

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2024



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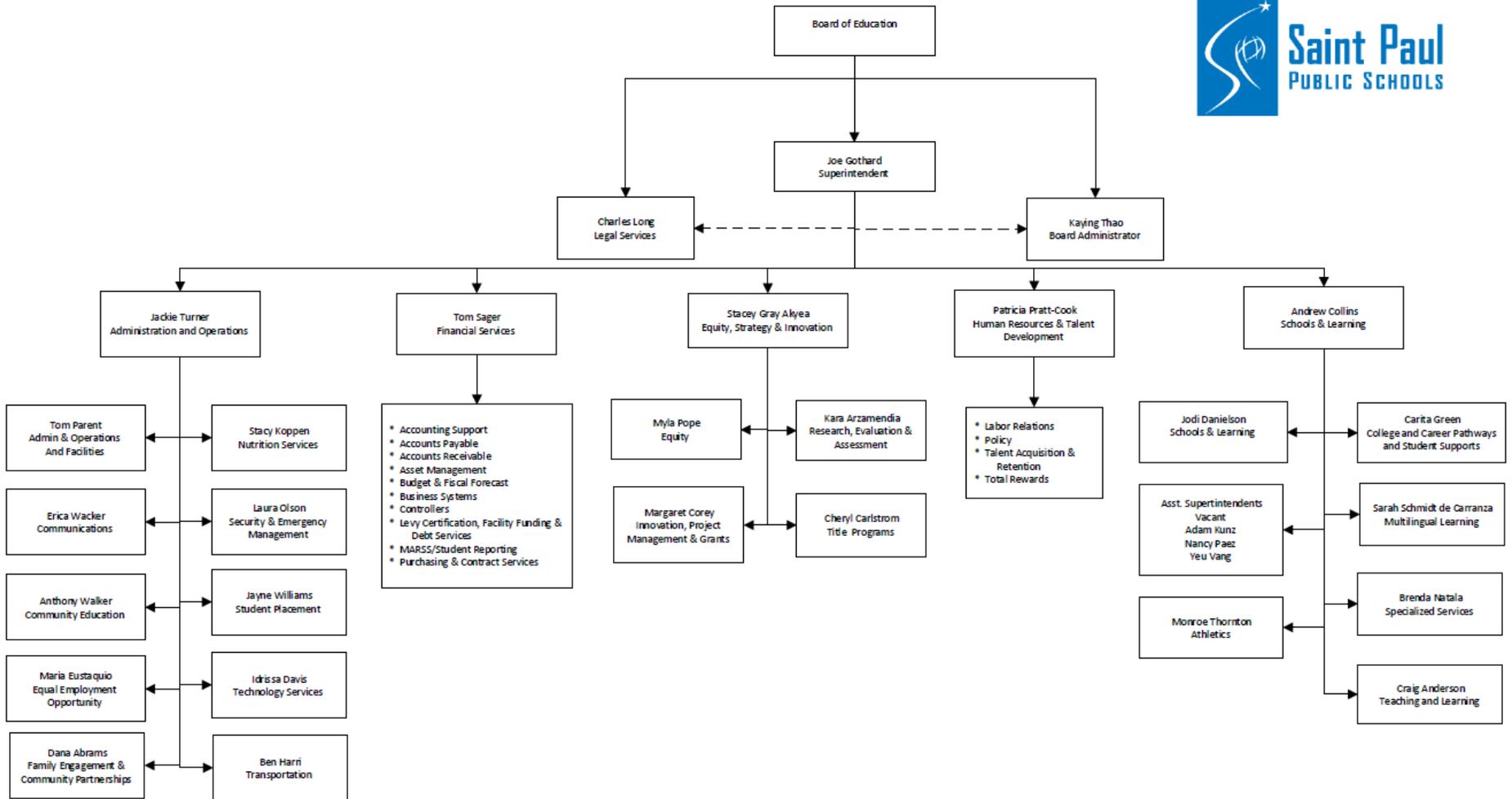
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INTRODUCTORY SECTION



**INDEPENDENT SCHOOL DISTRICT NO. 625
BOARD OF EDUCATION AND ADMINISTRATION
JUNE 30, 2024**

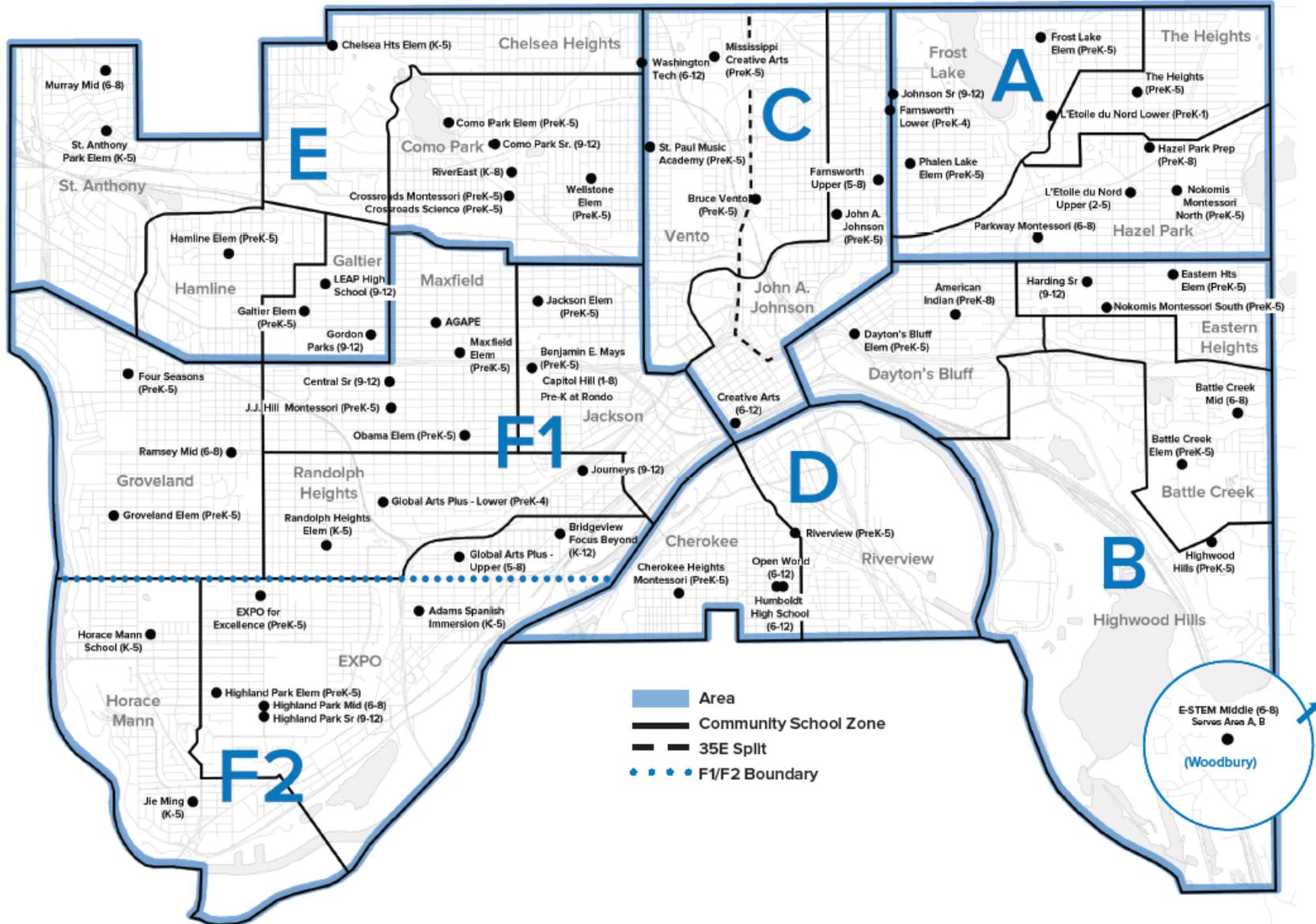
BOARD OF EDUCATION

Halla Henderson	Chair
Uriah Ward	Vice Chair
Erica Valliant	Clerk
Yusef Carrillo	Treasurer
Chauntyll Allen	Director
John Carlo Franco	Director
Jim Vue	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



FINANCIAL SECTION



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, 2024, and the related notes to the financial statements, which collectively comprise Independent School District No. 625's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 625, as of June 30, 2024, 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Independent School District No. 625's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Independent School District No. 625's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Independent School District No. 625's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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 August 13, 2025, on our consideration of Independent School District No. 625's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Independent School District No. 625's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Independent School District No. 625's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
August 13, 2025

REQUIRED SUPPLEMENTARY INFORMATION

**INDEPENDENT SCHOOL DISTRICT NO. 625
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

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, 2024. 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 2023–2024 fiscal year by \$372.45 million. This amount includes a net investment in capital assets of \$64.27 million, \$215.65 million net position restricted for specific uses, and a negative unrestricted net position of \$638 million.
- The District's total net position increased by \$36.69 million in the current year. Restricted net position increased by \$36.84million. The unrestricted portion of the District's net position decreased \$36.3 million. A more detailed analysis of these changes can be found later in this document.
- At the close of the 2023–2024 fiscal year, unassigned fund balance for the General Fund was \$78.26 million, or 10.12%, of total General Fund expenditures.
- The District's long-term liabilities increased by \$65.23 million, or 4.36%, during the current fiscal year. This was partially due to a \$85.38 million increase in the District's liabilities for bonds, COPs, and financed purchases. The liability for severance benefits and compensated absences payables also increased \$774 thousand. This increase was offset by a \$47.73 million net decrease in the District's proportionate share of the net pension liability related to the statewide pension plans administered by the Saint Paul Teachers Retirement Association (SPTRA) and the Public Employees Retirement Association (PERA).

**INDEPENDENT SCHOOL DISTRICT NO. 625
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The **government-wide financial statements**, including the *Statement of Net Position* and the *Statement of Activities*, provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are **fund financial statements** that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- **Governmental funds statements** tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- **Proprietary funds statements** offer short- and long-term financial information about the activities the District operates like businesses.

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

Government-Wide Statements

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

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

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

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

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

**INDEPENDENT SCHOOL DISTRICT NO. 625
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

Fund Financial Statements

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

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

The District has two kinds of funds:

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

**INDEPENDENT SCHOOL DISTRICT NO. 625
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

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 \$372,452,615 on June 30, 2024 (see Table A-1).

The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2024 increasing the District's net position to a deficit of \$372,452,615. The District had \$109,426,507 of net position that was available to meet its ongoing obligations but restricted for specific uses.

