

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL, MINNESOTA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2022**



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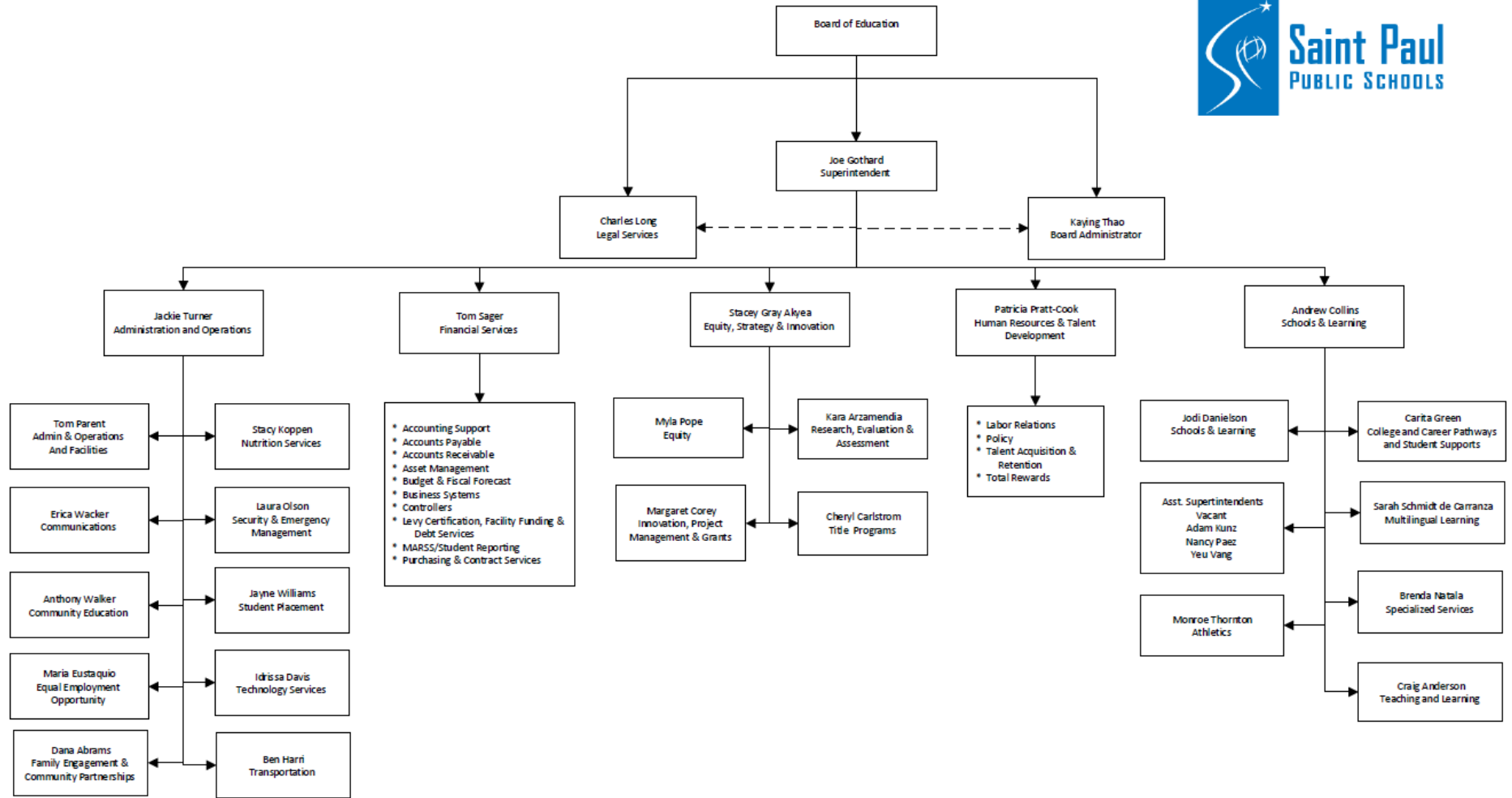
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## **INTRODUCTORY SECTION**

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**INDEPENDENT SCHOOL DISTRICT NO. 625  
SCHOOL BOARD AND ADMINISTRATION  
JUNE 30, 2022**

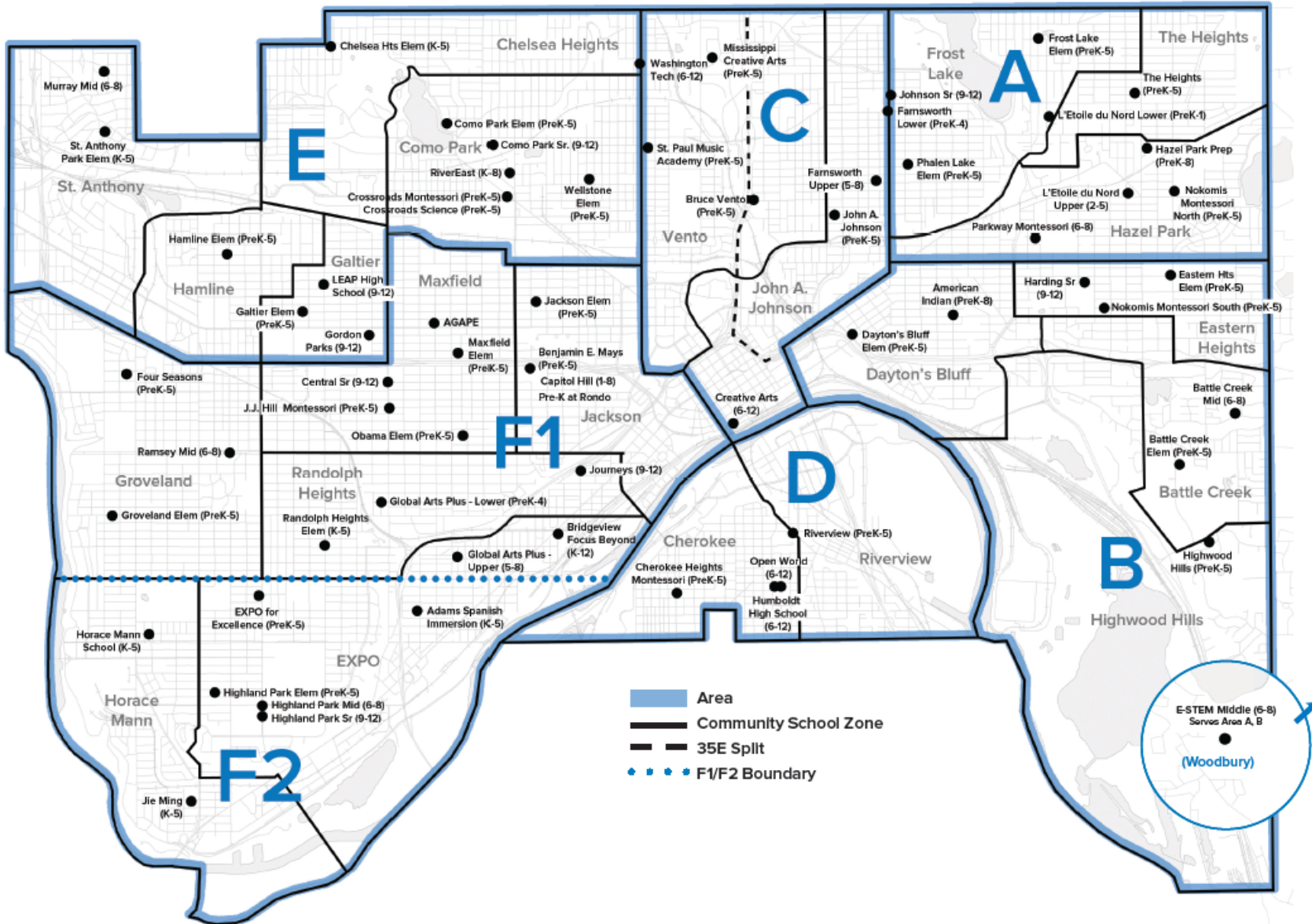
**BOARD OF EDUCATION**

Jim Vue	Chair
Jessica Kopp	Vice Chair
Chauntyll Allen	Clerk
Uriah Ward	Treasurer
Zuki Ellis	Director
Halla Henderson	Director
Jeanelle Foster	Director

**ADMINISTRATION**

Dr. Joseph Gothard	Superintendent
Jackie Turner	Executive Chief of Administration and Operations
Andrew Collins	Executive Chief of Schools and Learning
Tom Sager	Executive Chief of Financial Services
Stacey Gray Akyea	Executive Chief of Equity, Strategy, and Innovation
Patricia Pratt-Cook	Executive Chief of Human Resources and Talent Acquisitions
Erica Wacker	Director of Communications

# Saint Paul Public Schools Map



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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

Board of Education and Management of  
Independent School District No. 625  
Saint Paul, Minnesota

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 625, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Independent School District No. 625's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 625, as of June 30, 2022, and the respective changes in financial position and budgetary comparison statements, and, where applicable, cash flows thereof 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 Independent School District No. 625 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter – Change in Accounting Principle***

As discussed in Note 1 to the financial statements, effective July 1, 2021. The School adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months.

In addition, as discussed in Note 10, beginning net position was restated to reflect a correction to the prior year severance liability. The result was a decrease to beginning net position and an increase to the beginning severance liability. Our opinion is not modified with respect to these matters.

### ***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 Independent School District No. 625'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 Independent School District No. 625'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 Independent School District No. 625'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 schedule of changes in the District's total OPEB liability, schedules of the District's proportionate share of net pension liabilities, and schedule of District pension contributions, 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 Independent School District No. 625's basic financial statements. The Uniform Financial Account and Reporting Standards (UFARS) compliance table and combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the UFARS compliance table and combining and individual fund financial statements 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 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.

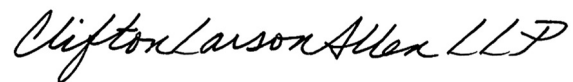
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. 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.



School Board  
Independent School District No. 625  
Saint Paul, Minnesota

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated **March 21, 2023** March 17, 2023, on our consideration of Independent School District No. 625'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 Independent School District No. 625'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 Independent School District No. 625's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
March 17, 2023

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022**

This section of Independent School District No. 625's financial statements and supplementary information presents the management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2022. Please read it in conjunction with the district's financial statements, which immediately follow this letter. The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Government Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.

**FINANCIAL HIGHLIGHTS**

- The liabilities and deferred inflows of resources of the District exceed its assets and deferred outflows of resources at the close of the 2021–2022 fiscal year by \$371.52 million. This amount includes a net investment in capital assets of \$130.0 million, \$115.48 million net position restricted for specific uses, and a negative unrestricted net position of \$617.0 million.
- The District's total net position increased by \$87.85 million in the current year. Restricted net position increased by \$66.52 million. The unrestricted portion of the District's net position increased \$52.24 million. A more detailed analysis of these changes can be found later in this document.
- At the close of the 2021–2022 fiscal year, unassigned fund balance for the General Fund was \$73.56 million, or 10.22%, of total General Fund expenditures.
- The District's long-term liabilities decreased by \$126.90 million, or 11.01%, during the current fiscal year. This was partially due to a \$173.05 million net decrease in the District's proportionate share of the net pension liability related to the statewide pension plans administered by the Saint Paul Teachers Retirement Association (SPTRA) and the Public Employees Retirement Association (PERA). This decrease was offset by a \$35.12 million increase in the District's liabilities for bonds, COPs, and financed purchases. The liability for severance benefits and compensated absences payables also increased \$11.03 million.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022**

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of the annual report consists of four parts: Independent Auditors' Report, Required Supplementary Information which includes MD&A (this section), the basic financial statements, single and supplementary information. The basic financial statements include several statements that present different views of the District:

- The **government-wide financial statements**, including the *Statement of Net Position* and the *Statement of Activities*, provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are **fund financial statements** that focus on individual parts of the District, reporting the District's operations in more detail than the district-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.
- **Proprietary funds statements** offer short- and long-term financial information about the activities the District operates like businesses.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data.

### **Government-Wide Statements**

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

The two government-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements the District's activities are shown in one category:

- **Governmental Activities** – Most of the District's basic services are included here, such as regular and special education, transportation, administration, food services, and community education. Property taxes and state aids finance most of these activities.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022**

**Fund Financial Statements**

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

- Some funds are required by state law and by bond covenants.
- The District may establish other funds to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal grants).

The District has two kinds of funds:

- *Governmental Funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements to explain the relationship (or differences) between them.
- *Proprietary Fund* – The District maintains one type of proprietary fund. The Internal Service Fund is used as an accounting device to accumulate and allocate costs internally among the District's various functions. The District uses its Internal Service Funds to account for the self-insurance activities of the District employees' workers compensation claims. These services have been included within governmental activities in the government-wide financial statements/ Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Position**

The District's financial position is the product of many factors. As indicated earlier, net position may serve over time as a useful indicator of the District's financial position. The reader needs to understand that the determination of net position includes significant assumptions and estimates, such as current and accumulated depreciation amounts. A conservative versus liberal approach to depreciation estimates, as well as capitalization policies, may produce a significant difference in the calculation of the District's net investment in capital assets.

The District's *combined* net position was a deficit of \$371,522,266 on June 30, 2022 (see Table A-1).

The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2022 reducing the District's net position to a deficit of \$371,522,266. The District had \$115,422,879 of net position that was available to meet its ongoing obligations but restricted for specific uses.

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

	Governmental Activities as of June 30,		Percentage Change
	2022	2021	
Current and Other Assets	\$ 643,112,405	\$ 564,037,672	14.02 %
Capital Assets	671,300,637	654,370,413	2.59
Total Assets	<u>1,314,413,042</u>	<u>1,218,408,085</u>	7.88
Deferred Outflows of Resources	151,085,321	165,824,177	(8.89)
Current Liabilities	111,635,888	117,229,964	(4.77)
Long-Term Liabilities	1,313,124,310	1,500,502,511	(12.49)
Total Liabilities	<u>1,424,760,198</u>	<u>1,617,732,475</u>	(11.93)
Deferred Inflows of Resources	<u>412,260,431</u>	<u>225,875,150</u>	82.52
Net Position:			
Net Investment in Capital Assets	129,995,075	160,905,602	(19.21)
Restricted	115,481,151	48,956,864	135.88
Unrestricted	<u>(616,998,492)</u>	<u>(669,237,829)</u>	(7.81)
Total Net Position	<u>\$ (371,522,266)</u>	<u>\$ (459,375,363)</u>	(19.12)



**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022**

**Changes in Net Position**

In Table A-2, Change in Net Position, operations are reported on a governmental-wide basis with no reference to funds.

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

	Governmental Activities for the Fiscal Year Ended June 30,		Percentage Change
	2022	2021	
<b>Revenues</b>			
<u>Program Revenues</u>			
Charges for Services	\$ 10,583,505	\$ 6,433,714	64.50 %
Operating Grants and Contributions	175,327,913	189,997,825	(7.72)
Capital Grants and Contributions	4,737,641	5,390,165	(12.11)
<u>General Revenues</u>			
Property Taxes	201,839,546	190,379,616	6.02
Unrestricted State Aid	441,369,979	385,245,225	14.57
Investment Earnings	(3,899,669)	4,064,352	(195.95)
Other	15,297,488	8,737,668	75.08
Total Revenues	<u>845,256,403</u>	<u>790,248,565</u>	6.96
<b>Expenses</b>			
Administration	24,671,244	24,749,651	(0.32)
District Support Services	41,570,634	18,123,361	129.38
Regular Instruction	298,755,522	305,115,871	(2.08)
Vocational Education Instruction	4,773,887	4,434,077	7.66
Special Education Instruction	117,147,891	129,665,165	(9.65)
Instructional Support Services	41,871,150	46,259,632	(9.49)
Pupil Support Services	60,154,818	56,175,822	7.08
Sites and Buildings	73,827,168	63,160,423	16.89
Fiscal and Other Fixed Cost Programs	3,015,413	2,582,266	16.77
Food Service	35,642,965	43,140,076	(17.38)
Community Service	30,931,772	30,596,938	1.09
Interest and Fiscal Charges on Long-Term Liabilities	11,386,045	17,680,705	(35.60)
Total Expenses	<u>743,748,509</u>	<u>741,683,987</u>	0.28
<b>Change in Net Position</b>	101,507,894	48,564,578	
Beginning Net Position	(459,375,363)	(507,939,941)	
Prior Period Restatement - See Note 10	(13,654,797)	-	
Beginning Net Position, as Restated	<u>(473,030,160)</u>	<u>(507,939,941)</u>	
Ending Net Position	<u>\$ (371,522,266)</u>	<u>\$ (459,375,363)</u>	

The District's total revenues were \$845,256,403 for the year ended June 30, 2022, an increase of \$55,007,838 (6.96%) from 2020-2021 actual revenues of \$790,248,565.

