INDEPENDENT SCHOOL DISTRICT NO. 625
SAINT PAUL, MINNESOTA

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2023

CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

THIS PAGE INTENTIONALLY LEFT BLANK

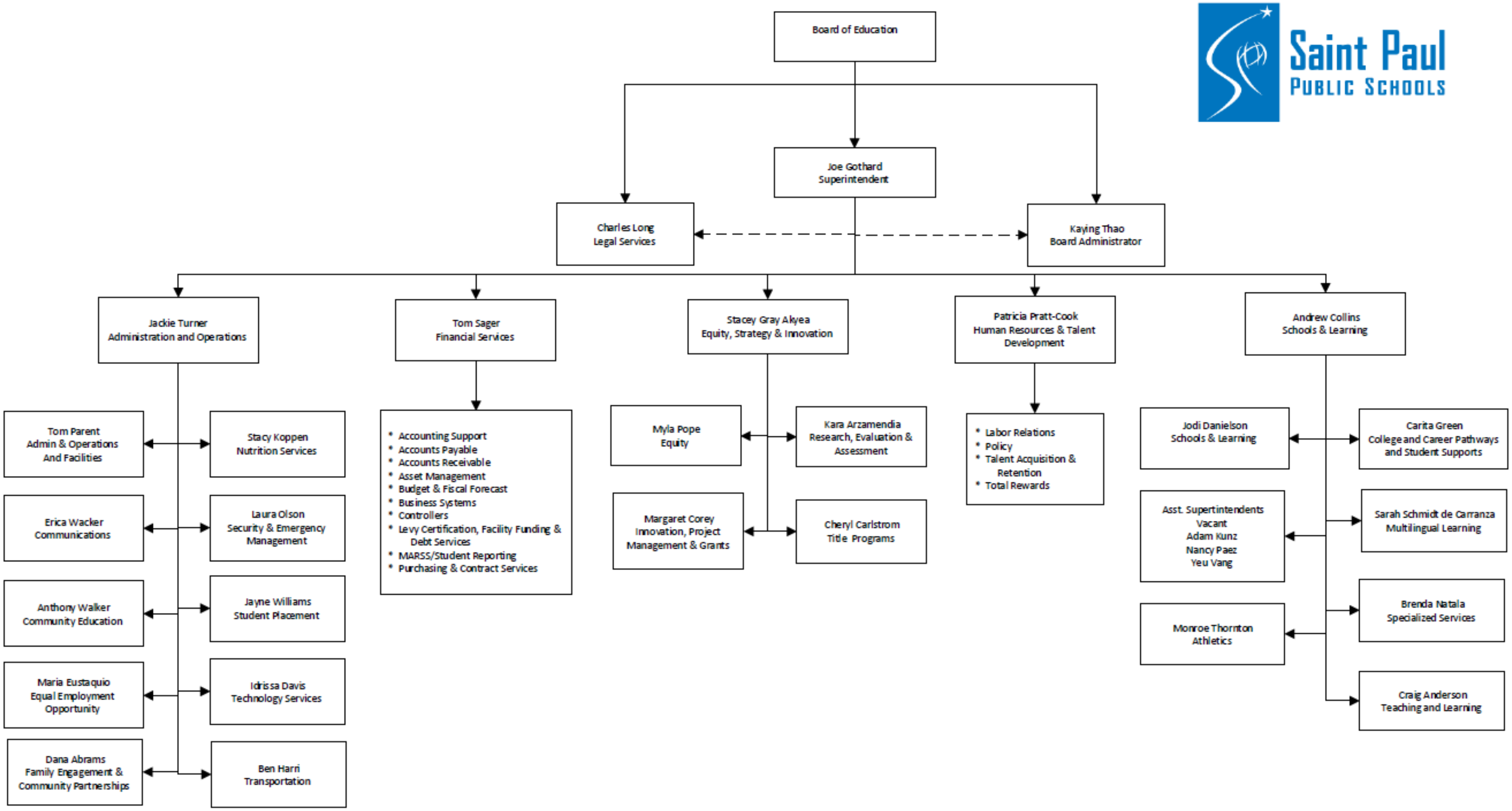
INDEPENDENT SCHOOL DISTRICT NO. 625
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2023

INDEPENDENT SCHOOL DISTRICT NO. 625
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

THIS PAGE INTENTIONALLY LEFT BLANK

INTRODUCTORY SECTION

THIS PAGE INTENTIONALLY LEFT BLANK


Board of Education
Joe Gothard
Superintendent
Charles Long
Legal Services
Kaying Thao
Board Administrator
Jackie Turner
Administration and Operations
Tom Sager
Financial Services
Stacey Gray Akyea
Equity, Strategy & Innovation
Patricia Pratt-Cook
Human Resources & Talent Development
Andrew Collins
Schools & Learning
Tom Parent
Admin & Operations And Facilities
Stacy Koppen
Nutrition Services
Erica Wacker
Communications
Laura Olson
Security & Emergency Management
Anthony Walker
Community Education
Jayne Williams
Student Placement
Maria Eustaquio
Equal Employment Opportunity
Idrissa Davis
Technology Services
Dana Abrams
Family Engagement & Community Partnerships
Ben Harri
Transportation
Accounting Support
Accounts Payable
Accounts Receivable
Asset Management
Budget & Fiscal Forecast
Business Systems
Controllers
Levy Certification, Facility Funding & Debt Services
MARSS/Student Reporting
Purchasing & Contract Services
Myla Pope
Equity
Kara Arzamendia
Research, Evaluation & Assessment
Margaret Corey
Innovation, Project Management & Grants
Cheryl Carlstrom
Title Programs
Labor Relations
Policy
Talent Acquisition & Retention
Total Rewards
Jodi Danielson
Schools & Learning
Carita Green
College and Career Pathways and Student Supports
Asst. Superintendents
Vacant
Adam Kunz
Nancy Paez
Yeu Vang
Sarah Schmidt de Carranza
Multilingual Learning
Brenda Natala
Specialized Services
Monroe Thornton
Athletics
Craig Anderson
Teaching and Learning

INDEPENDENT SCHOOL DISTRICT NO. 625
SCHOOL BOARD AND ADMINISTRATION
JUNE 30, 2023

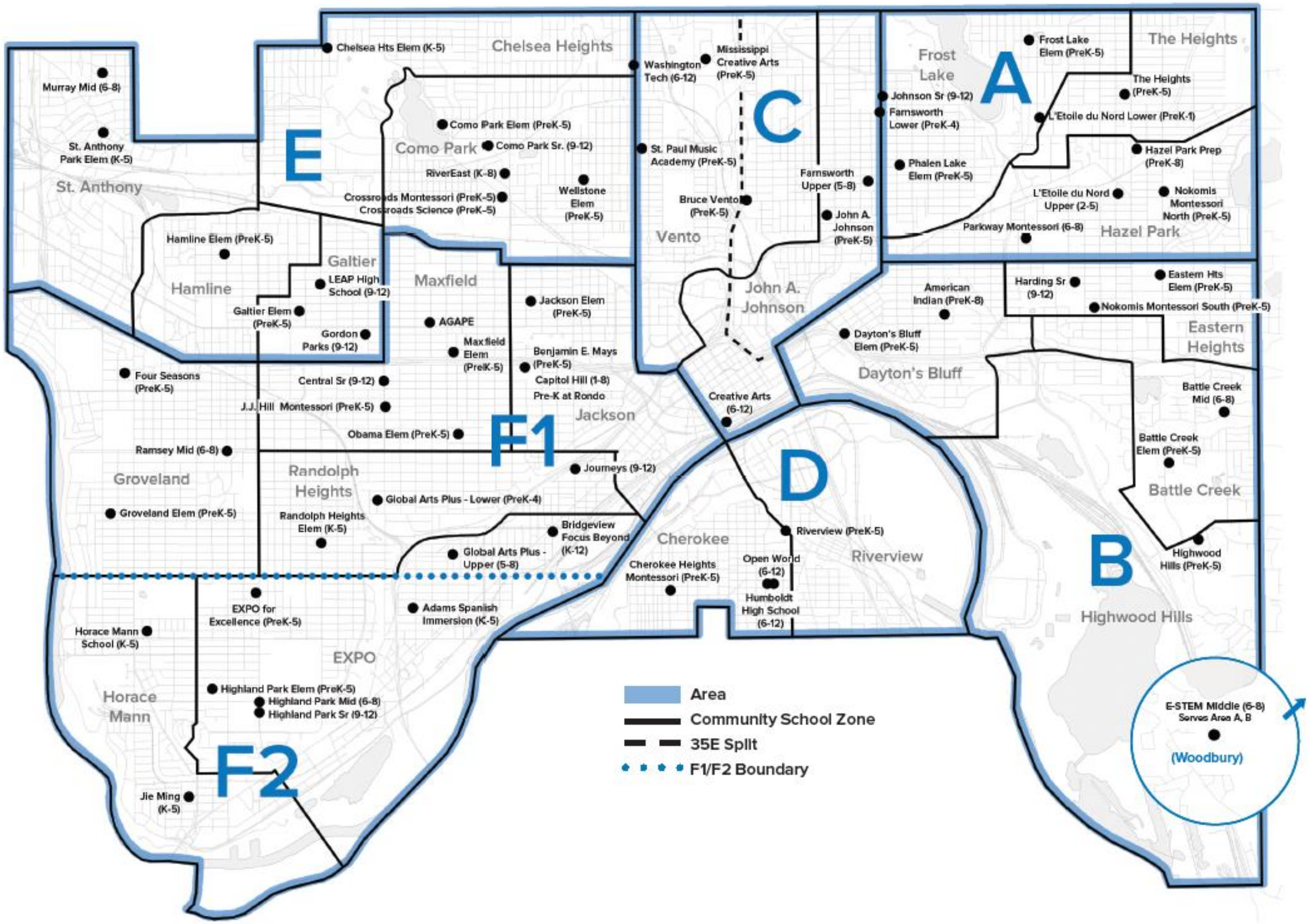
BOARD OF EDUCATION

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



THIS PAGE INTENTIONALLY LEFT BLANK

FINANCIAL SECTION

THIS PAGE INTENTIONALLY LEFT BLANK

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Education and Management
Independent School District No. 625
Saint Paul Public Schools
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, 2023, and the related notes to the financial statements, which collectively comprise 2023'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, 2023, and the respective changes in financial position, 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, 2022, the District adopted a new accounting guidance for subscription-based information technology arrangements (SBITAs). The guidance requires subscribers to recognize a right-to-use subscription asset and corresponding subscription liability for all SBTIAs with agreement terms greater than twelve months. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See CLAglobal.com/disclaimer.

