

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
AUSTIN, MINNESOTA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2025



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DISTRICT NO. 6095
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DISTRICT NO. 6095
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INTRODUCTORY SECTION

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
ORGANIZATION AND GOVERNING BOARD
JUNE 30, 2025**

Joey Page

Chair

David Krenz

Vice-Chair

Neal Skaar

Clerk

Don Leathers

Treasurer

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INDEPENDENT AUDITORS' REPORT

Governing Board
Austin Albert Lea Special Education Cooperative
District No. 6095
Austin, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Austin Albert Lea Special Education Cooperative District No. 6095 (the Cooperative) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Cooperative'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 the major fund of the Cooperative as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cooperative's basic financial statements. The Uniform Financial Accounting and Reporting Standards Compliance Table is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Uniform Financial Accounting and Reporting Standards Compliance Table is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2025, on our consideration of the Cooperative'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 Cooperative'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 Cooperative's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Austin, Minnesota
December 30, 2025

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REQUIRED SUPPLEMENTARY INFORMATION

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

This section of the Austin Albert Lea Area Special Education Cooperative District No. 6095's annual financial report presents management's discussion and analysis of the Cooperative's financial performance during the fiscal year that ended June 30, 2025. This discussion and analysis should be read in conjunction with the Cooperative's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Key financial highlights from the Statement of Net Position and the Statement of Activities for the 2024-2025 fiscal year include the following:

- Total net position of \$1,205,121 as of June 30, 2025 is an increase of \$13,047 from the prior year total net position of \$1,192,074.
- Revenues totaled \$3,213,468 and were \$13,047 more than expenses of \$3,200,421.
- The General Fund balance (under the governmental fund presentation) decreased \$20,592 over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *Cooperative-wide financial statements* that provide both *short-term* and *long-term* information about the Cooperative's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the Cooperative, reporting the Cooperative's operations in *more detail* than the Cooperative-wide statements.
- The *governmental funds statements* tell how basic services such as 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.

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE COOPERATIVE AS A WHOLE

Net Position

The Cooperative's combined net position was \$1,205,121 on June 30, 2025. This was an increase of \$13,047 from the previous year's total of \$1,192,074. (See Table A-1).

**Table A-1
Net Position – Governmental Activities**

	2025	2024	Change
Assets:			
Current and Other Assets	\$ 1,550,912	\$ 1,737,969	\$ (187,057)
Capital Assets	2,124,511	2,500,953	(376,442)
Total Assets	3,675,423	4,238,922	(563,499)
 Liabilities:			
Current Liabilities	530,661	699,996	(169,335)
Long-Term Liabilities	1,939,641	2,210,816	(271,175)
Total Liabilities	2,470,302	2,910,812	(440,510)
 Net Position:			
Investment in Capital Assets	184,870	154,101	30,769
Restricted	66,887	111,603	(44,716)
Unrestricted	953,364	926,370	26,994
Total Net Position	\$ 1,205,121	\$ 1,192,074	\$ 13,047

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE COOPERATIVE AS A WHOLE (CONTINUED)

Changes in Net Position

Table A-2 as presented below contains a condensed version of the change in net position of the Cooperative.

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

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Revenues:			
Program Revenues:			
Charges for Services	\$ 463,109	\$ 475,684	\$ (12,575)
Operating Grants and Contributions	2,685,335	2,622,527	62,808
General Revenues:			
Other	65,024	65,524	(500)
Total Revenues	<u>3,213,468</u>	<u>3,163,735</u>	<u>49,733</u>
Expenses:			
Administration	3,777	3,586	191
District Support Services	105,414	91,654	13,760
Special Education Instruction	2,646,113	2,584,119	61,994
Instructional Support Services	39,067	907	38,160
Pupil Support Services	109,824	39,107	70,717
Sites and Buildings	232,937	195,153	37,784
Fiscal and Other Fixed Cost Programs	11,713	10,246	1,467
Interest and Fiscal Charges on			
Long-Term Debt	51,576	58,407	(6,831)
Total Expenses	<u>3,200,421</u>	<u>2,983,179</u>	<u>217,242</u>
Increase in Net Position	13,047	180,556	(167,509)
Beginning Net Position - Beginning of Year	<u>1,192,074</u>	<u>1,011,518</u>	<u>180,556</u>
Net Position - End of Year	<u>\$ 1,205,121</u>	<u>\$ 1,192,074</u>	<u>\$ 13,047</u>

The Cooperative's total revenues were \$3,213,468 for the year ended June 30, 2025. For 2024-25 state aid accounted for 83.56 percent of total revenues for the year. The remaining 16.44 percent came from billings from member districts for services and other local revenue.