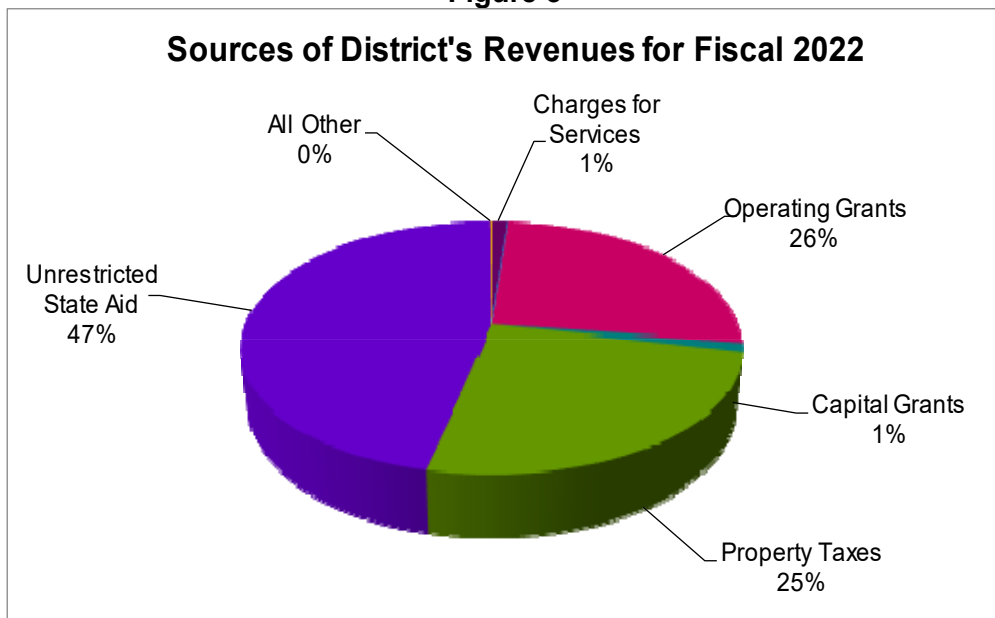
For 2021-2022, property taxes and general grants and aids accounted for 76.10% of total revenue for the year. About 21.30% of the District's revenue came from operating and capital grants. Fees and charges for services accounted for 1.25% of the total revenue, while the remaining 1.35% came from other general revenue, including investment income.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
 SAINT PAUL PUBLIC SCHOOLS  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 YEAR ENDED JUNE 30, 2022**

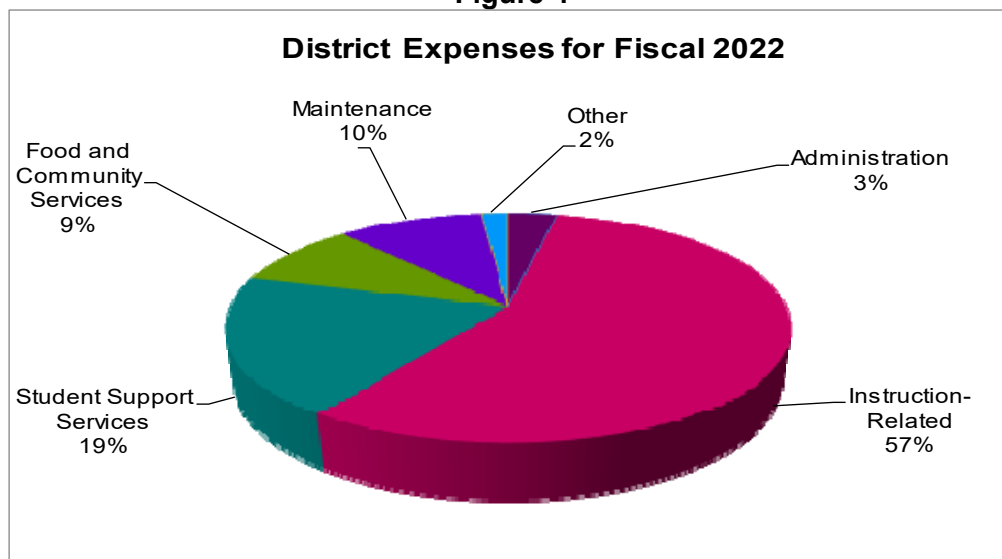
For 2021-2022, the cost of all *governmental* programs and services was \$743,748,509. This was an increase of \$2,064,522 (0.28%) from the 2020-2021 total cost of \$741,683,987.

As in past years, the bulk of the District's resources (57%) were directed to providing instructional services to our students enrolled in regular education, special education, and vocational education programs (including instructional and pupil support). The administrative activities of the District accounted for 3% of total costs for the year. Total revenues exceeded expenses, increasing the District's net position by \$87.85 million prior to a restatement of beginning net position of (\$13.7) million.

**Figure 3**



**Figure 4**



**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The financial performance of the District as a whole is also reflected in its governmental funds. As of June 30, 2022, the District's governmental funds reported total fund balances of \$357.74 million, an increase of \$74.34 million, or 26.23%, from last year's ending total fund balances of \$283.40 million. This net increase is chiefly due to the following factors:

- In 2021-2022, actual revenues and other financing sources were \$74.34 million more than actual expenditures and other financing uses in the General Fund. This is primarily a result of the district utilizing one-time federal funds to meet evolving pandemic related needs.
- The district also issued Capital Bonds, LTFM Bonds, and Certificates of Participation to finance the SPPS Builds Five-Year Facilities Maintenance and Capital Implementation Plan.

Table A-4 below shows the total fund balances of each of the District's governmental funds:

**Table A-3  
Fund Balance - All Governmental Funds**

	Year Ended		Change
	June 30, 2022	June 30, 2021	
General Fund	\$ 165,513,015	\$ 128,341,410	\$ 37,171,605
Food Service Fund	13,287,605	15,623,835	(2,336,230)
Community Service Fund	9,589,690	5,984,675	3,605,015
Capital Projects Fund	123,082,283	89,744,139	33,338,144
Debt Service Fund	46,263,967	43,704,507	2,559,460
Total	\$ 357,736,560	\$ 283,398,566	\$ 74,337,994

**GENERAL FUND**

The General Fund is used by the District to record the primary operations of providing education services to students from kindergarten through Grade 12. Pupil transportation activities and capital and major maintenance projects are also included in the General Fund.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022**

The graph below (Figure 5) shows the District's actual average daily membership (ADM) over the last 5 years. ADM for 2021–2022 increased from the previous year at the ECSE level with declines in the other grade levels. Total enrollment for the 2021–2022 fiscal year of 32,678 shows a decrease of 1,408 ADMS below the 2020-2021 total of 34,086.

**Figure 5  
Average Daily Membership (ADM)**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
ECSE	575	591	589	573	664
Pre K	204	204	194	257	169
Elementary	20,136	19,697	18,986	17,909	17,119
Secondary	<u>15,483</u>	<u>15,445</u>	<u>15,237</u>	<u>15,347</u>	<u>14,726</u>
Total Students for Aid	<u>36,398</u>	<u>35,937</u>	<u>35,006</u>	<u>34,086</u>	<u>32,678</u>
Percentage Change	-43.00%	-1.27%	-2.59%	-2.63%	-4.13%

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022**

The following schedule presents a summary of General Fund Revenues and Other Financing Sources.

**Table A-4  
General Fund Revenues and Other Financing Sources**

	Year Ended		Change	
	June 30, 2022	June 30, 2021	Increase (Decrease)	Percent Change
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 149,734,295	\$ 139,937,337	\$ 9,796,958	7.0 %
Earnings on Investments	(4,604,741)	7,991,705	(12,596,446)	(157.6)
Other	17,959,914	7,189,420	10,770,494	149.8
State Sources	437,747,552	440,997,556	(3,250,004)	(0.7)
Federal Sources	138,082,829	68,318,851	69,763,978	102.1
Total Revenues	<u>738,919,849</u>	<u>664,434,869</u>	<u>74,484,980</u>	
<b>OTHER FINANCING SOURCES</b>				
Financed Purchase Agreements	18,070,177	-	18,070,177	N/A
Judgments for School District	69,984	3,031	66,953	2208.9
Total Other Financing Sources	<u>18,140,161</u>	<u>3,031</u>	<u>18,137,130</u>	598387.7
Total General Fund Revenues and Other Financing Sources	<u>\$ 757,060,010</u>	<u>\$ 664,437,900</u>	<u>\$ 92,622,110</u>	13.9

During 2021–2022, the District’s total General Fund revenues and other financing sources increased \$92.62 million, or 13.9%, from the previous year. The increase was due to the following factors:

- An increase of \$9.797 million in property taxes due to the increase in the long-term facilities maintenance and related adjustments.
- State aids for 2021-2022 were \$3.25 million less than the previous year. This decrease was mainly due to the following factors:
  - 1) A decrease of \$12.6 million in general state aid and pension revenue entry.
  - 2) Offset by an increase of \$9.35 million in the special education state aid.
- Federal aids for 2021-2022 were \$69.76 million more than the previous year. This increase was mainly due to federal revenue related to programs which were new in fiscal year 2022 as part of efforts to mitigate the effects of the pandemic on local education agencies.

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YEAR ENDED JUNE 30, 2022**

The following schedule presents a summary of General Fund Expenditures and Other Financing Uses.

**Table A-5  
General Fund Expenditures and Other Financing Uses**

	Year Ended		Change	
	June 30, 2022	June 30, 2021	Increase (Decrease)	Percent Change
<b>EXPENDITURES</b>				
Salaries	\$ 414,372,972	\$ 375,240,230	\$ 39,132,742	10.4 %
Employee Benefits	150,343,879	143,400,387	6,943,492	4.8
Purchased Services	74,473,573	55,768,364	18,705,209	33.5
Supplies and Materials	29,899,053	28,088,220	1,810,833	6.4
Capital Expenditures	32,616,665	14,079,583	18,537,082	131.7
Debt Service	6,663,887	9,075,763	(2,411,876)	(26.6)
Other Expenditures	11,518,376	16,979,094	(5,460,718)	(32.2)
Total Expenditures	<u>719,888,405</u>	<u>642,631,641</u>	<u>77,256,764</u>	12.0
<b>OTHER FINANCING USES</b>				
Transfers Out	-	1,894,687	(1,894,687)	(100.0)
Total General Fund Expenditures and Other Financing Uses	<u>\$ 719,888,405</u>	<u>\$ 644,526,328</u>	<u>\$ 75,362,077</u>	11.7

Total General Fund expenditures and other financing uses increased \$75.36 million or 11.7% from the previous year. The changes in the major expenditure categories include:

Overall salaries increased by \$39.13 million which was primarily due to wage increases based on salary settlements and additional staff hired to meet students' educational needs exacerbated by the pandemic.

Purchased Services consist of expenditures for fees for service including transportation contracts, postage, utilities, property insurance, maintenance repairs, leases, travel, telephone, and tuition. The District's increase of \$18.72 million or 33.5% in purchased services was due to increased utilities and substitute costs in a year where students were in-person the whole year versus the limited in-person in the prior year. Additionally, the increase was partially due to the additional spending related to services provided to students through the additional federal pandemic relief funds received.

Capital expenditures increased \$18.54 million, or 131.7% from the previous year. This was primarily due to recording of the finance purchase of ipad and macbooks for another four years.

In summary, 2021-2022 General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$37.17 million. After deducting statutory restrictions and internal assignments, the unassigned fund balance increased to \$74.72 million, which is 10.21% of the total general fund, or about 37 days of operations.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
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YEAR ENDED JUNE 30, 2022**

**General Fund Budgetary Highlights**

The District is required to adopt an operating budget prior to the beginning of its fiscal year (July 1) and is referred to as the original budget. Over the course of the year, the District revised its annual operating budget to the appropriate levels. The budget amendments fall into two categories:

- 1) Implementing budgets for specially funded projects, which include both federal and state grants, adjusting staffing and various instructional allocations to the schools based on actual enrollment and unspent funds carried over from fiscal year 2020-2021.
- 2) Increase in appropriations for significant unbudgeted costs.

Table 6 below summarizes the amendments to the General Fund budget:

**Table A-6  
General Fund Budget**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Change</u>	<u>Percent Change</u>
Revenue and Other Financing Sources	\$ 703,768,304	\$ 769,584,068	\$ 65,815,764	9.4 %
Expenditures and Other Financing Uses	<u>703,768,304</u>	<u>785,221,060</u>	<u>81,452,756</u>	11.6 %
Net Change in Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ (15,636,992)</u></u>	<u><u>\$ (15,636,992)</u></u>	

While the District's final budget for the General Fund anticipated that expenditures and other financing uses would exceed revenues and other financing sources by \$15.64 million (net loss), the actual results for the year show a net gain of \$37.17 million.

- Actual revenues and other financing sources were about \$12.52 million, or 1.63%, less than expected. The major factors that had contributed to this variance are as follows:
  - 1) State aids received during the year exceeded budget by \$15.41 million, primarily from Special education aid, which was \$9.3 million higher than anticipated. Special education aid factors in actual expenditures and prorated state appropriation, which provides a good challenge when budgeting, especially in non-normal school year.
  - 2) Federal aids anticipated to be spent in the fiscal year were underspent and will carryforward to the next two school years to be spent. Since federal funds are only received once expended, this contributed to the lower than budget receipts for the year.

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- Actual expenditures and other financing uses were \$65.33 million, or 8.32% less than budget. There are many factors, both positive and negative, that have contributed to the variance.
  - 1) Actual employee salary and benefits were \$43.89 million less than budget. This was mainly due to the anticipated positions that went unfilled in the fiscal year resulting in lower than anticipated salary and benefit expenditures. As many school districts have experienced, the labor market found it very difficult to fill positions during the 2021-2022 school year.
  - 2) The District spent \$15.52 million less than budgeted in the areas of purchased services and supplies and materials, and capital related expenditures. Supply chain issues significantly impacted timelines and available materials resulting in unspent federal funds which will continue to be available for two more years.

**Food Service Fund**

The Food Service Special Revenue Fund revenues for 2021-2022 totaled \$33.74 million and expenditures were \$36.08 million, resulting in a decrease in fund balance of \$2.34 million. The June 30, 2022 Food Service Special Revenue Fund balance was \$13.29 million.

The 2021-2022 actual revenues were \$7.43 million, or 18.0%, less than the budgeted amount. As the district transitioned from the seamless summer meal distribution used in the prior year to the more typical school meal program, the distribution of meals decreased and therefore revenue budgets were not realized.

The actual 2021-2022 Food Service Special Revenue Fund expenditures were \$5.10 million, or 12.4%, less than the budgeted amount. The reduction in distribution of meals reduced expenditures necessary to produce the meals. However, not as great as the reduction in revenue resulting in a use of fund balance during the 2021-2022 school year.

Consistent with the food service comprehensive capital projects plan, the District will continue to use the accumulated fund balance to fund routine equipment purchases and major capital projects.

**Community Service Fund**

In 2021–2022, the total revenues and other financing sources for the Community Service Special Revenue Fund were \$30.30 million and the total expenditures were \$26.70 million, resulting in an increase to fund balance of \$3.61 million. The Community Service Special Revenue Fund balance as of June 30, 2022 is \$9.59 million. Of this amount, \$1.49 million is restricted for community education programs, \$2.84 million is restricted for the Early Childhood Family Education Program, \$2.87 million is restricted for the School Readiness Program, \$2.21 million is restricted for the Adult Basic Education Program, and \$.17 million is restricted for community service programs.



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**Capital Projects – Building Construction Fund**

The Capital Projects – Building Construction Fund expenditures exceeded revenues by \$29.89 million for the year ended June 30, 2022. After other financing sources of \$63.23 million from the issuance of certificates of participation and bonds, the fund had an increase in fund balance of \$33.34 million.

**Debt Service Fund**

Revenues and expenditures for the District's Debt Service Fund are directly tied to the District's bond principal and interest payment needs. For 2021–2022, approximately 98.1% of the District's debt service revenues came from property taxes. The remaining balance came from the state in the form of agricultural market value property tax credits, federal aid in the form of qualified school construction bond subsidies, and interest income from short-term investments.

In 2021–2022, the District's total Debt Service Fund revenues and other financing sources exceeded expenditures and other financing uses by \$2.56 million.

The June 30, 2022 Debt Service Fund balance totaled \$46.26 million.

**INTERNAL SERVICE FUNDS**

The District maintains one internal service fund at year-end. The Workers Compensation Internal Service Fund is used to account for the activities of the District's workers compensation self-insurance program. For 2021-2022, the revenues for this fund include interest income from short-term investments, contributions paid from the District's governmental funds, and miscellaneous revenue. The workers compensation payable liability for the District on June 30, 2022 totaled \$13.67 million, and the net position of the fund was \$2.86 million.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At year-end, the District has capital assets of \$1.192 billion representing a broad range of capital assets, including school buildings; athletic facilities; and computer, audio-visual, and other equipment for instructional programs (see Table 8). Total depreciation expense for the year was \$33.54 million.

During 2021–2022, the District invested a total of \$19.59 million in furniture and equipment and \$30.88 million in buildings, building improvements, and construction in progress. The changes presented in the table below reflect the ongoing activity and completion of projects at district sites during fiscal year 2022, consistent with the activity of the long-term facilities maintenance program in the General Fund, and the activity of the Capital Projects Fund.

**Table A-7  
Capital Assets**

	<u>2022</u>	<u>2021</u>	<u>Percentage Change</u>
Land	\$ 30,959,067	\$ 30,959,067	-
Construction in Progress	110,017,062	103,508,110	6.3
Land Improvements	38,096,956	37,061,173	2.8
Buildings and Improvements	969,296,783	945,964,899	2.5
Equipment	43,492,570	23,902,796	82.0
Less: Accumulated Depreciation	<u>(520,561,801)</u>	<u>(487,025,632)</u>	6.9
Total General Fund Expenditures	<u>\$ 671,300,637</u>	<u>\$ 654,370,413</u>	2.6

**Long-Term Liabilities**

At year-end, the District had \$632.93 million in bonds, refunding bonds, certificates of participation, and financed purchases outstanding, including unamortized premiums and discounts. This is an increase of \$35.12 million from the previous year, as shown in Table A-9.

- Outstanding bonds and certificates of participation show an increase of \$25.295 million, due to the issuance of additional debt as part of the SPPS Builds facility maintenance plan.
- Premiums and discounts on bonds show a net decrease of \$1.21 million, mostly due to amortization.
- During 2021-2022, the District also retired a previous finance purchase and replaced with a new four-year finance purchase for technology devices.
- The District's liabilities for various long-term employee benefits, including pensions, severance, and compensated absences, decreased \$160.74 million during 2021-2022, mainly due to the decrease in the District's proportionate share of the PERA and SPTRFA pension plan obligations.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022**

**Table A-8  
The District's Long-Term Liabilities**

	<u>2022</u>	<u>2021</u>	<u>Percentage Change</u>
General Obligation Bonds	\$ 305,400,000	\$ 290,280,000	5.2 %
Net Bond Premium and Discount	32,758,902	36,590,778	(10.5)
Certificates of Participation Payable	280,145,000	269,970,000	3.8
Financed Purchases Payable	14,628,607	973,538	1402.6
Net Pension Liability	364,152,793	537,205,204	(32.2)
Severance Benefits Payable	22,739,227	10,410,953	118.4
Compensated Absences Payable	5,633,669	6,932,720	(18.7)
Total Long-Term Liabilities	<u>\$ 1,025,458,198</u>	<u>\$ 1,152,363,193</u>	(11.0)
Long-Term Liabilities:			
Due Within One Year	\$ 34,195,000	\$ 39,372,896	
Due in More Than One Year	991,263,198	1,112,990,297	
Total	<u>\$ 1,025,458,198</u>	<u>\$ 1,152,363,193</u>	

**Limitation on Debt**

The state limits the amount of general obligation debt the District can issue up to 15% of actual market value of all taxable property within the District's boundaries. The estimated market value of all taxable property is \$31.07 billion for calendar year 2022 and the District's debt limit is \$4.66 billion. The District's outstanding debt is significantly below this limit.

Additional details of the Districts capital assets and long-term debt activity can be found in the notes to the basic financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SAINT PAUL PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022**

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

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

The general education program is the method by which school districts receive the majority of their financial support. This source of funding is primarily state aid and, as such, school districts rely heavily on the state of Minnesota for educational resources. The Legislature has added \$161, or 2.45 percent, per pupil to the basic general education funding formula for fiscal year 2022, and an additional \$135, or 2.00 percent, per pupil to the formula for fiscal year 2023.

The COVID-19 pandemic caused numerous financial and operational challenges for school districts in fiscal 2021 and fiscal 2022 and is expected to continue to have a lingering impact in fiscal 2023 and possibly beyond.

