

**INDEPENDENT SCHOOL DISTRICT NO. 625  
(SAINT PAUL PUBLIC SCHOOLS)  
SAINT PAUL, MINNESOTA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2025**



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**YEAR ENDED JUNE 30, 2025**

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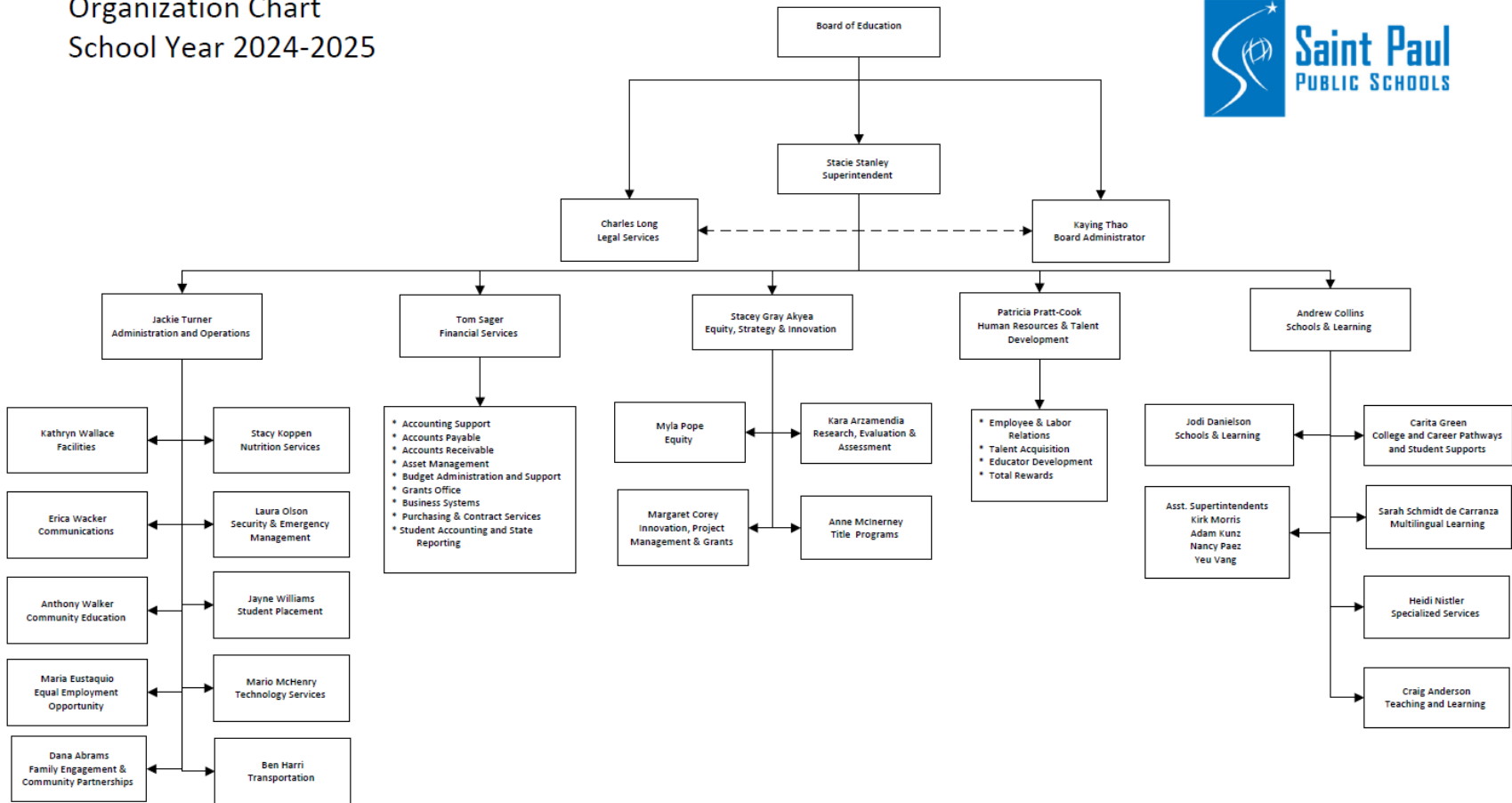
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## **INTRODUCTORY SECTION**