The total cost of all programs and services was \$3,200,421. The Cooperative's expenses are related to educating special education students.

In 2024-25, total revenues surpassed expenditures, increasing net position by \$13,047. The June 30, 2025 net position totaled \$1,205,121.

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE COOPERATIVE AS A WHOLE (CONTINUED)

- The cost of all governmental activities for 2024-25 was \$3,200,421. Of this amount, \$463,109 was supported by charges to member districts. The net revenue of all governmental activities for 2024-25 was \$51,978. (See Table A-3)
- About 14.41 percent, or \$463,109 of the costs was paid by the users of the Cooperative's programs.
- The state government subsidized programs with grants. This totaled \$2,685,334, or 83.56 percent of the total revenue for 2024-25.

**Table A-3
Net Revenue (Expense) – Governmental Activities**

	2025	2024	Change
Administration	\$ (3,777)	\$ (3,586)	\$ (191)
District Support Services	(105,414)	(91,654)	(13,760)
Special Education Instruction	440,548	451,869	(11,321)
Instructional Support Services	(39,067)	(907)	(38,160)
Pupil Support Services	(109,824)	(39,107)	(70,717)
Sites and Buildings	(171,154)	(132,930)	(38,224)
Fiscal and Other Fixed Cost Programs	(11,713)	(10,246)	(1,467)
Interest and Fiscal Charges on			
Long-Term Liabilities	(51,576)	(58,407)	6,831
Total	<u>\$ (51,977)</u>	<u>\$ 115,032</u>	<u>\$ (167,009)</u>

FINANCIAL ANALYSIS OF THE COOPERATIVE'S FUNDS

The financial performance of the Cooperative as a whole is also reflected in its governmental funds. At the end of the 2024-25 fiscal year, the Cooperative's governmental fund reported a fund balance of \$1,040,780, which is a decrease of \$20,592 from the June 30, 2024 fund balance of \$1,061,372.

Revenues for the Cooperative's governmental funds were \$3,213,467, while total expenditures were \$3,234,059. As a result, the Cooperative completed the year with expenditures over revenues of \$20,592.

GENERAL FUND

The general fund is used by the Cooperative to record the primary operations of providing special education services to students from member districts.

Funding for Minnesota special education cooperatives is driven by the state special education child counts of member districts. Member districts also fund a portion of the costs.

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

GENERAL FUND (CONTINUED)

The following schedule presents a summary of general fund revenues.

	Year Ended		Amount of Increase (Decrease)
	June 30, 2025	June 30, 2024	
Local Sources	\$ 528,133	\$ 546,208	\$ (18,075)
State Sources	2,685,334	2,603,067	82,267
Federal Sources	-	14,459	(14,459)
Total General Fund Revenues	<u>\$ 3,213,467</u>	<u>\$ 3,163,734</u>	<u>\$ 67,808</u>

The following schedule presents a summary of general fund expenditures.

	Year Ended		Amount of Increase (Decrease)
	June 30, 2025	June 30, 2024	
Purchased Services	\$ 2,794,265	\$ 2,565,456	\$ 228,809
Supplies and Materials	93,972	46,036	47,936
Capital Expenditures	18,422	93,106	(74,684)
Other Expenditures	327,400	327,996	(596)
Total General Fund Expenditures	<u>\$ 3,234,059</u>	<u>\$ 3,032,594</u>	<u>\$ 201,465</u>

In summary, 2024-25 general fund revenues and other financing sources were less than expenditures. As a result, the total general fund balance decreased by \$20,592.