The amount of funding a district receives is also dependent on the number of students it serves, meaning attracting and retaining students is critical to the District's financial well-being. The COVID-19 pandemic has disrupted how many students the District attracts and maintains. Students choosing to enroll in other online schools or private school options will mean less revenue for the District.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

These financial statements are designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about these statements or need additional financial information, contact the Business Office, Independent School District No. 625, 360 Colborne Street, Saint Paul, Minnesota 55102.

## **BASIC FINANCIAL STATEMENTS**

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**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Investments	\$ 251,382,503
Cash with Fiscal Agent	121,594,687
Receivables:	
Current Taxes	119,925,110
Delinquent Taxes	2,761,857
Other Governments	89,204,609
Accounts and Interest	2,682,598
Prepaid Items	585,768
Inventories	2,791,094
Lease Receivable	4,462,043
Restricted Assets - Temporary Restricted	
Cash and investments for OPEB	47,722,136
Capital Assets:	
Capital Assets Not Being Depreciated	140,976,129
Other Capital Assets, Net of Depreciation	530,324,508
Total Assets	<u>1,314,413,042</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Losses on Debt Refunding	298,408
Deferred Outflows - Pensions	105,152,741
Deferred Outflows - OPEB	45,634,172
Total Deferred Outflows	<u>151,085,321</u>
<b>LIABILITIES</b>	
Salaries Payable	67,035,057
Accounts and Contracts Payable	35,969,552
Accrued Interest	7,919,648
Due to Other Governmental Units	114,782
Unearned Revenue	596,849
Long-Term Liabilities:	
Total OPEB Liability Due Within One Year	20,000,000
Total OPEB Liability Due in More Than One Year	267,666,112
Net Pension Liability	364,152,793
Portion Due Within One Year	34,195,000
Portion Due in More Than One Year	627,110,405
Total Liabilities	<u>1,424,760,198</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Taxes Levied for Subsequent Year	173,282,327
Gains on Debt Refunding	2,158,607
Deferred Inflows - Leases	4,239,932
Deferred Inflows - Pensions	165,258,320
Deferred Inflows - Other Postemployment Benefits	67,321,245
Total Deferred Inflows of Resources	<u>412,260,431</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	129,995,075
Restricted for:	
Operating Capital Purposes	1,538,254
State-Mandated Restrictions	6,465,934
Food Service	13,287,605
Community Service	9,648,647
Debt Service	39,027,676
Capital Asset Acquisition	45,513,035
Unrestricted	(616,998,492)
Total Net Position	<u>\$ (371,522,266)</u>

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

Functions	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Position
					Total Governmental Activities
<b>GOVERNMENTAL ACTIVITIES</b>					
Administration	\$ 24,671,244	\$ 1,244,493	\$ 85,332,245	\$ -	\$ 61,905,494
District Support Services	41,570,634	-	16,856	1,884,319	(39,669,459)
Regular Instruction	298,755,522	921,000	40,104,385	670,756	(257,059,381)
Vocational Education Instruction	4,773,887	-	670,482	-	(4,103,405)
Special Education Instruction	117,147,891	3,604,676	10,498,565	-	(103,044,650)
Instructional Support Services	41,871,150	231	1,961,081	2,051,611	(37,858,227)
Pupil Support Services	60,154,818	-	477,339	-	(59,677,479)
Sites and Buildings	73,827,168	174,421	24,739	130,955	(73,497,053)
Fiscal and Other Fixed Cost Programs	3,015,413	-	-	-	(3,015,413)
Food Service	35,642,965	(167,595)	32,340,985	-	(3,469,575)
Community Service	30,931,772	4,806,279	3,901,236	-	(22,224,257)
Interest and Fiscal Charges on Long-Term Liabilities	11,386,045	-	-	-	(11,386,045)
Total School District	<u>\$ 743,748,509</u>	<u>\$ 10,583,505</u>	<u>\$ 175,327,913</u>	<u>\$ 4,737,641</u>	<u>(553,099,450)</u>
<b>GENERAL REVENUES</b>					
Property Taxes Levied for:					
General Purposes					149,535,844
Community Service					4,155,988
Debt Service					48,147,715
State Aid Not Restricted to Specific Purposes					441,369,979
Earnings on Investments					(3,899,669)
Miscellaneous					15,297,488
Total General Revenues					<u>654,607,344</u>
<b>CHANGE IN NET POSITION</b>					
					101,507,894
Net Position - Beginning					(459,375,363)
Prior Period Restatement - See Note 10					(13,654,797)
Net Position - Beginning, as Restated					<u>(473,030,160)</u>
<b>NET POSITION - ENDING</b>					<u>\$ (371,522,266)</u>

See accompanying Notes to Basic Financial Statements.



**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2022**

	Major Funds					Total Governmental Funds
	General	Food Service	Community Service	Capital Projects	Debt Service	
<b>ASSETS</b>						
Cash and Investments	\$ 138,321,292	\$ 10,612,601	\$ 10,623,419	\$ 45,542,248	\$ 29,760,828	\$ 234,860,388
Restricted Cash and Investments in Revocable OPEB Trust	47,722,136	-	-	-	-	47,722,136
Cash with Fiscal Agent	-	-	-	85,543,789	36,050,898	121,594,687
Receivables:						
Current Property Taxes	88,534,156	-	2,411,035	-	28,979,919	119,925,110
Delinquent Property Taxes	2,019,543	-	58,957	-	683,357	2,761,857
Due from Other Minnesota School Districts	309,839	-	680	-	-	310,519
Due from Minnesota Department of Education	20,884,993	22,762	1,555,398	-	93,142	22,556,295
Due from Federal through Minnesota Department of Education	55,617,589	1,992,907	2,013,004	-	-	59,623,500
Due from Federal Government Received Directly	3,020,971	-	-	-	-	3,020,971
Due from Other Governmental Units	3,623,898	18,000	51,426	-	-	3,693,324
Accounts and Interest Receivable	2,476,996	1,906	34,368	28,693	140,635	2,682,598
Leases Receivable	-	-	-	-	4,462,043	4,462,043
Prepays	581,948	400	3,420	-	-	585,768
Inventory	616,967	2,174,127	-	-	-	2,791,094
<b>Total Assets</b>	<b>\$ 363,730,328</b>	<b>\$ 14,822,703</b>	<b>\$ 16,751,707</b>	<b>\$ 131,114,730</b>	<b>\$ 100,170,822</b>	<b>\$ 626,590,290</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>						
Liabilities:						
Salaries and Wages Payable	\$ 20,456,363	\$ 495,420	\$ 783,205	\$ 24,614	\$ -	\$ 21,759,602
Payroll Deductions and Employer	43,810,800	507,025	924,338	33,292	-	45,275,455
Accounts and Contracts Payable	13,017,326	239,501	1,064,009	7,974,541	8,950	22,304,327
Due to Other Governmental Units	108,628	-	6,154	-	-	114,782
Unearned Revenue	51,411	293,152	250,790	-	1,496	596,849
<b>Total Liabilities</b>	<b>77,444,528</b>	<b>1,535,098</b>	<b>3,028,496</b>	<b>8,032,447</b>	<b>10,446</b>	<b>90,051,015</b>
Deferred Inflows of Resources:						
Property Taxes Levied for Subsequent Year	120,234,643	-	4,074,564	-	48,973,120	173,282,327
Unavailable Revenue - Delinquent Property Taxes	538,142	-	58,957	-	683,357	1,280,456
Leases	-	-	-	-	4,239,932	4,239,932
<b>Total Deferred Inflows of Resources</b>	<b>120,772,785</b>	<b>-</b>	<b>4,133,521</b>	<b>-</b>	<b>53,896,409</b>	<b>178,802,715</b>
Fund Balance:						
Nonspendable:						
Prepays	581,948	400	3,420	-	-	585,768
Inventory	616,967	2,174,127	-	-	-	2,791,094
Restricted for:						
Student Activities	683,244	-	-	-	-	683,244
Staff Development	6,855	-	-	-	-	6,855
Area Learning Center	3,489,712	-	-	-	-	3,489,712
Achievement and Integration	-	-	-	-	-	-
Adult Basic Education	-	-	2,213,940	-	-	2,213,940
Basic Skills Extended Time	1,066,123	-	-	-	-	1,066,123
Bond Refundings	-	-	-	-	15,280,947	15,280,947
Community Education	-	-	1,488,012	-	-	1,488,012
Early Childhood and Family Education	-	-	2,836,480	-	-	2,836,480
Long-Term Facility Maintenance	-	-	-	46,452,217	-	46,452,217
Medical Assistance	1,220,000	-	-	-	-	1,220,000
Operating Capital	1,538,254	-	-	-	-	1,538,254
Projects Funded by Certificates of Participation	-	-	-	61,803,855	-	61,803,855
QZAB and QSCB Payments	-	-	-	-	20,895,705	20,895,705
School Readiness	-	-	2,874,384	-	-	2,874,384
OPEB Revocable Trust	47,722,136	-	-	-	-	47,722,136
Community Service	-	-	173,454	-	-	173,454
Other Purposes	-	11,113,078	-	14,826,211	10,087,315	36,026,604
Committed for:						
Separation/Retirement Benefits	3,038,018	-	-	-	-	3,038,018
Assigned for:						
Contractual Obligations	3,617,124	-	-	-	-	3,617,124
Strategic Plan Initiative	6,972,200	-	-	-	-	6,972,200
Site-based Operations	18,176,918	-	-	-	-	18,176,918
Intraschool Activities	3,279,497	-	-	-	-	3,279,497
Unassigned	73,504,019	-	-	-	-	73,504,019
<b>Total Fund Balance</b>	<b>165,513,015</b>	<b>13,287,605</b>	<b>9,589,690</b>	<b>123,082,283</b>	<b>46,263,967</b>	<b>357,736,560</b>
<b>Total Liabilities, Deferred Inflows of     Resources, and Fund Balance</b>	<b>\$ 363,730,328</b>	<b>\$ 14,822,703</b>	<b>\$ 16,751,707</b>	<b>\$ 131,114,730</b>	<b>\$ 100,170,822</b>	<b>\$ 626,590,290</b>

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2022**

<b>Total Fund Balance for Governmental Funds</b>	\$	357,736,560
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:		
Land		30,959,067
Construction in Progress		110,017,062
Land Improvements, Net of Accumulated Depreciation		17,047,764
Buildings and Improvements, Net of Accumulated Depreciation		496,199,695
Equipment, Net of Accumulated Depreciation		17,077,049
Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows in the funds.		
		1,280,456
The District's net other postemployment benefits asset and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:		
Other Postemployment Benefits Liability		(287,666,112)
Deferred Inflows of Resources - Other Postemployment Benefits		(67,321,245)
Deferred Outflows of Resources - Other Postemployment Benefits		45,634,172
When a bond defeasance occurs the difference between the amount paid to the refunded bond escrow and the principal of the defeased debt is expensed in the governmental funds. These expenditures are capitalized on the statement of net position as deferred outflows and deferred inflows.		
Losses on Debt Refunding		298,408
Gains on Debt Refunding		(2,158,607)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		
		(7,919,648)
The District'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		(364,152,793)
Deferred Inflows of Resources - Pensions		(165,258,320)
Deferred Outflows of Resources - Pensions		105,152,741
Long-term liabilities that pertain to governmental funds, including bonds 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		(305,400,000)
Unamortized Premiums		(32,758,902)
Certificates of Participation Payable		(280,145,000)
Obligations Under Financed Purchases		(14,628,607)
Severance Benefits Payable		(22,739,227)
Compensated Absences Payable		(5,633,669)
Internal service funds are used by management to charge the costs of workers compensation insurance services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. Internal service fund net position at year-end is:		
		2,856,890
<b>Total Net Position of Governmental Activities</b>	<b>\$</b>	<b>(371,522,266)</b>

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	Major Funds					Total Governmental Funds
	General	Food Service	Community Service	Capital Projects	Debt Service	
<b>REVENUES</b>						
Local Sources:						
Property Taxes	\$ 149,734,295	\$ -	\$ 4,161,503	\$ -	\$ 48,211,612	\$ 202,107,410
Earnings and Investments	(4,604,741)	14,872	12,638	47,139	611,860	(3,918,232)
Other	17,959,914	174,650	4,981,394	-	940,387	24,056,345
State Sources	437,747,552	1,227,976	17,256,625	-	932,569	457,164,722
Federal Sources	138,082,829	32,325,286	3,888,532	-	873,395	175,170,042
Total Revenues	<u>738,919,849</u>	<u>33,742,784</u>	<u>30,300,692</u>	<u>47,139</u>	<u>51,569,823</u>	<u>854,580,287</u>
<b>EXPENDITURES</b>						
Current:						
Administration	26,946,794	-	-	-	-	26,946,794
District Support Services	42,039,059	-	-	-	-	42,039,059
Elementary and Secondary Regular Instruction	294,902,034	-	-	-	-	294,902,034
Vocational Education Instruction	4,901,858	-	-	-	-	4,901,858
Special Education Instruction	129,554,993	-	-	-	-	129,554,993
Instructional Support Services	44,626,757	-	-	-	-	44,626,757
Pupil Support Services	64,490,448	-	-	-	-	64,490,448
Sites and Buildings	62,550,979	-	-	-	-	62,550,979
Fiscal and Other Fixed Cost Programs	3,015,413	-	-	-	-	3,015,413
Food Service	-	34,465,152	-	-	-	34,465,152
Community Service	7,579,518	-	26,695,002	-	-	34,274,520
Capital Outlay	32,616,665	1,613,862	3,239	29,937,051	-	64,170,817
Debt Service:						
Principal	5,390,108	-	-	-	29,905,000	35,295,108
Interest and Fiscal Charges	1,273,779	-	-	-	19,250,373	20,524,152
Total Expenditures	<u>719,888,405</u>	<u>36,079,014</u>	<u>26,698,241</u>	<u>29,937,051</u>	<u>49,155,373</u>	<u>861,758,084</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	19,031,444	(2,336,230)	3,602,451	(29,889,912)	2,414,450	(7,177,797)
<b>OTHER FINANCING SOURCES (USES)</b>						
Insurance Recovery	69,984	-	2,564	1,752,100	-	1,824,648
Sale of Bonds	-	-	-	35,765,000	9,805,000	45,570,000
Bond Premiums	-	-	-	3,158,461	950,010	4,108,471
Issuance of Certificates of Participation	-	-	-	21,215,000	-	21,215,000
Premiums on Certificates of Participation	-	-	-	1,337,495	-	1,337,495
Financed Purchase Agreements	18,070,177	-	-	-	-	18,070,177
Payment to Refunded Bond Escrow Agent	-	-	-	-	(10,610,000)	(10,610,000)
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>18,140,161</u>	<u>-</u>	<u>2,564</u>	<u>63,228,056</u>	<u>145,010</u>	<u>81,515,791</u>
<b>NET CHANGE IN FUND BALANCES</b>	37,171,605	(2,336,230)	3,605,015	33,338,144	2,559,460	74,337,994
<b>FUND BALANCE</b>						
Beginning of Year	128,341,410	15,623,835	5,984,675	89,744,139	43,704,507	283,398,566
End of Year	<u>\$ 165,513,015</u>	<u>\$ 13,287,605</u>	<u>\$ 9,589,690</u>	<u>\$ 123,082,283</u>	<u>\$ 46,263,967</u>	<u>\$ 357,736,560</u>

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$</b>	<b>74,337,994</b>
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. The amount by which capital outlays exceeded depreciation in the current period is:		
Capital Outlays		50,466,393
Depreciation Expense		(33,536,169)
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds.		
		(267,864)
Pension expenditures in the governmental funds are measured by current year employer contributions. Pension expense in the statement of activities is measured by the change in the net pension liability and the related deferred inflows and outflows of resources.		
		38,641,003
In the statement of activities, certain operating expenses - compensated absences and severance - are measured by amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (amounts actually paid).		
		2,625,574
OPEB expense in the statement of activities is measured by the change in the OPEB liability and the related deferred inflows and outflows of resources.		
		3,571,212
The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:		
General Obligation Bonds and Certificates of Participation Issued		(66,785,000)
Premium or Discount on Issued Debt		(5,445,966)
Financed Purchase Agreements		(18,070,177)
Repayment of Bond Principal		19,840,000
Payments to Refunded Bond Escrow Agent		10,610,000
Deferred Gain (Loss) on Current Year Refunding		(260,490)
Repayment of Certificates of Participation Payable		11,040,000
Repayment of Financed Purchases		4,415,108
Change in Accrued Interest		(259,472)
Amortization of Bond Premium		9,277,842
Amortization of Gains/Losses on Bond Refundings		543,250
Internal service funds is used by the District to charge the costs of workers compensation claims to individual funds. The net revenue of the internal service fund is reported with governmental activities.		
		764,656
Total	<b>\$</b>	<b>101,507,894</b>

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u> Amounts	<u>Over (Under)</u> Final Budget
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 142,905,153	\$ 143,292,485	\$ 149,734,295	\$ 6,441,810
Earnings and Investments	100,000	100,000	(4,604,741)	(4,704,741)
Other	7,316,766	12,290,070	17,959,914	5,669,844
State Sources	423,122,138	422,336,538	437,747,552	15,411,014
Federal Sources	130,324,247	191,564,975	138,082,829	(53,482,146)
Total Revenues	<u>703,768,304</u>	<u>769,584,068</u>	<u>738,919,849</u>	<u>(30,664,219)</u>
<b>EXPENDITURES</b>				
Current:				
Administration	26,127,893	27,729,950	26,946,794	(783,156)
District Support Services	21,140,886	54,393,992	42,039,059	(12,354,933)
Elementary and Secondary				
Regular Instruction	295,123,143	320,028,822	294,902,034	(25,126,788)
Vocational Education Instruction	2,167,366	2,541,885	4,901,858	2,359,973
Special Education Instruction	124,344,869	134,436,756	129,554,993	(4,881,763)
Community Service	7,735,573	7,753,957	7,579,518	(174,439)
Instructional Support Services	45,692,399	59,581,065	44,626,757	(14,954,308)
Pupil Support Services	64,608,040	73,518,562	64,490,448	(9,028,114)
Sites and Buildings	59,868,310	64,373,578	62,550,979	(1,822,599)
Fiscal and Other Fixed Cost Programs	24,426,169	6,784,169	3,015,413	(3,768,756)
Capital Outlay	25,350,252	26,885,220	32,616,665	5,731,445
Debt Service:				
Principal	7,183,404	6,388,954	5,390,108	(998,846)
Interest and Fiscal Charges	-	804,150	1,273,779	469,629
Total Expenditures	<u>703,768,304</u>	<u>785,221,060</u>	<u>719,888,405</u>	<u>(65,332,655)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>				
<b>OVER (UNDER) EXPENDITURES</b>	-	(15,636,992)	19,031,444	34,668,436
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance Recovery	-	-	69,984	69,984
Financed Purchase Agreements	-	-	18,070,177	18,070,177
Total Other Financing				
Sources (Uses)	<u>-</u>	<u>-</u>	<u>18,140,161</u>	<u>18,140,161</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ (15,636,992)</u>	<u>37,171,605</u>	<u>\$ 52,808,597</u>
<b>FUND BALANCE</b>				
Beginning of Year			<u>128,341,410</u>	
End of Year			<u>\$ 165,513,015</u>	