Saint Paul Public Schools  
 Organization Chart  
 School Year 2024-2025



Updated Sept 4, 2024

**INDEPENDENT SCHOOL DISTRICT NO. 625  
SCHOOL BOARD AND ADMINISTRATION  
JUNE 30, 2025**

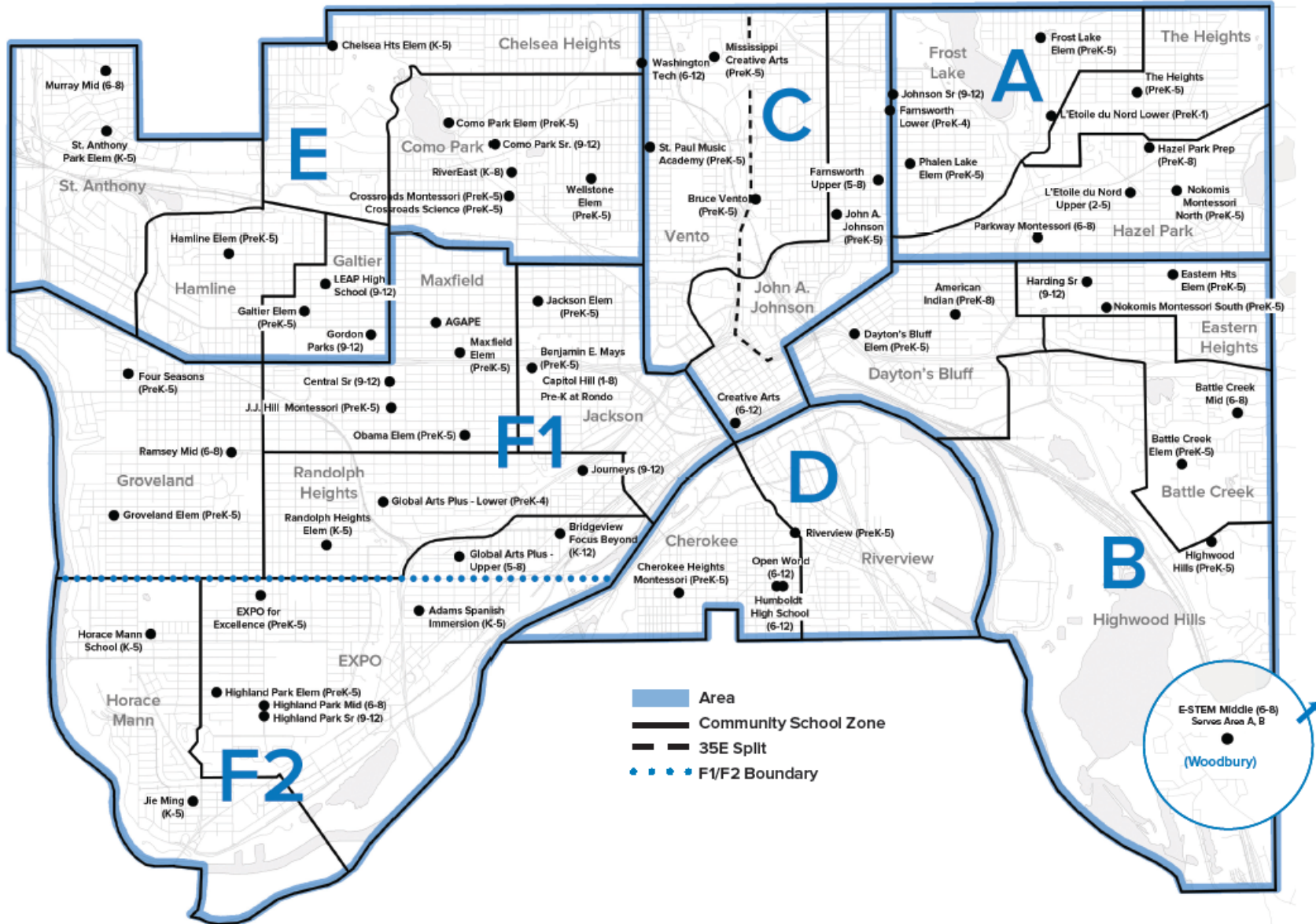
**BOARD OF EDUCATION**

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. Stacey Stanley	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, 2025, 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, 2025, 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 December 29, 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  
December 29, 2025

**REQUIRED SUPPLEMENTARY INFORMATION**

**INDEPENDENT SCHOOL DISTRICT NO. 625  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2025**

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, 2025. 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 2024–2025 fiscal year by \$370.12 million. This amount includes a net investment in capital assets of \$219.95 million, \$76.27 million net position restricted for specific uses, and a negative unrestricted net position of \$666.35 million.
- The District's total net position decreased by \$2.33 million in the current year. Restricted net position decreased by \$26.15 million. The unrestricted portion of the District's net position decreased \$37.98 million. A more detailed analysis of these changes can be found later in this document.
- At the close of the 2024–2025 fiscal year, unassigned fund balance for the General Fund was \$51.88 million, or 6.65%, of total General Fund expenditures.
- The District's long-term liabilities decreased by \$34.54 million, or 2.67%, during the current fiscal year. This was due to a decrease of \$72.99 million in the District's proportionate share of the net pension liability related to the statewide pension plans administered by the Saint Paul Teachers Retirement Association (SPTRA) and the Public Employees Retirement Association (PERA). This decrease was partially offset by an increase of \$33.34 million in bonds payable due to the issuance of new bonds.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2025**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of the financial 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, 2025**

**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, 2025**

**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 \$370,122,913 on June 30, 2025 (see Table A-1).

The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2025 reducing the District's net position to a deficit of \$370,122,913. The District had \$76,267,975 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
	2025	2024	
Current and Other Assets	\$ 612,585,124	\$ 713,419,362	(14.13)%
Capital Assets	873,083,044	730,850,726	19.46
Total Assets	<u>1,485,668,168</u>	<u>1,444,270,088</u>	2.87
Deferred Outflows of Resources	123,202,327	160,785,423	(23.37)
Current Liabilities	124,521,796	111,758,107	11.42
Long-Term Liabilities	1,525,219,584	1,560,330,229	(2.25)
Total Liabilities	<u>1,649,741,380</u>	<u>1,672,088,336</u>	(1.34)
Deferred Inflows of Resources	<u>329,252,028</u>	<u>305,419,790</u>	7.80
Net Position:			
Net Investment in Capital Assets	219,954,569	153,498,271	43.29
Restricted	76,267,975	102,414,835	(25.53)
Unrestricted	<u>(666,345,457)</u>	<u>(628,365,721)</u>	6.04
Total Net Position	<u>\$ (370,122,913)</u>	<u>\$ (372,452,615)</u>	(0.63)