The following shows the general fund - operating account unassigned fund balance for the past three years as a percentage of expenditures:

<u>Year Ended June 30,</u>	<u>Unassigned Fund Balance</u>	<u>Percentage of Expenditures</u>
2023	\$ 862,374	29.11 %
2024	404,706	13.35 %
2025	469,002	14.50 %

This information is the single best measure of overall financial health. The unassigned fund balance of \$469,002 at June 30, 2025 represents 14.50% of the annual expenditures of the Cooperative. The Cooperative has assigned some of its existing unassigned fund balance for technology and facilities to be prepared for future needs.

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

GENERAL FUND (CONTINUED)

General Fund Budgetary Highlights

Over the course of the year, the Cooperative revised its annual operating budget as needed. The budget was increased due to staffing changes and capital projects.

The Cooperative's final budget for the general fund anticipated that expenditures would exceed revenues by \$225,865. Actual results for the year show that expenditures exceeded revenues by \$20,592.

Actual revenues were \$87,607 less than budgeted and expenditures were \$292,880 less than budgeted. Revenues were less than budgeted as Medicaid revenue was subject to a negative adjustment from previous years and expenditures came in lower than budgeted due to vacancies in certain positions.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal year 2025, the Cooperative had net capital assets of \$2,124,511 representing a broad range of capital assets including the Oakland Education Center, custodial equipment and other equipment for various instructional programs. More detailed information about capital assets can be found in Note 3 to the financial statements. Total depreciation expense for the year was \$286,262.

	2025	2024	Percentage Change
Land Improvements	\$ 56,173	\$ 56,173	-
Buildings and Improvements	169,100	158,600	6.6
Equipment	97,574	62,218	56.8
Less: Accumulated Depreciation	(47,446)	(29,464)	61.0
Right-to-Use Lease Asset	4,024,000	4,024,000	-
Less: Accumulated Amortization	(2,174,890)	(1,906,610)	14.1
Total District Capital Assets	<u>\$ 2,124,511</u>	<u>\$ 2,364,917</u>	(10.2)

Long-Term Liabilities

At year-end, the Cooperative had \$1,939,641 in long-term liabilities which relates to the purchase agreement for the Oakland Education Center building. See Note 4 to the financial statements for more detailed information.

	2025	2024	Percentage Change
Lease Liability	\$ 1,939,641	\$ 2,210,816	(12.3)
Total Long-Term Liabilities	<u>\$ 1,939,641</u>	<u>\$ 2,210,816</u>	(12.3)
Long-Term Liabilities:			
Due Within One Year	\$ 278,107	\$ 271,175	
Due in More Than One Year	1,661,534	1,939,641	
Total	<u>\$ 1,939,641</u>	<u>\$ 2,210,816</u>	

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

FACTORS BEARING ON THE COOPERATIVE'S FUTURE

The Cooperative has seen growth in its fund balance over the past few years. Funds have been assigned for future years improvements, including long-term facilities maintenance and student use technology.

CONTACTING THE COOPERATIVE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens with a general overview of the Cooperative's finances and to demonstrate the Cooperative's accountability for the resources it receives. If you have questions regarding this report or need additional financial information, contact the Business Office, Austin Albert Lea Area Special Education Cooperative District No. 6095, 2001 2nd Ave NW, Austin, MN 55912.

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BASIC FINANCIAL STATEMENTS

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
STATEMENT OF NET POSITION
JUNE 30, 2025**

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 1,073,544
Interest Receivable	2,993
Due from Minnesota Department of Education	420,432
Due from Other Minnesota School Districts	40,000
Prepaid Expenses	13,943
Capital Assets:	
Capital Assets, Net of Depreciation	275,401
Capital Assets, Net of Amortization	<u>1,849,110</u>
Capital Assets, Net	<u>2,124,511</u>
Total Assets	<u>3,675,423</u>
 LIABILITIES	
Other Accounts Payable	4,836
Accrued Interest	20,529
Due to Other Minnesota School Districts	499,761
Due to Other Governmental Units	5,535
Long-Term Liabilities:	
Due Within One Year	278,107
Due in More Than One Year	<u>1,661,534</u>
Total Liabilities	<u>2,470,302</u>
 NET POSITION	
Net Investment in Capital Assets	184,870
Restricted for Other Purposes	66,887
Unrestricted	<u>953,364</u>
 Total Net Position	 <u><u>\$ 1,205,121</u></u>

See accompanying Notes to Financial Statements.