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 management's discussion and analysis, budgetary comparison schedules, other postemployment benefits schedule, and schedules of the District's proportionate share of the net pension liability and 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 Accounting and Reporting Standards (UFARS) compliance table is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the UFARS compliance table is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Board of Education and Management
Independent School District No. 625
Saint Paul Public Schools

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated **October 22, 2024**October 22, 2024, 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

CliftonLarsonAllen LLP

Minneapolis, Minnesota
October 22, 2024

THIS PAGE INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2023. 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 2022–2023 fiscal year by $335.76 million. This amount includes a net investment in capital assets of $190.7 million, $72.59 million net position restricted for specific uses, and a negative unrestricted net position of $615.34 million.

- The District's total net position increased by $35.76 million in the current year. Restricted net position decreased by $26.6 million. The unrestricted portion of the District's net position increased $1.65 million. A more detailed analysis of these changes can be found later in this document.

- At the close of the 2022–2023 fiscal year, unassigned fund balance for the General Fund was $80.56 million, or 10.96%, of total General Fund expenditures.

- The District's long-term liabilities increased by $181.97 million, or 13.86%, during the current fiscal year. This was partially due to a $252.22 million net increase 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 increase was offset by a $27.30 million decrease in the District's liabilities for bonds, COPs, and financed purchases. The liability for severance benefits and compensated absences payables also increased $1.26 million. The liability for subscriptions also increased $1.05 million due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements.*

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.

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.

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 $335,764,742 on June 30, 2023 (see Table A-1).

The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2023 reducing the District's net position to a deficit of $335,764,742. The District had $86,264,511 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, 2023	Governmental Activities as of June 30, 2022	Percentage Change
Current and Other Assets	$ 620,923,626	$ 643,112,405	(3.45)%
Capital Assets	707,296,032	671,300,637	5.36
Total Assets	1,328,219,658	1,314,413,042	1.05
Deferred Outflows of Resources	216,403,987	151,085,321	43.23
Current Liabilities	105,663,800	111,635,888	(5.35)
Long-Term Liabilities	1,495,095,004	1,313,124,310	13.86
Total Liabilities	1,600,758,804	1,424,760,198	12.35
Deferred Inflows of Resources	279,629,583	412,260,431	(32.17)
Net Position:			
Net Investment in Capital Assets	190,704,006	129,995,075	46.70
Restricted	72,589,805	115,481,151	(37.14)
Unrestricted	(599,058,553)	(616,998,492)	(2.91)
Total Net Position	$ (335,764,742)	$ (371,522,266)	(9.62)

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, 2023	Governmental Activities for the Fiscal Year Ended June 30, 2022	Percentage Change
Revenues			
Program Revenues			
Charges for Services	$ 13,790,100	$ 10,583,505	30.30 %
Operating Grants and Contributions	183,038,627	175,327,913	4.40
Capital Grants and Contributions	4,126,912	4,737,641	(12.89)
General Revenues			
Property Taxes	204,221,338	201,839,546	1.18
Unrestricted State Aid	417,147,281	441,369,979	(5.49)
Investment Earnings	14,875,626	(3,899,669)	(481.46)
Other	11,871,594	15,297,488	(22.40)
Total Revenues	849,071,478	845,256,403	0.45
Expenses			
Administration	25,580,719	24,671,244	3.69
District Support Services	26,843,117	41,570,634	(35.43)
Regular Instruction	334,634,493	298,755,522	12.01
Vocational Education Instruction	5,337,999	4,773,887	11.82
Special Education Instruction	130,150,573	117,147,891	11.10
Instructional Support Services	46,642,778	41,871,150	11.40
Pupil Support Services	76,824,374	60,154,818	27.71
Sites and Buildings	70,003,085	73,827,168	(5.18)
Fiscal and Other Fixed Cost Programs	3,404,222	3,015,413	12.89
Food Service	35,871,344	35,642,965	0.64
Community Service	40,988,426	30,931,772	32.51
Interest and Fiscal Charges on Long-Term Liabilities	17,032,824	11,386,045	49.59
Total Expenses	813,313,954	743,748,509	9.35
Change in Net Position	35,757,524	101,507,894	
Beginning Net Position	(371,522,266)	(459,375,363)	
Prior Period Restatement - See Note 10	-	(13,654,797)	
Beginning Net Position, as Restated	(371,522,266)	(473,030,160)	
Ending Net Position	$ (335,764,742)	$ (371,522,266)	

The District's total revenues were $849,278,626 for the year ended June 30, 2023, an increase of $4,002,223 (0.48%) from 2021-2022 actual revenues of $845,256,403.

For 2022-2023, property taxes and unrestricted state aid accounted for 73.60% of total revenue for the year. About 22.06% of the District's revenue came from operating and capital grants. Fees and charges for services accounted for 1.62% of the total revenue, while the remaining 2.71% came from other general revenue, including investment income.

For 2022-2023, the cost of all *governmental* programs and services was $813,521,102. This was an increase of $69,772,593 (9.38%) from the 2021-2022 total cost of $743,748,509.

As in past years, the bulk of the District's resources (54%) 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 $35.76 million.

Figure 3

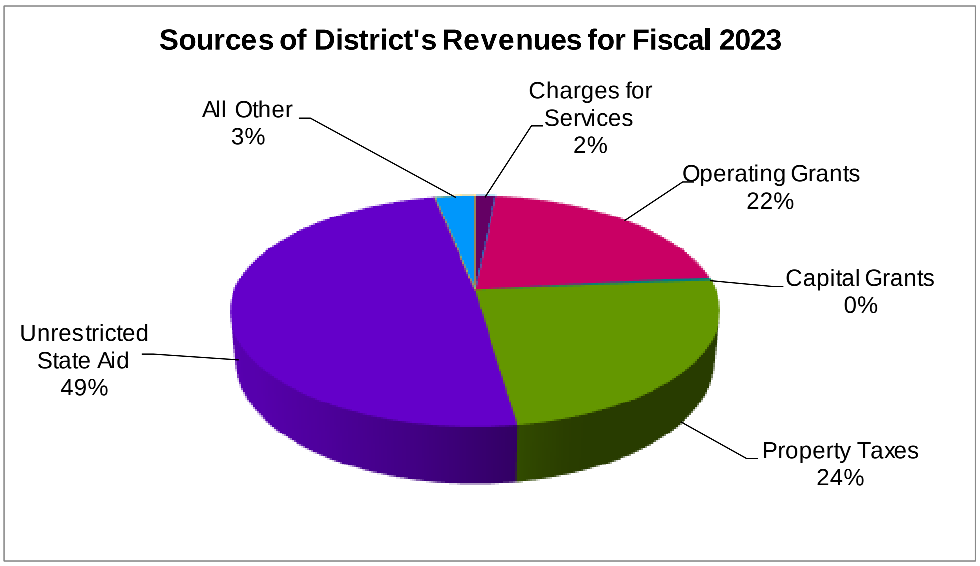
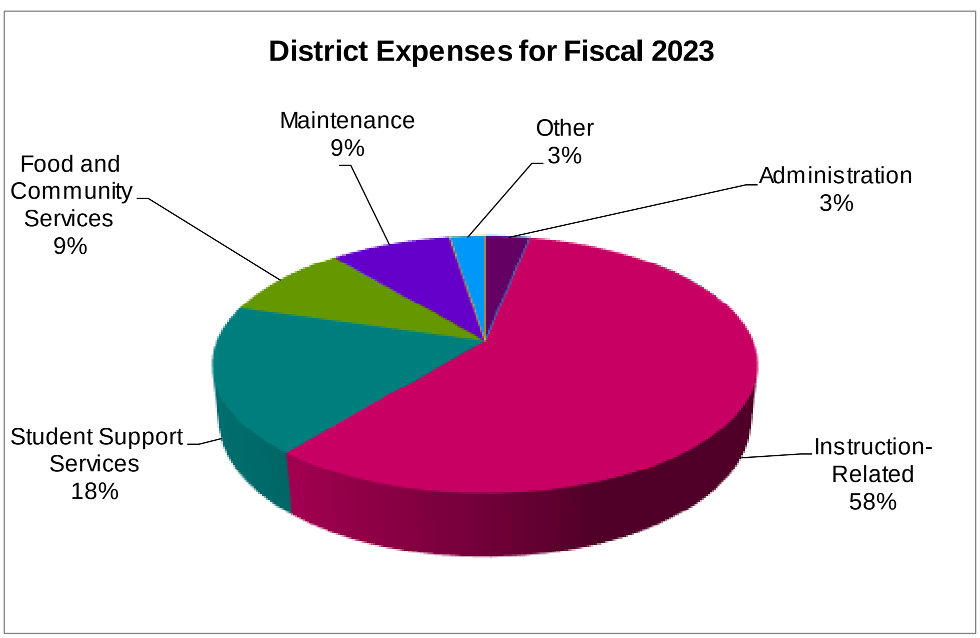


Figure 4



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, 2023, the District's governmental funds reported total fund balances of $343.73 million, a decrease of $14.00 million, or 3.92%, from last year's ending total fund balances of $357.74 million. This net decrease is chiefly due to the following factors:

- In 2022-2023, actual expenditures were $8.91 million more than actual revenues and other financing sources in the Food Service Fund. This is primarily a result of the decrease in federal sources due to the Summer Food Program not operating during the school year which operated in the prior year which made meals free for students.

- In 2022-2023, actual expenditures were $7.87 million more than actual revenues and other financing sources in the Capital Projects Fund. This is primarily a result of the District having more capital asset activity.

- In 2022-2023, actual expenditures were $13.15 million more than actual revenues and other financing sources in the Debt Service Fund. This is primarily a result of the District making refunded bond payments to its escrow agent.

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		
	June 30, 2023	June 30, 2022	Change
General Fund	$ 179,407,272	$ 165,513,015	$ 13,894,257
Food Service Fund	4,370,936	13,287,605	(8,916,669)
Community Service Fund	11,627,751	9,589,690	2,038,061
Capital Projects Fund	115,208,503	123,082,283	(7,873,780)
Debt Service Fund	33,114,849	46,263,967	(13,149,118)
Total	$ 343,729,311	$ 357,736,560	$ (14,007,249)

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.

The graph below (Figure 5) shows the District's actual average daily membership (ADM) over the last five years. ADM for 2022-2023 increased from the previous year at the ECSE level with declines in the other grade levels. Total enrollment for the 2022-2023 fiscal year of 31,611 shows a decrease of 1,165 ADMS below the 2021-2022 total of 32,776.