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

	Governmental Activities as of June 30,		Percentage Change
	2024	2023	
Current and Other Assets	\$ 713,419,362	\$ 620,923,626	14.90 %
Capital Assets	730,850,726	707,296,032	3.33
Total Assets	<u>1,444,270,088</u>	<u>1,328,219,658</u>	8.74
Deferred Outflows of Resources	160,785,423	216,403,987	(25.70)
Current Liabilities	111,758,107	105,663,800	5.77
Long-Term Liabilities	1,560,330,229	1,495,095,004	4.36
Total Liabilities	<u>1,672,088,336</u>	<u>1,600,758,804</u>	4.46
Deferred Inflows of Resources	<u>305,419,790</u>	<u>279,629,583</u>	9.22
Net Position:			
Net Investment in Capital Assets	153,498,271	190,704,006	(19.51)
Restricted	109,426,507	72,589,805	50.75
Unrestricted	(635,377,393)	(599,058,553)	6.06
Total Net Position	<u>\$ (372,452,615)</u>	<u>\$ (335,764,742)</u>	10.93

**INDEPENDENT SCHOOL DISTRICT NO. 625
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

Changes in Net Position

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

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

	Governmental Activities for the Fiscal Year Ended June 30,		Percentage Change
	2024	2023	
Revenues			
<u>Program Revenues</u>			
Charges for Services	\$ 16,538,357	\$ 13,790,100	19.93 %
Operating Grants and Contributions	188,580,549	183,038,627	3.03
Capital Grants and Contributions	4,090,416	4,126,912	(0.88)
<u>General Revenues</u>			
Property Taxes	198,863,839	204,221,338	(2.62)
Unrestricted State Aid	478,223,168	417,147,281	14.64
Investment Earnings	20,826,435	14,875,626	40.00
Other	10,669,548	11,871,594	(10.13)
Total Revenues	<u>917,792,312</u>	<u>849,071,478</u>	8.09
Expenses			
Administration	29,510,059	25,580,719	15.36
District Support Services	34,307,680	26,843,117	27.81
Regular Instruction	391,530,752	334,634,493	17.00
Vocational Education Instruction	6,859,792	5,337,999	28.51
Special Education Instruction	160,924,127	130,150,573	23.64
Instructional Support Services	54,560,825	46,642,778	16.98
Pupil Support Services	89,938,293	76,824,374	17.07
Sites and Buildings	97,229,261	70,003,085	38.89
Fiscal and Other Fixed Cost Programs	3,442,669	3,404,222	1.13
Food Service	35,822,053	35,871,344	(0.14)
Community Service	34,888,789	40,988,426	(14.88)
Interest and Fiscal Charges on Long-Term Liabilities	15,465,885	17,032,824	(9.20)
Total Expenses	<u>954,480,185</u>	<u>813,313,954</u>	17.36
Change in Net Position	(36,687,873)	35,757,524	
Beginning Net Position	(335,764,742)	(371,522,266)	
Ending Net Position	<u>\$ (372,452,615)</u>	<u>\$ (335,764,742)</u>	

The District's total revenues were \$917,792,312 for the year ended June 30, 2024, an increase of \$68,720,834 (8.09%) from 2022-2023 actual revenues of \$849,071,478.

For 2023-2024, property taxes and unrestricted state aid accounted for 73.77% of total revenue for the year. Approximately 21% of the District's revenue came from operating and capital grants. Fees and charges for services accounted for 1.80% of the total revenue, while the remaining 3.43% came from other general revenue, including investment income.

**INDEPENDENT SCHOOL DISTRICT NO. 625
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

For 2023-2024, the cost of all *governmental* programs and services was \$954,480,185. This was an increase of \$141,166,231 (17.36%) from the 2022-2023 total cost of \$813,313,954.

As in past years, the bulk of the District's resources (59%) 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 expenses exceeded revenues, decreasing the District's net position by \$36.69 million.

Figure 3

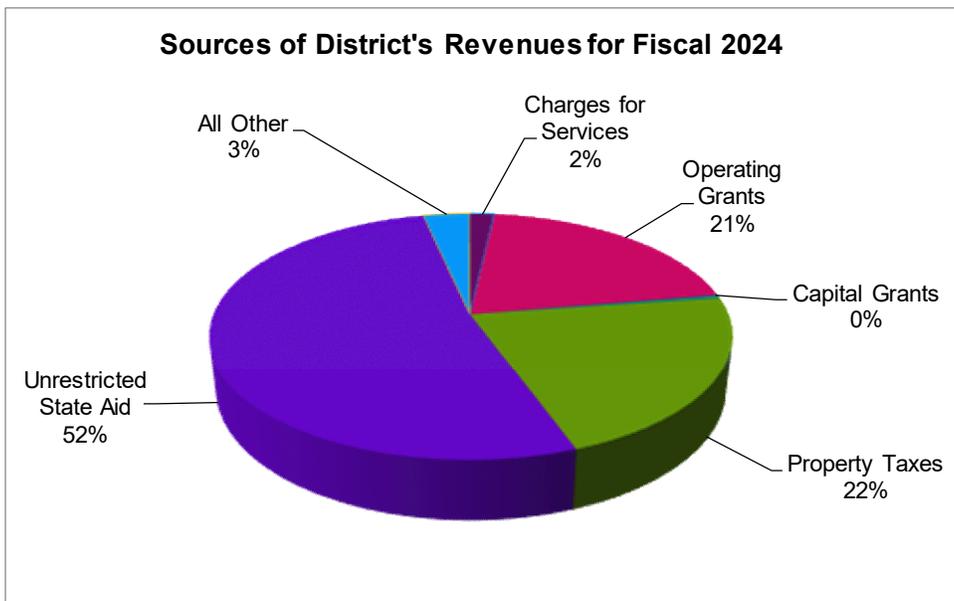
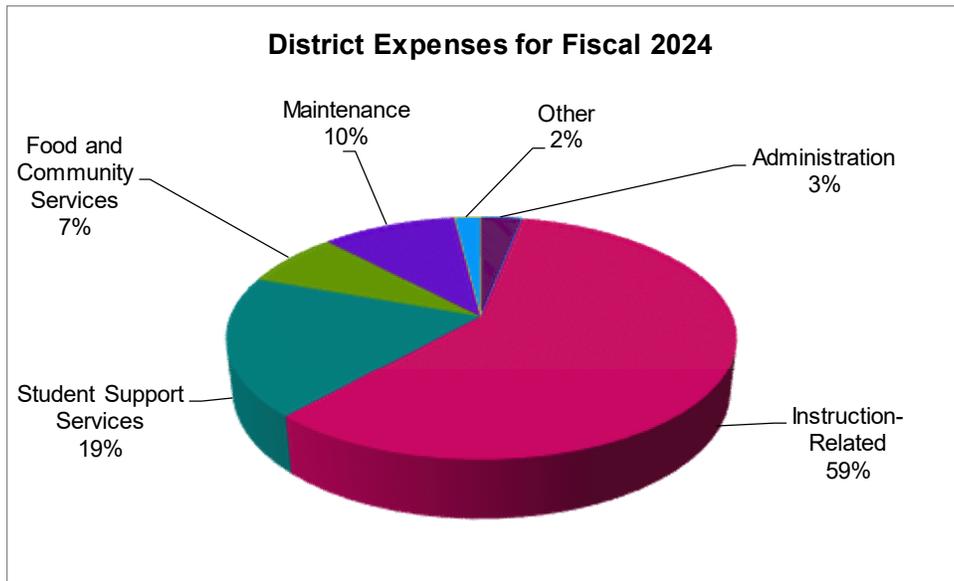


Figure 4



**INDEPENDENT SCHOOL DISTRICT NO. 625
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

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, 2024, the District's governmental funds reported total fund balances of \$424.6 million, an increase of \$80.72 million, or 23.53%, from last year's ending total fund balances of \$343.73 million. This net increase is chiefly due to the following factors:

- In 2023-2024, actual expenditures were \$4.22 million more than actual revenues and other financing sources in the Food Service Fund. This is primarily a result of the increase in supplies and materials, such as food, purchased for operation, as well as increasing costs of labor.
- In 2023-2024, actual revenues and other financing sources were \$66.28 million more than actual expenses in the Capital Projects Fund. This is primarily a result of the District having less capital asset activity.
- In 2023-2024, actual revenues and other financing sources were \$4.17 million more than actual expenses in the Debt Service Fund. This is primarily a result of the District delaying planned bond financing to the next fiscal year, along with significant interest earnings in fiscal year 2024.

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

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

	Year Ended		Change
	June 30, 2024	June 30, 2023	
General Fund	\$ 191,854,448	\$ 179,407,272	\$ 12,447,176
Food Service Fund	149,053	4,370,936	(4,221,883)
Community Service Fund	13,818,500	11,627,751	2,190,749
Capital Projects Fund	181,492,112	115,208,503	66,283,609
Debt Service Fund	37,287,761	33,114,849	4,172,912
Total	\$ 424,601,874	\$ 343,729,311	\$ 80,872,563

GENERAL FUND

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

**INDEPENDENT SCHOOL DISTRICT NO. 625
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

The graph below (Figure 5) shows the District's actual average daily membership (ADM) over the last five years. ADM for 2023-2024 increased from the previous year at the ECSE level with declines in the other grade levels. Total enrollment for the 2023-2024 fiscal year of 31,660 shows an increase of 49 ADMS above the 2022-2023 total of 31,611.

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

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
ECSE	589	573	668	724	821
Pre K	194	257	169	157	166
Elementary	18,986	17,909	17,135	16,514	16,560
Secondary	<u>15,237</u>	<u>15,347</u>	<u>14,804</u>	<u>14,216</u>	<u>14,113</u>
Total Students for Aid	<u>35,006</u>	<u>34,086</u>	<u>32,776</u>	<u>31,611</u>	<u>31,660</u>
Percentage Change	-2.59%	-2.63%	-3.84%	-3.55%	0.16%

**INDEPENDENT SCHOOL DISTRICT NO. 625
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

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

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

	Year Ended		Change	
	June 30, 2024	June 30, 2023	Increase (Decrease)	Percent Change
REVENUES				
Local Sources:				
Property Taxes	\$ 141,930,931	\$ 150,044,444	\$ (8,113,513)	(5.4)%
Earnings on Investments	11,736,855	10,014,844	1,722,011	17.2
Other	16,682,992	13,715,695	2,967,297	21.6
State Sources	463,612,916	414,446,192	49,166,724	11.9
Federal Sources	151,710,288	151,460,966	249,322	0.2
Total Revenues	<u>785,673,982</u>	<u>739,682,141</u>	<u>45,991,841</u>	
OTHER FINANCING SOURCES				
Sale of Equipment	14,038	-	14,038	-
Subscription Based Information Technology Arrangement	1,734,676	10,444,609	(8,709,933)	(83.4)
Insurance Recovery	33,889	-	33,889	-
Total Other Financing Sources	<u>1,782,603</u>	<u>10,444,609</u>	<u>(8,662,006)</u>	(82.9)
 Total General Fund Revenues and Other Financing Sources	 <u>\$ 787,456,585</u>	 <u>\$ 750,126,750</u>	 <u>\$ 37,329,835</u>	 5.0

During 2023–2024, the District’s total General Fund revenues and other financing sources increased \$37.33 million, or 5.0%, from the previous year. The increase was due to the following factors:

- State aids for 2023-2024 were \$48.27 million more than the previous year. This increase was mainly due to the following factors:
 - 1) An increase of \$29.3 million in general state aid.
 - 2) An increase of \$25.3 million in the special education state aid.
- Other financing source from Subscription-Based Information Technology Arrangements for 2023-2024 were \$8.71 million less than the previous year. This decrease was related to the previous year being the first year of implementation for GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

**INDEPENDENT SCHOOL DISTRICT NO. 625
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

The following schedule presents a summary of General Fund Expenditures.

**Table A-5
General Fund Expenditures**

	Year Ended		Change	
	June 30, 2024	June 30, 2023	Increase (Decrease)	Percent Change
EXPENDITURES				
Salaries	\$ 442,995,353	\$ 407,540,407	\$ 35,454,946	8.7 %
Employee Benefits	163,104,890	149,820,693	13,284,197	8.9
Purchased Services	105,030,183	87,087,857	17,942,326	20.6
Supplies and Materials	27,000,726	29,500,595	(2,499,869)	(8.5)
Capital Expenditures	25,514,056	30,075,901	(4,561,845)	(15.2)
Debt Service	7,943,814	18,630,681	(10,686,867)	(57.4)
Other Expenditures	2,082,812	12,403,809	(10,320,997)	(83.2)
Total Expenditures	<u>\$ 773,671,834</u>	<u>\$ 735,059,943</u>	<u>\$ 38,611,891</u>	5.3
OTHER FINANCING USES				
Transfers Out	<u>1,337,575</u>	<u>1,172,550</u>	<u>165,025</u>	N/A
Total General Fund Expenditures and Other Financing Uses	<u>\$ 775,009,409</u>	<u>\$ 736,232,493</u>	<u>\$ 38,776,916</u>	5.3

Total General Fund expenditures increased \$38.61 million or 5.3% from the previous year. The changes in the major expenditure categories include:

Salaries consist of expenditures for staffing. The District's increase of \$35.45 million or 8.7% in salaries was due to increased staffing needs.