**INDEPENDENT SCHOOL DISTRICT NO. 625  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2025**

**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
	2025	2024	
<b>Revenues</b>			
<u>Program Revenues</u>			
Charges for Services	\$ 16,936,037	\$ 16,538,357	2.40 %
Operating Grants and Contributions	93,895,419	188,580,549	(50.21)
Capital Grants and Contributions	3,744,563	4,090,416	(8.46)
<u>General Revenues</u>			
Property Taxes	208,937,379	198,863,839	5.07
Unrestricted State Aid	510,800,167	478,223,168	6.81
Investment Earnings	22,465,814	20,826,435	7.87
Other	10,228,915	10,669,548	(4.13)
Total Revenues	<u>867,008,294</u>	<u>917,792,312</u>	(5.53)
<b>Expenses</b>			
Administration	27,709,328	29,510,059	(6.10)
District Support Services	24,765,597	34,307,680	(27.81)
Regular Instruction	309,104,485	391,530,752	(21.05)
Vocational Education Instruction	8,177,107	6,859,792	19.20
Special Education Instruction	172,466,685	160,924,127	7.17
Instructional Support Services	46,815,769	54,560,825	(14.20)
Pupil Support Services	79,801,231	89,938,293	(11.27)
Sites and Buildings	107,385,870	97,229,261	10.45
Fiscal and Other Fixed Cost Programs	3,662,093	3,442,669	6.37
Food Service	31,851,465	35,822,053	(11.08)
Community Service	29,923,933	34,888,789	(14.23)
Interest and Fiscal Charges on Long-Term Liabilities	<u>23,015,029</u>	<u>15,465,885</u>	48.81
Total Expenses	<u>864,678,592</u>	<u>954,480,185</u>	(9.41)
<b>Change in Net Position</b>	2,329,702	(36,687,873)	
Beginning Net Position	<u>(372,452,615)</u>	<u>(335,764,742)</u>	
Ending Net Position	<u>\$ (370,122,913)</u>	<u>\$ (372,452,615)</u>	

The District's total revenues were \$867,008,294 for the year ended June 30, 2025, a decrease of \$50,784,019 (5.53%) from 2023-2024 actual revenues of \$917,792,312.

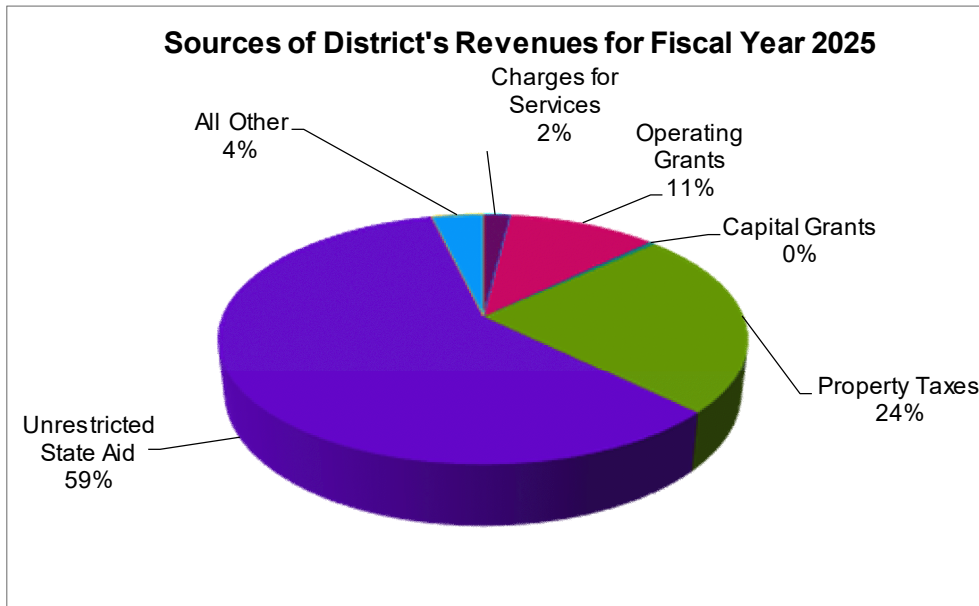
For 2024-2025, property taxes and unrestricted state aid accounted for 83.01% of total revenue for the year. About 11.26% of the District's revenue came from operating and capital grants. Fees and charges for services accounted for 1.95% of the total revenue, while the remaining 3.77% came from other general revenue, including investment income.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2025**

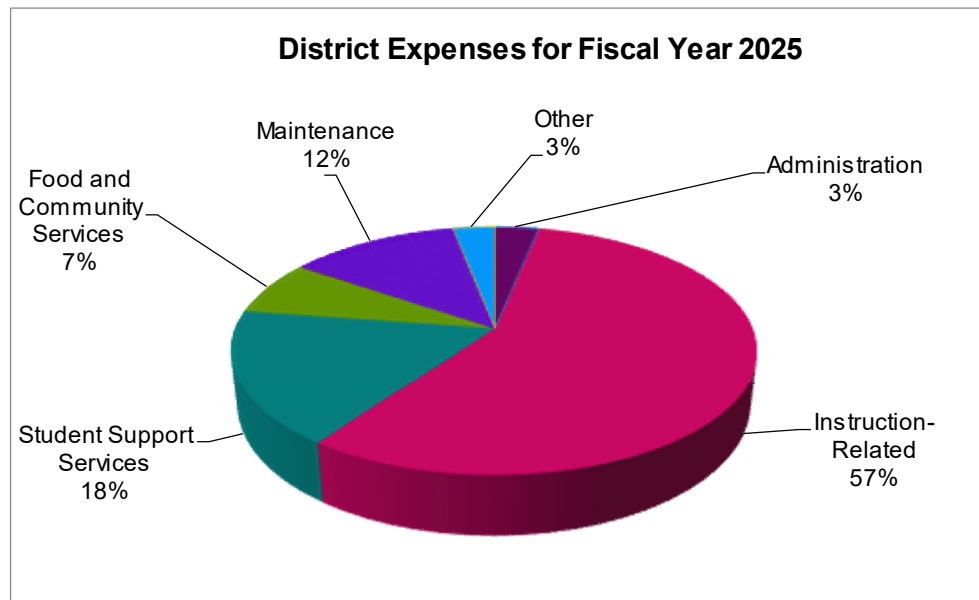
For 2024-2025, the cost of all *governmental* programs and services was \$864,678,592. This was a decrease of \$89,801,593 (9.41%) from the 2023-2024 total cost of \$954,480,185.