Figure 5
Average Daily Membership (ADM)

	2019	2020	2021	2022	2023
ECSE	591	589	573	668	724
Pre K	204	194	257	169	157
Elementary	19,697	18,986	17,909	17,135	16,514
Secondary	15,445	15,237	15,347	14,804	14,216
Total Students for Aid	35,937	35,006	34,086	32,776	31,611
Percentage Change	-1.27%	-2.59%	-2.63%	-3.84%	-3.55%

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	
REVENUES	June 30, 2023	June 30, 2022	Increase (Decrease)	Percent Change
Local Sources:				
Property Taxes	$ 150,044,444	$ 149,734,295	$ 310,149	0.2 %
Earnings on Investments	10,014,844	(4,604,741)	14,619,585	(317.5)
Other	13,715,695	17,959,914	(4,244,219)	(23.6)
State Sources	414,446,192	437,747,552	(23,301,360)	(5.3)
Federal Sources	151,460,966	138,082,829	13,378,137	9.7
Total Revenues	739,682,141	738,919,849	762,292	
OTHER FINANCING SOURCES				
Subscription Based Information Technology Arrangement	10,444,609	-	10,444,609	N/A
Financed Purchase Agreements	-	18,070,177	(18,070,177)	(100.0)
Insurance Recovery	-	69,984	(69,984)	(100.0)
Total Other Financing Sources	10,444,609	18,140,161	(7,695,552)	(42.4)
Total General Fund Revenues and Other Financing Sources	$ 750,126,750	$ 757,060,010	$ (6,933,260)	(0.9)

During 2022–2023, the District's total General Fund revenues and other financing sources decreased $7.70 million, or 42.4%, from the previous year. The decrease was due to the following factors:

- State aids for 2022-2023 were $20.79 million less than the previous year. This decrease was mainly due to the following factors:

  1) A decrease of $12.2 million in general state aid.
  2) A decrease of $6.2 million in the special education state aid.

- Financed purchase agreements for 2022-2023 were $4.4 million less than the previous year. This decrease was due to the district not having any new financed purchase agreements.

The following schedule presents a summary of General Fund Expenditures.

Table A-5
General Fund Expenditures

	Year Ended		Change	
	June 30, 2023	June 30, 2022	Increase (Decrease)	Percent Change
EXPENDITURES				
Salaries	$ 407,540,407	$ 414,372,972	$ (6,832,565)	(1.6)%
Employee Benefits	149,820,693	150,343,879	(523,186)	(0.3)
Purchased Services	87,087,857	74,473,573	12,614,284	16.9
Supplies and Materials	29,500,595	29,899,053	(398,458)	(1.3)
Capital Expenditures	30,075,901	32,616,665	(2,540,764)	(7.8)
Debt Service	18,630,681	6,663,887	11,966,794	179.6
Other Expenditures	12,403,809	11,518,376	885,433	7.7
Total Expenditures	$ 735,059,943	$ 719,888,405	$ 15,171,538	2.1

Total General Fund expenditures increased $15.17 million or 2.1% from the previous year. The changes in the major expenditure categories include:

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 $12.61 million or 16.9% 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.

Debt Service consists of principal and interest payments for the District's long-term liabilities. The District's increase of $11.97 million or 179.6% in debt service was due to additional principal and interest and fiscal charges related to subscriptions in the first year of implementation for GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

In summary, 2022-2023 General Fund revenues and other financing sources exceeded expenditures by $13.89 million. After deducting statutory restrictions and internal assignments, the unassigned fund balance increased to $80.56 million, which is 10.96% of the total general fund expenditures, or about 40 days of operations.

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 2021-2022.

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

	Original Budget	Final Budget	Change	Percent Change
Revenue and Other Financing Sources	$ 719,406,173	$ 761,805,756	$ 42,399,583	5.9 %
Expenditures	719,228,924	762,097,791	42,868,867	6.0 %
Net Change in Fund Balance	$ 177,249	$ (292,035)	$ (469,284)	

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 $292,035, the actual results for the year show a net gain of $13.89 million.

- Actual revenues and other financing sources were about $22 million, or 2.9%, less than expected. The major factors that had contributed to this variance are as follows:

  1) 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.

- Actual expenditures were $27.04 million, or 3.55% less than budget. There are many factors, both positive and negative, that have contributed to the variance.

    1) Actual employee salary and benefits were $25.2 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 2022-2023 school year.

    2) The District spent $12.9 million less than budgeted in supplies and materials. Supply chain issues significantly impacted timelines and available materials resulting in unspent federal funds which will continue to be available for two more years.

    3) Debt service including principal and interest and fiscal charges were $10.4 million more than budget. This was mainly due to the implementation for GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

Food Service Fund

The Food Service Special Revenue Fund revenues for 2022-2023 totaled $25.78 million and expenditures were $35.87 million, resulting in a decrease in fund balance of $8.92 million. The June 30, 2023 Food Service Special Revenue Fund balance was $4.37 million.

The 2022-2023 actual revenues were $1.60 million, or 5.8%, 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 2022-2023 Food Service Special Revenue Fund expenditures were $2.79 million, or 8.4%, more than the budgeted amount. The transition from the seamless summer meal distribution used in the prior year to the more typical school meal program increased expenditures necessary to produce the meals.

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 2022–2023, the total revenues and other financing sources for the Community Service Special Revenue Fund were $34.76 million and the total expenditures were $32.72 million, resulting in an increase to fund balance of $2.04 million. The Community Service Special Revenue Fund balance as of June 30, 2023 is $11.63 million. Of this amount, $3.57 million is restricted for community education programs, $2.90 million is restricted for the Early Childhood Family Education Program, $3.15 million is restricted for the School Readiness Program, $2.19 million is restricted for the Adult Basic Education Program, and $291 thousand is restricted for Retiree Health.

Capital Projects – Building Construction Fund

The Capital Projects – Building Construction Fund expenditures exceeded revenues by $39.63 million for the year ended June 30, 2023. After other financing sources of $31.76 million from the issuance of bonds, the fund had a decrease in fund balance of $7.87 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 2022–2023, approximately 88.8% 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 2022–2023, the District's total Debt Service Fund expenditures and other financing uses exceeded revenues by $13.15 million.

The June 30, 2023 Debt Service Fund balance totaled $33.11 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 2022-2023, the revenues for this fund include contributions paid from the District's governmental funds, and miscellaneous revenue. The workers compensation payable liability for the District on June 30, 2023 totaled $13.63 million, and the net position of the fund was $3.2 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At year-end, the District has capital assets of $1.265 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 7). Total depreciation and amortization expense for the year was $37.22 million.

During 2022–2023, the District invested a total of $12.03 million in furniture and equipment and $126.57 million in buildings and improvements, land improvements, and construction in progress. The District also invested a total of $10.45 million in subscription based information technology arrangements. The changes presented in the table below reflect the ongoing activity and completion of projects at district sites during fiscal year 2023, 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

	2023	2022	Percentage Change
Land	$ 30,959,067	$ 30,959,067	- %
Construction in Progress	79,605,922	110,017,062	(27.6)
Land Improvements	38,282,278	38,096,956	0.5
Buildings and Improvements	1,047,629,625	969,296,783	8.1
Equipment	55,519,066	43,492,570	27.7
Subscription Based Information Technology Arrangements	13,077,932	-	N/A
Less: Accumulated Depreciation and Amortization	(557,777,858)	(520,561,801)	7.1
Total General Fund Expenditures	$ 707,296,032	$ 671,300,637	5.4

Long-Term Liabilities

At year-end, the District had $606.69 million in bonds, refunding bonds, certificates of participation, financed purchases outstanding, and subscriptions payable, including unamortized premiums and discounts. This is a decrease of $26.24 million from the previous year, as shown in Table 8.

- Outstanding bonds, certificates of participation, and financed purchases show a decrease of $24.63 million, due to debt service payments.
- Subscriptions payable show an increase of $1.05 million, due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.
- Premiums and discounts on bonds show a net decrease of $2.67 million, mostly due to amortization.
- The District's liabilities for various long-term employee benefits, including pensions, severance, and compensated absences, increased $253.08 million during 2022-2023, mainly due to the decrease in the District's proportionate share of the PERA and SPTRFA pension plan obligations.

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

	2023	2022	Percentage Change
General Obligation Bonds	$ 298,175,000	$ 305,400,000	(2.4)%
Net Bond Premium and Discount	30,093,587	32,758,902	(8.1)
Certificates of Participation Payable	267,150,000	280,145,000	(4.6)
Financed Purchases Payable	10,216,780	14,628,607	(30.2)
Subscriptions Payable	1,050,296	-	N/A
Net Pension Liability	616,368,585	364,152,793	69.3
Severance Benefits Payable	22,342,089	22,739,227	(1.7)
Compensated Absences Payable	6,896,569	5,633,669	22.4
Total Long-Term Liabilities	$ 1,252,292,906	$ 1,025,458,198	22.1
Long-Term Liabilities:			
Due Within One Year	$ 45,555,115	$ 39,372,896	
Due in More Than One Year	1,206,737,791	986,085,302	
Total	$ 1,252,292,906	$ 1,025,458,198	

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 $32.95 billion for calendar year 2023 and the District's debt limit is $4.60 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.

FACTORS BEARING ON THE DISTRICT'S FUTURE

With the exception of the voter-approved operating referendum, the District is dependent on the State of Minnesota for most of its revenue authority. School districts experienced many years without revenue increases which adequately met instructional program needs and increased costs due to inflation.

The ongoing demands on limited resources continue to present challenges in funding education for Minnesota schools. The Legislature added $275, or 4 percent, per pupil to the basic general funding formula for fiscal year 2024. The State currently passed legislation to increase the per-pupil funding formula by 2 percent for fiscal year 2025 with increases tied to inflation at a maximum of 3 percent in following years.

The COVID-19 pandemic has had some lingering impacts on family decisions regarding enrollment. Students choosing to enroll in other school districts, online schools, private school options, homeschool and charter schools has had an impact on the district and resulted in less revenue for the District.

The District will continue to seek all available sources of funding, respond to changes in enrollment, maintain systems that ensure financials stability, and adopt budgets that will allow the District to have adequate fund balance reserves in the various components of the General Fund Balance in the upcoming years.