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 \$17.94 million or 20.6% in purchased services was due to increased utilities and substitute costs. 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 decrease of \$10.69 million or 57.4% in debt service was primarily due to the initial recognition of SBITA costs. As fiscal year 2023 marked the first year of implementation for GASB 96 (SBITA), the associated costs were higher due to initial setup activities. In subsequent years, these costs are expected to be lower.

In summary, 2023-2024 General Fund revenues and other financing sources exceeded expenditures by \$12.56 million. After deducting statutory restrictions and internal assignments, the unassigned fund balance decreased to \$78.82 million, which is 10.19% of the total general fund expenditures, or about 37 days of operations. The total general fund increased by \$12.44 million to \$191.85 million.

**INDEPENDENT SCHOOL DISTRICT NO. 625
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

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 2022-2023.
- 2) Increase in appropriations for significant unbudgeted costs.

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

**Table A-6
General Fund Budget**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Change</u>	<u>Percent Change</u>
Revenue and Other Financing Sources	\$ 765,654,615	\$ 796,308,954	\$ 30,654,339	4.0 %
Expenditures	<u>800,856,055</u>	<u>822,135,632</u>	<u>21,279,577</u>	2.7 %
Net Change in Fund Balance	<u>\$ (35,201,440)</u>	<u>\$ (25,826,678)</u>	<u>\$ 9,374,762</u>	

While the District's final budget for the General Fund anticipated that expenditures and other financing uses would exceed revenues and other financing sources by \$25,826,678, the actual results for the year show a net gain of \$12.48 million.

- Actual revenues and other financing sources were about \$10.63 million, or 1.33%, 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.

**INDEPENDENT SCHOOL DISTRICT NO. 625
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

- Actual expenditures were \$48.46 million, or 5.89% less than budget. There are many factors, both positive and negative, that have contributed to the variance.
 - 1) Actual employee salary and benefits were \$38 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 2023-2024 school year.
 - 2) The District spent \$13.93 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 through September 2024.
 - 3) The District spent \$13.80 million more than budgeted in purchased services. This was mainly due to an increase in purchases and contracted services related to American Rescue Plan funding and services for students.

Food Service Fund

The Food Service Special Revenue Fund revenues for 2023-2024 totaled \$31.57 million and expenditures were \$35.82 million, resulting in a decrease in fund balance of \$4.26 million. The June 30, 2024 Food Service Special Revenue Fund balance was \$149,053.

The 2023-2024 actual revenues were \$371,875, or 1.2%, 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 2023-2024 Food Service Special Revenue Fund expenditures were \$1.2 million, or 3.5%, more than the budgeted amount. This increase was primarily due to the increase costs of food and labor expense.

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 2023–2024, the total revenues and other financing sources for the Community Service Special Revenue Fund were \$34.43 million and the total expenditures were \$33.58 million, resulting in an increase to fund balance of \$2.19 million. The Community Service Special Revenue Fund balance as of June 30, 2024 is \$13.82 million. Of this amount, \$7.01 million is restricted for community education programs, \$2.92 million is restricted for the Early Childhood Family Education Program, \$2.86 million is restricted for the School Readiness Program and \$1.89 million is restricted for the Adult Basic Education Program.

**INDEPENDENT SCHOOL DISTRICT NO. 625
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

Capital Projects – Building Construction Fund

The Capital Projects – Building Construction Fund expenditures exceeded revenues by \$63.75 million for the year ended June 30, 2024. After other financing sources of \$130.03 million from the issuance of certificates of participation, the fund had an increase in fund balance of \$66.28 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 2023–2024, approximately 90.51% 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 2023–2024, the District's total Debt Service Fund revenues exceeded expenditures by \$4.17 million.

The June 30, 2024 Debt Service Fund balance totaled \$37.29 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 2023-2024, 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, 2024 totaled \$13.15 million, and the net position of the fund was \$4 million.

**INDEPENDENT SCHOOL DISTRICT NO. 625
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At year-end, the District has capital assets of \$1.330 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 \$42.26 million.

During 2023–2024, the District invested a total of \$4.89 million in furniture and equipment and \$79.32 million in buildings and improvements, land improvements, and construction in progress. The District also invested a total of \$1.73 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 2024, 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
General Fund Budget**

	<u>Final Budget</u>	<u>2024 Actual</u>	<u>Over (Under) Budget</u>	<u>Percent Variance</u>
Revenue and Other Financing Sources	\$ 796,308,954	\$ 786,119,010	\$ (10,189,944)	(1.3)%
Expenditures	<u>822,135,632</u>	<u>773,671,834</u>	<u>(48,463,798)</u>	(5.9)%
Net Change in Fund Balance	<u>\$ (25,826,678)</u>	<u>\$ 12,447,176</u>	<u>\$ 38,273,854</u>	(148.2)%

Long-Term Liabilities

At year-end, the District had \$692.62 million in bonds, refunding bonds, certificates of participation, financed purchases outstanding, and subscriptions payable, including unamortized premiums and discounts. This is an increase of \$38.98 million from the previous year, as shown in Table 8.

- Outstanding bonds, certificates of participation, and financed purchases show an increase of \$89.96million, due to the issuance of certificates of participation.
- Subscriptions payable show an increase of \$553,093 due new long-term subscriptions.
- Premiums and discounts on bonds show a net increase of \$8.08 million, mostly due to new issuances.
- The District’s liabilities for various long-term employee benefits, including pensions, severance, and compensated absences, decreased \$46.96 million during 2023-2024, mainly due to the decrease in the District’s proportionate share of the PERA and SPTRFA pension plan obligations.

**INDEPENDENT SCHOOL DISTRICT NO. 625
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

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

	<u>2024</u>	<u>2023</u>	<u>Percentage Change</u>
General Obligation Bonds	\$ 290,900,000	\$ 298,175,000	(2.4)%
Net Bond Premium and Discount	38,174,293	30,093,587	26.9
Certificates of Participation Payable	356,280,000	267,150,000	33.4
Financed Purchases Payable	5,659,423	10,216,780	(44.6)
Subscriptions Payable	1,603,389	1,050,296	52.7
Net Pension Liability	568,638,312	616,368,585	(7.7)
Severance Benefits Payable	21,961,292	22,342,089	(1.7)
Compensated Absences Payable	8,051,628	6,896,569	16.7
Total Long-Term Liabilities	<u>\$ 1,291,268,337</u>	<u>\$ 1,252,292,906</u>	3.1
Long-Term Liabilities:			
Due Within One Year	\$ 51,913,865	\$ 45,555,115	
Due in More Than One Year	1,239,354,472	1,206,737,791	
Total	<u>\$ 1,291,268,337</u>	<u>\$ 1,252,292,906</u>	

Limitation on Debt

The state limits the amount of general obligation debt the District can issue up to 15% of actual market value of all taxable property within the District's boundaries. The estimated market value of all taxable property is \$35.85 billion for calendar year 2024 and the District's debt limit is \$5.7 billion. The District's outstanding debt is significantly below this limit.

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

**INDEPENDENT SCHOOL DISTRICT NO. 625
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

FACTORS BEARING ON THE DISTRICT'S FUTURE

With the exception of the voter-approved operating referendum, the District is dependent on other property taxes and 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 also passed legislation to increase the per-pupil funding formula by \$143 per pupil, or 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. Although, during fiscal year 2024, the District began experiencing enrollment stabilization for the first time in several years.

The District will continue to seek all available sources of funding, and 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

INDEPENDENT SCHOOL DISTRICT NO. 625
STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities
ASSETS	
Cash and Investments	\$ 265,649,471
Cash with Fiscal Agent	53,366,699
Receivables:	
Current Taxes	122,550,129
Delinquent Taxes	3,025,403
Other Governments	202,130,195
Accounts and Interest	989,752
Lease	3,517,471
Prepaid Items	1,059,755
Inventories	3,246,322
Restricted Assets - Temporary Restricted	
Cash and investments for OPEB	57,884,165
Capital Assets:	
Capital Assets Not Being Depreciated	99,526,398
Other Capital Assets, Net of Depreciation and Amortization	631,324,328
Total Assets	1,444,270,088
DEFERRED OUTFLOWS OF RESOURCES	
Losses on Debt Refunding	236,132
Deferred Outflows - Pensions	110,539,758
Deferred Outflows - OPEB	50,009,533
Total Deferred Outflows	160,785,423
LIABILITIES	
Salaries Payable	50,738,597
Accounts and Contracts Payable	51,831,359
Accrued Interest	8,669,852
Due to Other Governmental Units	114,342
Unearned Revenue	403,957
Long-Term Liabilities:	
OPEB Liability	269,061,892
Net Pension Liability	568,638,312
Portion Due Within One Year	51,913,865
Portion Due in More Than One Year	670,716,160
Total Liabilities	1,672,088,336
DEFERRED INFLOWS OF RESOURCES	
Property Taxes Levied for Subsequent Year	174,737,204
Gains on Debt Refunding	1,547,771
Deferred Inflows - Leases	3,184,908
Deferred Inflows - Pensions	51,269,169
Deferred Inflows - Other Postemployment Benefits	74,680,738
Total Deferred Inflows of Resources	305,419,790
NET POSITION	
Net Investment in Capital Assets	153,498,271
Restricted for:	
Operating Capital Purposes	3,797,866
State-Mandated Restrictions	16,642,277
Food Service	-
Community Service	14,675,436
Debt Service	37,287,761
Capital Asset Acquisition	37,023,167
Unrestricted	(635,377,393)
Total Net Position	\$ (372,452,615)

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 625
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

Functions	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Position
					Total Governmental Activities
GOVERNMENTAL ACTIVITIES					
Administration	\$ 29,510,059	\$ 1,275,442	\$ 104,165,197	\$ -	\$ 75,930,580
District Support Services	34,307,680	756	1,104	3,627,300	(30,678,520)
Regular Instruction	391,530,752	1,262,488	38,508,194	-	(351,760,070)
Vocational Education Instruction	6,859,792	-	742,865	-	(6,116,927)
Special Education Instruction	160,924,127	6,704,072	5,550,925	-	(148,669,130)
Instructional Support Services	54,560,825	582	1,745,620	-	(52,814,623)
Pupil Support Services	89,938,293	-	1,003,945	-	(88,934,348)
Sites and Buildings	97,229,261	1,002,821	1,746	463,116	(95,761,578)
Fiscal and Other Fixed Cost Programs	3,442,669	-	-	-	(3,442,669)
Food Service	35,822,053	242,974	29,123,801	-	(6,455,278)
Community Service	34,888,789	6,049,222	7,737,152	-	(21,102,415)
Interest and Fiscal Charges on Long-Term Liabilities	15,465,885	-	-	-	(15,465,885)
Total School District	<u>\$ 954,480,185</u>	<u>\$ 16,538,357</u>	<u>\$ 188,580,549</u>	<u>\$ 4,090,416</u>	<u>(745,270,863)</u>
GENERAL REVENUES					
Property Taxes Levied for:					
General Purposes					142,912,428
Community Service					3,608,500
Facilities Improvements					
Debt Service					52,342,912
State Aid Not Restricted to Specific Purposes					478,223,168
Earnings on Investments					20,826,435
Miscellaneous					10,622,232
Gain on Sale of Capital Assets					47,316
Total General Revenues					<u>708,582,990</u>
CHANGE IN NET POSITION					(36,687,873)
Net Position - Beginning					<u>(335,764,742)</u>
NET POSITION - ENDING					<u>\$ (372,452,615)</u>

See accompanying Notes to Basic Financial Statements.