As in past years, the bulk of the District's resources (57%) were directed to providing instructional services to our students enrolled in regular education, special education, and vocational education programs (including instructional and pupil support). The administrative activities of the District accounted for 3% of total costs for the year. Total revenues exceeded expenses, increasing the District's net position by \$2.33 million.

**Figure 3**



**Figure 4**



**INDEPENDENT SCHOOL DISTRICT NO. 625  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2025**

**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, 2025, the District's governmental funds reported total fund balances of \$299.67 million, a decrease of \$124.93 million, or 29.42%, from last year's ending total fund balances of \$424.60 million. This net decrease is chiefly due to the following factors:

- In 2024-2025, fund balance within the General Fund increased by \$25.12 million. This is primarily a result of an increase of \$27.72 million in special education instruction revenues.
- In 2024-2025, fund balance within the Capital Projects Fund decreased by \$99.21 million. This is primarily a result of the District having more capital asset activity during fiscal year 2025 as part of a budgeted spend down of that fund balance for planned capital projects.

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, 2025	June 30, 2024	
General Fund	\$ 166,736,232	\$ 191,854,448	\$ (25,118,216)
Food Service Fund	(1,431,370)	149,053	(1,580,423)
Community Service Fund	14,450,789	13,818,500	632,289
Capital Projects Fund	82,279,945	181,492,112	(99,212,167)
Debt Service Fund	37,638,902	37,287,761	351,141
Total	<u>\$ 299,674,498</u>	<u>\$ 424,601,874</u>	<u>\$ (124,927,376)</u>

**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, 2025**

The graph below (Figure 5) shows the District's actual average daily membership (ADM) over the last six years. ADM for 2024-2025 increased from the previous year at the Elementary and Pre K levels with declines in the other grade levels. Total enrollment for the 2024-2025 fiscal year of 32,039 shows an increase of 379 ADMS below the 2023-2024 total of 31,660.

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

	2020	2021	2022	2023	2024	2025
ECSE	589	573	668	724	821	788
Pre K	194	257	169	157	166	284
Elementary	18,986	17,909	17,135	16,514	16,560	17,006
Secondary	15,237	15,347	14,804	14,216	14,113	13,961
Total Students for Aid	35,006	34,086	32,776	31,611	31,660	32,039
Percentage Change	-2.59%	-2.63%	-3.84%	-3.55%	0.16%	1.20%

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, 2025	June 30, 2024	Increase (Decrease)	Percent Change
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 140,923,869	\$ 141,930,931	\$ (1,007,062)	(0.7)%
Earnings on Investments	13,447,670	11,736,855	1,710,815	14.6
Other	16,061,049	16,682,992	(621,943)	(3.7)
State Sources	505,318,190	463,612,916	41,705,274	9.0
Federal Sources	60,564,721	151,710,288	(91,145,567)	(60.1)
Total Revenues	<u>736,315,499</u>	<u>785,673,982</u>	<u>(49,358,483)</u>	
<b>OTHER FINANCING SOURCES</b>				
Sale of Equipment	-	14,038	(14,038)	(100.0)
Subscription Based Information Technology Arrangement	306,797	1,734,676	(1,427,879)	(82.3)
Financed Purchase Agreements	17,945,828	-	17,945,828	N/A
Insurance Recovery	46,174	33,889	12,285	36.3
Total Other Financing Sources	<u>18,298,799</u>	<u>1,782,603</u>	<u>16,516,196</u>	926.5
Total General Fund Revenues and Other Financing Sources	<u>\$ 754,614,298</u>	<u>\$ 787,456,585</u>	<u>\$ (32,842,287)</u>	(4.2)

During 2024–2025, the District's total General Fund revenues and other financing sources decreased \$32.84 million, or 4.2%, from the previous year. The decrease was due to the following factors:

- Federal aid for 2024-2025 were \$91.15 million less than the previous year. This decrease was mainly due to the following factors:
  - 1) A decrease of \$69.5 million in ESSER III funding.
  - 2) A decrease of \$3.75 million in Title I, Part A funding.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2025**

The following schedule presents a summary of General Fund Expenditures.

**Table A-5  
General Fund Expenditures**

	Year Ended		Change	
	June 30, 2025	June 30, 2024	Increase (Decrease)	Percent Change
<b>EXPENDITURES</b>				
Salaries	\$ 452,061,504	\$ 442,995,353	\$ 9,066,151	2.0 %
Employee Benefits	169,498,780	163,104,890	6,393,890	3.9
Purchased Services	97,413,887	105,030,183	(7,616,296)	(7.3)
Supplies and Materials	20,016,475	27,000,726	(6,984,251)	(25.9)
Capital Expenditures	31,971,004	25,514,056	6,456,948	25.3
Debt Service	7,582,608	7,943,814	(361,206)	(4.5)
Other Expenditures	1,188,256	2,082,812	(894,556)	(42.9)
Total Expenditures	<u>\$ 779,732,514</u>	<u>\$ 773,671,834</u>	<u>\$ 6,060,680</u>	0.8

Total General Fund expenditures increased \$6.06 million or 0.8% from the previous year. The changes in the major expenditure categories include:

Salaries consists of expenditures for staffing. The District's increase of \$9.07 million or 2.0% 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 decrease of \$7.62 million or 7.3% in purchased services was due to decreased utilities and substitute costs.