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
FOOD SERVICE FUND  
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local Sources:				
Earnings and Investments	\$ -	\$ -	\$ 14,872	\$ 14,872
Other - Primarily Meal Sales	206,610	328,210	174,650	(153,560)
State Sources	-	-	1,227,976	1,227,976
Federal Sources	37,495,946	40,844,468	32,325,286	(8,519,182)
Total Revenues	<u>37,702,556</u>	<u>41,172,678</u>	<u>33,742,784</u>	<u>(7,429,894)</u>
<b>EXPENDITURES</b>				
Current:				
Food Service	36,502,556	39,877,702	34,465,152	(5,412,550)
Capital Outlay	1,200,000	1,300,000	1,613,862	313,862
Total Expenditures	<u>37,702,556</u>	<u>41,177,702</u>	<u>36,079,014</u>	<u>(5,098,688)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ (5,024)</u>	(2,336,230)	<u>\$ (2,331,206)</u>
<b>FUND BALANCE</b>				
Beginning of Year			<u>15,623,835</u>	
End of Year			<u>\$ 13,287,605</u>	

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**COMMUNITY SERVICE FUND**  
**YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 2,609,119	\$ 3,881,473	\$ 4,161,503	\$ 280,030
Earnings and Investments	10,000	10,000	12,638	2,638
Other - Primarily Tuition and Fees	6,325,003	5,023,637	4,981,394	(42,243)
State Sources	17,767,468	16,576,466	17,256,625	680,159
Federal Sources	1,772,540	7,135,650	3,888,532	(3,247,118)
Total Revenues	<u>28,484,130</u>	<u>32,627,226</u>	<u>30,300,692</u>	<u>(2,326,534)</u>
<b>EXPENDITURES</b>				
Current:				
Community Service	28,450,313	32,415,003	26,695,002	(5,720,001)
Capital Outlay	21,000	21,049	3,239	(17,810)
Total Expenditures	<u>28,471,313</u>	<u>32,436,052</u>	<u>26,698,241</u>	<u>(5,737,811)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	12,817	191,174	3,602,451	3,411,277
<b>OTHER FINANCING SOURCES</b>				
Insurance Recovery	-	-	2,564	2,564
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 12,817</u>	<u>\$ 191,174</u>	3,605,015	<u>\$ 3,413,841</u>
<b>FUND BALANCE</b>				
Beginning of Year			<u>5,984,675</u>	
End of Year			<u>\$ 9,589,690</u>	

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**INTERNAL SERVICE FUND**  
**JUNE 30, 2022**  
 (WITH SUMMARIZED INFORMATION AS OF JUNE 30, 2021)

	Totals	
	2022	2021
<b>ASSETS</b>		
Cash and Investments	\$ 16,522,115	\$ 14,517,545
<b>LIABILITIES</b>		
Current Liabilities:		
Workers Compensation Payable	13,665,225	12,425,311
<b>NET POSITION</b>		
Unrestricted	\$ 2,856,890	\$ 2,092,234

See accompanying Notes to Basic Financial Statements.



**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION**  
**PROPRIETARY FUND**  
**INTERNAL SERVICE FUND**  
**YEAR ENDED JUNE 30, 2022**  
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

	Totals	
	2022	2021
<b>OPERATING REVENUES</b>		
Local Sources:		
Assessments from Governmental Funds	\$ 4,589,510	\$ 2,539,058
Miscellaneous Revenue	746,093	-
Total Operating Revenues	5,335,603	2,539,058
<b>OPERATING EXPENSES</b>		
Workers' Compensation Claims	4,589,510	2,539,058
<b>OPERATING INCOME</b>	746,093	-
<b>NONOPERATING REVENUE</b>		
Earnings on Investments	18,563	3,668
<b>CHANGE IN NET POSITION</b>	764,656	3,668
Net Position - Beginning	2,092,234	2,088,566
<b>NET POSITION - ENDING</b>	\$ 2,856,890	\$ 2,092,234

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**INTERNAL SERVICE FUND**  
**YEAR ENDED JUNE 30, 2022**  
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

	Totals	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Assessments from Governmental Funds	\$ 4,589,510	\$ 2,539,058
Surplus Distribution Received	746,093	-
Payments for Workers' Compensation	(3,349,596)	(2,790,331)
Net Cash Provided (Used) by Operating Activities	1,986,007	(251,273)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received	18,563	3,668
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	2,004,570	(247,605)
Cash and Cash Equivalents - Beginning	14,517,545	14,765,150
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	\$ 16,522,115	\$ 14,517,545
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating Income	\$ 746,093	\$ -
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Increase (Decrease) in Claims Payable	1,239,914	(251,273)
Net Cash Provided (Used) by Operating Activities	\$ 1,986,007	\$ (251,273)

See accompanying Notes to Basic Financial Statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

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**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Basis of Presentation

The financial statements of Independent School District No. 625 have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. 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

Independent School District No. 625The District was formed and operates pursuant to applicable Minnesota laws and statutes and is an instrumentality of the state of Minnesota established to function as an educational institution. The District is governed by a seven-member School Board elected by voters of the District to serve four-year terms.

U.S. GAAP require that the District's financial statements include all funds, departments, agencies, boards, commissions, and other organizations which are not legally separated from the District. In addition, the District's financial statements are to include all component units - entities for which the District is financially accountable.

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

**Adoption of New Accounting Standards:**

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**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 District.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other internally directed revenues are reported instead as general revenues.

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

Separate fund financial statements are provided for governmental and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Fiduciary funds are presented in the fiduciary fund financial statements by type.

The Internal Service Fund is presented in the proprietary fund financial statements. Because the principal users of the internal services are the District's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the District's internal service fund is charges for services in the form of workers compensation premiums.

Operating expenses for the internal service funds include the cost of services (claims and admin costs). All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

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, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are generally recognized as revenues in the fiscal year for which they are levied, except for amounts advance recognized in accordance with a statutory "tax shift" described later in these notes. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

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

1. Revenue Recognition

Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to Minnesota Statutes and U.S. GAAP. 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, community education tuition, 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.

2. Recording of Expenditures

Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used. Principal and interest on long-term debt issues are recognized on their due dates. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

D. Measurement Focus and Basis of Accounting (Continued)

**Description of Funds**

The existence of the various District funds has been established by the state of Minnesota, Department of Education. The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. A description of the funds included in this report is as follows:

*Major Governmental Funds*

**General Fund**

The General Fund is the district's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund. The District maintains two accounts within the General Fund:

Operating Account – The Operating Account is used to account for the general operations of the District.

Fully Financed General Fund Account – The Fully Financed General Fund Account is used to account for programs and activities which are fully financed by external grants and contributions.

**Food Service Special Revenue Fund**

The Food Service Fund is used to account for food service revenues and expenditures, with revenue primarily coming from meal sales to students and state and federal meal reimbursements.

**Community Service Special Revenue Fund**

The Community Service Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, adult or early childhood programs, or other similar services. The primary source of revenue is user fees related to these programs.

**Capital Projects – Building Construction Fund**

The Capital Projects Fund is used to account for financial resources used for the acquisition or construction of major capital facilities.

**Debt Service Fund**

The Debt Service Fund is used to account for the accumulation of resources for, and payment of, general obligation bond principal, interest, and related costs.



**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

D. Measurement Focus and Basis of Accounting (Continued)

**Description of Funds (Continued)**

*Proprietary Fund*

Internal Service Fund

Internal Service Funds are used to account for the financial resources used for the District's workers compensation self-insurance program. As a proprietary fund the internal service fund employs the economic resources measurement focus and is accounted for on the accrual basis.

E. Budgeting

The Board of Education adopts an annual budget for all governmental funds prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level. Budgeted appropriations lapse at year-end. However, for certain programs, unspent appropriations are assigned for carryover and may be reappropriated in the subsequent year. There were no funds which had expenditures exceed budget appropriations for fiscal year 2022.

F. Cash and Investments

Cash and temporary investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund. Earnings from the investments of the Capital Projects – Building Construction Fund, the Debt Service Fund, and the OPEB trust fund are allocated directly to those funds/accounts.

Cash and investments include balances held in segregated accounts established for specific purposes. Restricted cash and investments include balances held in segregated accounts that are established for specific purposes. In the General Fund, restricted cash and investments represent assets contributed to a revocable trust established to finance the District's liability for postemployment insurance benefits. In the Capital Projects Fund, this represents assets held for building construction. In the Debt Service Fund, the refunding bond escrow accounts held by trustee are used only to retire refunded bond issues and to pay interest on refunding bond issues until the crossover refunding dates. Interest earned on these investments is allocated directly to the escrow accounts.

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

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

F. Cash and Investments (Continued)

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

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

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

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

G. Accounts Receivable

Accounts receivable represent amounts receivable from individuals, firms, and corporations for goods and services furnished by the District. When necessary, the District utilizes an allowance for uncollectible accounts to value its receivables. However, the District considers all of its current receivables to be collectible. The only receivables not expected to be fully collected within one year are delinquent property taxes receivable.

H. Inventories

Inventories are recorded using the consumption method of accounting and consist of purchased food, supplies, and surplus commodities received from the federal government. Food and supply purchases are recorded at invoice cost, computed on a first-in, first-out method, and surplus commodities are stated at standardized cost, as determined by the Department of Agriculture.

I. 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.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

J. Property Taxes

Property tax levies are established by the School Board in December each year and are certified to the County for collection the following calendar year. In Minnesota, counties act as collection agents for all property taxes and are responsible for spreading all levies over taxable property. Such taxes become a lien on January 1. Taxes are generally due on May 15 and October 15 and counties generally remit taxes to the Districts at periodic intervals as they are collected. A portion of property taxes levied is paid through state credits which are included in revenue from state sources in the financial statements.

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the “tax shift,” which periodically changes the District’s recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year’s levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes \$29,505,719 of the property tax levy collectible in 2023 as revenue to the District in fiscal year 2021–2022. The remaining portion of the taxes collectible in 2022 is recorded as a deferred inflow of resources (property taxes levied for the subsequent year).

Taxes which remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is reported as a deferred inflow of resources (unavailable revenue) in the governmental fund financial statements because it is not considered to be available to finance the current operations of the District.

K. 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 District defines capital assets as those with an initial, individual cost of \$5,000 or more, which benefit more than one fiscal year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since assets are generally sold for an immaterial amount or scrapped when no longer fit or needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for furniture and equipment. Land and construction in progress are not depreciated.

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

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

L. Leases

The District determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statements of net position and fund financial statements.

Lease receivables represent the District's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

Amounts to be received under residual value guarantees that are not fixed in substance are recognized as a receivable and an inflow of resources if (a) a guarantee payment is required and (b) the amount can be reasonably estimated. Amounts received for the exercise price of a purchase option or penalty for lease termination are recognized as a receivable and an inflow of resources when those options are exercised.

The District has elected to recognize payments received for short-term leases with a lease term of 12 months or less as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position and fund financial statements.

M. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are amortized as a component of interest expense over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

N. Compensated Absences

Under the terms of collectively bargained contracts, eligible employees accrue vacation and sick leave at varying rates, portions of which may be carried over to future years. Employees are reimbursed for any unused, accrued vacation upon termination. Unused sick leave enters into the calculation of certain termination payments for some employees. Compensated absences are accrued in governmental fund financial statements only when used or matured prior to year-end due to employee termination or similar circumstances and are paid by the General Fund and special revenue funds. Unused vacation pay is accrued when incurred in the government-wide financial statements.

O. Severance Benefits

Unused sick leave for eligible employees is recorded as severance pay to the extent it is probable that the District will compensate employees for unused sick leave through cash payments upon termination or retirement. Employees must be 55 years of age or older and must be eligible for a pension under provisions of the Saint Paul Teachers Retirement Fund Association (SPTRFA) or the Public Employees Retirement Association (PERA) of Minnesota. Severance pay is calculated at a rate ranging from \$85 to \$270, depending on the bargaining group, for each day of unused sick leave. The maximum amount of money that any employee may obtain through the severance program is \$33,000.

Funding for severance pay is partially funded through a special levy. All severance pay is accrued in the government-wide financial statements as it is earned, and it becomes probable that it will vest at some point in the future. Severance pay is accrued in the governmental fund financial statements when the liability matures, due to employee termination.

P. Pensions

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

PERA has a special funding situation created by a direct aid contribution made by the state of Minnesota. The direct aid is a result of the merger of the Minneapolis Employees Retirement Fund into PERA. SPTRFA has a special funding situation created by direct aid contributions made by the state of Minnesota pursuant to Minnesota Statutes 354A.12 and 423A.02. Additional information can be found in Note 6.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

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

Q. Other Postemployment Benefits Payable

The District operates and administers a single employer defined benefit other postemployment benefit plan (the Plan) that provides health, dental, and life insurance to eligible employees and their spouses through the District's insurance plans. There are 4,981 active participants and 3,085 retired participants. Benefit and eligibility provisions are established through contractual agreements with employee groups. These contractual agreements do not include any specific contribution or funding requirements. The Plan does not issue a publicly available financial report. See Note 7 for further information.

R. Risk Management

1. General Insurance – The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters; for which it carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in the District's insurance coverage in the current fiscal year.
2. Self-Insurance – The District has established an internal service fund to account for and finance its uninsured risk of loss for workers compensation. Workers compensation claim liabilities are based on open claims and estimates. They are also based on actuarial analysis to determine potential or unknown claims. Determining actual claims liabilities depends on complex factors, such as changes in Minnesota Statutes, legal determinations, injury assessments, and awards; therefore, the process used in computing a claim liability does not necessarily result in an exact amount.

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

Fiscal Year Ended June 30,	Claims Payable Beginning of Year	Current Year Claims	Claim Payments	Claims Payable End of Year
2021	\$ 12,676,584	\$ 2,539,058	\$ 2,790,331	\$ 12,425,311
2022	12,425,311	4,589,510	3,349,596	13,665,225

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

S. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheet 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 (expense/expenditure) until then. The District has three types of items that qualify for reporting in this category as deferred outflows of resources related to pensions, other postemployment benefits, and deferred losses on debt refundings. See Notes 6 and 7 for details on pensions and other postemployment benefit amounts.

In addition to liabilities, the statement of financial position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has six types of deferred inflows, two of which are related to revenue recognition. The first is property taxes levied for subsequent year. As an imposed nonexchange revenue transaction, property taxes received or reported as a receivable before the period for which the property taxes are levied are reported as a deferred inflow of resources in the government-wide financial statements and in the governmental fund financial statements. The second type of deferred inflow of resources is delinquent property taxes. Governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's year-end) under the modified accrual basis of accounting. Delinquent taxes not collected within 60 days after the District's year-end are considered unavailable and reported as a deferred inflow of resources in the governmental fund financial statements. The District also has deferred inflows of resources related to pensions, other postemployment benefits, deferred gains on debt refunding, and long-term lease receivables. See Notes 6 and 7 for details on pension and other postemployment benefit amounts and Note 4 for details on leases.

T. Unearned Revenue

Unearned revenues are those in which resources are received by the District before it has a legal claim to them. The District has reported unearned revenues for prepaid General Fund and Community Service Fund revenues, and school lunch balances for students in the Food Service Fund.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

U. Fund Balance

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

*Nonspendable* – portions of fund balance related to prepaids, inventories, long-term receivables, and corpus on any permanent fund.

*Restricted* – funds are constrained from outside parties (statute, grantors, bond agreements, etc.).

*Committed* – funds are established and modified by a resolution approved by the School Board. Those committed amounts cannot be used for any other purposes unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

*Assigned* – consists of internally imposed constraints. These constraints consist of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. The School Board passed a resolution authorizing the Superintendent or other authorized designee to establish assignments of fund balance.

*Unassigned* – 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 District's policy to use restricted first, then unrestricted fund balance.

When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts are available, it is the District's policy to use committed first, then assigned, and finally unassigned amounts.

The District formally adopted a fund balance policy for the General Fund. The policy establishes a year-end minimum unassigned fund balance target of 5% of annual operating expenditures.



**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

V. Net Position

Net position represents the difference between assets, deferred outflow of resources and liabilities, and deferred inflows of resources in the government-wide, Proprietary, and Fiduciary Fund financial statements. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statement when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. All other net position that does not meet the definition of restricted or net investment in capital assets is presented as unrestricted.

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

W. Comparative Data

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

**NOTE 2 DEPOSITS AND INVESTMENTS**

A. Deposits

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and the balance sheet as "Cash and Investments." In accordance with Minnesota Statutes, the District maintains deposits at financial institutions which are authorized by the School District's Board.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District 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 include: 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 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.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

A. Deposits (Continued)

**Custodial Credit Risk (Continued)**

The carrying value and bank balance of the District's deposits in banks at June 30, 2022 is \$125,350,411 and \$128,996,356, respectively, and were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

B. Investments

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

- Direct obligations or obligations guaranteed by the United States or its agencies
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less
- General obligations rated "A" or better; revenue obligations rated "AA" or better
- General obligations of the Minnesota Housing Finance Agency rate "A" or better Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System
- Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by a least two nationally recognized rating agencies, and maturing in 270 days or less
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories
- Repurchase or reverse purchase agreement and securities lending agreements financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers
- Investments related to the OPEB Irrevocable Trust Fund may be invested in accordance with Minnesota Statute 356A.06.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

B. Investments (Continued)

At June 30, 2022, the District's investment balances were as follows:

	Fair Value
U.S. Treasuries with Maturities at Purchase of Greater Than 1 Year	\$ 6,979,629
Federal Home Loan Bank Notes	256,358
Federal National Mortgage Association	208,712
Federal Home Loan Mortgage Corporation	415,960
Real Asset Investment Trusts	199,218
Real Asset Funds	3,801,509
Corporate Bonds	11,920,432
Equities	21,547,109
Total Investments at Fair Value	\$ 45,328,927
	Amortized Cost
Money Markets	\$ 2,393,032
MSDLAF+ Liquid Class	177,491,252
MSDLAF+ Max Class	70,135,704
Total Investments at Amortized Cost	\$ 250,019,988

The Minnesota School District Liquid Asset Fund is an external investment pool not registered with the Securities Exchange Commission (SEC). The Liquid Class has no redemption requirements while the Max Class may not be redeemed for at least 14 days and a 24-hour hold is placed on redemption requests. The MN Trust Investment Shares portfolio is an external investment pool, and its investments are valued at amortized cost.