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
GOVERNMENTAL ACTIVITIES					
Administration	\$ 3,777	\$ -	\$ -	\$ -	\$ (3,777)
District Support Services	105,414	-	-	-	(105,414)
Special Education Instruction	2,646,113	463,109	2,623,552	-	440,548
Instructional Support Services	39,067	-	-	-	(39,067)
Pupil Support Services	109,824	-	-	-	(109,824)
Sites and Buildings	232,937	-	61,783	-	(171,154)
Fiscal and Other Fixed Cost Programs	11,713	-	-	-	(11,713)
Interest and Fiscal Charges on Long-Term Debt	51,576	-	-	-	(51,576)
Total Governmental Activities	<u>\$ 3,200,421</u>	<u>\$ 463,109</u>	<u>\$ 2,685,335</u>	<u>\$ -</u>	(51,977)
GENERAL REVENUES					
Other Revenue					4,500
Investment Earnings					60,524
Total General Revenues					<u>65,024</u>
CHANGES IN NET POSITION					
					13,047
Net Position - Beginning of the Year					<u>1,192,074</u>
NET POSITION - END OF YEAR					
					<u>\$ 1,205,121</u>

See accompanying Notes to Financial Statements.

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2025**

ASSETS

Cash and Investments	\$ 1,073,544
Interest Receivable	2,993
Due from Other Minnesota School Districts	40,000
Due from Minnesota Department of Education	420,432
Prepaid Expenses	<u>13,943</u>
Total Assets	<u><u>\$ 1,550,912</u></u>

LIABILITIES AND FUND BALANCES

LIABILITIES

Other Accounts Payable	\$ 4,836
Due to Other Minnesota School Districts	499,761
Due to Other Governmental Units	<u>5,535</u>
Total Liabilities	510,132

FUND BALANCES

Nonspendable	13,943
Restricted for:	
READ Act - Literacy Aid	2,000
READ Act - Teacher Training Compensation	2,000
Medical Assistance	62,887
Assigned for:	
Technology	9,370
Facilities	481,578
Unassigned	<u>469,002</u>
Total Fund Balances	<u><u>1,040,780</u></u>

Total Liabilities and Fund Balances	<u><u>\$ 1,550,912</u></u>
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**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2025**

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances as Shown on Previous Page	\$ 1,040,780
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:	
Capital Assets, Net of Accumulated Depreciation	275,401
Right-to-Use Asset, Net of Accumulated Amortization	1,849,110
Government funds do not report a liability for accrued interest on long-term debt until due and payable.	
	(20,529)
Long-term liabilities that pertain to governmental funds are not due and payable in the current period and, therefore, are not reported as fund liabilities.	
Long-term liabilities at year-end consist of:	
Building Purchase Agreement	<u>(1,939,641)</u>
Net Position of Governmental Activities as Reported on the Statement of Net Position	<u>\$ 1,205,121</u>

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2025**

	General
REVENUES	
Local Sources:	
Investment Income	\$ 60,524
Other	467,609
State Sources	2,685,334
Total Revenues	3,213,467
EXPENDITURES	
Current:	
Administration	3,777
District Support Services	104,752
Special Education Instruction	2,411,874
Instructional Support Services	39,067
Pupil Support Services	109,824
Sites and Buildings	209,010
Fiscal and Other Fixed Cost Programs	11,713
Capital Outlay	18,422
Debt Service:	
Principal	271,175
Interest and Fiscal Charges	54,445
Total Expenditures	3,234,059
NET CHANGE IN FUND BALANCE	(20,592)
Fund Balance - Beginning of Year	1,061,372
FUND BALANCE - END OF YEAR	\$ 1,040,780

See accompanying Notes to Financial Statements.

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances as Shown on Previous Page \$ (20,592)

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

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

Capital Outlays	45,856
Depreciation and Amortization Expense	(286,262)

Some capital asset additions are financed through long-term purchase agreements. In governmental funds, a long-term purchase agreement is considered a source of financing, but in the statement of net position, the purchase agreement is reported as a liability. Repayment of long-term purchase agreement principal is an expenditures in the governmental funds, but repayment reduces the purchase agreement in the statement of net position.