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

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT SCHOOL DISTRICT NO. 625
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
ASSETS	
Cash and Investments	$ 216,870,352
Cash with Fiscal Agent	111,074,397
Receivables:	
Current Taxes	119,490,667
Delinquent Taxes	2,630,564
Other Governments	109,725,626
Accounts and Interest	645,220
Lease	3,997,376
Prepaid Items	582,515
Inventories	3,866,671
Restricted Assets - Temporary Restricted	
Cash and investments for OPEB	52,040,238
Capital Assets:	
Capital Assets Not Being Depreciated	110,564,989
Other Capital Assets, Net of Depreciation and Amortization	596,731,043
Total Assets	1,328,219,658
DEFERRED OUTFLOWS OF RESOURCES	
Losses on Debt Refunding	267,270
Deferred Outflows - Pensions	176,563,711
Deferred Outflows - OPEB	39,573,006
Total Deferred Outflows	216,403,987
LIABILITIES	
Salaries Payable	49,409,721
Accounts and Contracts Payable	46,942,432
Accrued Interest	8,750,952
Due to Other Governmental Units	115,511
Unearned Revenue	445,184
Long-Term Liabilities:	
OPEB Liability	242,802,098
Net Pension Liability	616,368,585
Portion Due Within One Year	45,555,115
Portion Due in More Than One Year	590,369,206
Total Liabilities	1,600,758,804
DEFERRED INFLOWS OF RESOURCES	
Property Taxes Levied for Subsequent Year	170,924,596
Gains on Debt Refunding	2,204,351
Deferred Inflows - Leases	3,707,487
Deferred Inflows - Pensions	10,255,946
Deferred Inflows - Other Postemployment Benefits	92,537,203
Total Deferred Inflows of Resources	279,629,583
NET POSITION	
Net Investment in Capital Assets	190,704,006
Restricted for:	
Operating Capital Purposes	2,611,183
State-Mandated Restrictions	10,175,854
Community Service	11,672,495
Debt Service	9,082,491
Capital Asset Acquisition	39,047,782
Unrestricted	(599,058,553)
Total Net Position	$ (335,764,742)

See accompanying Notes to Basic Financial Statements.

INDEPENDENT SCHOOL DISTRICT NO. 625
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Total Governmental Activities
GOVERNMENTAL ACTIVITIES					
Administration	$ 25,580,719	$ 1,238,534	$ 99,154,601	$ -	$ 74,812,416
District Support Services	26,843,117	-	70,999	1,451,462	(25,320,656)
Regular Instruction	334,634,493	1,126,173	39,784,896	2,594,442	(291,128,982)
Vocational Education Instruction	5,337,999	-	852,430	-	(4,485,569)
Special Education Instruction	130,150,573	3,996,630	8,100,580	-	(118,053,363)
Instructional Support Services	46,642,778	756	2,757,296	-	(43,884,726)
Pupil Support Services	76,824,374	-	1,539,469	-	(75,284,905)
Sites and Buildings	70,003,085	309,653	84,892	81,008	(69,527,532)
Fiscal and Other Fixed Cost Programs	3,404,222	-	-	-	(3,404,222)
Food Service	35,871,344	1,629,268	23,143,820	-	(11,098,256)
Community Service	40,988,426	5,489,086	7,549,644	-	(27,949,696)
Interest and Fiscal Charges on Long-Term Liabilities	17,032,824	-	-	-	(17,032,824)
Total School District	$ 813,313,954	$ 13,790,100	$ 183,038,627	$ 4,126,912	(612,358,315)

GENERAL REVENUES	
Property Taxes Levied for:	
General Purposes	150,902,383
Community Service	4,096,139
Debt Service	49,222,816
State Aid Not Restricted to Specific Purposes	417,147,281
Earnings on Investments	14,875,626
Miscellaneous	11,871,594
Total General Revenues	648,115,839
CHANGE IN NET POSITION	35,757,524
Net Position - Beginning	(371,522,266)
NET POSITION - ENDING	$ (335,764,742)

See accompanying Notes to Basic Financial Statements.

INDEPENDENT SCHOOL DISTRICT NO. 625
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	Major Funds					Total
	General	Food Service	Community Service	Capital Projects	Debt Service	Governmental Funds
ASSETS						
Cash and Investments	$ 118,476,580	$ 1,291,516	$ 10,734,667	$ 39,096,659	$ 30,437,103	$ 200,036,525
Restricted Cash and Investments in Revocable OPEB Trust	52,040,238	-	-	-	-	52,040,238
Cash with Fiscal Agent	-	-	-	87,989,669	23,084,728	111,074,397
Receivables:						
Current Property Taxes	86,100,801	-	2,147,456	-	31,242,410	119,490,667
Delinquent Property Taxes	1,938,723	-	53,899	-	637,942	2,630,564
Due from Other Minnesota School Districts	482,053	-	-	-	-	482,053
Due from Minnesota Department of Education	30,621,443	50,243	1,447,255	-	385,750	32,504,691
Due from Federal through Minnesota Department of Education	67,903,417	1,228,862	3,391,417	-	-	72,523,696
Due from Federal Government Received Directly	1,364,339	-	-	-	-	1,364,339
Due from Other Governmental Units	2,748,999	3,133	98,715	-	-	2,850,847
Accounts and Interest Receivable	451,807	10,000	19,663	-	163,750	645,220
Leases Receivable	-	-	-	-	3,997,376	3,997,376
Prepaids	575,926	827	5,762	-	-	582,515
Inventory	595,863	3,270,808	-	-	-	3,866,671
Total Assets	$ 363,300,189	$ 5,855,389	$ 17,898,834	$ 127,086,328	$ 89,949,059	$ 604,089,799
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE						
Liabilities:						
Salaries and Wages Payable	$ 10,210,278	$ 163,661	$ 143,705	$ 25,116	$ -	$ 10,542,760
Payroll Deductions and Employer	37,519,295	259,638	1,064,267	23,761	-	38,866,961
Accounts and Contracts Payable	19,417,287	826,322	1,238,098	11,828,948	5,800	33,316,455
Due to Other Governmental Units	109,357	-	6,154	-	-	115,511
Unearned Revenue	51,411	234,832	157,445	-	1,496	445,184
Total Liabilities	67,307,628	1,484,453	2,609,669	11,877,825	7,296	83,286,871
Deferred Inflows of Resources:						
Property Taxes Levied for Subsequent Year	114,782,852	-	3,610,908	-	52,530,836	170,924,596
Unavailable Revenue - Delinquent Property Taxes	1,802,437	-	50,506	-	588,591	2,441,534
Leases	-	-	-	-	3,707,487	3,707,487
Total Deferred Inflows of Resources	116,585,289	-	3,661,414	-	56,826,914	177,073,617
Fund Balance:						
Nonspendable:						
Prepaids	575,926	827	5,762	-	-	582,515
Inventory	595,863	3,270,808	-	-	-	3,866,671
Restricted for:						
Student Activities	1,144,635	-	-	-	-	1,144,635
Area Learning Center	5,286,697	-	-	-	-	5,286,697
Adult Basic Education	-	-	2,118,729	-	-	2,118,729
Basic Skills Extended Time	1,066,123	-	-	-	-	1,066,123
Retiree Health	-	-	290,956	-	-	290,956
Early Childhood and Family Education	-	-	2,895,926	-	-	2,895,926
Learning and Development	7,744	-	-	-	-	7,744
Long-Term Facility Maintenance	-	-	-	70,046,802	-	70,046,802
Medical Assistance	2,670,655	-	-	-	-	2,670,655
Operating Capital	2,611,183	-	-	-	-	2,611,183
Projects Funded by Certificates of Participation	-	-	-	38,798,570	-	38,798,570
QZAB and QSCB Payments	-	-	-	-	23,234,769	23,234,769
School Readiness	-	-	3,154,427	-	-	3,154,427
OPEB Revocable Trust	52,040,238	-	-	-	-	52,040,238
Community Education	-	-	3,161,951	-	-	3,161,951
Food Service	-	1,099,301	-	-	-	1,099,301
Capital Projects	-	-	-	6,363,131	-	6,363,131
Other Debt Service	-	-	-	-	9,880,080	9,880,080
Committed for:						
Separation/Retirement Benefits	3,038,018	-	-	-	-	3,038,018
Assigned for:						
Contractual Obligations	3,496,148	-	-	-	-	3,496,148
Strategic Plan Initiative	6,972,200	-	-	-	-	6,972,200
Site-based Operations	16,270,433	-	-	-	-	16,270,433
Intraschool Activities	3,070,184	-	-	-	-	3,070,184
Unassigned	80,561,225	-	-	-	-	80,561,225
Total Fund Balance	179,407,272	4,370,936	11,627,751	115,208,503	33,114,849	343,729,311
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 363,300,189	$ 5,855,389	$ 17,898,834	$ 127,086,328	$ 89,949,059	$ 604,089,799

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, 2023

Total Fund Balance for Governmental Funds	$	343,729,311
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		79,605,922
Land Improvements, Net of Accumulated Depreciation		15,758,906
Buildings and Improvements, Net of Accumulated Depreciation		545,480,225
Equipment, Net of Accumulated Depreciation		23,507,612
Subscription Based Information Technology Arrangements, Net of Accumulated Amortization		11,984,300
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.		2,441,534
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		(242,802,098)
Deferred Inflows of Resources - Other Postemployment Benefits		(92,537,203)
Deferred Outflows of Resources - Other Postemployment Benefits		39,573,006
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		267,270
Gains on Debt Refunding		(2,204,351)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(8,750,952)
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		(616,368,585)
Deferred Inflows of Resources - Pensions		(10,255,946)
Deferred Outflows of Resources - Pensions		176,563,711
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		(298,175,000)
Unamortized Premiums		(30,093,587)
Certificates of Participation Payable		(267,150,000)
Subscriptions Payable		(1,050,296)
Obligations Under Financed Purchases		(10,216,780)
Severance Benefits Payable		(22,342,089)
Compensated Absences Payable		(6,896,569)
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:		3,207,850
Total Net Position of Governmental Activities	$	(335,764,742)