In summary, 2024-2025 General Fund expenditures exceeded revenues and other financing sources by \$25.12 million. After deducting statutory restrictions and internal assignments, the unassigned fund balance decreased to \$51.88 million, which is 6.65% of the total general fund expenditures, or about 24 days of operations.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2025**

**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 2023-2024.
- 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	\$ 670,482,201	\$ 720,686,909	\$ 50,204,708	7.5 %
Expenditures	<u>707,445,904</u>	<u>748,779,252</u>	<u>41,333,348</u>	5.8 %
Net Change in Fund Balance	<u>\$ (36,963,703)</u>	<u>\$ (28,092,343)</u>	<u>\$ 8,871,360</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 \$28,092,343, the actual results for the year show a net decrease of \$25.12 million.

Actual General Fund revenues and other financing sources were about \$15.63 million, or 2.17%, higher than expected. Property tax collections, exchange revenues, and state sources coming in over budget were key drivers in the variance.

Actual General Fund expenditures were \$30.95 million, or 4.13% higher than budgeted. Purchased services, capital expenditures, and employee benefits were over budget. This was partially offset by salaries being under budget.

There are many factors, both positive and negative, that have contributed to the variance.

**Food Service Fund Budgetary Highlights**

The Food Service Special Revenue Fund revenues for 2024-2025 totaled \$30.08 million and expenditures were \$31.66 million, resulting in a decrease in fund balance of \$1.58 million to a deficit balance of \$1.43 million as of June 30, 2025. Actual revenues were \$1.55 million, or 4.9%, less than the budgeted amount due to less state and federal aid received for the food service program. Actual expenditures were \$0.68 million, or 2.2%, more than the budgeted as a result of additional meals sold.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2025**

**Community Service Fund**

In 2024–2025, the total revenues and other financing sources for the Community Service Special Revenue Fund were \$32.68 million and the total expenditures were \$32.04 million, resulting in an increase to fund balance of \$0.63 million. The Community Service Special Revenue Fund balance as of June 30, 2025 is \$14.45 million. Of this amount, \$6.73 million is restricted for community education programs, \$1.69 million is restricted for the Early Childhood Family Education Program, \$3.05 million is restricted for the School Readiness Program, \$2.14 million is restricted for the Adult Basic Education Program, and \$0.83 million is restricted for other Community Service programs.

**Capital Projects – Building Construction Fund**

The Capital Projects – Building Construction Fund expenditures exceeded revenues by \$163.22 million for the year ended June 30, 2025. After other financing sources of \$64.00 million from the issuance of bonds, the fund had a decrease in fund balance of \$99.21 million to a fund balance of \$82.28 million as of June 30, 2025.

**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 2024–2025, approximately 92.5% 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 2024–2025, the District's total Debt Service Fund expenditures and other financing uses exceeded revenues by \$0.35 million.

The June 30, 2025 Debt Service Fund balance totaled \$37.64 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 2024-2025, 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, 2025 totaled \$2.17 million, and the net position of the fund was \$4.4 million.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2025**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At year-end, the District has capital assets of \$1.52 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 \$48.13 million.

During 2024–2025, the District invested a total of \$161.96 buildings and improvements, land improvements, furniture and equipment, and construction in progress. The District also invested a total of \$306 thousand 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 2025, consistent with the activity of the long-term facilities maintenance program in the General Fund, and the activity of the Capital Projects Fund.

**Table A-7  
Capital Assets**

	<u>2025</u>	<u>2024</u>	<u>Percentage Change</u>
Land	\$ 30,959,067	\$ 30,959,067	- %
Construction in Progress	96,658,851	68,567,331	41.0
Land Improvements	39,685,763	39,660,285	0.1
Buildings and Improvements	1,277,823,419	1,116,472,480	14.5
Equipment	60,528,554	60,036,737	0.8
Subscription Based Information Technology Arrangements	14,465,906	14,510,641	(0.3)
Less: Accumulated Depreciation and Amortization	<u>(647,038,516)</u>	<u>(599,355,815)</u>	8.0
Total General Fund Expenditures	<u>\$ 873,083,044</u>	<u>\$ 730,850,726</u>	19.5

**Long-Term Liabilities**

At year-end, the District had \$720.26 million in bonds, refunding bonds, certificates of participation, financed purchases outstanding, and subscriptions payable, including unamortized premiums and discounts. This is an increase of \$27.64 million from the previous year, as shown in Table 8.