*Credit Risk and Interest Rate 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.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

B. Investments (Continued)

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 District's investment policies do not limit the maturities of investments; however, when purchasing investments, the District considers such things as interest rates and cash flow needs. The credit ratings and maturities of the District's investments are as follows:

Type	Total	Maturity Duration in Years			No Maturities	Rating
		Less Than 1	1 to 5	More Than 5		
U.S. Treasuries with Maturities at Purchase of Greater Than One Year	\$ 6,979,629	\$ -	\$ 6,373,098	\$ 606,531	\$ -	Aaa/AA+
Federal Home Loan Bank Notes	256,358	-	256,358	-	-	AA+
Federal National Mortgage Association	208,712	-	208,712	-	-	AA+
Federal Home Loan Mortgage Corporation	415,960	415,960	-	-	-	AA+
Real Asset Investment Trusts	199,218	-	-	-	199,218	NR
Real Asset Funds	3,801,509	-	-	-	3,801,509	NR
Corporate Bonds	11,920,432	-	9,758,562	2,161,870	-	BBB to AA+
Equities	21,547,109	-	-	-	21,547,109	NR
MSDLAF+ Liquid Class	177,491,252	-	-	-	177,491,252	AAA
MSDLAF+ Max Class	70,135,704	-	-	-	70,135,704	AAA
Money Markets	2,393,032	-	-	-	2,393,032	NR
Total	<u>\$ 295,348,915</u>	<u>\$ 415,960</u>	<u>\$ 16,596,730</u>	<u>\$ 2,768,401</u>	<u>\$ 275,567,824</u>	

**Custodial Credit Risk**

For an investment, custodial risk is the risk that, in the event of failure of the counterparty, the School District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The School District's investment policy requires that brokers provide insurance to cover balances held in each investment account. As of June 30, 2022, the investment balances were fully covered by insurance for each brokerage firm.

***Concentration of Credit Risk***

The District places no limit on the amount that the District may invest in any one issuer. Currently, the District did not have investments with any issuer which individually comprised more than 5% of total investments.

The deposits and investments are presented in the financial statements as follows:

Cash and Investments - Statement of Net Position	\$ 251,382,503
Cash with Fiscal Agent - Statement of Net Position	121,594,687
Restricted Cash and Investments - Statement of Net Position	<u>47,722,136</u>
Total Cash and Investments	<u><u>\$ 420,699,326</u></u>

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

C. Fair Value Measurements

The District uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The District follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the District has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

*Level 2* – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

*Level 3* – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity’s own assumptions about the assumptions market participants and would use in pricing the asset.

Assets of the District measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
U.S. Treasuries with Maturities at Purchase of Greater Than One Year	\$ 6,979,629	\$ -	\$ -	\$ 6,979,629
Federal Home Loan Bank Notes	-	256,358	-	256,358
Federal National Mortgage Association	-	208,712	-	208,712
Federal Home Loan Mortgage Corporation	-	415,960	-	415,960
Real Asset Investment Trusts	-	199,218	-	199,218
Real Asset Funds	-	3,801,509	-	3,801,509
Corporate Bonds	-	11,920,432	-	11,920,432
Equities	21,547,109	-	-	21,547,109
Investments Measured at Fair Value	<u>\$ 28,526,738</u>	<u>\$ 16,802,189</u>	<u>\$ -</u>	<u>45,328,927</u>
Investments Measured at Amortized Cost				250,019,988
Total				<u>\$ 295,348,915</u>

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 3 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 30,959,067	\$ -	\$ -	\$ 30,959,067
Construction in Progress	103,508,110	30,876,619	(24,367,667)	110,017,062
Total Capital Assets, Not Being Depreciated	134,467,177	30,876,619	(24,367,667)	140,976,129
Capital Assets, Being Depreciated:				
Land Improvements	37,061,173	1,035,783	-	38,096,956
Buildings and Improvements	945,964,899	23,331,884	-	969,296,783
Furniture and Equipment	23,902,796	19,589,774	-	43,492,570
Total Capital Assets, Being Depreciated	1,006,928,868	43,957,441	-	1,050,886,309
Accumulated Depreciation for:				
Land Improvements	(19,578,546)	(1,470,646)	-	(21,049,192)
Buildings and Improvements	(445,592,724)	(27,504,364)	-	(473,097,088)
Furniture and Equipment	(21,854,362)	(4,561,159)	-	(26,415,521)
Total Accumulated Depreciation	(487,025,632)	(33,536,169)	-	(520,561,801)
Total Capital Assets, Being Depreciated, Net	519,903,236	10,421,272	-	530,324,508
Governmental Activities Capital Assets, Net	<u>\$ 654,370,413</u>	<u>\$ 41,297,891</u>	<u>\$ (24,367,667)</u>	<u>\$ 671,300,637</u>

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

<b>Governmental Activities</b>	
Administration	\$ 291,732
District Support Services	1,058,154
Regular Instruction	30,984,842
Special Education Instruction	418,139
Instructional Support Services	91,478
Pupil Support Services	111,770
Food Service	271,357
Community Service	308,697
Total Depreciation Expense, Governmental Activities	<u>\$ 33,536,169</u>

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 4 LEASES**

The District, acting as lessor, leases building and roof space under various long-term, noncancelable lease agreements. The leases expire at various dates through 2026 and provide for various renewal options extending through 2034. During the year ended June 30, 2022, the District recognized \$615,653 and \$150,895 in lease revenue and interest revenue, respectively, pursuant to these contracts. None of the leases contain stated discount rates, therefore the District utilized its incremental borrowing rate of 3.25% at the start of the leases.

Total future minimum lease payments to be received under lease agreements are as follows:

<u>Year Ending June 30.</u>	Governmental Activities	
	Principal	Interest
2023	\$ 514,323	\$ 136,455
2024	474,294	120,422
2025	412,304	106,261
2026	391,767	93,235
2027	579,874	80,138
2028-2032	1,948,918	174,045
2033-2034	140,563	8,289
Total	\$ 4,462,043	\$ 718,845

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 5 LONG-TERM LIABILITIES**

**A. Components of General Long-Term Debt**

The District has the following general obligation bonds outstanding at June 30:

Issue	Issue Date	Net Interest Rate	Original Issue	Final Maturity	Principal Outstanding	
					Due Within One Year	Total
2009D Taxable School Building Bonds	12/23/2009	1.59%	\$ 16,115,000	12/15/2025	\$ -	\$ 16,115,000
2010C Taxable School Building Bonds	11/17/2010	5.08%	18,250,000	2/1/2029	-	18,250,000
2013 School Building Bonds	6/25/2013	2.00-4.00%	24,485,000	2/1/2034	1,120,000	16,335,000
2013B School Building Refunding Bonds	6/25/2013	4.00-5.00%	28,635,000	2/1/2027	2,960,000	14,460,000
2015A School Building Bonds	6/11/2015	2.00-5.00%	15,000,000	2/1/2036	645,000	11,420,000
2016A School Building Bonds	7/27/2016	2.00-4.00%	15,000,000	2/1/2036	665,000	11,125,000
2016B School Building Refunding Bonds	7/27/2016	2.00-5.00%	34,955,000	2/1/2030	3,210,000	24,880,000
2017A School Building Bonds	6/15/2017	3.00-4.00%	15,000,000	2/1/2037	625,000	12,080,000
2017D School Building Refunding Bonds	12/21/2017	3.00-5.00%	15,520,000	2/1/2032	1,135,000	14,420,000
2018A School Building Bonds	6/21/2018	3.00-5.00%	15,000,000	2/1/2037	575,000	12,820,000
2019A School Building Bonds	6/20/2019	3.00-5.00%	15,000,000	2/1/2039	550,000	13,295,000
2020A School Building Bonds	2/20/2020	2.00-5.00%	15,000,000	2/1/2040	540,000	14,010,000
2020B School Building Refunding Bonds	2/20/2020	4.00-5.00%	8,810,000	2/1/2031	1,965,000	5,060,000
2020D Refunding Bonds	11/19/2020	2.00-5.00%	24,895,000	2/1/2033	3,970,000	21,350,000
2020E Taxable School Building Refunding Bonds	11/19/2020	1.25-2.00%	15,585,000	2/1/2034	-	15,585,000
2021A School Building Bonds	6/17/2021	2.00-5.00%	15,000,000	2/1/2041	530,000	13,920,000
2021B Facilities Maintenance Bonds	6/17/2021	2.00-5.00%	25,850,000	2/1/2041	885,000	24,705,000
2022A School Building Bonds	2/28/2022	3.00-5.00%	15,000,000	2/1/2042	430,000	15,000,000
2022B Facilities Maintenance Bonds	2/28/2022	3.00-5.00%	20,765,000	2/1/2042	720,000	20,765,000
2022C School Building Refunding Bonds	2/28/2022	3.00-5.00%	9,805,000	2/1/2035	675,000	9,805,000
Total General Obligation Bonds					<u>\$ 21,200,000</u>	<u>\$ 305,400,000</u>

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

The District's Taxable School Building Bonds, Series 2009D, were issued as Qualified School Construction – Tax Credit Bonds. The 1.585% interest rate on this bond represents the supplemental coupon interest rate for which the District is responsible. Investors who hold these bonds are also eligible for a tax credit from the federal government, allowing the bonds to be issued at a lower rate of interest and cost to the District.

The District's Taxable School Building Bonds, Series 2020C, were issued as Qualified School Construction – Direct Pay Bonds, for which the District will receive a federal reimbursement for a portion of the interest payments on this debt issue.

During fiscal year 2022, the District issued \$15,000,000 of General Obligation School Building Bonds, Series 2022A. The proceeds were used to finance various capital improvements and equipping of existing District facilities and grounds. The District also issued \$20,765,000 General Obligation Facilities Maintenance bonds, Series 2022B. The proceeds were used to finance various deferred maintenance projects.

During fiscal year 2022, the District issued \$9,805,000 of General Obligation School Building Refunding Bonds, Series 2022C. The proceeds were used to finance a current refunding of the General Obligation Bonds, Series 2014A. The 2022C issue was undertaken to reduce the total future debt services payment resulting in a cash flow savings of \$789,884 and a net present value savings of \$693,327.



**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

A. Components of General Long-Term Debt (Continued)

The District has the following certificates of participation outstanding at June 30:

Issue	Issue Date	Net Interest Rate	Original Issue	Final Maturity	Principal Outstanding	
					Due Within One Year	Total
2017B Certificates of Participation	6/15/2017	3.00-5.00%	\$ 24,305,000	2/1/2037	\$ 1,025,000	\$ 20,670,000
2017C Certificates of Participation	12/21/2017	3.00-5.00%	56,015,000	2/1/2038	2,150,000	48,785,000
2018B Certificates of Participation	6/21/2018	3.00-5.00%	52,500,000	2/1/2039	1,930,000	47,240,000
2018C Certificates of Participation	6/21/2018	3.00-5.00%	18,060,000	2/1/2039	665,000	16,245,000
2019B Certificates of Participation	7/24/2019	3.00-5.00%	22,145,000	2/1/2039	850,000	20,600,000
2019C Certificates of Participation	7/24/2019	2.025-3.383%	40,260,000	2/1/2039	1,720,000	36,865,000
2020C Certificates of Participation	2/20/2020	2.00-5.00%	65,490,000	2/1/2040	2,365,000	60,905,000
2021D Certificates of Participation	6/17/2021	2.00-2.80%	8,425,000	2/1/2041	330,000	7,620,000
2022D Certificates of Participation	3/25/2022	3.00-5.00%	21,215,000	2/1/2042	1,960,000	21,215,000
					<u>\$12,995,000</u>	<u>\$ 280,145,000</u>

The District has entered into installment purchase contracts to acquire and renovate facilities for instructional purposes through certificates of participation issued by independent vendors in the District's name. These certificates are full faith and credit obligations of the District and have been recorded as long-term obligations issued for capital projects in the financial statements. The certificates of participation are paid by the Debt Service Fund, except for the 2017B Certificates of Participation, which are paid by the General Fund.

The District has the following financed purchase obligations outstanding at June 30:

Issue	Issue Date	Net Interest Rate	Original Issue	Final Maturity	Principal Outstanding	
					Due Within One Year	Total
Apple iPad Bundles Financed Purchase	6/7/2021	3.25%	\$ 14,452,047	8/15/2024	\$ 3,553,422	\$ 11,010,477
Apple MacBook Air Bundle Financed Purchase	4/15/2022	3.50%	3,618,130	7/5/2025	858,405	3,618,130
					<u>\$ 4,411,827</u>	<u>\$ 14,628,607</u>

On May 20, 2015, the District entered into a master purchase agreement with Apple, Inc. for technology equipment. The District acquires equipment from time to time under this master agreement as needed. Each purchase "schedule" added under this master agreement adds equipment to the agreement and carries its own term and payment schedule. Upon payment in full of all scheduled payments, Apple, Inc.'s interest in the equipment is transferred to the District, free and clear of any right or interest of Apple, Inc. As such, these agreements are considered financed purchases. The General Fund is used to liquidate these liabilities.

During fiscal year 2022, the District amended this master purchase agreement and entered into two additional schedules for additional computer equipment.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

**B. Minimum Debt Payments**

Minimum annual principal and interest payments required to retire long-term debt, not including pension, severance, and health benefits payable are as follows:

<u>Year Ending June 30,</u>	General Obligation Bonds Payable		Certificates of Participation Payable	
	Principal	Interest	Principal	Interest
2023	\$ 21,200,000	\$ 9,454,509	\$ 12,995,000	\$ 9,930,414
2024	21,635,000	8,425,974	12,185,000	9,526,657
2025	20,890,000	7,485,924	12,740,000	8,976,922
2026	36,310,000	6,433,875	13,310,000	8,399,260
2027	19,310,000	5,479,651	13,925,000	7,792,619
2028-2032	101,825,000	17,954,579	79,115,000	29,498,477
2033-2034	57,115,000	7,614,453	92,855,000	15,760,723
2038-2042	27,115,000	1,807,844	43,020,000	2,476,417
Total	<u>\$ 305,400,000</u>	<u>\$ 64,656,809</u>	<u>\$ 280,145,000</u>	<u>\$ 92,361,489</u>

**C. Changes in Long-Term Debt**

	June 30, 2021	Additions	Retirements	June 30, 2022
Bonds Payable	\$ 290,280,000	\$ 45,570,000	\$ 30,450,000	\$ 305,400,000
Unamortized Premiums	36,590,778	5,445,966	9,277,842	32,758,902
Certificates of Participations	269,970,000	21,215,000	11,040,000	280,145,000
Financed Purchases Payable	973,538	18,070,177	4,415,108	14,628,607
Severance Benefits Payable	24,065,750	127,468	1,453,991	22,739,227
Compensated Absences Payable	6,932,720	5,424,859	6,723,910	5,633,669
Total	<u>\$ 628,812,786</u>	<u>\$ 95,853,470</u>	<u>\$ 63,360,851</u>	<u>\$ 661,305,405</u>

Severance benefits and compensated absences payable are generally liquidated by the fund incurring the liability, including the General Fund, Food Service Fund, and Community Service Fund.

Subsequent Debt Issuances

In December 2022, the District issued \$29,190,000 General Obligation Facilities Maintenance Bonds, Series 2022E, to finance various health and safety projects and deferred maintenance projects across various existing facilities in accordance with the District's 10-year facilities maintenance plan. The bonds carry interest rates ranging from 4.00%-5.0% and mature in fiscal year 2043.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 6 DEFINED BENEFIT PENSION PLANS**

A. Plan Description

The District participates in the following cost-sharing, multiple-employer, defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA) and the Saint Paul Teachers' Retirement Fund Association (SPTRFA). PERA's and SPTRFA's defined benefit pension plans tax-qualified plans under Section 401(a) of the IRC.

**1. General Employees Retirement Plan**

All full-time and certain part-time employees of the District, other than teachers, are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security. PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

**2. St. Paul Teachers' Retirement Fund Association (SPTRFA)**

The St. Paul Teachers' Retirement Fund Association (SPTRFA) is the administrator of a multiple-employer, cost-sharing, defined benefit plan pension fund, with two benefit structures known as the Basic Plan and the Coordinated Plan (the Plans). Originally established in 1909, the Association is a nonprofit corporation organized pursuant to the provisions of Minn. Statutes, Chapters 317A and governed by Minn. Statutes, Chapters 354A, 356, and 356A, as well as the Association's bylaws. SPTRFA is governed by a ten-member Board of Trustees (the Board). Nine trustees are elected by and from the Association's membership and serve rotating three-year terms. The Board of Independent School District No. 625, St. Paul Public Schools, annually appoints the tenth trustee, who serves as an ex-officio member of the Board.

B. Benefits Provided

PERA and SPTRFA provide 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.

**1. General Employees Plan Benefits**

General Employees Plan 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 PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% of average salary for each of the first 10 years of service and 1.7% of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% of average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

B. Benefits Provided (Continued)

**1. General Employees Plan Benefits (Continued)**

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. 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 reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

**2. SPTRFA Benefits**

The SPTRFA provides retirement and disability benefits to those members satisfying length-of-service and minimum age requirements. Depending on plan coverage, survivor benefits and family benefits may also be available. Benefits are established by Minnesota Statutes and vest after three years of service credit for Coordinated Plan members and five years of service credit for Basic Plan members.

Basic Plan

The benefit that a member is entitled to receive is the greater of the pension amount computed using the applicable Tier I and Tier II formulas.

The Tier I formula rate is 2.0% of the final average salary for each year of service credit. The benefit is subject to a maximum of 40 years, with a 0.25% reduction for each month the member draws their benefit prior to their normal retirement age of 65. If the member has 25 service credit years, the reduction is applied only if the member is less than 60 years old. No reduction is applied if the age plus service credit years total at least 90.

The Tier II formula is 2.5% of the final average salary for each year of service credit. This benefit is subject to a maximum of 40 years, reduced for each month the member is under the normal retirement age of 65, using statutory early retirement reduction tables.

Coordinated Plan

Members hired before July 1, 1989 are eligible for the greater of Tier I or Tier II benefits. Members hired on or after July 1, 1989 are eligible solely for Tier II benefits. The Tier I formula multiplies the final average salary by the retirement service credit years earned by the following rates:

<u>For Services Rendered</u>	<u>Prior to July 1, 2015</u>	<u>On or After July 1, 2015</u>
First Ten Years	1.20%	1.40%
Subsequent Years	1.70%	1.90%

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**B. Benefits Provided (Continued)**

A reduction of 0.25% is applied for each month the member draws their benefit prior to age 65, or prior to age 62 with 30 service years. No reduction applies if the age plus years of service total at least 90.

The Tier II formula multiplies the final average salary by the retirement service credit years earned by 1.70% for service rendered before July 1, 2015, and 1.90% for each year of service rendered after June 30, 2015. This benefit is reduced for each month the member draws their benefit prior to their normal retirement ages of 65 or 66, based on statutory early retirement tables.