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, 2023

	Major Funds					Total
	General	Food Service	Community Service	Capital Projects	Debt Service	Governmental Funds
REVENUES						
Local Sources:						
Property Taxes	$ 150,044,444	$ -	$ 4,072,851	$ -	$ 48,942,965	$ 203,060,260
Earnings and Investments	10,014,844	99,114	236,445	3,060,164	1,114,099	14,524,666
Other	13,715,695	1,704,487	5,746,385	-	757,518	21,924,085
State Sources	414,446,192	884,636	17,190,124	-	3,857,625	436,378,577
Federal Sources	151,460,966	23,093,888	7,511,984	-	436,697	182,503,535
Total Revenues	739,682,141	25,782,125	34,757,789	3,060,164	55,108,904	858,391,123
EXPENDITURES						
Current:						
Administration	25,200,702	-	-	-	-	25,200,702
District Support Services	26,363,898	-	-	-	-	26,363,898
Elementary and Secondary Regular Instruction	295,278,268	-	-	-	-	295,278,268
Vocational Education Instruction	5,308,383	-	-	-	-	5,308,383
Special Education Instruction	133,674,964	-	-	-	-	133,674,964
Instructional Support Services	48,192,965	-	-	-	-	48,192,965
Pupil Support Services	74,176,072	-	-	-	-	74,176,072
Sites and Buildings	66,145,952	-	-	-	-	66,145,952
Fiscal and Other Fixed Cost Programs	3,404,222	-	-	-	-	3,404,222
Food Service	-	34,114,999	-	-	-	34,114,999
Community Service	8,607,935	-	32,712,757	-	-	41,320,692
Capital Outlay	30,075,901	1,756,345	6,971	42,375,758	-	74,214,975
Debt Service:						
Principal	17,330,898	-	2,527	131,038	33,170,000	50,634,463
Interest and Fiscal Charges	1,299,783	-	-	186,799	19,873,022	21,359,604
Total Expenditures	735,059,943	35,871,344	32,722,255	42,693,595	53,043,022	899,390,159
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,622,198	(10,089,219)	2,035,534	(39,633,431)	2,065,882	(40,999,036)
OTHER FINANCING SOURCES (USES)						
Subscription Based Information Technology Arrangement	10,444,609	-	2,527	-	-	10,447,136
Sale of Bonds	-	-	-	29,190,000	-	29,190,000
Bond Premiums	-	-	-	2,569,651	-	2,569,651
Payment to Refunded Bond Escrow Agent	-	-	-	-	(15,215,000)	(15,215,000)
Transfers In	-	1,172,550	-	-	-	1,172,550
Transfers Out	(1,172,550)	-	-	-	-	(1,172,550)
Total Other Financing Sources (Uses)	9,272,059	1,172,550	2,527	31,759,651	(15,215,000)	26,991,787
NET CHANGE IN FUND BALANCES	13,894,257	(8,916,669)	2,038,061	(7,873,780)	(13,149,118)	(14,007,249)
FUND BALANCE						
Beginning of Year	165,513,015	13,287,605	9,589,690	123,082,283	46,263,967	357,736,560
End of Year	$ 179,407,272	$ 4,370,936	$ 11,627,751	$ 115,208,503	$ 33,114,849	$ 343,729,311

See accompanying Notes to Basic Financial Statements.

INDEPENDENT SCHOOL DISTRICT NO. 625
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Net Change in Fund Balances - Total Governmental Funds	$	(14,007,249)
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 and amortization expense.		
Capital Outlays		70,580,656
Depreciation and Amortization Expense		(37,216,057)
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.		1,161,078
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.		(25,802,448)
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).		(865,762)
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.		13,586,890
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		(29,190,000)
Premium or Discount on Issued Debt		(2,569,651)
Financed Purchase Agreements		-
Subscription Based Information Technology Arrangements Issued		(10,447,136)
Repayment of Bond Principal		21,200,000
Payments to Refunded Bond Escrow Agent		15,215,000
Deferred Gain (Loss) on Current Year Refunding		(669,742)
Repayment of Certificates of Participation Payable		12,995,000
Repayment of Financed Purchases		4,411,827
Repayment of Subscriptions		12,027,636
Change in Accrued Interest		(831,304)
Amortization of Bond Premium		5,234,966
Amortization of Gains/Losses on Bond Refundings		592,860
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.		350,960
Total	$	35,757,524

See accompanying Notes to Basic Financial Statements.

INDEPENDENT SCHOOL DISTRICT NO. 625
STATEMENT OF NET POSITION
PROPRIETARY FUND
INTERNAL SERVICE FUND
JUNE 30, 2023

ASSETS	
Cash and Investments	$ 16,833,827
LIABILITIES	
Current Liabilities:	
Workers Compensation Payable	13,625,977
NET POSITION	
Unrestricted	$ 3,207,850

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, 2023

OPERATING REVENUES	
Local Sources:	
Assessments from Governmental Funds	$ 3,711,008
OPERATING EXPENSES	
Workers' Compensation Claims	3,711,008
OPERATING INCOME	-
NONOPERATING REVENUE	
Earnings on Investments	350,960
CHANGE IN NET POSITION	350,960
Net Position - Beginning	2,856,890
NET POSITION - ENDING	$ 3,207,850

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, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Assessments from Governmental Funds	$ 3,711,008
Payments for Workers' Compensation	(3,750,256)
Net Cash Provided (Used) by Operating Activities	(39,248)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	350,960
NET INCREASE IN CASH AND CASH EQUIVALENTS	311,712
Cash and Cash Equivalents - Beginning	16,522,115
CASH AND CASH EQUIVALENTS - ENDING	$ 16,833,827
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Increase (Decrease) in Claims Payable	$ (39,248)
Net Cash Provided (Used) by Operating Activities	$ (39,248)

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

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 May 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires not disclosures regarding a SBITA.

The District adopted the requirements of the guidance effective July 1, 2022, and has applied the provisions of this standard to the beginning of the period of adoption.

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.

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.

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.

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 2023.

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.

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 and other supplies on hand at year end 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.

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 $30,107,652 of the property tax levy collectible in 2024 as revenue to the District in fiscal year 22–23. The remaining portion of the taxes collectible in 2023 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, 5 to 15 years for furniture and equipment, and 1 to 10 years for the right-to-use assets. Land and construction in progress are not depreciated.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets (Continued)

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.

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

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 recognizes 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.

The individual lease contracts do not provide information about their discount rate implicit in the lease. Therefore, the District has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Risk Management (Continued)

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
2022	$ 12,425,311	$ 4,589,510	$ 3,349,596	$ 13,665,225
2023	13,665,225	3,711,008	3,750,256	13,625,977

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.

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.

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. Adoption of New Accounting Standards

In May 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. This standard requires the recognition of certain subscription assets and liabilities for agreements that previously were classified as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for subscription accounting based on the foundational principle that SBITAs are financings of the right to use an underlying asset. Under this standard, a subscriber is required to recognize a subscription liability and an intangible right-to-use subscription asset.

The District adopted the requirements of the guidance effective July 1, 2022, and has applied the provisions of this standard to the beginning of the period of adoption.

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.

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

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.

The carrying value and bank balance of the District's deposits in banks at June 30, 2023 is $1,661,714 and $1,661,832, 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

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

- 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.

At June 30, 2023, the District's investment balances were as follows:

	Fair Value
U.S. Treasuries with Maturities at Purchase of Greater Than 1 Year	$ 10,914,634
Federal Home Loan Bank Notes	254,430
Federal National Mortgage Association	206,568
Real Asset Investment Trusts	584,723
Real Asset Funds	3,371,358
Corporate Bonds	9,493,795
Equities	26,264,735
Alternative Investments	1,122
Total Investments at Fair Value	$ 51,091,365

	Amortized Cost
Money Markets	$ 150,584,493
MSDLAF+ Liquid Class	72,718,031
MSDLAF+ Max Class	103,728,617
Total Investments at Amortized Cost	$ 327,031,141

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.

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:

		Maturity Duration in Years			No	
Type	Total	Less Than 1	1 to 5	More Than 5	Maturities	Rating
U.S. Treasuries with Maturities at Purchase of Greater Than One Year	$ 10,914,634	$ -	$ 5,815,239	$ 5,099,395	$ -	Aaa/AA+
Federal Home Loan Bank Notes	254,430	-	254,430	-	-	AA+
Federal National Mortgage Association	206,568	-	206,568	-	-	AA+
Real Asset Investment Trusts	584,723	-	-	-	584,723	NR
Real Asset Funds	3,371,358	-	-	-	3,371,358	NR
Corporate Bonds	9,493,798	814,848	4,543,808	4,135,142	-	BBB to AA+
Equities	26,265,854	-	-	-	26,265,854	NR
MSDLAF+ Liquid Class	72,718,031	-	-	-	72,718,031	AAA
MSDLAF+ Max Class	103,728,617	-	-	-	103,728,617	AAA
Money Markets	150,584,493	-	-	-	150,584,493	NR
Total	$ 378,122,506	$ 814,848	$ 10,820,045	$ 9,234,537	$ 357,253,076	

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, 2023, 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	$ 216,870,352
Cash with Fiscal Agent - Statement of Net Position	111,074,397
Restricted Cash and Investments - Statement of Net Position	52,040,238
Total Cash and Investments	$ 379,984,987

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	$ 10,914,634	$ -	$ -	$ 10,914,634
Federal Home Loan Bank Notes	-	254,430	-	254,430
Federal National Mortgage Association	-	206,568	-	206,568
Federal Home Loan Mortgage Corporation	-	-	-	-
Real Asset Investment Trusts	-	584,723	-	584,723
Real Asset Funds	-	3,371,358	-	3,371,358
Corporate Bonds	-	9,493,798	-	9,493,798
Equities	26,265,854	-	-	26,265,854
Investments Measured at Fair Value	$ 37,180,488	$ 13,910,877	$ -	51,091,365
Investments Measured at Amortized Cost				327,031,141
Total				$ 378,122,506

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 30,959,067	$ -	$ -	$ 30,959,067
Construction in Progress	110,017,062	48,055,724	(78,466,864)	79,605,922
Total Capital Assets, Not Being Depreciated	140,976,129	48,055,724	(78,466,864)	110,564,989
Capital Assets, Being Depreciated:				
Land Improvements	38,096,956	185,322	-	38,282,278
Buildings and Improvements	969,296,783	78,332,842	-	1,047,629,625
Furniture and Equipment	43,492,570	12,026,496	-	55,519,066
Total Capital Assets, Being Depreciated	1,050,886,309	90,544,660	-	1,141,430,969
Accumulated Depreciation for:				
Land Improvements	(21,049,192)	(1,474,180)	-	(22,523,372)
Buildings and Improvements	(473,097,088)	(29,052,312)	-	(502,149,400)
Furniture and Equipment	(26,415,521)	(5,595,933)	-	(32,011,454)
Total Accumulated Depreciation	(520,561,801)	(36,122,425)	-	(556,684,226)
Total Capital Assets, Being Depreciated, Net	530,324,508	54,422,235	-	584,746,743
Right-to-Use Assets, Being Amortized:				
Subscription Based Information Technology Arrangements *	2,630,796	10,447,136	-	13,077,932
Accumulated Amortization for:				
Subscription Based Information Technology Arrangements	-	(1,093,632)	-	(1,093,632)
Total Right-to-Use Assets, Being Amortized, Net	2,630,796	9,353,504	-	11,984,300
Governmental Activities Capital Assets, Net	$ 673,931,433	$ 111,831,463	$ (78,466,864)	$ 707,296,032

* This line item is the result of implementing GASB Statement No. 96 in the current year. Any agreements that were outstanding prior to our implementation date as of 7/1/2022 are shown here as part of the beginning balance of the subscription asset.

