisions. Late submission could also affect receiving certain funds related to compliance.

Recommendation: The School should finalize all year-end financial information earlier and maintain regular check-ins with the audit firm to ensure the audit progresses on schedule and the report is issued by the statutory deadline.

CORRECTIVE ACTION PLAN (CAP)

Explanation of Disagreement with Audit Findings:

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

The School will implement a more structured audit preparation timeline to ensure all year-end financial information is completed and reviewed earlier in the fiscal year.

Official Responsible for Ensuring CAP:

The School Director is the official responsible for ensuring corrective action of the deficiency.

Planned Completion Date for CAP:

The planned completion date is June 30, 2025.

Plan to Monitor Completion of CAP:

The School Board monitored this corrective action plan.

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
CHARTER SCHOOL NO. 4104
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
YEAR ENDED JUNE 30, 2025**

Deficiency in Internal Control over Financial Reporting

2025-003 – Debt Covenants

Type of Finding: Deficiency in Internal Control over Financial Reporting

Criteria or Specific Requirement: Covenants that accompany the Building Company’s lease revenue bonds, series 2021A and 2021B:

- Maintain unrestricted Cash on Hand such that on the last day of each Fiscal Year, for the Fiscal Year ending June 30, 2022 and as of the last day of each Fiscal Year thereafter, the School’s Cash on Hand shall be equal or greater than 60 Days Cash on Hand.

Condition: It was noted during the audit that 1 debt covenant was either wholly or partially unmet during fiscal year ended June 30, 2025.

Effect: The School was not in compliance with the above debt covenants, and it would be possible for the debt to default as a result of these debt covenants not being met.

Cause: The School did not have a sufficient process to track and monitor compliance with debt covenants.

Recommendation: We recommend the School review its procedures over the monitoring of all debt covenants and related processes.

CORRECTIVE ACTION PLAN (CAP)

Explanation of Disagreement with Audit Findings:

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

The management at the School will work to create the proper internal control framework to meet all debt covenants moving forward.

Official Responsible for Ensuring CAP:

The School Director is the official responsible for ensuring corrective action of the deficiency.

Planned Completion Date for CAP:

The planned completion date is June 30, 2026.

Plan to Monitor Completion of CAP:

The School Board will be monitoring this corrective action plan.

**PALADIN CAREER & TECHNICAL HIGH SCHOOL
 CHARTER SCHOOL NO. 4104
 SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 FOR THE YEAR ENDED JUNE 30, 2025**

Finding Number	Finding Summary	Status	Additional Information
2024-01 Financial Statement Corrections / Restatement of Beginning Balances	Two adjustments relating to the Building Company were identified during the audit and corrected by management. Both adjustments were material to the financial statements and resulted in a restatement of beginning balances.	Corrective action taken and finding is fully corrected.	N/A
2024-02 Journal Entry Approval Process	An effective system of internal control requires segregation of duties so that no single individual is responsible for initiating, recording, and approving the same transaction. During the year journal entries created and recorded by the Director of Finance & Human Resources were not directly reviewed or approved by another individual. The auditor recommended the Executive Director and School Board to remain aware of this situation and review monthly financial information for any inconsistencies or irregularities.	Corrective action taken and finding is fully corrected.	N/A
2024-03 Insufficient Collateral	Minnesota Statute 118A.03 provides certain specific collateral requirements for deposits at financial institutions, including a requirement that collateral be provided in an amount equal to or greater than 110% of uninsured deposits by the financial institution or an irrevocable standby letter of credit issued by the Federal Home Loan Bank in an amount at least equal to the deposits held at the close of the financial institution's banking day. At June 30, 2024, Paladin had monies on deposit in the amount of \$670,985 at one financial institution. \$250,000 of these deposits were insured by the Federal Deposit Insurance Corporation. \$420,985 of the deposits were uninsured or uncollateralized as of June 30, 2024. The auditor recommended Paladin to obtain sufficient collateral to comply with Minnesota Statute 118A.03 and reduce its custodial credit risk.	Corrective action taken and finding is fully corrected.	N/A