INDEPENDENT SCHOOL DISTRICT NO. 625
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	Major Funds					Total Governmental Funds
	General	Food Service	Community Service	Capital Projects	Debt Service	
ASSETS						
Cash and Investments	\$ 33,747,815	\$ 229,406	\$ 8,696,922	\$ 168,743,845	\$ 37,078,396	\$ 248,496,384
Restricted Cash and Investments in Revocable OPEB Trust	57,884,165	-	-	-	-	57,884,165
Cash with Fiscal Agent	-	-	-	27,892,656	25,474,043	53,366,699
Receivables:						
Current Property Taxes	82,395,362	-	2,022,333	-	38,132,434	122,550,129
Delinquent Property Taxes	2,196,127	-	56,769	-	772,507	3,025,403
Due from Other Minnesota School Districts	472,335	-	6,935	-	-	479,270
Due from Minnesota Department of Education	44,673,784	191,749	1,910,547	-	386,652	47,162,732
Due from Federal through Minnesota Department of Education	144,213,886	2,178,314	6,551,657	-	-	152,943,857
Due from Federal Government Received Directly	1,156,106	-	-	-	-	1,156,106
Due from Other Governmental Units	226,222	-	70,643	-	91,365	388,230
Accounts and Interest Receivable	952,649	-	22,722	-	14,381	989,752
Due from Other Funds	4,250,000	-	-	-	-	4,250,000
Leases Receivable	3,517,471	-	-	-	-	3,517,471
Prepays	1,059,755	-	-	-	-	1,059,755
Inventory	567,097	2,679,225	-	-	-	3,246,322
Total Assets	<u>\$ 377,312,774</u>	<u>\$ 5,278,694</u>	<u>\$ 19,338,528</u>	<u>\$ 196,636,501</u>	<u>\$ 101,949,778</u>	<u>\$ 700,516,275</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE						
Liabilities:						
Salaries and Wages Payable	\$ 10,709,169	\$ 249,531	\$ 119,705	\$ 22,876	\$ -	\$ 11,101,281
Payroll Deductions and Employer	38,329,101	158,346	1,145,262	4,607	-	39,637,316
Accounts and Contracts Payable	22,620,021	236,932	695,539	15,116,906	8,700	38,678,098
Due to Other Governmental Units	108,266	-	6,076	-	-	114,342
Due to Other Funds	-	4,250,000	-	-	-	4,250,000
Unearned Revenue	58,911	234,832	108,718	-	1,496	403,957
Total Liabilities	<u>71,825,468</u>	<u>5,129,641</u>	<u>2,075,300</u>	<u>15,144,389</u>	<u>10,196</u>	<u>94,184,994</u>
Deferred Inflows of Resources:						
Property Taxes Levied for Subsequent Year	107,725,760	-	3,375,073	-	63,636,371	174,737,204
Unavailable Revenue - Delinquent Property Taxes	2,722,190	-	69,655	-	1,015,450	3,807,295
Leases	3,184,908	-	-	-	-	3,184,908
Total Deferred Inflows of Resources	<u>113,632,858</u>	<u>-</u>	<u>3,444,728</u>	<u>-</u>	<u>64,651,821</u>	<u>181,729,407</u>
Fund Balance:						
Nonspendable	1,626,852	2,679,225	-	-	-	4,306,077
Restricted	78,324,308	-	14,675,436	182,269,408	37,287,761	312,556,913
Committed	3,084,522	-	-	-	-	3,084,522
Assigned for:	30,557,436	-	-	-	-	30,557,436
Unassigned	78,261,330	(2,530,172)	(856,936)	(777,296)	-	74,096,926
Total Fund Balance	<u>191,854,448</u>	<u>149,053</u>	<u>13,818,500</u>	<u>181,492,112</u>	<u>37,287,761</u>	<u>424,601,874</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 377,312,774</u>	<u>\$ 5,278,694</u>	<u>\$ 19,338,528</u>	<u>\$ 196,636,501</u>	<u>\$ 101,949,778</u>	<u>\$ 700,516,275</u>

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, 2024**

Total Fund Balance for Governmental Funds \$ 424,601,874

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	68,567,331
Land Improvements, Net of Accumulated Depreciation	15,652,113
Buildings and Improvements, Net of Accumulated Depreciation	582,931,905
Equipment, Net of Accumulated Depreciation	21,161,892
Subscription Based Information Technology Arrangements, Net of Accumulated Amortization	11,578,418

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. 3,807,295

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	(269,061,892)
Deferred Inflows of Resources - Other Postemployment Benefits	(74,680,738)
Deferred Outflows of Resources - Other Postemployment Benefits	50,009,533

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	236,132
Gains on Debt Refunding	(1,547,771)

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. (8,669,852)

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	(568,638,312)
Deferred Inflows of Resources - Pensions	(51,269,169)
Deferred Outflows of Resources - Pensions	110,539,758

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	(290,900,000)
Unamortized Premiums	(38,174,293)
Certificates of Participation Payable	(356,280,000)
Subscriptions Payable	(1,603,389)
Obligations Under Financed Purchases	(5,659,423)
Severance Benefits Payable	(21,961,292)
Compensated Absences Payable	(8,051,628)

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: 3,999,826

Total Net Position of Governmental Activities \$ (372,452,615)

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, 2024

	Major Funds					Total Governmental Funds
	General	Food Service	Community Service	Capital Projects	Debt Service	
REVENUES						
Local Sources:						
Property Taxes	\$ 141,930,931	\$ -	\$ 3,583,717	\$ -	\$ 51,983,430	\$ 197,498,078
Earnings and Investments	11,736,855	(24,209)	124,383	6,655,953	1,541,477	20,034,459
Other	16,682,992	271,619	6,435,808	-	42,674	23,433,093
State Sources	463,612,916	2,197,156	16,591,025	-	3,866,518	486,267,615
Federal Sources	151,710,288	29,122,629	7,697,529	-	-	188,530,446
Total Revenues	<u>785,673,982</u>	<u>31,567,195</u>	<u>34,432,462</u>	<u>6,655,953</u>	<u>57,434,099</u>	<u>915,763,691</u>
EXPENDITURES						
Current:						
Administration	27,472,695	-	-	-	-	27,472,695
District Support Services	32,631,694	-	-	-	-	32,631,694
Elementary and Secondary Regular Instruction	322,523,354	-	-	-	-	322,523,354
Vocational Education Instruction	6,735,151	-	-	-	-	6,735,151
Special Education Instruction	148,967,109	-	-	-	-	148,967,109
Instructional Support Services	46,299,065	-	-	-	-	46,299,065
Pupil Support Services	84,258,979	-	-	-	-	84,258,979
Sites and Buildings	67,735,587	-	-	-	-	67,735,587
Fiscal and Other Fixed Cost Programs	3,442,669	-	-	-	-	3,442,669
Food Service	-	35,313,749	-	-	-	35,313,749
Community Service	147,661	-	33,553,517	-	-	33,701,178
Capital Outlay	25,514,056	508,304	2,552	69,625,205	-	95,650,117
Debt Service:						
Principal	6,812,873	303	23,219	-	33,385,000	40,221,395
Interest and Fiscal Charges	1,130,941	-	-	777,296	19,876,187	21,784,424
Total Expenditures	<u>773,671,834</u>	<u>35,822,356</u>	<u>33,579,288</u>	<u>70,402,501</u>	<u>53,261,187</u>	<u>966,737,166</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	12,002,148	(4,255,161)	853,174	(63,746,548)	4,172,912	(50,973,475)
OTHER FINANCING SOURCES (USES)						
Sale of Equipment	14,038	33,278	-	-	-	47,316
Insurance Recovery	33,889	-	-	-	-	33,889
Subscription Based Information Technology Arrangement	1,734,676	-	-	-	-	1,734,676
Sale of Bonds	-	-	-	15,000,000	-	15,000,000
Bond Premiums	-	-	-	13,715,157	-	13,715,157
Issuance of Certificates of Participation	-	-	-	101,315,000	-	101,315,000
Transfers In	-	-	1,337,575	-	-	1,337,575
Transfers Out	(1,337,575)	-	-	-	-	(1,337,575)
Total Other Financing Sources (Uses)	<u>445,028</u>	<u>33,278</u>	<u>1,337,575</u>	<u>130,030,157</u>	<u>-</u>	<u>131,846,038</u>
NET CHANGE IN FUND BALANCES	12,447,176	(4,221,883)	2,190,749	66,283,609	4,172,912	80,872,563
FUND BALANCE						
Beginning of Year	<u>179,407,272</u>	<u>4,370,936</u>	<u>11,627,751</u>	<u>115,208,503</u>	<u>33,114,849</u>	<u>343,729,311</u>
End of Year	<u>\$ 191,854,448</u>	<u>\$ 149,053</u>	<u>\$ 13,818,500</u>	<u>\$ 181,492,112</u>	<u>\$ 37,287,761</u>	<u>\$ 424,601,874</u>

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, 2024**

Net Change in Fund Balances - Total Governmental Funds \$ 80,872,563

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	65,811,878
Depreciation and Amortization Expense	(42,257,186)

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.	1,365,761
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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.	(59,306,903)
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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).	(774,262)
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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.	2,033,198
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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	(116,315,000)
Premium or Discount on Issued Debt	(13,715,157)
Subscription Based Information Technology Arrangements Issued	(1,734,676)
Repayment of Bond Principal	22,275,000
Repayment of Certificates of Participation Payable	12,185,000
Repayment of Financed Purchases	4,557,357
Repayment of Subscriptions	1,181,584
Change in Accrued Interest	81,100
Amortization of Bond Premium	5,634,451
Amortization of Gains/Losses on Bond Refundings	625,443

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.	791,976
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Total	<u>\$ (36,687,873)</u>
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**INDEPENDENT SCHOOL DISTRICT NO. 625
STATEMENT OF NET POSITION
PROPRIETARY FUND
INTERNAL SERVICE FUND
JUNE 30, 2024**

ASSETS

Cash and Investments \$ 17,153,087

LIABILITIES

Workers' Compensation Payable 13,153,261

NET POSITION

Unrestricted \$ 3,999,826

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, 2024**

OPERATING REVENUES	
Local Sources:	
Assessments from Governmental Funds	<u>\$ 2,539,381</u>
OPERATING EXPENSES	
Workers' Compensation Claims	<u>2,539,381</u>
OPERATING INCOME	
	-
NONOPERATING REVENUE	
Earnings on Investments	<u>791,976</u>
CHANGE IN NET POSITION	
	791,976
Net Position - Beginning	<u>3,207,850</u>
NET POSITION - ENDING	<u><u>\$ 3,999,826</u></u>

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, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES

Assessments from Governmental Funds	\$ 2,539,381
Payments for Workers' Compensation	<u>(3,012,097)</u>
Net Cash Used by Operating Activities	<u>(472,716)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest Received	<u>791,976</u>
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NET INCREASE IN CASH AND CASH EQUIVALENTS

319,260

Cash and Cash Equivalents - Beginning

16,833,827

CASH AND CASH EQUIVALENTS - ENDING

\$ 17,153,087

**RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating Income	\$ -
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Increase (Decrease) in Claims Payable	<u>(472,716)</u>
Net Cash Used by Operating Activities	<u><u>\$ (472,716)</u></u>

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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. 625 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.

INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting government as a whole. These statements include all the financial activities of the District.

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

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

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

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

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

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

1. Revenue Recognition

Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to Minnesota Statutes and U.S. GAAP. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Food service sales, community education tuition, and other miscellaneous revenue (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. A six-month availability period is generally used for other fund revenue.

2. Recording of Expenditures

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

INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Description of Funds

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

Major Governmental Funds

General Fund

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

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

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

Food Service Special Revenue Fund

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

Community Service Special Revenue Fund

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

Capital Projects – Building Construction Fund

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

Debt Service Fund

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

INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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 2024.