NOTE 3 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities	
Administration	$ 316,794
District Support Services	1,152,378
Regular Instruction	33,653,221
Special Education Instruction	456,607
Instructional Support Services	1,167,142
Pupil Support Services	121,370
Sites and Buildings	13,084
Community Service	335,461
Total Depreciation Expense, Governmental Activities	$ 37,216,057

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, 2023, the District recognized $584,841 and $137,944 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:

	Governmental Activities	
Year Ending June 30,	Principal	Interest
2024	$ 479,902	$ 122,613
2025	456,353	106,632
2026	391,767	93,235
2027	419,874	80,138
2028	453,462	65,980
2029-2033	1,698,892	112,313
2034-2035	97,126	4,040
Total	$ 3,997,376	$ 584,951

NOTE 5 LONG-TERM LIABILITIES

A. Components of General Long-Term Debt

The District has the following general obligation bonds outstanding at June 30, 2023:

Issue	Issue Date	Net Interest Rate	Original Issue	Final Maturity	Principal Outstanding Due Within One Year	Principal Outstanding 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
2013B School Building Refunding Bonds	6/25/2013	4.00-5.00%	28,635,000	2/1/2027	3,125,000	11,500,000
2015A School Building Bonds	6/11/2015	2.00-5.00%	15,000,000	2/1/2036	665,000	10,775,000
2016A School Building Bonds	7/27/2016	2.00-4.00%	15,000,000	2/1/2036	685,000	10,460,000
2016B School Building Refunding Bonds	7/27/2016	2.00-5.00%	34,955,000	2/1/2030	3,390,000	21,670,000
2017A School Building Bonds	6/15/2017	3.00-4.00%	15,000,000	2/1/2037	650,000	11,455,000
2017D School Building Refunding Bonds	12/21/2017	3.00-5.00%	15,520,000	2/1/2032	1,190,000	13,285,000
2018A School Building Bonds	6/21/2018	3.00-5.00%	15,000,000	2/1/2037	605,000	12,245,000
2019A School Building Bonds	6/20/2019	3.00-5.00%	15,000,000	2/1/2039	575,000	12,745,000
2020A School Building Bonds	2/20/2020	2.00-5.00%	15,000,000	2/1/2040	570,000	13,470,000
2020B School Building Refunding Bonds	2/20/2020	4.00-5.00%	8,810,000	2/1/2031	325,000	3,095,000
2020D Refunding Bonds	11/19/2020	2.00-5.00%	24,895,000	2/1/2033	4,100,000	17,380,000
2020E Taxable School Building Refunding Bonds	11/19/2020	1.25-2.00%	15,585,000	2/1/2034	1,295,000	15,585,000
2021A School Building Bonds	6/17/2021	2.00-5.00%	15,000,000	2/1/2041	555,000	13,390,000
2021B Facilities Maintenance Bonds	6/17/2021	2.00-5.00%	25,850,000	2/1/2041	925,000	23,820,000
2022A School Building Bonds	2/28/2022	3.00-5.00%	15,000,000	2/1/2042	515,000	14,570,000
2022B Facilities Maintenance Bonds	2/28/2022	3.00-5.00%	20,765,000	2/1/2042	710,000	20,045,000
2022C School Building Refunding Bonds	2/28/2022	3.00-5.00%	9,805,000	2/1/2035	590,000	9,130,000
2022E Facilities Maintenance Bonds	12/7/2022	4.00-5.00%	29,190,000	2/1/2043	780,000	29,190,000
Total General Obligation Bonds					$ 21,250,000	$ 298,175,000

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 2010C, 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 2023, the District issued $29,190,000 of General Obligation Facilities Maintenance Bonds, Series 2022E. The proceeds were used to finance various deferred maintenance projects.

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, 2023:

Issue	Issue Date	Net Interest Rate	Original Issue	Final Maturity	Principal Outstanding Due Within One Year	Principal Outstanding Total
2017B Certificates of Participation	6/15/2017	3.00-5.00%	$ 24,305,000	2/1/2037	$ 1,075,000	$ 19,645,000
2017C Certificates of Participation	12/21/2017	3.00-5.00%	56,015,000	2/1/2038	2,255,000	46,635,000
2018B Certificates of Participation	6/21/2018	3.00-5.00%	52,500,000	2/1/2039	2,030,000	45,310,000
2018C Certificates of Participation	6/21/2018	3.00-5.00%	18,060,000	2/1/2039	695,000	15,580,000
2019B Certificates of Participation	7/24/2019	3.00-5.00%	22,145,000	2/1/2039	885,000	19,750,000
2019C Certificates of Participation	7/24/2019	2.025-3.383%	40,260,000	2/1/2039	1,760,000	35,145,000
2020C Certificates of Participation	2/20/2020	2.00-5.00%	65,490,000	2/1/2040	2,480,000	58,540,000
2021D Certificates of Participation	6/17/2021	2.00-2.80%	8,425,000	2/1/2041	340,000	7,290,000
2022D Certificates of Participation	3/25/2022	3.00-5.00%	21,215,000	2/1/2042	665,000	19,255,000
					$ 12,185,000	$ 267,150,000

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, 2023:

Issue	Issue Date	Net Interest Rate	Original Issue	Final Maturity	Principal Outstanding Due Within One Year	Principal Outstanding Total
Apple iPad Bundles Financed Purchase	6/7/2021	3.25%	$ 14,452,047	8/15/2024	$ 3,668,907	$ 7,457,055
Apple MacBook Air Bundle Financed Purchase	4/15/2022	3.50%	3,618,130	7/5/2025	888,450	2,759,725
					$ 4,557,357	$ 10,216,780

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.

The District has entered into subscription based-information technology arrangements (SBITAs) for curriculum software. The SBITA arrangements expire at various dates through 2025 and provide for renewal options. As of June 30, 2023, SBITA assets and the related accumulated amortization totaled $13,077,932 and $1,093,632, respectively.

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:

	General Obligation Bonds Payable		Certificates of Participation Payable		Financed Purchases Payable		Subscriptions Payable	
Year Ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 21,250,000	$ 9,890,882	$ 12,185,000	$ 9,526,657	$ 4,557,357	$ 338,945	$ 728,293	$ 12,689
2025	20,635,000	8,788,824	12,740,000	8,976,922	4,707,693	188,609	322,003	693
2026	36,060,000	7,817,487	13,310,000	8,399,260	951,730	33,311	-	-
2027	19,070,000	6,686,051	13,925,000	7,792,619	-	-	-	-
2028	18,070,000	5,872,301	14,565,000	7,154,403	-	-	-	-
2029-2033	97,125,000	20,288,932	82,010,000	26,603,939	-	-	-	-
2034-2035	56,340,000	9,323,013	94,010,000	12,845,353	-	-	-	-
2039-2043	29,625,000	2,334,981	24,405,000	1,131,925	-	-	-	-
Total	$ 298,175,000	$ 71,002,471	$ 267,150,000	$ 82,431,078	$ 10,216,780	$ 560,865	$ 1,050,296	$ 13,382

C. Changes in Long-Term Debt

		June 30, 2022	Additions	Retirements	June 30, 2023	Amount Due Within One Year
Bonds Payable		$ 305,400,000	$ 29,190,000	$ 36,415,000	$ 298,175,000	$ 21,250,000
Unamortized Premiums		32,758,902	2,569,651	5,234,966	30,093,587	-
Certificates of Participations		280,145,000	-	12,995,000	267,150,000	12,185,000
Financed Purchases Payable		14,628,607	-	4,411,827	10,216,780	4,557,357
Subscriptions Payable	*	2,630,796	10,447,136	12,027,636	1,050,296	728,293
Severance Benefits Payable		22,739,227	1,419,017	1,816,155	22,342,089	1,622,926
Compensated Absences Payable		5,633,669	6,278,672	5,015,772	6,896,569	5,211,539
Total		$ 663,936,201	$ 49,904,476	$ 77,916,356	$ 635,924,321	$ 45,555,115

* This line item is the result of implementing GASB Statement No. 96 in the current year. Any agreements that were outstanding prior to our implementation date as of 7/1/2022 are shown here as part of the beginning balance of the subscription asset.

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.

<u>Subsequent Debt Issuances</u>

In November 2023, the District issued $15,000,000 General Obligation School Building Bonds, Series 2023A, to finance the acquisition and betterment of school facilities and grounds. The bonds carry interest rates ranging from 4.50%-5.00% and mature in fiscal year 2043.

In March 2024, the District issued $101,315,000 Full-Term Certifications of Participation, Series 2024A, to provide funds for new construction of Bruce Vento Elementary, various capital deferred maintenance projects, additions to, and repairs across existing District facilities known as Barack and Michelle Obama Elementary, Hidden River Middle School and Highland Park Middle School. The certificates carry an interest rate of 5.00% and mature in fiscal year 2043.

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 plans are tax-qualified plans under Section 401(a) of the Internal Revenue Code.

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 253 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 percent for each of the first 10 years of service and 1.7 percent for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent 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.

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 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a 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. The benefit paid to eligible members is formula based. The formula components are final average salary, earned service credit, applicable rate, and if retiring prior to their normal retirement age, a reduction for early retirement. Service credit is determined by the number of days worked each fiscal year.

<u>Basic Plan</u>

Basic Plan members must have five years of service credit to be vested for a future lifetime pension benefit with eligibility for a reduced benefit as early as 55. 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.

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. SPTRFA Benefits (Continued)

Coordinated Plan

Coordinated Plan members must have three years of service credit to be vested for a future lifetime pension benefit and are eligible to retire with a reduced benefit at age 55, or earlier with 30 years of service credit. Under the Coordinated Plan, final average salary includes the average of the highest five successive years of salary earned during employment.

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:

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

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 2023 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, 2023 were $9,294,196. The District's contributions were equal to the required contributions as set by state statute.

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

C. Contributions (Continued)

2. SPTRFA Contributions

Per Minnesota Statutes, Chapter 354A.12 sets the rates for employer and employee contributions. Contribution rates for fiscal year 2023 are:

	Percentage of Covered Payroll			
District Fiscal Year	Basic Plan		Coordinated Plan	
Ended June 30,	Employee	Employer	Employee	Employer
2023	10.00%	15.94%	7.50%	12.64%

The District's contributions to SPTRFA for the plan's fiscal year ended June 30, 2023 were $38,730,914. The District's contributions were equal to the required contributions for each year as set by state statue.

D. Pension Costs

1. General Employees Fund Pension Costs

At June 30, 2023, the District reported a liability of $122,150,669 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 $3,581,057, for a total liability of $125,731,726 associated with the District. The net pension liability was measured as of June 30, 2022, 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, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 1.5423% at the end of the measurement period and 1.5004% for the beginning of the period.

For the year ended June 30, 2023, the District recognized pension expense of $15,561,460 for its proportionate share of General Employees Plan's pension expense. In addition, the District recognized $535,092 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.