**C. Contributions**

**1. General Employees Plan Contributions**

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature. Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2022 and the District was required to contribute 7.50% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2022 were \$8,718,366. The District's contributions were equal to the required contributions as set by state statute.

**2. SPTRFA Contributions**

Per Minnesota Statutes, Chapter 354A.12 sets the rates for employer and employee contributions. Contribution rates for fiscal year 2022 are:

District Fiscal Year Ended June 30,	Percentage of Covered Payroll			
	Basic Plan		Coordinated Plan	
	Employee	Employer	Employee	Employer
2022	10.00%	15.52%	7.50%	12.43%

The District's contributions to SPTRFA for the plan's fiscal year ended June 30, 2022 were \$38,962,470. The District's contributions were equal to the required contributions for each year as set by state statute.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

D. Pension Costs

**1. General Employees Fund Pension Costs**

At June 30, 2022, the District reported a liability of \$64,073,802 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the District totaled \$1,956,657, for a total liability of \$66,030,459 associated with the District. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 1.5004% at the end of the measurement period and 1.5195% for the beginning of the period.

For the year ended June 30, 2022, the District recognized pension expense of (\$1,532,913) for its proportionate share of General Employees Plan's pension expense. In addition, the District recognized \$157,871 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the General Employees Fund.

At June 30, 2022, the District reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 393,653	\$ 1,960,835
Changes in Actuarial Assumptions	39,122,135	1,417,353
Net Difference Between Projected and Actual Earnings on Plan Investments	-	55,490,620
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	974,690	2,083,167
District Contributions Subsequent to the Measurement Date	8,718,366	-
Total	<u>\$ 49,208,844</u>	<u>\$ 60,951,975</u>

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

D. Pension Costs (Continued)

**1. General Employees Fund Pension Costs (Continued)**

A total of \$8,718,366 reported as deferred outflows of resources related to pensions resulting from District contributions to General Employees Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to General Employees Plan pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2023	\$ (3,771,515)
2024	(765,265)
2025	(789,525)
2026	(15,135,192)
2027	-
Thereafter	-

**2. SPTRFA Pension Costs**

At June 30, 2022, the District reported a liability of \$300,078,991 for its proportionate share of SPTRFA's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to SPTRFA in relation to total system contributions including direct aid from the state of Minnesota. The District's proportionate share was 69.054% at the end of the measurement period and 68.251% for the beginning of the period.

The pension liability amount reflected a reduction due to direct aid provided to SPTRFA. 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
District's Proportionate Share of the SPTRFA Net Pension Liability	\$ 300,078,991
State's Proportionate Share of the Net Pension Liability Associated with the District	134,247,694
Total	\$ 434,326,685

For the year ended June 30, 2022, the District recognized pension expense of \$10,917,715.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

D. Pension Costs (Continued)

**2. SPTRFA Pension Costs (Continued)**

At June 30, 2022, the District reported its proportionate share of the SPTRFA's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 9,363,032	\$ 5,234,294
Changes in Actuarial Assumptions	-	5,773,606
Net Difference Between Projected and Actual		
Earnings on Plan Investments	-	93,298,445
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	7,618,395	-
District Contributions Subsequent to the Measurement Date	38,962,470	-
Total	<u>\$ 55,943,897</u>	<u>\$ 104,306,345</u>

A total of \$38,962,470 reported as deferred outflows of resources related to pensions resulting from District contributions to SPTRFA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to SPTRFA will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2023	\$ (23,326,000)
2024	(14,648,000)
2025	(19,600,000)
2026	(29,750,918)
2027	-
Thereafter	-

The District recognized \$9,542,673 in pension expense for all of the pension plans in which it participates. This includes amounts recognized for indirect aid.



**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

E. Long-Term Expected Return on Investments

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.50 %	5.10%
International Equity	16.50	5.30%
Fixed Income	25.00	0.75%
Private Markets	25.00	5.90%
Totals	100.00 %	

The target allocation and best-estimates of real rates of returns for each major asset class included in the target asset allocation of the SPTRFA at June 30, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	35.00 %	6.55%
International Equity	20.00	6.98%
Fixed Income	20.00	3.45%
Real Assets	11.00	3.90%
Private Equity and Alternatives	9.00	7.47%
Opportunistic	5.00	6.08%
Totals	100.00 %	

F. Actuarial Assumptions

**General Employees Fund**

The total pension liability in the June 30, 2021, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

F. Actuarial Assumptions (Continued)

**General Employees Fund (Continued)**

Inflation is assumed to be 2.25% for the General Employees Plan and 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 3.0% after 29 years of service and 6.0% per year thereafter.

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 most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation.

**SPTRFA**

Actuarial assumptions utilized in the valuation of the total pension liability are below:

Assumptions	SPTRFA
Investment Rate of Return	7.50%
Salary Increases	3.00% to 9.00%; service based
Wage Inflation Rate	2.50% per year
Annuitant Mortality	RP-2014 Healthy Mortality Table, with white collar adjustment, set back two years for females, projected with Scale MP-2020 from 206.

The following changes in actuarial assumptions and plan provisions occurred in 2021:

**General Employees Fund**

Changes in Actuarial Assumptions:

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

**SPTRFA**

Changes in Actuarial Assumptions:

- The mortality improvement scale was updated from MP-2019 to MP-2020.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

G. Discount Rate

**General Employees Fund**

The discount rate used to measure the total pension liability in 2021 was 6.5%. 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 positions of the General Employees Fund, the Police and Fire Fund, and the Correctional Fund 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.

**SPTRFA**

The long-term expected rate of return on pension plan investments used in the determination of the total pension liability is 7.50%.

This rate was determined using a building-block method in which best-estimate ranges of expected future real rates of return 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. Best estimates of arithmetic real rates of return were adopted by the Board of Trustees after considering input from the Fund's investment consultant and actuary.

H. Pension Liability Sensitivity

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

Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
General Employees Plan Discount Rate	5.50%	6.50%	7.50%
Net Pension Liability at Different Discount Rates	\$ 130,677,848	\$ 64,073,802	\$ 9,421,117
SPTRFA Discount Rate	6.50%	7.50%	8.50%
Net Pension Liability at Different Discount Rates	\$ 441,772,965	\$ 300,078,991	\$ 182,553,226

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

I. Pension Plan Fiduciary Net Position

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

Detailed information about SPTRFA's fiduciary net position is available in a separately issued SPTRFA financial report. That report can be obtained on the SPTRFA website at [www.sptrfa.org](http://www.sptrfa.org); by writing to SPTRFA at 2550 University Avenue W, Suite 312N, St. Paul, Minnesota, 55114; or by calling 651-642-2550.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 7 OTHER POSTEMPLOYMENT BENEFITS PLAN**

A. Plan Description

The District operates and administers a single employer defined benefit other postemployment benefit plan (the Plan) that provides postemployment benefits to certain eligible employees. Management of the plan is vested with the Board of Education of the District. There are 4,981 active participants and 3,085 retired participants. Benefit and eligibility provisions are established through contractual agreements with employee groups. Eligibility is based on years of service and/or minimum wage requirements. These contractual agreements do not include any specific contribution or funding requirements. The Plan does not issue a publicly available financial report.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

B. Benefits Provided

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

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

C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined annually by the District. The District's contributions in the current year totaled \$21,818,752 as required on a pay-as-you-go basis to finance current year benefits as described in the previous section. The District has established an OPEB Revocable trust to fund these obligations.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 7 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)**

D. Membership

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

Retirees and Beneficiaries Receiving Benefits	3,085
Active Plan Members	5,722
Total Members	8,807

E. Total OPEB Liability of the District

The District's total OPEB liability of \$287,666,112 as of year-end was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2021.

F. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial study with a valuation date of June 30, 2021 and a measurement date as of June 30, 2021, using the Entry Age Normal level percent of pay cost method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation:	2.25%
Salary Increases:	Base on the most recent assumption for the pension plan in which employee participates.
Investment Rate of Return:	N/A
20-Year Municipal Bond Yield:	1.92%
Medical Trend Rate:	6.7% gradually decreasing to 3.7% in 2075 and later years

Since the plan is not funded by a irrevocable trust, the discount rate is equal to the 20-year municipal bond yield.

Mortality rates for teachers were based on the RP-2014 Mortality Tables with projected mortality improvements based on Scale MP-2015, and other adjustments. Mortality rates for nonteachers were based on the PUB-2010 General Mortality Tables with projected mortality improvements based on Scale MP-2020, and other adjustments. The rates used are recent tables developed and recommended by the Society of Actuaries.

The retirement and withdrawal assumptions used to value GASB Statement No. 75 liabilities are similar to those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 7 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)**

G. Changes in Total OPEB Liability

	Total OPEB Liability (a)
Balances at June 30, 2021	\$ 348,139,318
Changes for the Year:	
Service Cost	10,005,688
Interest Cost	8,507,273
Changes of Assumptions	3,759,562
Plan Changes	-
Differences Between Expected and Actual Experience	(60,926,977)
Contributions-Employer	-
Projected Investment Return	-
Net Investment Income	-
Benefit Payments	(21,818,752)
Administrative Expense	-
Net Changes	(60,473,206)
Balances at June 30, 2022	\$ 287,666,112

Assumption changes since the previous measurement date include the following:

- The discount rate was changed from 2.45% to 1.92%.
- The inflation rate was changed from 2.50% to 2.25%.
- The healthcare trend rate was changed from 6.40% initially, gradually decreasing over several decades to an ultimate rate of 4.00% in fiscal year 2076 and later to 6.70% initially, gradually decreasing to 3.70% in 2075 and later.

H. Total OPEB Liability Sensitivity to Discount and Healthcare Trend Rate Changes

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1.0 percentage point lower or 1.0 percentage point higher than the current discount rate:

	1% Decrease (0.92%)	Discount Rate (1.92%)	1% Increase (2.92%)
Net OPEB Liability (Asset)	\$ 316,683,193	\$ 287,666,112	\$ 262,467,431

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 7 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)**

H. Total OPEB Liability Sensitivity to Discount and Healthcare Trend Rate Changes

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1.0 percentage point lower or 1.0 percentage point higher than the current healthcare cost trend rate:

	Healthcare Cost		
	1% Decrease 5.70% Decreasing to 2.7% in 2075 and Later	Current 6.70% Decreasing to 3.7% in 2075 and Later	1% Increase 7.70% Decreasing to 4.7% in 2075 and Later
Net OPEB Liability	\$ 266,201,539	\$ 287,666,112	\$ 308,836,453

For the current year ended, the District recognized OPEB expense of \$11,799,490. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Liability	\$ 987,350	\$ 55,218,213
Change of Assumptions	28,551,328	12,103,032
Net Difference Between Projected and Actual Investment Earnings	-	-
Contributions Between Measurement Date and Reporting Date	16,095,494	-
Total	\$ 45,634,172	\$ 67,321,245

A total of \$16,095,494 reported as deferred outflows of resources related to OPEB contributions subsequent to the measurement date, will be recognized as a reduction of total OPEB liability in the year ending June 30, 2023.

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

Year Ending June 30,	Future Recognition
2023	\$ (6,713,471)
2024	(6,713,471)
2025	(6,006,652)
2026	(3,794,942)
2027	(3,480,260)
Thereafter	(11,073,771)
Total	\$ (37,782,567)



**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 8 FUND BALANCES AND NET POSITION**

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. A description of deficit balance reserves is included herein since the District has specific statutory authority to levy taxes for such deficits.

Restricted and Assigned fund balances at year-end are as follows:

*Restricted for Student Activities* – Represents the resources available for the extracurricular activity funds raised by students.

*Restricted for Staff Development* – Represents unspent staff development revenues set aside from General Education Revenue.

*Restricted for Area Learning Center* – Represents amounts restricted for students attending area learning centers. Each district that sends students to an area learning center must restrict an amount equal to the sum of 1) at least 90 and no more than 100% of the district average General Education Revenue per adjusted pupil unit minus an amount equal to the product of the formula allowance in according to section 126C.10, subdivision 2, times .0466, calculated without basic skills revenue, local optional revenue, and transportation sparsity revenue, times the number of pupil units attending a state-approved area learning center, plus 2) the amount of basic skills revenue generated by pupils attending the area learning center.

*Restricted for Achievement and Integration* – Represents the unspent resources available from the Achievement and Integration program.

*Restricted for Basic Skills Extended Time* – Represents resources available for the basic skills extended time uses listed in Minnesota Statutes section 126C.15, subdivision 1.

*Restricted for Operating Capital* – The District levies taxes and receives state aid to be used for the purchase of equipment, books, and vehicles and to purchase, rent, improve and repair school facilities as allowed by state statute. The cumulative excess of such revenues over equipment and facilities expenditures is reported as a restriction of fund balance in the General Fund.

*Restricted for OPEB Revocable Trust* – Represents available resources used to fund OPEB liabilities that are not held in an irrevocable trust.

*Restricted for Adult Basic Education* – Represents available resources available for activities involving Adult Basic Education.

*Restricted for Community Education Programs* – Represents accumulated resources available to provide general community education programming.

*Restricted for Early Childhood and Family Education Programs* – Represents accumulated resources available to provide services for early childhood and family education programming.

*Restricted for School Readiness* – Represents accumulated resources available to provide school readiness programming.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 8 FUND BALANCES AND NET POSITION (CONTINUED)**

*Restricted for School Readiness* – Represents accumulated resources available to provide school readiness programming.

*Restricted for Community Service* – Represents amounts remaining in the Community Service Fund which are restricted to spending on Community Service programs.

*Restricted for Long-Term Facility Maintenance* – Represents resources available to be used for long-term facilities maintenance projects in accordance with the District's 10-year plan.

*Restricted for Projects Funded by Certificates of Participation* – Represents resources remaining for projects funded by certificates of participation with related lease levy authority.

*Restricted for Bond Refunding* – Represents resources set aside from the proceeds of refunded obligations that have not met the criteria of defeasance (crossover bonds). These resources will be used to pay off future bonded obligations.

*Restricted for QZAB and QSCB Payments* – Represents resources required by agreement to be segregated for future payments of Qualified Zone Academy Bond (QZAB) or Qualified School Construction Bonds (QSCB) debt instruments. These resources are held by the District and will pay off the debt at maturity.

*Restricted for Other Purposes* – Represents amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

*Assigned* – Represents amounts earmarked by management and/or the Board of Education for various purposes such as contractual obligations, strategic plan initiatives, site-based operations, and intraschool activities.

On the statement of net position, the District presents net position representing the District's net investment in capital assets. This amount is calculated as follows:

Capital Assets, Net of Accumulated Depreciation	\$ 671,300,637
Bonds Payable at June 30	(305,400,000)
Add back: Non-Capital Related Bonds	15,917,898
COPs Payable at June 30	(280,145,000)
Financed Purchases Payable at June 30	(14,628,607)
Premiums/Discounts	(32,758,902)
Deferred (Gain) Loss on Refundings	(1,860,199)
Capital Related Payables	(7,974,541)
Add Back: Unspent Bond Proceeds	85,543,789
Net Investment in Capital Assets	<u><u>\$ 129,995,075</u></u>

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 9 COMMITMENTS AND CONTINGENCIES**

A. Legal Claims

The District has the usual and customary types of miscellaneous legal claims pending at year-end, mostly of a minor nature and usually covered by insurance carried for that purpose.

B. Federal and State Receivables

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 applicable funds. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

C. Contract Commitments

At June 30, 2022, the District had approximately \$23.04 million in commitments related to capital-related contracts.

**NOTE 10 PRIOR PERIOD RESTATEMENT**

Beginning net position was restated in the current year to reflect a portion of the overall severance liability which had not previously been recorded. The effect of this restatement on net position is as follows:

	Governmental Activities
Net Position, June 30, 2021, as Previously Reported	\$ (459,375,363)
Cumulative Affect of Prior Period Restatement for Understatement of Severance Liability	(13,654,797)
Net Position, June 30, 2021, as Restated	\$ (473,030,160)

**REQUIRED SUPPLEMENTARY INFORMATION**

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY**  
**AND RELATED RATIOS**  
**JUNE 30, 2022**

	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>					
Service Cost	\$ 10,005,688	\$ 8,429,397	\$ 7,792,260	\$ 7,818,493	\$ 8,294,600
Interest	8,507,273	10,262,062	11,446,086	11,700,816	10,228,440
Changes of Benefit Terms	-	-	-	-	-
Differences Between Expected and Actual Experience	(60,926,977)	1,338,720	(3,584,238)	-	-
Changes of Assumptions	3,759,562	19,806,656	17,598,682	(10,867,697)	(19,488,077)
Benefit Payments	(21,818,752)	(22,259,064)	(22,178,401)	(20,041,157)	(20,305,375)
<b>Net Change in Total OPEB Liability</b>	<b>(60,473,206)</b>	<b>17,577,771</b>	<b>11,074,389</b>	<b>(11,389,545)</b>	<b>(21,270,412)</b>
Total OPEB Liability - Beginning	348,139,318	330,561,547	319,487,158	330,876,703	352,147,115
<b>Total OPEB (Asset) Liability - Ending (a)</b>	<b>\$ 287,666,112</b>	<b>\$ 348,139,318</b>	<b>\$ 330,561,547</b>	<b>\$ 319,487,158</b>	<b>\$ 330,876,703</b>
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 21,818,752	\$ 22,259,064	\$ 22,178,401	\$ 20,041,157	\$ 20,305,375
Net Investment Income	-	-	-	-	-
Benefit Payments	(21,818,752)	(22,259,064)	(22,178,401)	(20,041,157)	(20,305,375)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Plan Fiduciary Net Position - Beginning	-	-	-	-	-
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>District's Net OPEB Liability - Ending (a) - (b)</b>	<b>\$ 287,666,112</b>	<b>\$ 348,139,318</b>	<b>\$ 330,561,547</b>	<b>\$ 319,487,158</b>	<b>\$ 330,876,703</b>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-Employee Payroll	\$ 399,012,825	\$ 428,472,926	\$ 387,335,657	\$ 308,543,117	\$ 325,787,955
District's Net OPEB Liability as a Percentage of Covered-Employee Payroll	72.09 %	81.25 %	85.34 %	103.55 %	101.56 %
	2022	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	N/A	N/A	N/A	N/A	N/A
Contributions in Relation to the ADC	N/A	N/A	N/A	N/A	N/A
Contribution Deficiency (Excess)	N/A	N/A	N/A	N/A	N/A
Covered-Employee Payroll	\$ 399,012,825	\$ 428,472,926	\$ 387,335,657	\$ 308,543,117	\$ 325,787,955
Contributions as a Percentage of Covered-Employee Payroll	5.47%	5.19%	5.73%	6.50%	6.23%