F. Cash and Investments

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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.

INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Property Taxes

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

Generally, property taxes are recognized as revenue by the District in the fiscal year that begins midway through the calendar year in which the tax levy is collectible. To help balance the state budget, the Minnesota Legislature utilizes a tool referred to as the “tax shift,” which periodically changes the District’s recognition of property tax revenue. The tax shift advance recognizes cash collected for the subsequent year’s levy as current year revenue, allowing the state to reduce the amount of aid paid to the District. Currently, the mandated tax shift recognizes \$29,895,252 of the property tax levy collectible in 2025 as revenue to the District in fiscal year 23–24. The remaining portion of the taxes collectible in 2024 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.

INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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.

INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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.

INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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 4,772 active participants and 3,057 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.

**INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

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
2023	\$ 13,665,225	\$ 3,711,008	\$ 3,750,256	\$ 13,625,977
2024	13,625,977	2,539,381	3,012,097	13,153,261

S. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three types of items that qualify for reporting in this category as deferred outflows of resources related to pensions, other postemployment benefits, and deferred losses on debt refundings. See Notes 6 and 7 for details on pensions and other postemployment benefit amounts.

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

T. Unearned Revenue

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

INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Fund Balance

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

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

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

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

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

Unassigned – is the residual classification for the General Fund and also reflects negative residual amounts in other funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to use restricted first, then unrestricted fund balance.

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

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

INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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. Contingencies

The District is subject to legal proceedings and claims which arise in the ordinary course of business. Management believes the resolution of these matters will not have a material impact on the District.

NOTE 2 DEPOSITS AND INVESTMENTS

A. Deposits

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

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits. Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds. Authorized collateral include: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letter of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota Statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust department of a commercial bank or other financial institution not owned or controlled by the depository.

INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

The carrying value and bank balance of the District's deposits in banks at June 30, 2024 is \$1,825,463 and \$-0-, respectively, and were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

B. Investments

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

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

**INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

At June 30, 2024, the District's investment balances were as follows:

	Fair Value
U.S. Treasuries with Maturities at Purchase of Greater Than 1 Year	\$ 10,348,443
Real Asset Funds	3,022,975
Corporate Bonds	12,340,135
Equities	27,871,113
Total Investments at Fair Value	\$ 53,582,666
	Amortized Cost
Money Markets	\$ 298,488,470
MSDLAF+ Liquid Class	16,830,588
MSDLAF+ Max Class	6,173,148
Total Investments at Amortized Cost	\$ 321,492,206

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

Credit Risk and Interest Rate Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

**INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District's investment policies do not limit the maturities of investments; however, when purchasing investments, the District considers such things as interest rates and cash flow needs. The credit ratings and maturities of the District's investments are as follows:

Type	Total	Maturity Duration in Years			No Maturities	Rating
		Less Than 1	1 to 5	More Than 5		
U.S. Treasuries with Maturities at						
Purchase of Greater Than One Year	\$ 10,348,443	\$ -	\$ 4,800,049	\$ 5,548,394	\$ -	Aaa/AA+
Federal Home Loan Bank Notes	-	-	-	-	-	AA+
Federal National Mortgage Association	-	-	-	-	-	AA+
Real Asset Investment Trusts	707,000	-	-	-	707,000	NR
Real Asset Funds	2,315,975	-	-	-	2,315,975	NR
Corporate Bonds	12,340,135	427,475	6,275,446	5,175,655	461,559	BBB to AA+
Equities	27,871,113	-	-	-	27,871,113	NR
MSDLAF+ Liquid Class	16,830,588	-	-	-	16,830,588	AAA
MSDLAF+ Max Class	6,173,148	-	-	-	6,173,148	AAA
Money Markets	298,488,470	-	-	-	298,488,470	NR
Total	<u>\$ 375,074,872</u>	<u>\$ 427,475</u>	<u>\$ 11,075,495</u>	<u>\$ 10,724,049</u>	<u>\$ 352,847,853</u>	

Custodial Credit Risk

For an investment, custodial risk is the risk that, in the event of failure of the counterparty, the School District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The School District's investment policy requires that brokers provide insurance to cover balances held in each investment account. As of June 30, 2024, 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	\$ 265,649,471
Cash with Fiscal Agent - Statement of Net Position	53,366,699
Restricted Cash and Investments - Statement of Net Position	<u>57,884,165</u>
Total Cash and Investments	<u><u>\$ 376,900,335</u></u>

**INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

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	\$ 10,348,443	\$ -	\$ -	\$ 10,348,443
Federal Home Loan Bank Notes	-	-	-	-
Federal National Mortgage Association	-	-	-	-
Federal Home Loan Mortgage Corporation	-	-	-	-
Real Asset Investment Trusts	-	-	-	-
Real Asset Funds	-	3,022,975	-	3,022,975
Corporate Bonds	-	12,340,135	-	12,340,135
Equities	27,871,113	-	-	27,871,113
Investments Measured at Fair Value	<u>\$ 38,219,556</u>	<u>\$ 15,363,110</u>	<u>\$ -</u>	53,582,666
Investments Measured at Amortized Cost				321,492,206
Total				<u>\$ 375,074,872</u>

INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended 2024 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	79,605,922	9,096,779	(20,135,370)	68,567,331
Total Capital Assets, Not Being Depreciated	110,564,989	9,096,779	(20,135,370)	99,526,398
Capital Assets, Being Depreciated:				
Land Improvements	38,282,278	1,378,007	-	39,660,285
Buildings and Improvements	1,047,629,625	68,842,855	-	1,116,472,480
Furniture and Equipment	55,519,066	4,894,932	(377,261)	60,036,737
Total Capital Assets, Being Depreciated	1,141,430,969	75,115,794	(377,261)	1,216,169,502
Accumulated Depreciation for:				
Land Improvements	(22,523,372)	(1,484,800)	-	(24,008,172)
Buildings and Improvements	(502,149,400)	(31,391,175)	-	(533,540,575)
Furniture and Equipment	(32,011,454)	(7,240,652)	377,261	(38,874,845)
Total Accumulated Depreciation	(556,684,226)	(40,116,627)	377,261	(596,423,592)
Total Capital Assets, Being Depreciated, Net	584,746,743	34,999,167	-	619,745,910
Right-to-Use Assets, Being Amortized:				
Subscription Based Information Technology Arrangements	13,077,932	1,734,675	(301,966)	14,510,641
Accumulated Amortization for:				
Subscription Based Information Technology Arrangements	(1,093,632)	(2,140,557)	301,966	(2,932,223)
Total Right-to-Use Assets, Being Amortized, Net	11,984,300	(405,882)	-	11,578,418
Governmental Activities Capital Assets, Net	<u>\$ 707,296,032</u>	<u>\$ 43,690,064</u>	<u>\$ (20,135,370)</u>	<u>\$ 730,850,726</u>

INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities	
Administration	\$ 2,549
District Support Services	822,887
Regular Instruction	36,044,977
Vocational Education Instruction	15,718
Instructional Support Services	4,981,749
Pupil Support Services	219,150
Sites and Buildings	<u>170,154</u>
Total Depreciation Expense, Governmental Activities	<u>\$ 42,257,184</u>

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, 2024, the District recognized \$522,934 and \$122,613 in lease revenue and interest revenue, respectively, pursuant to these contracts. None of the leases contain stated discount rates, therefore the District utilized its incremental borrowing rate of 3.25% at the start of the leases.

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

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 456,353	\$ 106,632
2026	391,767	93,235
2027	419,874	80,138
2028	453,462	65,980
2029	488,940	50,702
2030-2034	1,256,744	64,411
2035-2036	50,331	1,240
Total	<u>\$ 3,517,471</u>	<u>\$ 462,340</u>

INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5 LONG-TERM LIABILITIES

A. Components of General Long-Term Debt

The District has the following general obligation bonds outstanding at June 30, 2024:

Issue	Issue Date	Net Interest Rate	Original Issue	Final Maturity	Principal Outstanding	
					Due Within One Year	Total
2009D Taxable School Building Bonds	12/23/2009	1.59%	\$ 16,115,000	12/15/2025	\$ -	\$ 16,115,000
2010C Taxable School Building Bonds	11/17/2010	5.08%	18,250,000	2/1/2029	-	18,250,000
2013B School Building Refunding Bonds	6/25/2013	4.00-5.00%	28,635,000	2/1/2027	3,275,000	8,375,000
2015A School Building Bonds	6/11/2015	2.00-5.00%	15,000,000	2/1/2036	685,000	10,110,000
2016A School Building Bonds	7/27/2016	2.00-4.00%	15,000,000	2/1/2036	705,000	9,775,000
2016B School Building Refunding Bonds	7/27/2016	2.00-5.00%	34,955,000	2/1/2030	3,555,000	18,280,000
2017A School Building Bonds	6/15/2017	3.00-4.00%	15,000,000	2/1/2037	675,000	10,805,000
2017D School Building Refunding Bonds	12/21/2017	3.00-5.00%	15,520,000	2/1/2032	1,250,000	12,095,000
2018A School Building Bonds	6/21/2018	3.00-5.00%	15,000,000	2/1/2037	635,000	11,640,000
2019A School Building Bonds	6/20/2019	3.00-5.00%	15,000,000	2/1/2039	605,000	12,170,000
2020A School Building Bonds	2/20/2020	2.00-5.00%	15,000,000	2/1/2040	595,000	12,900,000
2020B School Building Refunding Bonds	2/20/2020	4.00-5.00%	8,810,000	2/1/2031	340,000	2,770,000
2020D Refunding Bonds	11/19/2020	2.00-5.00%	24,895,000	2/1/2033	2,610,000	13,280,000
2020E Taxable School Building Refunding Bonds	11/19/2020	1.25-2.00%	15,585,000	2/1/2034	1,315,000	14,290,000
2021A School Building Bonds	6/17/2021	2.00-5.00%	15,000,000	2/1/2041	575,000	12,835,000
2021B Facilities Maintenance Bonds	6/17/2021	2.00-5.00%	25,850,000	2/1/2041	970,000	22,895,000
2022A School Building Bonds	2/28/2022	3.00-5.00%	15,000,000	2/1/2042	540,000	14,055,000
2022B Facilities Maintenance Bonds	2/28/2022	3.00-5.00%	20,765,000	2/1/2042	745,000	19,335,000
2022C School Building Refunding Bonds	2/28/2022	3.00-5.00%	9,805,000	2/1/2035	620,000	8,540,000
2022E Facilities Maintenance Bonds	12/7/2022	4.00-5.00%	29,190,000	2/1/2043	940,000	28,410,000
2023A School Building Bonds	11/8/2023	4.50-5.00%	15,000,000	2/1/2043	505,000	13,975,000
Total General Obligation Bonds					<u>\$ 21,140,000</u>	<u>\$ 290,900,000</u>

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

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

The District's Taxable School Building Bonds, Series 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 2024, the District issued \$15,000,000 of General Obligation School Building Bonds, Series 2023A. The proceeds were to finance the acquisition and betterment of school facilities and grounds.

**INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

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, 2024:

Issue	Issue Date	Net Interest Rate	Original Issue	Final Maturity	Principal Outstanding	
					Due Within One Year	Total
2017B Certificates of Participation	6/15/2017	3.00-5.00%	\$ 24,305,000	2/1/2037	\$ 1,130,000	\$ 18,570,000
2017C Certificates of Participation	12/21/2017	3.00-5.00%	56,015,000	2/1/2038	2,370,000	44,380,000
2018B Certificates of Participation	6/21/2018	3.00-5.00%	52,500,000	2/1/2039	2,130,000	43,280,000
2018C Certificates of Participation	6/21/2018	3.00-5.00%	18,060,000	2/1/2039	730,000	14,885,000
2019B Certificates of Participation	7/24/2019	3.00-5.00%	22,145,000	2/1/2039	925,000	18,865,000
2019C Certificates of Participation	7/24/2019	2.025-3.383%	40,260,000	2/1/2039	1,805,000	33,385,000
2020C Certificates of Participation	2/20/2020	2.00-5.00%	65,490,000	2/1/2040	2,605,000	56,060,000
2021D Certificates of Participation	6/17/2021	2.00-2.80%	8,425,000	2/1/2041	345,000	6,950,000
2022D Certificates of Participation	3/25/2022	3.00-5.00%	21,215,000	2/1/2042	700,000	18,590,000
2024A Certificates of Participation	3/7/2024	5.00%	101,315,000	2/1/2043	6,870,000	101,315,000
					<u>\$ 19,610,000</u>	<u>\$ 356,280,000</u>

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

The District has the following financed purchase obligations outstanding at June 30, 2024:

Issue	Issue Date	Net Interest Rate	Original Issue	Final Maturity	Principal Outstanding	
					Due Within One Year	Total
Apple iPad Bundles Financed Purchase	6/7/2021	3.25%	\$ 14,452,047	8/15/2024	\$ 3,788,147	\$ 3,788,148
Apple MacBook Air Bundle Financed Purchase	4/15/2022	3.50%	3,618,130	7/5/2025	919,546	1,871,275
					<u>\$ 4,707,693</u>	<u>\$ 5,659,423</u>

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

The District has entered into subscription based-information technology arrangements (SBITAs) for curriculum software. The SBITA arrangements expire at various dates through 2030 and provide for renewal options. As of June 30, 2024, SBITA assets and the related accumulated amortization totaled \$14,510,640 and \$2,932,223, respectively.

**INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

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:

Year Ending June 30,	General Obligation Bonds Payable		Certificates of Participation Payable		Financed Purchases Payable		Subscriptions Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 21,140,000	\$ 9,476,899	\$ 19,610,000	\$ 13,536,097	\$ 4,707,693	\$ 188,609	\$ 677,982	\$ 83,123
2026	36,540,000	8,480,312	16,665,000	13,121,510	951,730	33,311	382,270	51,304
2027	19,575,000	7,324,876	17,450,000	12,347,119	-	-	247,623	28,681
2028	18,600,000	6,485,876	18,265,000	11,532,653	-	-	269,508	6,796
2029	35,785,000	5,799,964	19,100,000	10,703,080	-	-	25,996	556
2030-2034	78,450,000	20,171,534	107,330,000	41,681,262	-	-	10	-
2035-2036	55,555,000	9,224,877	119,985,000	21,455,941	-	-	-	-
2040-2044	25,255,000	1,916,401	37,875,000	4,072,433	-	-	-	-
Total	\$ 290,900,000	\$ 68,880,739	\$ 356,280,000	\$ 128,450,095	\$ 5,659,423	\$ 221,920	\$ 1,603,389	\$ 170,460

C. Changes in Long-Term Debt

	June 30, 2023	Additions	Retirements	June 30, 2024	Amount Due Within One Year
Bonds Payable	\$ 298,175,000	\$ 15,000,000	\$ 22,275,000	\$ 290,900,000	\$ 21,140,000
Unamortized Premiums	30,093,587	13,715,157	5,634,451	38,174,293	-
Certificates of Participations	267,150,000	101,315,000	12,185,000	356,280,000	19,610,000
Financed Purchases Payable	10,216,780	-	4,557,357	5,659,423	4,707,693
Subscriptions Payable	1,050,296	1,734,677	1,181,584	1,603,389	677,982
Severance Benefits Payable	22,342,089	-	380,797	21,961,292	1,092,251
Compensated Absences Payable	6,896,569	3,756,518	2,601,459	8,051,628	4,685,939
Total	\$ 635,924,321	\$ 135,521,352	\$ 48,815,648	\$ 722,630,025	\$ 51,913,865

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.

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

The General Employees Retirement Plan covers certain full-time and part-time employees of the Saint Paul Public Schools. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

A. Plan Description (Continued)

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.

INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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.

Basic Plan

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.

**INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

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

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

1. General Employees Plan Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024 and the District was required to contribute 7.50 percent for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2024, were \$10,444,366. The District's contributions were equal to the required contributions as set by state statute.

**INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

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 2024 are:

District Fiscal Year Ended June 30,	Percentage of Covered Payroll			
	Basic Plan		Coordinated Plan	
	Employee	Employer	Employee	Employer
2024	10.25%	16.14%	7.75%	12.84%

The District's contributions to SPTRFA for the plan's fiscal year ended June 30, 2024 were \$42,198,530. The District's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

1. General Employees Fund Pension Costs

At June 30, 2024, the District reported a liability of \$89,856,048 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 \$2,477,024, for a total liability of \$92,333,072 associated with the District. The net pension liability was measured as of June 30, 2023, 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, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 1.6069% at the end of the measurement period and 1.5423% for the beginning of the period.

For the year ended June 30, 2024, the District recognized pension expense of \$15,244,904 for its proportionate share of General Employees Plan's pension expense. In addition, the District recognized \$11,131 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.

INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

At June 30, 2024, 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	\$ 2,950,907	\$ 619,006
Changes in Actuarial Assumptions	14,546,438	24,628,788
Net Difference Between Projected and Actual Earnings on Plan Investments		3,360,307
Changes in Proportion	4,091,686	290,424
District Contributions Subsequent to the Measurement Date	10,444,366	-
Total	<u>\$ 32,033,397</u>	<u>\$ 28,898,525</u>

A total of \$10,444,366 reported as deferred outflows of resources related to pensions resulting from District contributions to General Employees Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to General Employees Plan pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	Pension Expense Amount
2025	\$ 3,475,407
2026	(11,909,148)
2027	3,073,530
2028	(1,949,283)

2. SPTRFA Pension Costs

At June 30, 2024, the District reported a liability of \$478,782,264 for its proportionate share of SPTRFA's net pension liability. The net pension liability was measured as of June 30, 2023, 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 70.945% at the end of the measurement period and 71.124% for the beginning of the period.

**INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

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	\$ 478,782,264
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>195,832,036</u>
Total	<u><u>\$ 674,614,300</u></u>

For the year ended June 30, 2024, the District recognized pension expense of \$96,895,818.

At June 30, 2024, 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	\$ -	\$ 10,401,246
Changes in Actuarial Assumptions	24,122,010	11,136,946
Net Difference Between Projected and Actual Earnings on Plan Investments	9,187,377	-
Changes in Proportion	2,998,444	832,452
District Contributions Subsequent to the Measurement Date	<u>42,198,530</u>	<u>-</u>
Total	<u><u>\$ 78,506,361</u></u>	<u><u>\$ 22,370,644</u></u>

**INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. SPTRFA Pension Costs (Continued)

A total of \$42,198,530 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to SPTRFA will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2025	\$ 13,155,519
2026	(18,620,037)
2027	23,282,918
2028	(3,881,213)

The District recognized \$112,140,722 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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 %	

**INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

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, 2023 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, 2023, 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 7%. 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 7% 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 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation.

**INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

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 2023:

General Employees Fund

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.0 percent.

Changes in Plan Provisions:

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

SPTRFA

Changes in Actuarial Assumptions:

There have been no changes in actuarial assumptions since the previous valuation.

Changes in Plan Provisions:

There have been 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 2023 was 7%. 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.

**INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)

G. Discount Rate (Continued)

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.

SPTRFA

The long-term expected rate of return on pension plan investments used in the determination of the total pension liability is 7.00%.

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	6.00%	7.00%	8.00%
Net Pension Liability at Different Discount Rates	\$ 158,962,566	\$ 89,856,048	\$ 33,013,311
SPTRFA Discount Rate	6.00%	7.00%	8.00%
Net Pension Liability at Different Discount Rates	\$ 646,113,851	\$ 478,782,264	\$ 340,437,386

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

INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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 4,772 active participants and 3,057 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 \$14,380,361 as required on a pay-as-you-go basis to finance current year benefits as described in the previous section. The District has established an OPEB Revocable trust to fund these obligations.

**INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

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	3,057
Active Plan Members	4,772
Total Members	7,829

E. Total OPEB Liability of the District

The District's total OPEB liability of \$269,061,892 as of year-end was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2023.

F. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial study with a valuation date of June 30, 2023 and a measurement date as of June 30, 2023, 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:	2.50%
Salary Increases:	N/A
Investment Rate of Return:	N/A
20-Year Municipal Bond Yield:	3.86%
Medical Trend Rate:	7.6% gradually decreasing to an ultimate rate of 3.9% in FY2076.

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.

**INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

G. Changes in Total OPEB Liability

	Total OPEB Liability (a)
Balances at June 30, 2023	\$ 242,802,098
Changes for the Year:	
Service Cost	6,458,034
Interest Cost	8,932,381
Changes in Benefit terms	22,252
Changes of Assumptions	9,810,201
Plan Changes	-
Differences Between Expected and Actual Experience	15,417,287
Contributions-Employer	-
Projected Investment Return	-
Net Investment Income	-
Benefit Payments	(14,380,361)
Administrative Expense	-
Net Changes	26,259,794
Balances at June 30, 2024	\$ 269,061,892

Assumption changes since the previous measurement date include the following:

- The discount rate was changed from 3.69% to 3.86%.

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 (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
Net OPEB Liability (Asset)	\$ 293,175,393	\$ 269,061,892	\$ 247,560,645

**INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

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 6.60% Decreasing to 2.9% in 2076 and Later	Current 7.60% Decreasing to 3.9% in 2076 and Later	1% Increase 8.60% Decreasing to 4.9% in 2076 and Later
Net OPEB Liability	\$ 255,824,399	\$ 269,061,892	\$ 283,901,670

For the current year ended, the District recognized OPEB expense of \$6,390,666. 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	\$ 14,058,793	\$ 39,831,815
Change of Assumptions	26,302,027	34,848,923
Difference Between Projected and Actual Investment Earnings	-	-
Contributions Between Measurement Date and Reporting Date	9,648,713	-
Total	\$ 50,009,533	\$ 74,680,738

A total of \$9,648,713 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, 2025.

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
2025	\$ (8,315,182)
2026	(6,103,472)
2027	(5,788,790)
2028	(7,983,568)
2029	(7,707,263)
Thereafter	1,578,357
Total	\$ (34,319,918)

INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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.

**INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

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	\$ 730,850,726
Bonds Payable at June 30	(290,900,000)
COPs Payable at June 30	(356,280,000)
Financed Purchases Payable at June 30	(5,659,423)
Subscriptions Payable at June 30	(1,603,389)
Premiums/Discounts	(38,174,293)
Deferred (Gain) Loss on Refundings	(1,311,639)
Capital Related Payables	(15,116,906)
Add Back: Unspent Bond Proceeds	131,693,195
Net Investment in Capital Assets	<u><u>\$ 153,498,271</u></u>

INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 FUND BALANCES AND NET POSITION (CONTINUED)

A summary of the governmental fund balance classifications as of June 30, 2024 are as follows:

	Fund Equities June 30, 2023	Revenues	Expenditures	Fund Equities June 30, 2024
GOVERNMENTAL FUNDS				
General Fund:				
Nonspendable	\$ 1,171,789	\$ 455,063	\$ -	\$ 1,626,852
Restricted for Student Activities	1,144,635	761,916	(265,522)	1,641,029
Restricted for Area Learning Center	5,286,697	15,032,001	(16,885,691)	3,433,007
Restricted for Operating Capital	2,611,183	8,157,804	(6,971,121)	3,797,866
Restricted for Learning and Development	7,744	7,202,425	(7,210,169)	-
Restricted for OPEB Revocable Trust	52,040,238	5,843,927	-	57,884,165
Restricted for Basic Skills	-	71,394,411	(71,149,453)	244,958
Restricted for Long-Term Facilities Maintenance	-	26,617,166	(22,761,278)	3,855,888
Restricted for Basic Skills Extended Time	1,066,123	-	-	1,066,123
Restricted for Medical Assistance	2,670,655	6,704,072	(2,973,455)	6,401,272
Committed for Separation/Retirement Benefits	3,038,018	46,504	-	3,084,522
Assigned for Contractual Obligation	3,496,148	43,854	-	3,540,002
Assigned for Strategic Plan Initiative	6,972,200	-	-	6,972,200
Assigned for Site-Based Operations	16,270,433	171,664	-	16,442,097
Assigned for Intraschool Activities	3,070,184	2,662,235	(2,129,282)	3,603,137
Unassigned	80,561,225	640,555,670	(642,855,565)	78,261,330
Total General Fund	<u>179,407,272</u>	<u>785,648,712</u>	<u>(773,201,536)</u>	<u>191,854,448</u>
Food Service Fund:				
Nonspendable	3,271,635	-	(592,410)	2,679,225
Restricted for Food Service	1,099,301	31,567,195	(32,666,496)	-
Unassigned	-	-	(2,530,172)	(2,530,172)
Total Food Service	<u>4,370,936</u>	<u>31,567,195</u>	<u>(35,789,078)</u>	<u>149,053</u>
Community Service Fund:				
Nonspendable	5,762	-	(5,762)	-
Restricted for Retiree Health	290,956	-	(290,956)	-
Restricted for Early Childhood and Family Education	2,895,926	19,600	-	2,915,526
Restricted for School Readiness	3,154,427	-	(294,134)	2,860,293
Restricted for Adult Basic Education	2,118,729	-	(230,784)	1,887,945
Restricted for Community Service	3,161,951	34,412,862	(30,563,141)	7,011,672
Unassigned	-	-	(856,936)	(856,936)
Total Community Service Fund	<u>11,627,751</u>	<u>34,432,462</u>	<u>(32,241,713)</u>	<u>13,818,500</u>
Capital Projects Fund:				
Restricted for Projects Funded by Certificates of Participation	38,798,570	119,220,808	(46,389,790)	111,629,588
Restricted for Long-Term Facilities Maintenance	70,046,802	2,014,157	(15,908,581)	56,152,378
Restricted for Capital Projects	6,363,131	15,451,145	(7,326,834)	14,487,442
Unassigned	-	-	(777,296)	(777,296)
Total Capital Projects Fund	<u>115,208,503</u>	<u>136,686,110</u>	<u>(70,402,501)</u>	<u>181,492,112</u>
Debt Service Fund:				
Restricted for QZAB and QSCH Payments	23,234,769	2,239,495	-	25,474,264
Restricted for Debt Service	9,880,080	55,194,604	(53,261,187)	11,813,497
Total Debt Service Fund	<u>33,114,849</u>	<u>57,434,099</u>	<u>(53,261,187)</u>	<u>37,287,761</u>
TOTAL GOVERNMENTAL FUNDS	<u>343,729,311</u>	<u>1,045,768,578</u>	<u>(964,896,015)</u>	<u>424,601,874</u>
PROPRIETARY FUNDS				
Unrestricted	3,207,850	3,331,357	(2,539,381)	3,999,826
TOTAL PROPRIETARY FUNDS	<u>3,207,850</u>	<u>3,331,357</u>	<u>(2,539,381)</u>	<u>3,999,826</u>
TOTAL ALL FUNDS	<u>\$ 346,937,161</u>	<u>\$ 1,049,099,935</u>	<u>\$ (967,435,396)</u>	<u>\$ 428,601,700</u>

**INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 9 COMMITMENTS AND CONTINGENCIES

A. Federal and State Programs

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.

B. Contingencies

The District is subject to legal proceedings and claims which arise in the ordinary course of business. Management believes the resolution of these matters will not have a material impact on the District.

C. Commitments

At June 30, 2024, the District had approximately \$145.68 million in commitments related to capital-related contracts.

NOTE 10 INTERFUND TRANSFERS

The District had the following interfund receivables and payables at June 30, 2024:

	Due from Other Fund	Due to Other Fund
General Fund	\$ 4,250,000	\$ -
Special Revenue Funds:		
Food Service Fund	-	4,250,000
Total	\$ 4,250,000	\$ 4,250,000

The purpose of the transfer was for the General Fund to cover the deficit cash balance in the Food Service Fund.

The District had the following interfund transfers during the year ended June 30, 2024:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 1,337,575
Special Revenue Funds:		
Community Service Fund	1,337,575	-
Total	\$ 1,337,575	\$ 1,337,575

The purpose of the transfer was for the General Fund cover the cost of continuing the Community Eligible Program (CEP) during fiscal year 2024.

INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11 SUBSEQUENT EVENTS

On November 12, 2024, the District issued \$59,900,000 of General Obligation School Building and Facilities Maintenance Bonds, Series 2024B to fund the acquisition and betterment of school facilities and grounds. The interest rate on the notes is 5% and the maturity date is February 1, 2034.

On November 12, 2024, the District issued \$13,465,000 of General Obligation School Building Refunding Bonds, Series 2024C to refund future maturities of existing Series 2013B bonds. The interest rate on the notes is 5% and the maturity date is February 1, 2034.

On April 10, 2025, the District entered into a lease with Apple for the use of 38,000 iPads with annual payments of \$4,256,525 and an expiration date of 8/1/2028.

REQUIRED SUPPLEMENTARY INFORMATION

**INDEPENDENT SCHOOL DISTRICT NO. 625
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 147,199,735	\$ 147,199,735	\$ 141,930,931	\$ (5,268,804)
Earnings and Investments	100,000	100,000	11,736,855	11,636,855
Other	18,345,258	16,146,088	16,682,992	536,904
State Sources	445,969,201	455,452,515	463,612,916	8,160,401
Federal Sources	154,040,421	177,410,616	151,710,288	(25,700,328)
Total Revenues	<u>765,654,615</u>	<u>796,308,954</u>	<u>785,673,982</u>	<u>(10,634,972)</u>
EXPENDITURES				
Current:				
Administration	29,681,492	30,279,440	27,472,695	(2,806,745)
District Support Services	34,532,506	39,752,260	32,631,694	(7,120,566)
Elementary and Secondary				
Regular Instruction	311,510,189	317,197,444	322,523,354	5,325,910
Vocational Education Instruction	4,286,161	4,232,691	6,735,151	2,502,460
Special Education Instruction	145,958,205	151,776,369	148,967,109	(2,809,260)
Community Service	9,381,213	11,330,128	147,661	(11,182,467)
Instructional Support Services	52,267,292	57,276,442	46,299,065	(10,977,377)
Pupil Support Services	77,581,427	82,423,841	84,258,979	1,835,138
Sites and Buildings	69,249,833	71,086,307	67,735,587	(3,350,720)
Fiscal and Other Fixed Cost Programs	30,350,190	19,250,035	3,442,669	(15,807,366)
Capital Outlay	29,378,057	30,856,435	25,514,056	(5,342,379)
Debt Service:				
Principal	5,985,040	5,979,790	6,812,873	833,083
Interest and Fiscal Charges	694,450	694,450	1,130,941	436,491
Total Expenditures	<u>800,856,055</u>	<u>822,135,632</u>	<u>773,671,834</u>	<u>(48,463,798)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(35,201,440)	(25,826,678)	12,002,148	37,828,826
OTHER FINANCING SOURCES (USES)				
Sale of Equipment	-	-	14,038	14,038
Insurance Recovery	-	-	33,889	33,889
Subscription Based Information Technology Arrangement	-	-	1,734,676	1,734,676
Transfers Out	-	-	(1,337,575)	(1,337,575)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>445,028</u>	<u>445,028</u>
NET CHANGE IN FUND BALANCE	<u>\$ (35,201,440)</u>	<u>\$ (25,826,678)</u>	12,447,176	<u>\$ 38,273,854</u>
FUND BALANCE				
Beginning of Year			<u>179,407,272</u>	
End of Year			<u>\$ 191,854,448</u>	

**INDEPENDENT SCHOOL DISTRICT NO. 625
BUDGETARY COMPARISON SCHEDULE
FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Earnings and Investments	\$ 15,000	\$ 15,000	\$ (24,209)	\$ (39,209)
Other - Primarily Meal Sales	372,000	396,038	271,619	(124,419)
State Sources	2,262,006	1,063,545	2,197,156	1,133,611
Federal Sources	26,133,392	30,464,487	29,122,629	(1,341,858)
Total Revenues	<u>28,782,398</u>	<u>31,939,070</u>	<u>31,567,195</u>	<u>(371,875)</u>
EXPENDITURES				
Current:				
Food Service	32,115,467	33,126,996	35,313,749	2,186,753
Capital Outlay	1,500,000	1,500,000	508,304	(991,696)
Debt Service				
Principal	-	-	303	303
Total Expenditures	<u>33,615,467</u>	<u>34,626,996</u>	<u>35,822,356</u>	<u>1,195,360</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(4,833,069)	(2,687,926)	(4,255,161)	(1,567,235)
OTHER FINANCING SOURCES				
Sale of Equipment	-	-	33,278	33,278
NET CHANGE IN FUND BALANCE	<u>\$ (4,833,069)</u>	<u>\$ (2,687,926)</u>	(4,221,883)	<u>\$ (1,533,957)</u>
FUND BALANCE				
Beginning of Year			<u>4,370,936</u>	
End of Year			<u>\$ 149,053</u>	

**INDEPENDENT SCHOOL DISTRICT NO. 625
BUDGETARY COMPARISON SCHEDULE
COMMUNITY SERVICE FUND
YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 3,601,796	\$ 3,571,796	\$ 3,583,717	\$ 11,921
Earnings and Investments	10,000	10,000	124,383	114,383
Other - Primarily Tuition and Fees	5,536,103	5,824,361	6,435,808	611,447
State Sources	15,901,516	15,888,042	16,591,025	702,983
Federal Sources	8,585,887	9,267,137	7,697,529	(1,569,608)
Total Revenues	<u>33,635,302</u>	<u>34,561,336</u>	<u>34,432,462</u>	<u>(128,874)</u>
EXPENDITURES				
Current:				
Community Service	35,149,600	35,546,280	33,553,517	(1,992,763)
Capital Outlay	2,070	3,632	2,552	(1,080)
Debt Service:				
Principal	-	23,219	23,219	-
Total Expenditures	<u>35,151,670</u>	<u>35,573,131</u>	<u>33,579,288</u>	<u>(1,993,843)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,516,368)	(1,011,795)	853,174	1,864,969
OTHER FINANCING SOURCES				
Transfers In	-	-	1,337,575	1,337,575
NET CHANGE IN FUND BALANCE	<u>\$ (1,516,368)</u>	<u>\$ (1,011,795)</u>	2,190,749	<u>\$ 3,202,544</u>
FUND BALANCE				
Beginning of Year			<u>11,627,751</u>	
End of Year			<u>\$ 13,818,500</u>	

INDEPENDENT SCHOOL DISTRICT NO. 625
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY
AND RELATED RATIOS
JUNE 30, 2024

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service Cost	\$ 6,458,034	\$ 8,559,781	\$ 10,005,688	\$ 8,429,397	\$ 7,792,260	\$ 7,818,493	\$ 8,294,600
Interest	8,932,381	5,535,028	8,507,273	10,262,062	11,446,086	11,700,816	10,228,440
Changes of Benefit Terms	22,252	-	-	-	-	-	-
Differences Between Expected and Actual Experience	9,810,201	(1,778,194)	(60,926,977)	1,338,720	(3,584,238)	-	-
Changes of Assumptions	15,417,287	(41,294,229)	3,759,562	19,806,656	17,598,682	(10,867,697)	(19,488,077)
Benefit Payments	(14,380,361)	(15,886,400)	(21,818,752)	(22,259,064)	(22,178,401)	(20,041,157)	(20,305,375)
Net Change in Total OPEB Liability	26,259,794	(44,864,014)	(60,473,206)	17,577,771	11,074,389	(11,389,545)	(21,270,412)
Total OPEB Liability - Beginning	242,802,098	287,666,112	348,139,318	330,561,547	319,487,158	330,876,703	352,147,115
Total OPEB (Asset)Liability - Ending (a)	\$ 269,061,892	\$ 242,802,098	\$ 287,666,112	\$ 348,139,318	\$ 330,561,547	\$ 319,487,158	\$ 330,876,703
Plan Fiduciary Net Position							
Contributions - Employer	\$ 14,380,361	\$ 15,886,400	\$ 21,818,752	\$ 22,259,064	\$ 22,178,401	\$ 20,041,157	\$ 20,305,375
Net Investment Income	-	-	-	-	-	-	-
Benefit Payments	(14,380,361)	(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)	\$ 269,061,892	\$ 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%	0.00%
Covered-Employee Payroll	\$ 442,033,231	\$ 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	60.87 %	55.16 %	72.09 %	81.25 %	85.34 %	103.55 %	101.56 %
	2024	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	N/A						
Contributions in Relation to the ADC	N/A						
Contribution Deficiency (Excess)	N/A						
Covered-Employee Payroll	\$ 442,033,231	\$ 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	3.25%	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.