Principal Payments - Purchase Agreement	271,175
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Interest is recognized as an expenditure in the governmental funds when it is due.

Change in Accrued Interest	2,870
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Change in Net Position of Governmental Activities as Reported on the Statement of Activities	\$ 13,047
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**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The financial statements of Austin Albert Lea Special Education Cooperative District No. 6095 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB pronouncements are recognized as accounting principles generally accepted in the United States of America for state and local governments.

B. Reporting Entity

Austin Albert Lea Special Education Cooperative District No. 6095 (the Cooperative) is a public agency established by a Joint Powers Agreement entered into pursuant to Minnesota Statutes, Section 471.59. The two-member school districts are listed in the Joint Powers Agreement. The primary objective of the Cooperative is to provide, by a cooperative effort, comprehensive educational programs and other related services as can be efficiently and effectively operated by its group of two-member Independent Districts. The two-member Independent Districts are Austin Public Schools and Albert Lea Area Public Schools. The governing body of the Cooperative consists of the Superintendent of each member district and one district board member representative appointed by the respective school board of each member district.

Accounting principles generally accepted in the United States of America (GAAP) require that the Cooperative's financial statements include all funds, departments, agencies, boards, commissions, and other component units for which the Cooperative is considered to be financially accountable.

Component units are legally separate entities for which the Cooperative (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit include whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or fiscally depended upon by the potential component unit.

Based on these criteria, there are no organizations considered to be component units of the Cooperative.

C. Government-Wide 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 Cooperative.

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Government-Wide Financial Statement Presentation (Continued)

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 internally directed revenues are reported instead as general revenues.

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

The Cooperative applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available. Depreciation expense is included as a direct expense in the functional areas that utilize the related fixed assets. Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities.

D. Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements. The Cooperative currently has no nonmajor governmental funds.

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

1. Revenue Recognition

Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State revenue is recognized in the year to which it applies according to Minnesota Statutes and accounting principles generally accepted in the United States of America. Minnesota Statutes include state aid funding formulas for specific fiscal years. Other revenue is considered available if collected within one year.

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Financial Statement Presentation (Continued)

2. Recording of Expenditures

Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements incurred in advance of the year in which the item is to be used.

Descriptions of Funds

The existence of the Cooperative's fund has been established by the state of Minnesota, Department of Education. Description of the fund is included in this report as follows:

Major Government Fund

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 all revenues and expenditures for general operation, special education programs, transportation, and capital expenditures.

E. Budgeting

Budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America. Each June, the School Board adopts an annual budget for the following fiscal year for the General Fund. The approved budget is published in summary form in the Cooperative's legal newspaper by November 30 or within one week of the acceptance of the final audit by the School Board each year. Reported budgeted 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 budget is submitted to the board of directors 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 board of directors.

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

F. Cash and Investments

Cash consists of deposits in a US Bank checking account, US Bank controlled disbursements account, and a Minnesota Liquid Asset Fund account.

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Receivables

Represents amounts receivable from individuals, firms, and corporations for goods and services furnished by the Cooperative. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary.

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. Capital Assets

Capital assets are capitalized at historical cost or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The Cooperative maintains a threshold level of \$2,500 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 based 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 Cooperative, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 3 to 20 years for equipment.

Right-to-use lease assets are initially measured at the present value of payments expected to be made during 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.

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

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Risk Management

The Cooperative is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which the Cooperative carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in the Cooperative's insurance coverage in fiscal 2025.

K. Net Position

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

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

L. Fund Balance Classification

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

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

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

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Estimates

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

NOTE 2 DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

Cash and investments consist of the following:

Deposits	\$ (7,435)
Non-negotiable Certificates of Deposit	738,000
MSDLAF+ Liquid Class	92,565
MSDLAF+ MAX Class	250,414
Total	\$ 1,073,544

B. Deposits

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

Minnesota Statutes require that all Cooperative 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 bonds.

The Cooperative's deposits in financial institutions at June 30, 2025, were entirely covered by federal depository insurance or by surety bonds and collateral, in accordance with Minnesota Statutes.