\* The District implemented GASB Statement Nos. 74 and 75 in fiscal year 2018, and the above table will be expanded to 10 years of information as the information becomes available.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SPTRFA SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
LAST EIGHT MEASUREMENT DATES**

	Measurement Date June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	69.0540%	68.2510%	66.2290%	72.4150%	71.8480%	71.0370%	70.2370%	69.3460%
District's Proportionate Share of the Net Pension Liability	\$ 300,078,991	\$ 446,104,234	\$ 404,776,415	\$ 438,560,447	\$ 415,970,462	\$ 449,596,014	\$ 408,639,568	\$ 371,550,320
State's Proportionate Share of the Net Pension Liability Associated with District	134,247,694	206,782,188	205,469,952	166,192,028	161,573,776	181,788,120	171,196,640	161,849,511
Total	<u>\$ 434,326,685</u>	<u>\$ 652,886,422</u>	<u>\$ 610,246,367</u>	<u>\$ 604,752,475</u>	<u>\$ 577,544,238</u>	<u>\$ 631,384,134</u>	<u>\$ 579,836,208</u>	<u>\$ 533,399,831</u>
District's Covered Payroll	\$ 264,000,154	\$ 270,576,576	\$ 264,420,855	\$ 258,819,583	\$ 260,280,357	\$ 164,204,850	\$ 159,010,347	\$ 152,270,353
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	113.67%	164.87%	153.08%	169.45%	159.82%	273.80%	256.99%	244.01%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.88%	61.35%	63.87%	63.87%	64.07%	60.26%	63.56%	66.12%

\* The District implemented GASB Statement No. 68 in fiscal year 2015, and the above table will be expanded to 10 years of information as the information becomes available.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SPTRFA SCHEDULE OF THE DISTRICT CONTRIBUTIONS  
LAST EIGHT FISCAL YEARS\***

	Year Ended June 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 38,962,470	\$ 34,214,420	\$ 32,956,227	\$ 30,011,767	\$ 27,305,466	\$ 26,236,260	\$ 25,384,079	\$ 24,994,020
Contributions in Relation to the Statutorily Required Contribution	(38,962,470)	(34,214,420)	(32,956,227)	(30,011,767)	(27,305,466)	(26,236,260)	(25,384,079)	(24,994,020)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 306,755,186	\$ 264,000,154	\$ 270,576,576	\$ 264,420,855	\$ 258,819,583	\$ 260,280,357	\$ 164,204,850	\$ 159,010,347
Contributions as a Percentage of Covered Payroll	12.70%	12.96%	12.18%	11.35%	10.55%	10.08%	9.86%	9.51%

\* The District implemented GASB Statement No. 68 in fiscal year 2015, and the above table will be expanded to 10 years of information as the information becomes available.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
GERF SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
LAST EIGHT MEASUREMENT DATES\***

	Measurement Date June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	1.5004%	1.5195%	1.4889%	1.5668%	1.6165%	1.6440%	1.7578%	1.8895%
District's Proportionate Share of the Net Pension Liability	\$ 64,073,802	\$ 91,100,970	\$ 82,317,944	\$ 86,919,640	\$ 103,196,293	\$ 133,484,646	\$ 91,098,319	\$ 88,759,244
State's Proportionate Share of the Net Pension Liability Associated with the District	1,956,657	1,413,980	1,285,874	1,384,512	609,138	806,952	-	-
Total	<u>\$ 66,030,459</u>	<u>\$ 92,514,950</u>	<u>\$ 83,603,818</u>	<u>\$ 88,304,152</u>	<u>\$ 103,805,431</u>	<u>\$ 134,291,598</u>	<u>\$ 91,098,319</u>	<u>\$ 88,759,244</u>
District's Covered Payroll	\$ 107,984,480	\$ 108,290,920	\$ 105,385,227	\$ 105,216,520	\$ 48,849,901	\$ 47,231,887	\$ 46,021,245	\$ 44,913,931
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	59.34%	84.13%	78.11%	82.61%	211.25%	282.62%	197.95%	197.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.00%	79.10%	80.23%	78.07%	75.90%	68.90%	78.20%	78.70%

\* The District implemented GASB Statement No. 68 in fiscal year 2015, and the above table will be expanded to 10 years of information as the information becomes available.



**INDEPENDENT SCHOOL DISTRICT NO. 625  
GERF SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
LAST EIGHT FISCAL YEARS\***

	Year Ended June 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 8,718,366	\$ 8,098,836	\$ 8,121,819	\$ 7,903,892	\$ 7,891,239	\$ 7,803,247	\$ 7,593,273	\$ 7,618,169
Contributions in Relation to the Statutorily Required Contribution	(8,718,366)	(8,098,836)	(8,121,819)	(7,903,892)	(7,891,239)	(7,803,247)	(7,593,273)	(7,618,169)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 116,244,880	\$ 107,984,480	\$ 108,290,920	\$ 105,385,227	\$ 105,216,520	\$ 48,849,901	\$ 47,231,887	\$ 46,021,245
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.38%

\* The District implemented GASB Statement No. 68 in fiscal year 2015, and the above table will be expanded to 10 years of information as the information becomes available.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO SUPPLEMENTARY INFORMATION**

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

The following changes were reflected in the valuation performed for the Other Postemployment Benefits Plan for the year ended June 30:

**2021**

Changes in Actuarial Assumptions:

- The discount rate was changed from 2.45% to 1.92%.
- The inflation rate was changed from 2.50% to 2.25%.
- The healthcare trend rate was updated.

**2020**

Changes in Actuarial Assumptions:

- The discount rate was changed from 3.13% to 2.45%.

**2019**

Changes in Actuarial Assumptions:

- The discount rate was changed from 3.62% to 3.13%.
- The inflation rate was changed from 2.75% to 2.50%.
- The healthcare trend rates, mortality tables, and salary increase rates were updated.

**2018**

Changes in Actuarial Assumptions:

- The discount rate was changed from 3.56% to 3.62%.

**2017**

Changes in Actuarial Assumptions:

- The discount rate was changed from 2.92% to 3.56%.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO SUPPLEMENTARY INFORMATION**

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

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

**2021**

Changes in Actuarial Assumptions:

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

**2020**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO SUPPLEMENTARY INFORMATION**

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

**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, decreased 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 Assumption

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed postretirement benefit increase was changed from 1.0% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50% 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.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO SUPPLEMENTARY INFORMATION**

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

**2017**

Changes in Actuarial Assumption

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

Changes in Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

**2016**

Changes in Actuarial Assumptions

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

Changes in Actuarial Plan Provisions

- There have been no changes since the prior valuation.

**2015**

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2035 and 2.50% per year thereafter.

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increase the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO SUPPLEMENTARY INFORMATION**

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

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

**2021**

Changes in Actuarial Assumptions:

- The mortality improvement scale was updated from MP-2019 to MP-2020.

**2020**

Changes in Actuarial Assumptions

- The mortality improvement scale was updated from MP-2018 to MP-2019.

**2019**

Changes in Actuarial Assumptions

- The mortality improvement scale was updated from MP-2017 to MP-2018.

**2018**

Changes in Plan Provisions

- The annuity benefit increases changed to 0% for January 1, 2019 and 2020, with 1.00% payable thereafter. In addition, for retirements on or after July 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age (not applicable to Rule of 90 retirees, Rule of 62/30 retirees, disability benefit recipients, or survivors).
- Interest credited on member contributions decreased from 4.00% to 3.00% prospectively, beginning July 1, 2018.
- Lowe early retirement factors will be phased in over a 60-month period starting July 1, 2019.
- Deferred augmentation was changed to 0% prospectively, effective July 1, 2019.
- Statutory contribution rates for members and their employers are shown as a percent of pay below:

Contributions After June 30	Plan Contribution Rates: Basic/Coordinated		
	Member (%)	Employer Regular (%)	Employer Additional (%)
2018	10.000/7.500	10.835/7.335	3.640/3.840
2019	10.000/7.500	11.670/8.170	3.640/3.840
2020	10.000/7.500	11.880/8.380	3.640/3.840
2021	10.000/7.500	12.090/8.590	3.640/3.840
2022	10.250/7.750	12.300/8.800	3.640/3.840
2023	10.250/7.750	12.500/9.000	3.640/3.840

- Additional supplemental contributions of \$5,000,000 will be made by the state of Minnesota annually beginning October 1, 2018.
- The plan's statutory amortization period was changed from June 30, 2042, to June 30, 2048.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO SUPPLEMENTARY INFORMATION**

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

**2018**

Changes in Actuarial Assumptions

- The assumed investment return was lowered from 8.00% to 7.50%.
- The assumed wage inflation decreased from 4.00% to 3.00%.
- Salary increase rates were updated from an age-based table with a service-based component during the first 15 years, to a service-based table of rates.
- Retirement, withdrawal, and disability rates were adjusted to better fit observed experience.
- The mortality table was updated from the RP-2000 Mortality Table, with white collar adjustment, set back two years for females, projected with Scale MP-2017 from 2006.

**2017**

Changes in Actuarial Assumptions

- The CSA loads on liabilities were changed as follows:

	Active Pre-89	Active Post-89	Vested Terminated	Nonvested Terminated
Prior	7.00%	2.00%	30.00%	30.00%
Current	-%	-%	20.00%	9.00%

- The assumed cost of living adjustments were changed from 1.00% per year through 2054, 2.00% beginning 2055, 2.50% beginning 2066, to 1.00% per year through 2041, 2.0% beginning 2042, and 2.50% beginning 2052.

**2016**

Changes in Actuarial Assumptions

- The plan is assumed to pay 2.00% postretirement benefit increases beginning January 1, 2055 and a 2.50% postretirement benefit increase beginning January 1, 2066.

**2015**

Changes in Actuarial Assumptions

- The plan is assumed to pay a 2.00% postretirement benefit increase beginning January 1, 2041 and a 2.50% postretirement benefit increase beginning January 1, 2051.

## **SUPPLEMENTARY INFORMATION**



**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**GENERAL FUND**  
**BALANCE SHEET**  
**JUNE 30, 2022**  
**(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

	2022	2021
<b>ASSETS</b>		
Cash and Investments	\$ 138,321,292	\$ 113,461,549
Restricted Cash and Investments in Revocable OPEB Trust	47,722,136	51,900,848
Receivables:		
Current Taxes	88,534,156	85,688,647
Delinquent Taxes	2,019,543	1,926,995
Accounts and Interest Receivable	2,476,996	306,728
Due from Other Minnesota School Districts	309,839	254,401
Due from Minnesota Department of Education	20,884,993	39,045,259
Due from Federal Through the Minnesota Department of Education	55,617,589	27,824,885
Due from Federal Government Received Directly	3,020,971	1,448,401
Due from Other Governmental Units	3,623,898	1,894,785
Inventory	616,967	550,268
Prepaid Items	581,948	614,234
Total Assets	\$ 363,730,328	\$ 324,917,000
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>		
Liabilities:		
Salaries and Wages Payable	\$ 20,456,363	\$ 1,373,916
Payroll Deductions and Employer Contributions Payable	43,810,800	65,487,091
Accounts and Contracts Payable	13,017,326	9,774,630
Due to Other Minnesota School Districts	114,243	320,633
Due to Other Governmental Units	(5,615)	(3,673)
Unearned Revenue	51,411	3,943,517
Total Liabilities	77,444,528	80,896,114
Deferred Inflows of Resources:		
Unavailable Revenue - Property Taxes Levied for Subsequent Year	120,234,643	114,547,008
Unavailable Revenue - Delinquent Taxes	538,142	1,132,468
Total Deferred Inflows of Resources	120,772,785	115,679,476
Fund Balance:		
Nonspendable:		
Inventory	616,967	550,268
Prepaid Items	581,948	614,234
Restricted for:		
Student Activities	683,244	312,480
Staff Development	6,855	-
Area Learning Center	3,489,712	2,866,122
Achievement and Integration	-	17,790
Basic Skills Extended Time	1,066,123	1,066,123
Medical Assistance	1,220,000	-
Operating Capital	1,538,254	-
OPEB Revocable Trust	47,722,136	51,900,848
Committed for:		
Separation/Retirement Benefits	3,038,018	3,038,018
Assigned for:		
Contractual Obligations	3,617,124	3,073,102
Strategic Plan Initiative	6,972,200	3,739,404
Site-based Operations	18,176,918	19,581,462
Intraschool Activities	3,279,497	3,064,264
Unassigned	73,504,019	38,517,295
Total Fund Balance	165,513,015	128,341,410
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 363,730,328	\$ 324,917,000

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2022**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR JUNE 30, 2021)

	2022			2021
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 143,292,485	\$ 149,734,295	\$ 6,441,810	\$ 139,937,337
Investment Earnings (Loss)	100,000	(4,604,741)	(4,704,741)	7,991,705
Other	12,290,070	17,959,914	5,669,844	7,189,420
State Sources	422,336,538	437,747,552	15,411,014	440,997,556
Federal Sources	191,564,975	138,082,829	(53,482,146)	68,318,851
Total Revenues	769,584,068	738,919,849	(30,664,219)	664,434,869
<b>EXPENDITURES</b>				
Current:				
Administration:				
Salaries	16,660,841	17,045,841	385,000	16,377,388
Employee Benefits	6,659,439	6,151,615	(507,824)	6,413,968
Purchased Services	4,127,988	3,125,882	(1,002,106)	1,197,677
Supplies and Materials	182,644	114,460	(68,184)	49,339
Other Expenditures	99,038	508,996	409,958	725,397
Total Administration	27,729,950	26,946,794	(783,156)	24,763,769
District Support Services:				
Salaries	32,522,823	30,511,106	(2,011,717)	12,093,615
Employee Benefits	8,243,872	6,566,182	(1,677,690)	3,538,087
Purchased Services	7,387,542	3,852,960	(3,534,582)	2,960,267
Supplies and Materials	4,650,549	3,739,162	(911,387)	2,575,470
Capital Expenditures	290,680	168,313	(122,367)	68,950
Other Expenditures	1,589,206	(2,630,351)	(4,219,557)	(3,370,264)
Total District Support Services	54,684,672	42,207,372	(12,477,300)	17,866,125
Elementary and Secondary Regular Instruction:				
Salaries	214,064,413	194,844,115	(19,220,298)	181,046,579
Employee Benefits	77,914,737	72,505,801	(5,408,936)	68,430,336
Purchased Services	11,776,636	12,139,382	362,746	7,035,782
Supplies and Materials	11,770,480	6,783,304	(4,987,176)	6,477,213
Capital Expenditures	29,275	18,366,399	18,337,124	96,675
Other Expenditures	4,502,556	8,629,432	4,126,876	12,740,549
Total Elementary and Secondary Regular Instruction	320,058,097	313,268,433	(6,789,664)	275,827,134

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR JUNE 30, 2021)

	2022			2021
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>EXPENDITURES (Continued)</b>				
Current (Continued):				
Vocational Education Instruction:				
Salaries	\$ 707,528	\$ 3,892,678	\$ 3,185,150	\$ 3,706,195
Employee Benefits	267,690	161,124	(106,566)	208,845
Purchased Services	1,089,824	556,461	(533,363)	152,618
Supplies and Materials	342,720	241,110	(101,610)	252,522
Capital Expenditures	47,161	31,695	(15,466)	42,290
Other Expenditures	134,123	50,485	(83,638)	72,514
Total Vocational Education Instruction	2,589,046	4,933,553	2,344,507	4,434,984
Special Education Instruction:				
Salaries	93,018,820	88,823,629	(4,195,191)	87,803,919
Employee Benefits	36,353,340	34,838,534	(1,514,806)	35,639,752
Purchased Services	1,571,517	2,093,846	522,329	1,588,255
Supplies and Materials	2,433,054	871,873	(1,561,181)	687,776
Capital Expenditures	197,900	74,864	(123,036)	75,950
Other Expenditures	1,060,025	2,927,111	1,867,086	4,069,723
Total Special Education Instruction	134,634,656	129,629,857	(5,004,799)	129,865,375
Community Service:				
Salaries	5,600,651	5,645,866	45,215	5,576,919
Employee Benefits	2,153,306	1,933,652	(219,654)	1,928,658
Supplies and Materials	-	-	-	3,265
Total Community Service	7,753,957	7,579,518	(174,439)	7,508,842
Instructional Support Services:				
Salaries	29,277,844	24,041,282	(5,236,562)	23,050,176
Employee Benefits	9,567,645	8,206,416	(1,361,229)	7,798,085
Purchased Services	8,422,958	5,190,273	(3,232,685)	4,430,863
Supplies and Materials	11,952,504	6,420,797	(5,531,707)	9,421,554
Capital Expenditures	13,850,800	1,308,288	(12,542,512)	546,871
Other Expenditures	360,114	767,989	407,875	853,926
Total Instructional Support Services	73,431,865	45,935,045	(27,496,820)	46,101,475

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR JUNE 30, 2021)

	2022			2021
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>EXPENDITURES (Continued)</b>				
Current (Continued):				
Pupil Support Services:				
Salaries	\$ 29,447,037	\$ 24,920,736	\$ (4,526,301)	\$ 22,618,846
Employee Benefits	8,701,812	7,890,754	(811,058)	7,607,570
Purchased Services	31,904,676	28,656,124	(3,248,552)	22,779,146
Supplies and Materials	3,430,680	2,439,933	(990,747)	932,397
Capital Expenditures	169,980	317,102	147,122	140,855
Other Expenditures	34,357	582,901	548,544	965,431
Total Pupil Support Services	<u>73,688,542</u>	<u>64,807,550</u>	<u>(8,880,992)</u>	<u>55,044,245</u>
Sites and Buildings:				
Salaries	27,468,179	24,647,719	(2,820,460)	22,966,593
Employee Benefits	11,940,972	12,089,801	148,829	11,835,086
Purchased Services	14,953,477	15,882,574	929,097	13,041,490
Supplies and Materials	9,148,205	9,288,414	140,209	7,688,684
Capital Expenditures	12,299,424	12,350,004	50,580	13,107,992
Other Expenditures	862,745	642,471	(220,274)	921,818
Total Sites and Buildings	<u>76,673,002</u>	<u>74,900,983</u>	<u>(1,772,019)</u>	<u>69,561,663</u>
Fiscal and Other Fixed Costs:				
Salaries	1,508,082	-	(1,508,082)	-
Employee Benefits	2,121,087	-	(2,121,087)	-
Purchased Services	3,097,000	2,976,071	(120,929)	2,582,266
Other Expenditures	58,000	39,342	(18,658)	-
Total Fiscal and Other Fixed Costs	<u>6,784,169</u>	<u>3,015,413</u>	<u>(3,768,756)</u>	<u>2,582,266</u>
Debt Service:				
Principal	6,388,954	5,390,108	(998,846)	8,135,404
Interest and Fiscal Charges	804,150	1,273,779	469,629	940,359
Total Debt Service	<u>7,193,104</u>	<u>6,663,887</u>	<u>(529,217)</u>	<u>9,075,763</u>
Total Expenditures	<u>785,221,060</u>	<u>719,888,405</u>	<u>(65,332,655)</u>	<u>642,631,641</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(15,636,992)</b>	<b>19,031,444</b>	<b>34,668,436</b>	<b>21,803,228</b>