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

At June 30, 2023, 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	$ 1,020,301	$ 1,304,859
Changes in Actuarial Assumptions	27,644,900	496,810
Net Difference Between Projected and Actual Earnings on Plan Investments	2,118,765	-
Changes in Proportion	2,234,671	580,848
District Contributions Subsequent to the Measurement Date	9,264,452	-
Total	$ 42,283,089	$ 2,382,517

A total of $9,264,452 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, 2024. 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
2024	$ 11,455,494
2025	11,444,166
2026	(3,310,230)
2027	11,046,690

2. SPTRFA Pension Costs

At June 30, 2023, the District reported a liability of $494,217,916 for its proportionate share of SPTRFA's net pension liability. The net pension liability was measured as of June 30, 2022, 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 71.124% at the end of the measurement period and 69.054% for the beginning of the period.

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. SPTRFA Pension Costs (Continued)

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	$ 494,217,916
State's Proportionate Share of the Net Pension Liability Associated with the District	200,406,880
Total	$ 694,624,796

For the year ended June 30, 2023, the District recognized pension expense of $30,510,579.

At June 30, 2023, 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	$ 4,821,496	$ 5,564,031
Changes in Actuarial Assumptions	48,366,454	2,309,398
Net Difference Between Projected and Actual Earnings on Plan Investments	34,615,340	-
Changes in Proportion	7,746,418	-
District Contributions Subsequent to the Measurement Date	38,730,914	-
Total	$ 134,280,622	$ 7,873,429

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. SPTRFA Pension Costs (Continued)

A total of $38,730,914 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, 2024. 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
2024	$ 33,522,062
2025	28,420,337
2026	(3,434,680)
2027	29,168,560

The District recognized $46,607,131 in pension expense for all of the pension plans in which it participates. This includes amounts recognized for indirect aid.

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 %	

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Long-Term Expected Return on Investments (Continued)

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, 2022, 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, 2022, 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 6.50%. 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 6.50% was deemed to be within that range of reasonableness for financial reporting purposes.

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 3.00% after 27 years of service.

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The 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.

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Actuarial Assumptions (Continued)

SPTRFA

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

Assumptions	SPTRFA
Investment Rate of Return	7.00%
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-2021 from 2006.

The following changes in actuarial assumptions and plan provisions occurred in 2022:

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

SPTRFA

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

G. Discount Rate

General Employees Fund

The discount rate for the General Employees Plan used to measure the total pension liability in 2022 was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

G. Discount Rate (Continued)

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	$ 192,943,380	$ 122,150,669	$ 64,089,721
SPTRFA Discount Rate	6.00%	7.00%	8.00%
Net Pension Liability at Different Discount Rates	$ 656,811,648	$ 494,217,916	$ 359,873,926

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.

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; by writing to SPTRFA at 2550 University Avenue W, Suite 312N, St. Paul, Minnesota, 55114; or by calling 651-642-2550.

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 $15,886,400 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.

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 $242,802,098 as of year-end was measured as of June 30, 2022 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, 2022, 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:	N/A
Investment Rate of Return:	N/A
20-Year Municipal Bond Yield:	3.69%
Medical Trend Rate:	6.7% gradually decreasing to an ultimate rate of 3.7% in FY2075.

Since the plan is not funded by an 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.

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

G. Changes in Total OPEB Liability

	Total OPEB Liability (a)
Balances at June 30, 2022	$ 287,666,112
Changes for the Year:	
Service Cost	8,559,781
Interest Cost	5,535,028
Changes of Assumptions	(41,294,229)
Plan Changes	-
Differences Between Expected and Actual Experience	(1,778,194)
Contributions-Employer	-
Projected Investment Return	-
Net Investment Income	-
Benefit Payments	(15,886,400)
Administrative Expense	-
Net Changes	(44,864,014)
Balances at June 30, 2023	$ 242,802,098

Assumption changes since the previous measurement date include the following:

- The discount rate was changed from 1.92% to 3.69%.

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 (2.69%)	Discount Rate (3.69%)	1% Increase (4.69%)
Net OPEB Liability (Asset)	$ 264,970,742	$ 242,802,098	$ 223,196,153

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

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

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	$ 223,710,358	$ 242,802,098	$ 261,998,789

For the current year ended, the District recognized OPEB expense of $13,586,890. 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	$ 811,665	$ 48,414,111
Change of Assumptions	23,156,131	44,123,092
Difference Between Projected and Actual Investment Earnings	-	-
Contributions Between Measurement Date and Reporting Date	15,605,210	-
Total	$ 39,573,006	$ 92,537,203

A total of $15,605,210 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, 2024.

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
2024	$ (12,285,583)
2025	(11,578,764)
2026	(9,367,054)
2027	(9,052,372)
2028	(11,247,150)
Thereafter	(15,038,484)
Total	$ (68,569,407)

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 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 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.

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

NOTE 8 FUND BALANCES AND NET POSITION (CONTINUED)

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 Learning and Development – Represents accumulated resources available to provide learning and development.

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.

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	$ 707,296,032
Bonds Payable at June 30	(298,175,000)
Add back: Non-Capital Related Bonds	15,869,997
COPs Payable at June 30	(267,150,000)
Financed Purchases Payable at June 30	(10,216,780)
Subscriptions Payable at June 30	(1,050,296)
Premiums/Discounts	(30,093,587)
Deferred (Gain) Loss on Refundings	(1,937,081)
Capital Related Payables	(11,828,948)
Add Back: Unspent Bond Proceeds	87,989,669
Net Investment in Capital Assets	$ 190,704,006

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, 2023, the District had approximately $40.15 million in commitments related to capital-related contracts.

NOTE 10 INTERFUND TRANSFERS

The District had the following interfund transfers during the year ended June 30, 2023:

	Transfers In	Transfers Out
General Fund	$ -	$ 1,172,550
Special Revenue Funds:		
Food Service Fund	1,172,550	-
Total	$ 1,172,550	$ 1,172,550

The purpose of the transfer was for the General Fund cover the cost of continuing the Community Eligible Program (CEP) during fiscal year 2023.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 625
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Property Taxes	$ 143,841,363	$ 151,385,720	$ 150,044,444	$ (1,341,276)
Earnings and Investments	100,000	(138,700)	10,014,844	10,153,544
Other	8,590,864	13,729,272	13,715,695	(13,577)
State Sources	413,647,723	417,805,996	414,446,192	(3,359,804)
Federal Sources	153,226,223	179,023,468	151,460,966	(27,562,502)
Total Revenues	719,406,173	761,805,756	739,682,141	(22,123,615)
EXPENDITURES				
Current:				
Administration	26,104,810	26,459,242	25,200,702	(1,258,540)
District Support Services	25,135,185	33,961,285	26,363,898	(7,597,387)
Elementary and Secondary Regular Instruction	283,648,677	307,230,247	295,278,268	(11,951,979)
Vocational Education Instruction	3,250,239	3,722,207	5,308,383	1,586,176
Special Education Instruction	127,992,381	129,961,955	133,674,964	3,713,009
Community Service	8,307,649	8,307,649	8,607,935	300,286
Instructional Support Services	52,217,358	60,626,583	48,192,965	(12,433,618)
Pupil Support Services	68,037,705	71,718,365	74,176,072	2,457,707
Sites and Buildings	68,329,688	68,576,571	66,145,952	(2,430,619)
Fiscal and Other Fixed Cost Programs	23,750,190	16,447,783	3,404,222	(13,043,561)
Capital Outlay	25,269,261	27,402,310	30,075,901	2,673,591
Debt Service:				
Principal	6,437,454	6,935,267	17,330,898	10,395,631
Interest and Fiscal Charges	748,327	748,327	1,299,783	551,456
Total Expenditures	719,228,924	762,097,791	735,059,943	(27,037,848)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	177,249	(292,035)	4,622,198	4,914,233
OTHER FINANCING SOURCES (USES)				
Subscription Based Information Technology Arrangement	-	-	10,444,609	10,444,609
Transfers Out	-	-	(1,172,550)	(1,172,550)
Total Other Financing Sources (Uses)	-	-	9,272,059	9,272,059
NET CHANGE IN FUND BALANCE	$ 177,249	$ (292,035)	13,894,257	$ 14,186,292
FUND BALANCE				
Beginning of Year			165,513,015	
End of Year			$ 179,407,272	

See accompanying Notes to Required Supplementary Information.

INDEPENDENT SCHOOL DISTRICT NO. 625
BUDGETARY COMPARISON SCHEDULE
FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Earnings and Investments	$ -	$ -	$ 99,114	$ 99,114
Other - Primarily Meal Sales	1,661,824	1,536,109	1,704,487	168,378
State Sources	888,648	869,120	884,636	15,516
Federal Sources	27,968,563	24,972,357	23,093,888	(1,878,469)
Total Revenues	30,519,035	27,377,586	25,782,125	(1,595,461)
EXPENDITURES				
Current:				
Food Service	31,729,957	31,685,076	34,114,999	2,429,923
Capital Outlay	1,675,218	1,400,000	1,756,345	356,345
Total Expenditures	33,405,175	33,085,076	35,871,344	2,786,268
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(2,886,140)	(5,707,490)	(10,089,219)	(4,381,729)
OTHER FINANCING SOURCES				
Transfers In	-	-	1,172,550	1,172,550
NET CHANGE IN FUND BALANCE	$ (2,886,140)	$ (5,707,490)	(8,916,669)	$ (3,209,179)
FUND BALANCE				
Beginning of Year			13,287,605	
End of Year			$ 4,370,936	

See accompanying Notes to Required Supplementary Information.

INDEPENDENT SCHOOL DISTRICT NO. 625
BUDGETARY COMPARISON SCHEDULE
COMMUNITY SERVICE FUND
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Property Taxes	$ 3,688,751	$ 4,074,564	$ 4,072,851	$ (1,713)
Earnings and Investments	10,000	10,000	236,445	226,445
Other - Primarily Tuition and Fees	8,860,950	5,258,917	5,746,385	487,468
State Sources	12,628,544	16,934,910	17,190,124	255,214
Federal Sources	5,496,708	12,060,228	7,511,984	(4,548,244)
Total Revenues	30,684,953	38,338,619	34,757,789	(3,580,830)
EXPENDITURES				
Current:				
Community Service	30,687,843	35,837,713	32,712,757	(3,124,956)
Capital Outlay	550	4,444	6,971	2,527
Debt Service:				
Principal	-	-	2,527	2,527
Total Expenditures	30,688,393	35,842,157	32,722,255	(3,119,902)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,440)	2,496,462	2,035,534	(460,928)
OTHER FINANCING SOURCES				
Subscription Based Information Technology Arrangement	-	-	2,527	2,527
NET CHANGE IN FUND BALANCE	$ (3,440)	$ 2,496,462	2,038,061	$ (458,401)
FUND BALANCE				
Beginning of Year			9,589,690	
End of Year			$ 11,627,751	

See accompanying Notes to Required Supplementary Information.