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments

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

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

	Amortized Cost
Non-negotiable Certificates of Deposit	\$ 738,000
MSDLAF+ Liquid Class	92,565
MSDLAF+ MAX Class	250,414
Total Investments at Amortized Cost	\$ 1,080,979

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

Custodial Credit Risk

The risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the government would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Although the Cooperative's investment policies do not directly address custodial credit risk, it typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Cooperative's investment policy does not address credit risk, however the Cooperative invests in accordance with Minnesota Statutes. The following chart summarized year-end ratings for the Cooperative's investments:

<u>Investment</u>	<u>Rated by</u>	<u>Credit Rating</u>
MSDLAF+ Liquid Asset Fund	S&P	AAAm

Concentration Risk

The risk of investing 5% or more of the Cooperative's portfolio in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The Cooperative's investment policies do not address concentration risk. The Cooperative did not hold any investments that were subject to this disclosure requirement at June 30, 2025.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Cooperative's investment policies do not further restrict investing in specific financial instruments.

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

<u>Type</u>	<u>Total</u>	<u>12 Months or Less</u>
MSDLAF+ Liquid Class	\$ 92,565	\$ 92,565
MSDLAF+ MAX Class	250,414	250,414
Non-negotiable Certificates of Deposit	738,000	738,000
Total	<u>\$ 1,080,979</u>	<u>\$ 1,080,979</u>

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Being Depreciated:				
Land Improvements	\$ 56,173	\$ -	\$ -	\$ 56,173
Buildings and Improvements	158,600	10,500	-	169,100
Equipment	62,218	35,356	-	97,574
Total Capital Assets, Being Depreciated	276,991	45,856	-	322,847
Accumulated Depreciation for:				
Land Improvements	(3,718)	(2,809)	-	(6,527)
Buildings Improvements	(5,268)	(6,424)	-	(11,692)
Equipment	(20,478)	(8,749)	-	(29,227)
Total Accumulated Depreciation	(29,464)	(17,982)	-	(47,446)
Total Capital Assets, Being Depreciated, Net	247,527	27,874	-	275,401
Capital Assets, Being Amortized				
Right-to-Use Lease Asset - Building	4,024,000	-	-	4,024,000
Accumulated Amortization for:				
Right-to-Use Lease Asset - Building	(1,906,610)	(268,280)	-	(2,174,890)
Total Capital Assets, Being Amortized, Net	2,117,390	(268,280)	-	1,849,110
Governmental Activities Capital Assets, Net	<u>\$ 2,364,917</u>	<u>\$ (240,406)</u>	<u>\$ -</u>	<u>\$ 2,124,511</u>

Depreciation and Amortization expense for the year ended June 30, 2025, was charged to the following governmental functions:

District Support Services	\$ 662
Special Education Instruction	280,095
Sites and Buildings	5,505
Total Depreciation and Amortization Expense	<u>\$ 286,262</u>

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 LONG-TERM LIABILITIES

The Cooperative entered into a lease agreement on June 2, 2016 for \$4,024,000. The lease was incurred to finance the acquisition of the Oakland Education Center building. Payments are due to Austin Public Schools in semi-annual installments through August 1, 2032. Interest is charged at 2.54%.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 278,107	\$ 47,514	\$ 325,621
2026	285,216	40,405	325,621
2027	292,506	33,115	325,621
2028	299,983	25,638	325,621
2029	307,651	17,970	325,621
2030-2032	476,178	12,152	488,330
Total	<u>\$ 1,939,641</u>	<u>\$ 176,794</u>	<u>\$ 2,116,435</u>

Changes in Long-Term Debt

	<u>Beginning Balance</u>	<u>Issued Increase (Decrease)</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Amount Due in One Year</u>
Lease Payable	\$ 2,210,816	\$ -	\$ 271,175	\$ 1,939,641	\$ 278,107

NOTE 5 RESTRICTED FUND BALANCES

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

Medical Assistance

This restricted fund balance represents accumulated resources available to provide medical assistance.

READ Act – Literacy Aid

This restricted fund balance represents accumulated resources available for Literacy Aid.

READ Act – Teacher Training Compensation

This restricted fund balance represents accumulated resources available for Training Compensation.

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 ASSIGNED FUND BALANCES

The Cooperative has assigned \$9,370 of its fund balance for technology and \$481,578 for facilities to be prepared for future needs.