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR JUNE 30, 2021)

	2022			2021
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance Recovery	\$ -	\$ 69,984	\$ 69,984	\$ 3,031
Financed Purchase Agreements	-	18,070,177	18,070,177	-
Transfers Out	-	-	-	(1,894,687)
Total Other Financing Sources (Uses)	-	18,140,161	18,140,161	(1,891,656)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (15,636,992)</b>	37,171,605	<b>\$ 52,808,597</b>	19,911,572
<b>FUND BALANCE</b>				
Beginning of Year		128,341,410		108,429,838
End of Year		\$ 165,513,015		\$ 128,341,410

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**FOOD SERVICE**  
**COMPARATIVE BALANCE SHEET**  
**JUNE 30, 2022**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR JUNE 30, 2021)

	2022	2021
<b>ASSETS</b>		
Cash and Investments	\$ 10,612,601	\$ 6,809,934
Receivables:		
Accounts and Interest Receivable	1,906	150
Due from Minnesota Department of Education	22,762	20,292
Due from Federal through Minnesota Department of Education	1,992,907	8,215,493
Due from Other Governmental Units	18,000	21,551
Inventory	2,174,127	2,336,608
Prepaid Items	400	348
Total Assets	\$ 14,822,703	\$ 17,404,376
 <b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Salaries and Wages Payable	\$ 495,420	\$ 43,614
Payroll Deductions and Employer Contributions Payable	507,025	1,014,777
Accounts and Contracts Payable	239,501	722,150
Unearned Revenue	293,152	-
Total Liabilities	1,535,098	1,780,541
 Fund Balance:		
Nonspendable:		
Inventory	2,174,127	2,336,608
Prepaid Items	400	348
Restricted for:		
Food Service	11,113,078	13,286,879
Total Fund Balance	13,287,605	15,623,835
 Total Liabilities and Fund Balance	\$ 14,822,703	\$ 17,404,376

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**FOOD SERVICE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2022**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR JUNE 30, 2021)

	2022		Over (Under) Final Budget	2021
	Final Budget	Actual Amounts		Actual Amounts
<b>REVENUES</b>				
Local Sources:				
Earnings and Investments	\$ -	\$ 14,872	\$ 14,872	\$ 581
Other - Primarily Meal Sales	328,210	174,650	(153,560)	337,815
State Sources	-	1,227,976	1,227,976	21,043
Federal Sources	40,844,468	32,325,286	(8,519,182)	50,055,911
Total Revenues	<u>41,172,678</u>	<u>33,742,784</u>	<u>(7,429,894)</u>	<u>50,415,350</u>
<b>EXPENDITURES</b>				
Current:				
Salaries	12,245,015	11,274,460	(970,555)	11,089,691
Employee Benefits	4,579,083	4,483,512	(95,571)	4,189,683
Purchased Services	4,509,858	3,403,183	(1,106,675)	5,300,327
Supplies and Materials	18,480,746	15,251,000	(3,229,746)	22,133,047
Other Expenditures	63,000	52,997	(10,003)	93,353
Capital Outlay	1,300,000	1,613,862	313,862	844,446
Total Expenditures	<u>41,177,702</u>	<u>36,079,014</u>	<u>(5,098,688)</u>	<u>43,650,547</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(5,024)	(2,336,230)	(2,331,206)	6,764,803
<b>OTHER FINANCING SOURCES</b>				
Transfers In	-	-	-	1,894,687
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (5,024)</u>	<u>(2,336,230)</u>	<u>\$ (2,331,206)</u>	<u>8,659,490</u>
<b>FUND BALANCE</b>				
Beginning of Year		<u>15,623,835</u>		<u>6,964,345</u>
End of Year		<u>\$ 13,287,605</u>		<u>\$ 15,623,835</u>

**INDEPENDENT SCHOOL DISTRICT NO. 625  
COMMUNITY SERVICE FUND  
BALANCE SHEET  
BUDGET AND ACTUAL  
JUNE 30, 2022  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR JUNE 30, 2021)**

	2022	2021
<b>ASSETS</b>		
Cash and Investments	\$ 10,623,419	\$ 8,405,622
Receivables:		
Current Taxes	2,411,035	2,511,330
Delinquent Taxes	58,957	55,361
Accounts and Interest Receivable	34,368	(2,653)
Due from Other Minnesota School Districts	680	1,896
Due from Minnesota Department of Education	1,555,398	1,515,338
Due from Federal Through the Minnesota Department of Education	2,013,004	449,348
Due from Other Governmental Units	51,426	24,728
Prepaid Items	3,420	1,076
Total Assets	\$ 16,751,707	\$ 12,962,046
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>		
Liabilities:		
Salaries and Wages Payable	\$ 783,205	\$ 119,743
Payroll Deductions and Employer Contributions Payable	924,338	1,676,742
Accounts and Contracts Payable	1,064,009	582,256
Due to Other Governmental Units	6,154	3,937
Unearned Revenue	250,790	359,981
Total Liabilities	3,028,496	2,742,659
Deferred Inflows of Resources:		
Property Taxes Levied for Subsequent Year	4,074,564	4,201,905
Unavailable Revenue - Delinquent Taxes	58,957	32,807
Total Deferred Inflows of Resources	4,133,521	4,234,712
Fund Balance:		
Nonspendable:		
Prepaid Items	3,420	1,076
Restricted for:		
Community Education	1,488,012	-
Early Childhood and Family Education	2,836,480	1,957,328
School Readiness	2,874,384	2,301,046
Adult Basic Education	2,213,940	1,789,924
Other Purposes	173,454	194,069
Unassigned	-	(258,768)
Total Fund Balance	9,589,690	5,984,675
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 16,751,707	\$ 12,962,046



**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**COMMUNITY SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2022**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR JUNE 30, 2021)

	2022			2021
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 3,881,473	\$ 4,161,503	\$ 280,030	\$ 3,797,441
Earnings and Investments	10,000	12,638	2,638	1,152
Other - Primarily Tuition and Fees	5,023,637	4,981,394	(42,243)	2,423,985
State Sources	16,576,466	17,256,625	680,159	15,929,765
Federal Sources	7,135,650	3,888,532	(3,247,118)	4,245,822
Total Revenues	<u>32,627,226</u>	<u>30,300,692</u>	<u>(2,326,534)</u>	<u>26,398,165</u>
<b>EXPENDITURES</b>				
Current:				
Salaries	16,214,040	13,941,362	(2,272,678)	13,966,077
Employee Benefits	5,572,281	4,703,620	(868,661)	4,773,851
Purchased Services	8,383,990	6,272,964	(2,111,026)	4,419,690
Supplies and Materials	1,710,160	1,245,788	(464,372)	887,999
Other Expenditures	534,532	531,268	(3,264)	167,734
Capital Outlay	21,049	3,239	(17,810)	88
Total Expenditures	<u>32,436,052</u>	<u>26,698,241</u>	<u>(5,737,811)</u>	<u>24,215,439</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 191,174</u>	3,605,015	<u>\$ 3,413,841</u>	2,182,726
<b>FUND BALANCE</b>				
Beginning of Year		<u>5,984,675</u>		<u>3,801,949</u>
End of Year		<u>\$ 9,589,690</u>		<u>\$ 5,984,675</u>

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**CAPITAL PROJECTS FUND – BUILDING CONSTRUCTION FUND**  
**BALANCE SHEET**  
**JUNE 30, 2022**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR JUNE 30, 2021)

	2022	2021
<b>ASSETS</b>		
Cash and Investments	\$ 45,542,248	\$ 13,493,188
Cash with Fiscal Agent	85,543,789	87,602,464
Receivables:		
Accounts and Interest Receivable	28,693	370,454
Total Assets	\$ 131,114,730	\$ 101,466,106
 <b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 24,614	\$ -
Payroll Deductions and Employer Contributions Payable	33,292	111,483
Accounts and Contracts Payable	7,974,541	11,610,484
Total Liabilities	8,032,447	11,721,967
Fund Balance:		
Restricted for:		
Projects Funded by Certificates of Participation	61,803,855	55,147,580
Long-Term Facilities Maintenance	46,452,217	28,020,963
Capital Projects	14,826,211	6,575,596
Total Fund Balance	123,082,283	89,744,139
Total Liabilities and Fund Balance	\$ 131,114,730	\$ 101,466,106

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**CAPITAL PROJECTS FUND – BUILDING CONSTRUCTION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2022**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR JUNE 30, 2021)

	2022			2021
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>REVENUES</b>				
Local Sources:				
Earnings and Investments	\$ -	\$ 47,139	\$ 47,139	\$ 6,949
<b>EXPENDITURES</b>				
Current:				
Salaries	749,474	554,698	(194,776)	610,438
Employee Benefits	241,052	192,041	(49,011)	215,031
Purchased Services	20,800,888	5,778,478	(15,022,410)	5,105,912
Supplies and Materials	1,261,683	631,609	(630,074)	82,252
Other Expenditures	18,791,560	547	(18,791,013)	-
Capital Outlay	45,608,422	22,616,655	(22,991,767)	46,649,973
Debt Service:				
Other Debt Service Expenditures	-	163,023	163,023	572,395
Total Expenditures	<u>87,453,079</u>	<u>29,937,051</u>	<u>(57,516,028)</u>	<u>53,236,001</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(87,453,079)	(29,889,912)	57,563,167	(53,229,052)
<b>OTHER FINANCING SOURCES</b>				
Insurance Recovery	-	1,752,100	1,752,100	-
Sale of Bonds	43,000,000	35,765,000	(7,235,000)	40,850,000
Bond Premium	-	3,158,461	-	3,721,885
Issuance of Certificates of Participation	15,800,000	21,215,000	5,415,000	8,425,000
Certificates of Participation Premium	-	1,337,495	1,337,495	85,342
Total Other Financing Sources	<u>58,800,000</u>	<u>63,228,056</u>	<u>1,269,595</u>	<u>53,082,227</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (28,653,079)</u>	33,338,144	<u>\$ 58,832,762</u>	(146,825)
<b>FUND BALANCE</b>				
Beginning of Year		<u>89,744,139</u>		<u>89,890,964</u>
End of Year		<u>\$ 123,082,283</u>		<u>\$ 89,744,139</u>

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**DEBT SERVICE FUND**  
**BALANCE SHEET**  
**JUNE 30, 2022**  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)

	Totals	
	2022	2021
<b>ASSETS</b>		
Cash and Investments	\$ 29,760,828	\$ 28,100,045
Cash with Fiscal Agent	36,050,898	34,337,959
Receivables:		
Current Taxes	28,979,919	29,094,227
Delinquent Taxes	683,357	658,576
Accounts and Interest Receivable	140,635	124,057
Due from Minnesota Department of Education	93,142	18,379
Due from Federal Government Received Directly	-	436,698
Due from Other Governmental Units	-	658
Long-Term Leases Receivable	4,462,043	-
Total Assets	\$ 100,170,822	\$ 92,770,599
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>		
Liabilities:		
Accounts and Contracts Payable	\$ 8,950	\$ 1,700
Unearned Revenue	1,496	1,496
Total Liabilities	10,446	3,196
Deferred Inflows of Resources:		
Property Taxes Levied for Subsequent Year	48,973,120	48,679,851
Unavailable Revenue - Delinquent Taxes	683,357	383,045
Long-Term Leases	4,239,932	-
Total Deferred Inflows of Resources	53,896,409	49,062,896
Fund Balance:		
Restricted for:		
Bond Refunding	15,280,947	15,774,787
QZAB and QSCB Payments	20,895,705	18,685,614
Debt Service	10,087,315	9,244,106
Total Fund Balance	46,263,967	43,704,507
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 100,170,822	\$ 92,770,599

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2022**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR JUNE 30, 2021)

	2022			2021
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 48,802,926	\$ 48,211,612	\$ (591,314)	\$ 46,972,974
Investment Earnings	-	611,860	611,860	733,613
County and Other	500,000	940,387	440,387	543,815
State Sources	-	932,569	932,569	183,793
Federal Sources	940,383	873,395	(66,988)	886,603
Total Revenues	<u>50,243,309</u>	<u>51,569,823</u>	<u>1,393,502</u>	<u>49,320,798</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal	31,618,550	29,905,000	(1,713,550)	28,930,000
Interest	19,056,361	19,111,715	55,354	19,219,051
Fiscal Charges and Other	250,000	138,658	(111,342)	505,094
Total Expenditures	<u>50,924,911</u>	<u>49,155,373</u>	<u>(1,769,538)</u>	<u>48,654,145</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(681,602)	2,414,450	3,163,040	666,653
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Bonds	9,659,990	9,805,000	145,010	40,480,000
Bond Premium	950,010	950,010	-	3,679,694
Payment to Refunded Bond Escrow Agent	-	(10,610,000)	(10,610,000)	(44,605,000)
Total Other Financing Sources (Uses)	<u>10,610,000</u>	<u>145,010</u>	<u>(10,464,990)</u>	<u>(445,306)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 9,928,398</u>	2,559,460	<u>\$ (7,301,950)</u>	221,347
<b>FUND BALANCE</b>				
Beginning of Year		<u>43,704,507</u>		<u>43,483,160</u>
End of Year		<u>\$ 46,263,967</u>		<u>\$ 43,704,507</u>

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS**  
**COMPLIANCE TABLE**  
**YEAR ENDED JUNE 30, 2022**

	AUDIT	UFARS	DIFFERENCE
<b>01 GENERAL FUND</b>			
Total Revenue	\$ 738,919,849	\$ 733,866,716	\$ 5,053,133 *
Total Expenditures	719,888,405	702,602,160	17,286,245 *
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	1,198,915	1,198,916	(1)
<i>Restricted:</i>			
401 Student Activities	683,244	312,480	370,764 *
403 Staff Development	6,855	-	6,855 *
406 Health and Safety	-	-	-
407 Capital Project Levy	-	-	-
408 Cooperative Programs	-	-	-
413 Projects Funded by COP	-	-	-
414 Operating Debt	-	-	-
416 Levy Reduction	-	-	-
417 Taconite Building Maintenance	-	-	-
424 Operating Capital	1,538,254	1,538,254	-
426 \$25 Taconite	-	-	-
427 Disabled Accessibility	-	-	-
428 Learning and Development	-	-	-
434 Area Learning Center	3,489,712	3,489,712	-
435 Contracted Alternative Programs	-	-	-
436 State-Approved Alternative Programs	-	-	-
438 Gifted and Talented	-	-	-
440 Teacher Development and Evaluations	-	-	-
441 Basic Skills Programs	-	-	-
445 Career and Technical Programs	-	-	-
448 Achievement and Integration	-	-	-
449 Safe Schools Crime Levy	-	-	-
451 QZAB Payments	-	-	-
452 OPEB Liability Not Held in Trust	-	-	-
453 Unfunded Severance & Retirement Levy	-	-	-
459 Basic Skills Extended Time	1,066,123	1,066,123	-
467 LTFM	(1,409,909)	(1,409,909)	-
472 Medical Assistance	1,220,000	-	1,220,000
464 Restricted Fund Balance	-	-	-
<i>Committed:</i>			
418 Committed for Separation	3,038,018	3,038,018	-
461 Committed Fund Balance	-	-	-
<i>Assigned:</i>			
462 Assigned Fund Balance	32,045,739	29,545,739	2,500,000 *
<i>Unassigned:</i>			
422 Unassigned Fund Balance	74,913,928	71,983,748	2,930,180 *
<b>02 FOOD SERVICE</b>			
Total Revenue	33,742,784	33,688,975	53,809 *
Total Expenditures	36,079,014	36,079,014	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	2,174,527	2,172,526	2,001 *
<i>Restricted:</i>			
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	11,113,078	11,115,078	(2,000) *
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
<b>04 COMMUNITY SERVICE</b>			
Total Revenue	30,300,692	30,305,184	(4,492) *
Total Expenditures	26,698,241	26,698,247	(6)
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	3,420	3,420	-
<i>Restricted:</i>			
426 \$25 Taconite	-	-	-
431 Community Education	1,488,012	1,492,504	(4,492)
432 E.C.F.E.	2,836,480	2,836,480	-
440 Teacher Development and Evaluations	-	-	-
444 School Readiness	2,874,384	2,874,384	-
447 Adult Basic Education	2,213,940	2,213,940	-
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	173,454	173,450	4 *
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS**  
**COMPLIANCE TABLE (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**

	AUDIT	UFARS	DIFFERENCE
<b>06 BUILDING CONSTRUCTION</b>			
Total Revenue	\$ 47,139	\$ 47,138	\$ 1
Total Expenditures	29,937,051	29,937,053	(2)
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	2,500	(2,500) *
<i>Restricted:</i>			
407 Capital Projects Levy	-	-	-
409 Alternative Facility Program	-	-	-
413 Projects Funded by COPs	61,803,855	61,803,855	-
467 LTFM	46,452,217	46,452,217	-
464 Restricted Fund Balance	14,826,211	14,826,209	2
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
<b>07 DEBT SERVICE</b>			
Total Revenue	51,569,823	50,664,604	905,219 *
Total Expenditures	49,155,373	49,155,373	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
425 Bond Refunding	15,280,947	15,280,947	-
451 QZAB and QSCB Payments	20,895,705	20,895,705	-
464 Restricted Fund Balance	10,087,315	9,182,095	905,220 *
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
<b>08 TRUST</b>			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Restricted:</i>			
401 Student Activities	-	-	-
402 Scholarships	-	-	-
422 Unassigned Net Position	-	-	-
<b>18 CUSTODIAL FUND</b>			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Restricted:</i>			
401 Student Activities	-	-	-
402 Scholarships	-	-	-
448 Achievement and Integration	-	-	-
464 Restricted Fund Balance	\$ -	-	-
<b>20 INTERNAL SERVICE</b>			
Total Revenue	5,354,166	5,354,165	1
Total Expenditures	4,589,510	4,589,510	-
<i>Net Position:</i>			
422 Net Position	2,856,890	2,856,889	1
<b>25 OPEB REVOCABLE TRUST</b>			
Total Revenue	(3,924,420)	(3,924,420)	-
Total Expenditures	254,292	254,291	1
<i>Net Position:</i>			
422 Net Position	47,722,136	47,722,136	-
<b>45 OPEB IRREVOCABLE TRUST</b>			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Net Position:</i>			
422 Net Position	-	-	-
<b>47 OPEB DEBT SERVICE</b>			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
425 Bond Refunding	-	-	-
464 Restricted Fund Balance	-	-	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-

\*Variance is due to an adjustment made after the deadline to make UFARS adjustments.



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