- Outstanding bonds, certificates of participation, and financed purchases show an increase of \$26.97 million, due to the issuance of new bonds.
- Premiums and discounts on bonds show a net decrease of \$1.19 million, mostly due to the issuance of new bonds.
- The District's liabilities for various long-term employee benefits, including pensions and compensated absences, decreased \$62.18 million during 2024-2025, 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, 2025**

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

	<u>2025</u>	<u>2024</u>	<u>Percentage Change</u>
General Obligation Bonds	\$ 324,240,000	\$ 290,900,000	11.5 %
Net Bond Premium and Discount	39,364,945	38,174,293	3.1
Certificates of Participation Payable	336,670,000	356,280,000	(5.5)
Financed Purchases Payable	18,897,559	5,659,423	233.9
Subscriptions Payable	1,084,542	1,603,389	(32.4)
Net Pension Liability	495,646,971	568,638,312	(12.8)
Other Postemployment Benefits Liability	268,492,537	269,061,892	(0.2)
Compensated Absences Payable	40,823,030	30,012,920	36.0
Total Long-Term Liabilities	<u>\$ 1,525,219,584</u>	<u>\$ 1,560,330,229</u>	(2.3)
 Long-Term Liabilities:			
Due Within One Year	\$ 65,324,228	\$ 45,555,115	
Due in More Than One Year	1,191,402,819	1,245,713,222	
Other Postemployment Benefits Liability	268,492,537	269,061,892	
Total	<u>\$ 1,525,219,584</u>	<u>\$ 1,560,330,229</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 \$37.51 billion for calendar year 2025 and the District's debt limit is \$5.16 billion. The District's outstanding general obligation 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, 2025**

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

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

The ongoing demands on limited resources continue to present challenges in funding education for Minnesota schools. The Legislature added \$275, or 4.00%, per pupil to the basic general education funding formula for fiscal year 2024. The state currently passed legislation to increase the per-pupil funding formula by 2.00% for fiscal year 2025 with increases tied to inflation at a maximum of 3.00% in following years.

Decreased birth rates as well as the lingering impacts of the COVID-19 pandemic have had some lingering impacts on enrollment. A smaller student birth pool, in addition to families 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 slowed growth and therefore less revenue for the District.

The District will continue to seek all available sources of funding, respond to changes in enrollment, maintain systems that ensure financial 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, 2025**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 220,678,147
Cash with Fiscal Agent	99,589,028
Receivables:	
Current Taxes	131,014,287
Delinquent Taxes	4,186,781
Other Governments	86,214,098
Accounts and Interest	492,472
Lease	3,061,118
Prepaid Items	557,148
Inventories	2,744,485
Restricted Assets - Temporary Restricted Cash and investments for OPEB	64,047,560
Capital Assets:	
Capital Assets Not Being Depreciated	127,617,918
Other Capital Assets, Net of Depreciation and Amortization	745,465,126
Total Assets	1,485,668,168
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Losses on Debt Refunding	204,993
Deferred Outflows - Pensions	76,573,310
Deferred Outflows - Other Postemployment Benefits	46,424,024
Total Deferred Outflows	123,202,327
<b>LIABILITIES</b>	
Salaries Payable	52,981,654
Accounts and Contracts Payable	55,230,194
Accrued Interest	10,591,457
Due to Other Governmental Units	5,128,878
Unearned Revenue	589,613
Long-Term Liabilities:	
Total Other Postemployment Benefits Liability	268,492,537
Net Pension Liability	495,646,971
Portion Due Within One Year	65,324,228
Portion Due in More Than One Year	695,755,848
Total Liabilities	1,649,741,380
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Taxes Levied for Subsequent Year	187,045,448
Gains on Debt Refunding	1,335,893
Deferred Inflows - Leases	2,705,684
Deferred Inflows - Pensions	78,563,685
Deferred Inflows - Other Postemployment Benefits	59,601,318
Total Deferred Inflows of Resources	329,252,028
<b>NET POSITION</b>	
Net Investment in Capital Assets	219,954,569
Restricted for:	
Operating Capital Purposes	4,832,227
State-Mandated Restrictions	14,437,295
Community Service	14,532,818
Debt Service	3,449,167
Capital Asset Acquisition	39,016,468
Unrestricted	(666,345,457)
Total Net Position	\$ (370,122,913)

See accompanying Notes to Basic Financial Statements.