NOTE 7 COMMITMENTS AND CONTINGENCIES

State Receivables

Amounts received or receivable from 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 the Cooperative expects such amounts, if any, to be immaterial.

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REQUIRED SUPPLEMENTARY INFORMATION

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET
AND ACTUAL – GENERAL FUND
JUNE 30, 2025**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Investment Income	\$ 55,000	\$ 55,000	\$ 60,524	\$ 5,524
Other Local Revenue	555,771	556,271	467,609	(88,662)
State Aids Received Through Minnesota				
Department of Education	2,926,384	2,689,803	2,685,334	(4,469)
Total Revenues	3,537,155	3,301,074	3,213,467	(87,607)
EXPENDITURES				
Current:				
Administration	6,084	2,463	3,777	1,314
District Support Services	75,577	109,904	104,752	(5,152)
Special Education Instruction	2,474,238	2,578,820	2,411,874	(166,946)
Instructional Support Services	32,565	39,849	39,067	(782)
Pupil Support Services	119,895	144,273	109,824	(34,449)
Sites and Buildings	213,177	214,296	209,010	(5,286)
Fiscal and Other Fixed Cost Programs	11,713	11,713	11,713	-
Capital Outlay	100,000	100,000	18,422	(81,578)
Debt Service:				
Principal	271,175	271,175	271,175	-
Interest and Fiscal Charges	54,446	54,446	54,445	(1)
Total Expenditures	3,358,870	3,526,939	3,234,059	(292,880)
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES				
	\$ 178,285	\$ (225,865)	(20,592)	\$ 205,273
Fund Balance - Beginning of Year			1,061,372	
FUND BALANCE - END OF YEAR			\$ 1,040,780	

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REQUIRED AUDITORS' REPORTS



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

Governing Board
Austin Albert Lea Special Education Cooperative
District No. 6095
Austin, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Austin Albert Lea Special Education Cooperative District No. 6095 (the Cooperative) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Cooperative's basic financial statements and have issued our report thereon dated December 30, 2025.

Report on Internal Control Over Financial Reporting

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

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

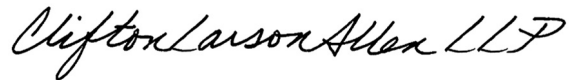
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



CliftonLarsonAllen LLP

Austin, Minnesota
December 30, 2025



INDEPENDENT AUDITORS' REPORT ON LEGAL COMPLIANCE

Governing Board
Austin Albert Lea Special Education Cooperative
District No. 6095
Austin, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Austin Albert Lea Special Education Cooperative District No. 6095 (the Cooperative), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Cooperative's basic financial statements, and have issued our report thereon dated December 30, 2025.

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Austin, Minnesota
December 30, 2025

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SUPPLEMENTARY INFORMATION

**AUSTIN ALBERT LEA SPECIAL EDUCATION COOPERATIVE
DISTRICT NO. 6095
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS COMPLIANCE TABLE
JUNE 30, 2025**