INDEPENDENT SCHOOL DISTRICT NO. 625
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
JUNE 30, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service Cost	$ 8,559,781	$ 10,005,688	$ 8,429,397	$ 7,792,260	$ 7,818,493	$ 8,294,600
Interest	5,535,028	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	(1,778,194)	(60,926,977)	1,338,720	(3,584,238)	-	-
Changes of Assumptions	(41,294,229)	3,759,562	19,806,656	17,598,682	(10,867,697)	(19,488,077)
Benefit Payments	(15,886,400)	(21,818,752)	(22,259,064)	(22,178,401)	(20,041,157)	(20,305,375)
Net Change in Total OPEB Liability	(44,864,014)	(60,473,206)	17,577,771	11,074,389	(11,389,545)	(21,270,412)
Total OPEB Liability - Beginning	287,666,112	348,139,318	330,561,547	319,487,158	330,876,703	352,147,115
Total OPEB (Asset)Liability - Ending (a)	$ 242,802,098	$ 287,666,112	$ 348,139,318	$ 330,561,547	$ 319,487,158	$ 330,876,703
Plan Fiduciary Net Position						
Contributions - Employer	$ 15,886,400	$ 21,818,752	$ 22,259,064	$ 22,178,401	$ 20,041,157	$ 20,305,375
Net Investment Income	-	-	-	-	-	-
Benefit Payments	(15,886,400)	(21,818,752)	(22,259,064)	(22,178,401)	(20,041,157)	(20,305,375)
Net Change in Plan Fiduciary Net Position	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	$ -	$ -	$ -	$ -	$ -	$ -
District's Net OPEB Liability - Ending (a) - (b)	$ 242,802,098	$ 287,666,112	$ 348,139,318	$ 330,561,547	$ 319,487,158	$ 330,876,703
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-Employee Payroll	$ 440,143,588	$ 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	55.16 %	72.09 %	81.25 %	85.34 %	103.55 %	101.56 %

	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	N/A	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	N/A
Contribution Deficiency (Excess)	N/A	N/A	N/A	N/A	N/A	N/A
Covered-Employee Payroll	$ 440,143,588	$ 399,012,825	$ 428,472,926	$ 387,335,657	$ 308,543,117	$ 325,787,955
Contributions as a Percentage of Covered-Employee Payroll	3.61%	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.

See accompanying Notes to Required Supplementary Information.

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

	Measurement Date June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	71.1240%	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	$ 494,217,916	$ 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	200,406,880	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	$ 694,624,796	$ 434,326,685	$ 652,886,422	$ 610,246,367	$ 604,752,475	$ 577,544,238	$ 631,384,134	$ 579,836,208	$ 533,399,831
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	$ 152,270,353
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	161.11%	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	62.43%	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.

See accompanying Notes to Required Supplementary Information.

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

	Year Ended June 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	$ 38,730,914	$ 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	(38,730,914)	(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	$ 301,642,632	$ 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	12.84%	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.

See accompanying Notes to Required Supplementary Information.

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

	Measurement Date June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	1.5423%	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	$ 122,150,669	$ 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	3,581,057	1,956,657	1,413,980	1,285,874	1,384,512	609,138	806,952	-	-
Total	$ 125,731,726	$ 66,030,459	$ 92,514,950	$ 83,603,818	$ 88,304,152	$ 103,805,431	$ 134,291,598	$ 91,098,319	$ 88,759,244
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	$ 44,913,931
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	105.08%	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	76.67%	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.

See accompanying Notes to Required Supplementary Information.

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

	Year Ended June 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	$ 9,294,196	$ 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	(9,294,196)	(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	$ 123,922,613	$ 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%	7.50%	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.

See accompanying Notes to Required Supplementary Information.

NOTE 1 STEWARDSHIP AND ACCOUNTABILITY

A. Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following funds at June 30, 2023:

	Budget	Expenditures	Excess
Special Revenue Funds:			
Food Service Fund	$ 33,085,076	$ 35,871,344	$ 2,786,268

Food Service expenditures exceeded budgeted amounts due to more students participating in the food service program than had been anticipated, resulting in the need to purchase more food and supplies.

NOTE 2 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:

2022
Changes in Actuarial Assumptions:
- The discount rate was changed from 1.92% to 3.69%.

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%.

NOTE 2 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:

2022

Changes in Actuarial Assumptions:

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

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.

NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2020 (Continued)

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.

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.

NOTE 2 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.

NOTE 2 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:

2022
Changes in Actuarial Assumptions:
- The mortality improvement scale was updated from MP-2020 to MP-2021.

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:

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

NOTE 2 CHANGES IN SIGNIFICANT PENSION PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2018

Changes in Actuarial Assumptions

- 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.
- 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	Prior	7.00%	2.00%	30.00%	30.00%
Current	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
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
YEAR ENDED JUNE 30, 2023

	AUDIT	UFARS	DIFFERENCE	
01 GENERAL FUND				
Total Revenue	$ 739,682,141	$ 729,334,021	$ 10,348,120	*
Total Expenditures	735,059,943	715,513,518	19,546,425	*
Nonspendable:				
460 Nonspendable Fund Balance	1,171,789	1,198,916	(27,127)	*
Restricted:				
401 Student Activities	1,144,635	683,244	461,391	*
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	2,611,183	1,538,254	1,072,929	*
426 $25 Taconite	-	-	-	
427 Disabled Accessibility	-	-	-	
428 Learning and Development	7,744	-	7,744	*
434 Area Learning Center	5,286,697	3,489,712	1,796,985	*
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	2,670,655	1,220,000	1,450,655	*
464 Restricted Fund Balance	-	-	-	
Committed:				
418 Committed for Separation	3,038,018	3,038,018	-	
461 Committed Fund Balance	-	-	-	
Assigned:				
462 Assigned Fund Balance	29,808,965	32,045,739	(2,236,774)	*
Unassigned:				
422 Unassigned Fund Balance	80,561,225	74,913,920	5,647,305	*
02 FOOD SERVICE				
Total Revenue	25,782,125	26,997,961	(1,215,836)	*
Total Expenditures	35,871,344	35,655,817	215,527	*
Nonspendable:				
460 Nonspendable Fund Balance	3,271,635	2,174,526	1,097,109	*
Restricted:				
452 OPEB Liability Not Held in Trust	-	-	-	
464 Restricted Fund Balance	-	11,113,078	(11,113,078)	*
Unassigned:				
463 Unassigned Fund Balance	-	-	-	
04 COMMUNITY SERVICE				
Total Revenue	34,757,789	32,442,142	2,315,647	*
Total Expenditures	32,722,255	32,566,639	155,616	*
Nonspendable:				
460 Nonspendable Fund Balance	5,762	3,420	2,342	*
Restricted:				
426 $25 Taconite	-	-	-	
431 Community Education	290,956	1,488,012	(1,197,056)	*
432 E.C.F.E.	2,895,926	2,836,480	59,446	*
440 Teacher Development and Evaluations	-			
444 School Readiness	3,154,427	2,874,384	280,043	*
447 Adult Basic Education	2,118,729	2,213,940	(95,211)	*
452 OPEB Liability Not Held in Trust	-	-	-	
464 Restricted Fund Balance	3,161,951	173,450	2,988,501	*
Unassigned:				
463 Unassigned Fund Balance	-	-	-	*

INDEPENDENT SCHOOL DISTRICT NO. 625
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE (CONTINUED)
YEAR ENDED JUNE 30, 2023

	AUDIT	UFARS	DIFFERENCE
06 BUILDING CONSTRUCTION			
Total Revenue	$ 3,060,164	$ 3,060,164	$ -
Total Expenditures	42,693,595	42,396,445	297,150
Nonspendable:			
460 Nonspendable Fund Balance	-	-	-
Restricted:			
407 Capital Projects Levy	-	-	-
409 Alternative Facility Program	-	-	-
413 Projects Funded by COPs	38,798,570	61,803,855	(23,005,285) *
467 LTFM	70,046,802	46,452,217	23,594,585 *
464 Restricted Fund Balance	6,363,131	14,826,209	(8,463,078) *
Unassigned:			
463 Unassigned Fund Balance	-	-	-
07 DEBT SERVICE			
Total Revenue	55,108,904	54,876,043	232,861 *
Total Expenditures	53,043,022	53,043,023	(1)
Nonspendable:			
460 Nonspendable Fund Balance	-	-	-
Restricted:			
425 Bond Refunding	-	15,280,947	(15,280,947) *
451 QZAB and QSCB Payments	23,234,769	20,895,705	2,339,064
464 Restricted Fund Balance	9,880,080	10,087,315	(207,235) *
Unassigned:			
463 Unassigned Fund Balance	-	-	-
08 TRUST			
Total Revenue	-	-	-
Total Expenditures	-	-	-
Restricted:			
401 Student Activities	-	-	-
402 Scholarships	-	-	-
422 Unassigned Net Position	-	-	-
18 CUSTODIAL FUND			
Total Revenue	-	-	-
Total Expenditures	-	-	-
Restricted:			
401 Student Activities	-	-	-
402 Scholarships	-	-	-
448 Achievement and Integration	-	-	-
464 Restricted Fund Balance	$ -	-	-
20 INTERNAL SERVICE			
Total Revenue	4,061,968	3,711,007	350,961
Total Expenditures	3,711,008	3,711,007	1
Net Position:			
422 Net Position	3,207,850	2,856,889	350,961
25 OPEB REVOCABLE TRUST			
Total Revenue	4,494,232	4,468,989	25,243
Total Expenditures	176,130	135,621	40,509
Net Position:			
422 Net Position	52,040,238	47,722,136	4,318,102 *
45 OPEB IRREVOCABLE TRUST			
Total Revenue	-	-	-
Total Expenditures	-	-	-
Net Position:			
422 Net Position	-	-	-
47 OPEB DEBT SERVICE			
Total Revenue	-	-	-
Total Expenditures	-	-	-
Nonspendable:			
460 Nonspendable Fund Balance	-	-	-
Restricted:			
425 Bond Refunding	-	-	-
464 Restricted Fund Balance	-	-	-
Unassigned:			
463 Unassigned Fund Balance	-	-	-

*Adjustments were posted after the UFARS compliance deadline.

Global

INDEPENDENT
NETWORK MEMBER

CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAglobal.com/disclaimer.
Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an
SEC-registered investment advisor.