**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2025**

	Major Funds				Total Governmental Funds	
	General	Food Service	Community Service	Capital Projects		Debt Service
<b>ASSETS</b>						
Cash and Investments	\$ 114,490,390	\$ 242,741	\$ 15,140,854	\$ 39,081,413	\$ 35,925,274	\$ 204,880,672
Restricted Cash and Investments in Revocable OPEB Trust	64,047,560	-	-	-	-	64,047,560
Cash with Fiscal Agent	-	-	-	71,626,475	27,962,553	99,589,028
Receivables:						
Current Property Taxes	90,326,737	-	2,017,217	-	38,670,333	131,014,287
Delinquent Property Taxes	2,899,659	-	73,048	-	1,214,074	4,186,781
Due from Other Minnesota School Districts	491,596	-	54	-	-	491,650
Due from Minnesota Department of Education	50,611,727	82,631	2,103,376	-	422,274	53,220,008
Due from Federal through Minnesota Department of Education	28,249,301	1,066,276	399,072	-	-	29,714,649
Due from Federal Government Received Directly	420,959	-	-	-	-	420,959
Due from Other Governmental Units	2,248,359	-	118,473	-	-	2,366,832
Accounts and Interest Receivable	465,345	-	27,127	-	-	492,472
Due from Other Funds	3,500,000	-	-	-	-	3,500,000
Leases Receivable	3,061,118	-	-	-	-	3,061,118
Prepays	551,037	5,511	600	-	-	557,148
Inventory	857,304	1,887,181	-	-	-	2,744,485
Total Assets	<u>\$ 362,221,092</u>	<u>\$ 3,284,340</u>	<u>\$ 19,879,821</u>	<u>\$ 110,707,888</u>	<u>\$ 104,194,508</u>	<u>\$ 600,287,649</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>						
Liabilities:						
Salaries and Wages Payable	\$ 10,452,305	\$ 262,397	\$ 47,674	\$ 38,897	\$ -	\$ 10,801,273
Payroll Deductions and Employer	41,035,181	122,946	996,206	26,048	-	42,180,381
Accounts and Contracts Payable	14,349,591	584,670	545,381	28,362,998	9,400	43,852,040
Due to Other Governmental Units	5,114,243	-	14,635	-	-	5,128,878
Due to Other Funds	-	3,500,000	-	-	-	3,500,000
Unearned Revenue	-	245,697	343,916	-	-	589,613
Total Liabilities	<u>70,951,320</u>	<u>4,715,710</u>	<u>1,947,812</u>	<u>28,427,943</u>	<u>9,400</u>	<u>106,052,185</u>
Deferred Inflows of Resources:						
Property Taxes Levied for Subsequent Year	118,498,367	-	3,398,591	-	65,148,490	187,045,448
Unavailable Revenue - Delinquent Property Taxes	3,329,489	-	82,629	-	1,397,716	4,809,834
Leases	2,705,684	-	-	-	-	2,705,684
Total Deferred Inflows of Resources	<u>124,533,540</u>	<u>-</u>	<u>3,481,220</u>	<u>-</u>	<u>66,546,206</u>	<u>194,560,966</u>
Fund Balance:						
Nonspendable	1,408,341	1,892,692	600	-	-	3,301,633
Restricted	83,317,082	-	14,450,189	82,279,945	37,638,902	217,686,118
Committed	2,082,671	-	-	-	-	2,082,671
Assigned for:	28,049,267	-	-	-	-	28,049,267
Unassigned	51,878,871	(3,324,062)	-	-	-	48,554,809
Total Fund Balance	<u>166,736,232</u>	<u>(1,431,370)</u>	<u>14,450,789</u>	<u>82,279,945</u>	<u>37,638,902</u>	<u>299,674,498</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 362,221,092</u>	<u>\$ 3,284,340</u>	<u>\$ 19,879,821</u>	<u>\$ 110,707,888</u>	<u>\$ 104,194,508</u>	<u>\$ 600,287,649</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, 2025**

**Total Fund Balance for Governmental Funds** \$ 299,674,498

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	96,658,851
Land Improvements, Net of Accumulated Depreciation	14,151,972
Buildings and Improvements, Net of Accumulated Depreciation	707,773,356
Equipment, Net of Accumulated Depreciation	13,957,945
Subscription Based Information Technology Arrangements, Net of Accumulated Amortization	9,581,853

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. 4,809,834

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

Other Postemployment Benefits Liability	(268,492,537)
Deferred Inflows of Resources - Other Postemployment Benefits	(59,601,318)
Deferred Outflows of Resources - Other Postemployment Benefits	46,424,024

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	204,993
Gains on Debt Refunding	(1,335,893)

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. (10,591,457)

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	(495,646,971)
Deferred Inflows of Resources - Pensions	(78,563,685)
Deferred Outflows of Resources - Pensions	76,573,310

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	(324,240,000)
Unamortized Premiums	(39,364,945)
Certificates of Participation Payable	(336,670,000)
Subscriptions Payable	(1,084,542)
Obligations Under Financed Purchases	(18,897,559)
Compensated Absences Payable	(40,823,030)

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: 4,419,321

**Total Net Position of Governmental Activities** \$ (370,122,913)

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, 2025**

	Major Funds					Total Governmental Funds
	General	Food Service	Community Service	Capital Projects	Debt Service	
<b>REVENUES</b>						
Local Sources:						
Property Taxes	\$ 140,923,869	\$ -	\$ 3,915,770	\$ -	\$ 63,095,201	\$ 207,934,840
Earnings and Investments	13,447,670	375	306,102	7,124,953	1,167,219	22,046,319
Other	16,061,049	362,233	6,962,919	-	-	23,386,201
State Sources	505,318,190	2,371,909	19,052,876	-	3,924,605	530,667,580
Federal Sources	60,564,721	27,349,538	2,439,211	-	-	90,353,470
Total Revenues	<u>736,315,499</u>	<u>30,084,055</u>	<u>32,676,878</u>	<u>7,124,953</u>	<u>68,187,025</u>	<u>874,388,410</u>
<b>EXPENDITURES</b>						
Current:						
Administration	28,917,496	-	-	-	-	28,917,496
District Support Services	24,314,019	-	-	-	-	24,314,019
Elementary and Secondary Regular Instruction	316,811,234	-	-	-	-	316,811,234
Vocational Education Instruction	8,110,016	-	-	-	-	8,110,016
Special Education Instruction	176,690,674	-	-	-	-	176,690,674
Instructional Support Services	43,250,100	-	-	-	-	43,250,100
Pupil Support Services	79,220,978	-	-	-	-	79,220,978
Sites and Buildings	59,201,558	-	-	-	-	59,201,558
Fiscal and Other Fixed Cost Programs	3,662,093	-	-	-	-	3,662,093
Food Service	-	31,507,709	-	-	-	31,507,709
Community Service	734	-	31,996,482	-	-	31,997,216
Capital Outlay	31,971,004	81,539	48,107	169,943,995	-	202,044,645
Debt Service:						
Principal	6,663,336	75,230	-	-	43,930,000	50,668,566
Interest and Fiscal Charges	919,272	-	-	400,895	23,876,439	25,196,606
Total Expenditures	<u>779,732,514</u>	<u>31,664,478</u>	<u>32,044,589</u>	<u>170,344,890</u>	<u>67,806,439</u>	<u>1,081,592,910</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(43,417,015)	(1,580,423)	632,289	(163,219,937)	380,586	(207,204,500)
<b>OTHER FINANCING SOURCES (USES)</b>						
Insurance Recovery	46,174	-	-	-	-	46,174
Subscription Based Information Technology Arrangement issued	306,797	-	-	-	-	306,797
Sale of Bonds	-	-	-	58,819,445	14,495,555	73,315,000
Bond Premiums	-	-	-	5,188,325	-	5,188,325
Financed Purchase Agreements	17,945,828	-	-	-	-	17,945,828
Payment to Refunded Bond Escrow Agent	-	-	-	-	(14,525,000)	(14,525,000)
Total Other Financing Sources (Uses)	<u>18,298,799</u>	<u>-</u>	<u>-</u>	<u>64,007,770</u>	<u>(29,445)</u>	<u>82,277,124</u>
<b>NET CHANGE IN FUND BALANCES</b>	(25,118,216)	(1,580,423)	632,289	(99,212,167)	351,141	(124,927,376)
<b>FUND BALANCE</b>						
Beginning 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>
End of Year	<u>\$ 166,736,232</u>	<u>\$ (1,431,370)</u>	<u>\$ 14,450,789</u>	<u>\$ 82,279,945</u>	<u>\$ 37,638,902</u>	<u>\$ 299,674,498</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, 2025**