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

	Measurement Date June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	70.9450%	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	\$ 478,782,264	\$ 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	195,832,036	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	<u>\$ 674,614,300</u>	<u>\$ 694,624,796</u>	<u>\$ 434,326,685</u>	<u>\$ 652,886,422</u>	<u>\$ 610,246,367</u>	<u>\$ 604,752,475</u>	<u>\$ 577,544,238</u>	<u>\$ 631,384,134</u>	<u>\$ 579,836,208</u>	<u>\$ 533,399,831</u>
District's Covered Payroll	\$ 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	\$ 152,270,353
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	158.72%	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	64.32%	62.43%	74.88%	61.35%	63.87%	63.87%	64.07%	60.26%	63.56%	66.12%

See accompanying Notes to Required Supplementary Information.

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

	Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 42,198,530	\$ 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	(42,198,530)	(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	\$ 328,648,988	\$ 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%	12.84%	12.70%	12.96%	12.18%	11.35%	10.55%	10.08%	9.86%	9.51%

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 TEN MEASUREMENT DATES

	Measurement Date June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	1.6069%	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	\$ 89,856,048	\$ 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	2,477,024	3,581,057	1,956,657	1,413,980	1,285,874	1,384,512	609,138	806,952	-	-
Total	<u>\$ 92,333,072</u>	<u>\$ 125,731,726</u>	<u>\$ 66,030,459</u>	<u>\$ 92,514,950</u>	<u>\$ 83,603,818</u>	<u>\$ 88,304,152</u>	<u>\$ 103,805,431</u>	<u>\$ 134,291,598</u>	<u>\$ 91,098,319</u>	<u>\$ 88,759,244</u>
District's Covered Payroll	\$ 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	\$ 44,913,931
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	72.51%	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	83.10%	76.67%	87.00%	79.10%	80.23%	78.07%	75.90%	68.90%	78.20%	78.70%

See accompanying Notes to Required Supplementary Information.

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

	Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 10,444,366	\$ 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	(10,444,366)	(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	\$ 139,258,213	\$ 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%	7.50%	7.38%

See accompanying Notes to Required Supplementary Information.

**INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 1 STEWARDSHIP AND ACCOUNTABILITY

A. Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following funds at June 30, 2024:

	Budget	Expenditures	Excess
Special Revenue Funds:			
Food Service Fund	\$ 34,626,996	\$ 35,822,356	\$ 1,195,360

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:

2023

Changes in Actuarial Assumptions

- The discount rate was changed from 3.69% to 3.86%.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience and new plan offerings.
- Withdrawal, retirement, mortality, and salary increase rates were updated from the rates used in the 7/1/2021 PERA General Employees Plan valuation to the rates used in the 2023 experience study.
- Withdrawal, retirement, mortality, and salary increase rates were updated from the rates used in the 7/1/2021 Teachers Retirement Association valuation to the rates used in the 7/1/2023 St. Paul Teachers Retirement Fund Association of Minnesota (SPTRFA) valuation.
- The percent of future retirees eligible for an explicit subsidy assumed to elect coverage at retirement changed from 85% to 80% to reflect recent plan experience.
- The percent of future retirees not eligible for an explicit subsidy assumed to elect coverage at retirement changed from 20% to 10% to reflect recent plan experience.
- The general inflation assumption was changed from 2.25% to 2.50% based on an updated analysis of historical inflation rates and forward-looking market expectations.
- The wage inflation and payroll growth assumption was changed from 3.00% to 2.50% based on the 7/1/2023 St. Paul Teachers Retirement Fund Association valuation.

**INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

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

2023 (Continued)

Changes in Actuarial Assumptions (Continued)

- The percent of future non Medicare eligible retirees electing each medical plan changed to reflect recent plan experience and new plan offerings. The following table provides the changes for the assumed percent electing each plan:

<u>PEIP Plan (EA, SCSP, and Teachers)</u>	<u>Fiscal 2024 Valuation</u>	<u>Fiscal 2023 Valuation</u>
PEIP HSA Compatible Plan	50%	20%
PEIP Advantage Value Plan	20%	20%
PEIP Advantage High Plan	30%	20%
<u>District plan (all other employee groups)</u>	5%	n/a
Medica HSA plan with Vantage Plus ACO	5%	n/a
Medica HSA plan with Park Nicollet ACO	30%	n/a
Medica HSA Choice Passport plan	20%	n/a
Medica Copay plan with Vantage Plus ACO	40%	n/a
Medica Copay plan with Park Nicollet ACO	n/a	n/a
HealthPartners HSA Plan - Smart Care	n/a	0%
HealthPartners HSA Plan - Open Access	n/a	25%
HealthPartners HRA Plan - Smart Care	n/a	0%
HealthPartners HRA Plan - Open Access	n/a	15%
HealthPartners Copay Plan - Smart Care	n/a	0%
HealthPartners Copay Plan - Open Access	n/a	60%

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.

INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024

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

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%.

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

2023

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.0 percent.

Changes in Plan Provisions:

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

2022

Changes 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.

INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024

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

2020 (Continued)

Changes in Actuarial Assumptions (Continued)

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

Changes in Plan Provisions

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

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.

INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024

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

2018 (Continued)

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.

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.

INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024

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

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.

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:

2023

Changes in Actuarial Assumptions:

- There have been no changes in actuarial assumptions since the previous valuation.

Changes in Plan Provisions:

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

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.

**INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

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

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 Actuarial Assumptions

- 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
2024	2024	10.000/7.500	12.500/9.000	3.640/3.840

**INDEPENDENT SCHOOL DISTRICT NO. 625
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

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

2018 (Continued)

Changes in Plan Provisions

- 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, 2024

	AUDIT	UFARS	DIFFERENCE
01 GENERAL FUND			
Total Revenue	\$ 785,673,982	\$ 783,712,842	\$ 1,961,140 *
Total Expenditures	773,671,834	770,442,325	3,229,509 *
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	1,626,852	1,171,789	455,063 *
<i>Restricted:</i>			
401 Student Activities	1,641,029	1,144,635	496,394 *
403 Staff Development	-	-	-
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	3,797,866	2,817,574	980,292 *
426 \$25 Taconite	-	-	-
427 Disabled Accessibility	-	-	-
428 Learning and Development	-	15,491	(15,491) *
434 Area Learning Center	3,433,007	7,083,684	(3,650,677) *
435 Contracted Alternative Programs	-	-	-
436 State-Approved Alternative Programs	-	-	-
438 Gifted and Talented	-	-	-
440 Teacher Development and Evaluations	-	-	-
441 Basic Skills Programs	244,958	(8,956,945)	9,201,903
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	-	(10,105,657)	10,105,657
472 Medical Assistance	6,401,272	2,670,655	3,730,617 *
464 Restricted Fund Balance	-	-	-
<i>Committed:</i>			
418 Committed for Separation	3,084,522	3,038,018	46,504
461 Committed Fund Balance	-	-	-
<i>Assigned:</i>			
462 Assigned Fund Balance	30,557,436	34,783,833	(4,226,397) *
<i>Unassigned:</i>			
422 Unassigned Fund Balance	78,261,330	92,637,833	(14,376,503) *
02 FOOD SERVICE			
Total Revenue	31,567,195	31,687,378	(120,183) *
Total Expenditures	35,822,356	36,015,856	(193,500) *
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	2,679,225	3,271,635	(592,410) *
<i>Restricted:</i>			
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	-	1,099,301	(1,099,301) *
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
04 COMMUNITY SERVICE			
Total Revenue	34,432,462	34,489,334	(56,872) *
Total Expenditures	33,579,288	33,369,822	209,466 *
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	5,762	(5,762) *
<i>Restricted:</i>			
426 \$25 Taconite	-	-	-
431 Community Education	7,011,672	3,294,658	3,717,014 *
432 E.C.F.E.	2,915,526	2,966,699	(51,173) *
440 Teacher Development and Evaluations	-	-	-
444 School Readiness	2,860,293	3,219,804	(359,511) *
447 Adult Basic Education	1,887,945	1,656,822	231,123 *
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	-	484,007	(484,007) *
<i>Unassigned:</i>			
463 Unassigned Fund Balance	(856,936)	-	(856,936) *

INDEPENDENT SCHOOL DISTRICT NO. 625
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE (CONTINUED)
YEAR ENDED JUNE 30, 2024

	AUDIT	UFARS	DIFFERENCE
06 BUILDING CONSTRUCTION			
Total Revenue	\$ 6,655,953	\$ 6,655,955	\$ (2)
Total Expenditures	70,402,501	70,353,524	48,977
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
407 Capital Projects Levy	-	-	-
409 Alternative Facility Program	-	-	-
413 Projects Funded by COPs	111,629,588	38,798,570	72,831,018 *
467 LTFM	56,152,378	70,046,802	(13,894,424) *
464 Restricted Fund Balance	14,487,442	6,363,141	8,124,301 *
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
07 DEBT SERVICE			
Total Revenue	57,434,099	57,723,988	(289,889) *
Total Expenditures	53,261,187	53,261,186	1
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
425 Bond Refunding	-	-	-
451 QZAB and QSCB Payments	25,474,264	23,234,769	2,239,495
464 Restricted Fund Balance	11,813,497	9,880,080	1,933,417 *
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
08 TRUST			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Restricted:</i>			
401 Student Activities	-	-	-
402 Scholarships	-	-	-
422 Unassigned Net Position	-	-	-
18 CUSTODIAL FUND			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Restricted:</i>			
401 Student Activities	-	-	-
402 Scholarships	-	-	-
448 Achievement and Integration	-	-	-
464 Restricted Fund Balance	-	-	-
20 INTERNAL SERVICE			
Total Revenue	3,331,357	2,650,764	680,593
Total Expenditures	2,539,381	2,539,381	-
<i>Net Position:</i>			
422 Net Position	3,999,826	3,207,849	791,977
25 OPEB REVOCABLE TRUST			
Total Revenue	5,843,927	5,843,927	-
Total Expenditures	-	-	-
<i>Net Position:</i>			
422 Net Position	57,884,165	52,040,238	5,843,927 *
45 OPEB IRREVOCABLE TRUST			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Net Position:</i>			
422 Net Position	-	-	-
47 OPEB DEBT SERVICE			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
425 Bond Refunding	-	-	-
464 Restricted Fund Balance	-	-	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-

*Adjustments were posted after the UFARS compliance deadline.



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