	AUDIT	UFARS	DIFFERENCE		AUDIT	UFARS	DIFFERENCE
01 GENERAL FUND				06 BUILDING CONSTRUCTION			
Total Revenue	\$ 3,213,467	\$ 3,213,467	\$ -	Total Revenue	\$ -	\$ -	\$ -
Total Expenditures	3,234,059	3,234,060	(1)	Total Expenditures	-	-	-
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	13,943	13,943	-	460 Nonspendable Fund Balance	-	-	-
<i>Restricted/Reserved:</i>				<i>Restricted/Reserved:</i>			
403 Staff Development	-	-	-	407 Capital Projects Levy	-	-	-
406 Health and Safety	-	-	-	413 Projects Funded by COP	-	-	-
407 Capital Project Levy	-	-	-	467 LTFM	-	-	-
408 Cooperative Revenue	-	-	-	<i>Restricted:</i>			
413 Projects Funded by COP	-	-	-	464 Restricted Fund Balance	-	-	-
414 Operating Debt	-	-	-	<i>Unassigned:</i>			
416 Levy Reduction	-	-	-	463 Unassigned Fund Balance	-	-	-
417 Taconite Building Maint	-	-	-				
424 Operating Capital	-	-	-	07 DEBT SERVICE			
426 \$25 Taconite	-	-	-	Total Revenue	-	-	-
427 Disabled Accessibility	-	-	-	Total Expenditures	-	-	-
428 Learning & Development	-	-	-	<i>Nonspendable:</i>			
434 Area Learning Center	-	-	-	460 Nonspendable Fund Balance	-	-	-
435 Contracted Alt. Programs	-	-	-	<i>Restricted/Reserved:</i>			
436 State Approved Alt. Programs	-	-	-	425 Bond Refunding	-	-	-
438 Gifted & Talented	-	-	-	433 Maximum Effort Loan Aid	-	-	-
440 Teacher Development and Evaluations	-	-	-	451 QZAB Payments	-	-	-
441 Basic Skills Programs	-	-	-	<i>Restricted:</i>			
445 Career Tech Programs	-	-	-	464 Restricted Fund Balance	-	-	-
448 Achievement and Integration	-	-	-	<i>Unassigned:</i>			
449 Safe School Crime - Crime Levy	-	-	-	463 Unassigned Fund Balance	-	-	-
450 Pre-Kindergarten	-	-	-				
451 QZAB Payments	-	-	-	08 TRUST			
456 READ Act - Literacy Aid	2,000	2,000	-	Total Revenue	-	-	-
457 READ Act - Tchr Training Compensation	2,000	2,000	-	Total Expenditures	-	-	-
459 Basic Skills Extended Time	-	-	-	422 Unassigned Fund Balance (Net Assets)	-	-	-
467 LTFM	-	-	-				
472 Medical Assistance	62,887	62,887	-	20 INTERNAL SERVICE			
<i>Restricted:</i>				Total Revenue	-	-	-
464 Restricted Fund Balance	-	-	-	Total Expenditures	-	-	-
475 Title VII Impact Aid	-	-	-	422 Unassigned Fund Balance (Net Assets)	-	-	-
476 Payments in Lieu of Taxes	-	-	-				
<i>Committed:</i>				25 OPEB REVOCABLE TRUST			
418 Committed for Separation	-	-	-	Total Revenue	-	-	-
461 Committed Fund Balance	-	-	-	Total Expenditures	-	-	-
<i>Assigned:</i>				422 Unassigned Fund Balance (Net Assets)	-	-	-
462 Assigned Fund Balance	490,948	490,948	-				
<i>Unassigned:</i>				45 OPEB IRREVOCABLE TRUST			
422 Unassigned Fund Balance	469,002	469,003	(1)	Total Revenue	-	-	-
				Total Expenditures	-	-	-
02 FOOD SERVICES				422 Unassigned Fund Balance (Net Assets)	-	-	-
Total Revenue	-	-	-				
Total Expenditures	-	-	-	47 OPEB DEBT SERVICE			
<i>Nonspendable:</i>				Total Revenue	-	-	-
460 Nonspendable Fund Balance	-	-	-	Total Expenditures	-	-	-
<i>Restricted/Reserved:</i>				<i>Nonspendable:</i>			
452 OPEB Liab Not in Trust	-	-	-	460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>				<i>Restricted:</i>			
464 Restricted Fund Balance	-	-	-	425 Bond Refundings	-	-	-
<i>Unassigned:</i>				464 Restricted Fund Balance	-	-	-
463 Unassigned Fund Balance	-	-	-	<i>Unassigned:</i>			
				463 Unassigned Fund Balance	-	-	-
04 COMMUNITY SERVICE							
Total Revenue	-	-	-				
Total Expenditures	-	-	-				
<i>Nonspendable:</i>							
460 Nonspendable Fund Balance	-	-	-				
<i>Restricted/Reserved:</i>							
426 \$25 Taconite	-	-	-				
431 Community Education	-	-	-				
432 E.C.F.E.	-	-	-				
440 Teacher Development and Evaluation	-	-	-				
444 School Readiness	-	-	-				
447 Adult Basic Education	-	-	-				
452 OPEB Liab Not in Trust	-	-	-				
<i>Restricted:</i>							
464 Restricted Fund Balance	-	-	-				
<i>Unassigned:</i>							
463 Unassigned Fund Balance	-	-	-				

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