**Net Change in Fund Balances - Total Governmental Funds** \$ (124,927,376)

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	190,359,401
Depreciation and Amortization Expense	(48,127,083)

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.	1,002,539
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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.	11,730,377
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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).	(10,810,110)
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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.	12,063,266
---	------------

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	(73,315,000)
Premium or Discount on Issued Debt	(5,188,325)
Financed Purchase Agreements	(17,945,828)
Subscription Based Information Technology Arrangements Issued	(306,797)
Repayment of Bond Principal	25,450,000
Payments to Refunded Bond Escrow Agent	14,525,000
Deferred Gain (Loss) on Current Year Refunding	(238,784)
Repayment of Certificates of Participation Payable	19,610,000
Repayment of Financed Purchases	4,707,692
Repayment of Subscriptions	825,644
Change in Accrued Interest	(1,921,605)
Amortization of Bond Premium	3,997,673
Amortization of Gains/Losses on Bond Refundings	419,523

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.	419,495
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Total	\$ <u>2,329,702</u>
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**INDEPENDENT SCHOOL DISTRICT NO. 625  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
INTERNAL SERVICE FUND  
JUNE 30, 2025**

**ASSETS**

Cash and Investments \$ 15,797,475

**LIABILITIES**

Current Liabilities:  
Workers Compensation Payable 11,378,154

**NET POSITION**

Unrestricted \$ 4,419,321

*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, 2025**

**OPERATING REVENUES**

Local Sources:

Assessments from Governmental Funds	<u>\$ 2,170,925</u>
Total Operating Revenues	<u>2,170,925</u>

**OPERATING EXPENSES**

Workers' Compensation Claims	<u>2,170,925</u>
Total Operating Expenses	<u>2,170,925</u>

**OPERATING INCOME**

-

**NONOPERATING REVENUE**

Earnings on Investments	<u>419,495</u>
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**CHANGE IN NET POSITION**

419,495

Net Position - Beginning

3,999,826

**NET POSITION - ENDING**

\$ 4,419,321

**INDEPENDENT SCHOOL DISTRICT NO. 625  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
INTERNAL SERVICE FUND  
YEAR ENDED JUNE 30, 2025**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Assessments from Governmental Funds	\$ 2,170,925
Payments for Workers' Compensation	<u>(3,946,032)</u>
Net Cash Used by Operating Activities	<u>(1,775,107)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest Received	<u>419,495</u>
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**NET DECREASE IN CASH AND CASH EQUIVALENTS**

(1,355,612)

Cash and Cash Equivalents - Beginning

17,153,087

**CASH AND CASH EQUIVALENTS - ENDING**

\$ 15,797,475

**RECONCILIATION OF OPERATING INCOME TO  
NET CASH USED BY OPERATING ACTIVITIES**

Adjustments to Reconcile Operating Income to Net

Cash Used by Operating Activities:

Decrease in Claims Payable	<u>\$ (1,775,107)</u>
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Net Cash Used by Operating Activities

\$ (1,775,107)

*See accompanying Notes to Basic Financial Statements.*

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**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 (The District) was formed and operates pursuant to applicable Minnesota laws and statutes and is an instrumentality of the state of Minnesota established to function as an educational institution. The District is governed by a seven-member School Board elected by voters of the District to serve four-year terms.

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

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

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.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

C. Basic Financial Statement Presentation (Continued)

The District applies restricted resources first when an expense is incurred for purpose for which both restricted and unrestricted net position is available. Depreciation and amortization expenses 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.

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.

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.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

D. Measurement Focus and Basis of Accounting (Continued)

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.

**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.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

D. Measurement Focus and Basis of Accounting (Continued)

**Description of Funds (Continued)**

*Major Governmental Funds (Continued)*

General Fund (Continued)

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 sources of revenue for this fund consist of state funding and 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.

*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. Both the General Fund and Food Service Fund had expenditures exceed the budgeted expenditures for fiscal year 2025. These were deemed necessary expenditures by the District to ensure they provided proper services for students during the year.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

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.

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.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

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 and Prepaid Items

Inventories consist principally of materials and supplies held for consumption and are recorded at cost using the first in-first out method for governmental funds and consists of 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. In the governmental funds, reported inventories are classified as nonspendable fund balance.

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

I. 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 \$33,802,994 of the property tax levy collectible in 2025 as revenue to the District in fiscal year 24–25. The remaining portion of the taxes collectible in 2025 is recorded as a deferred inflow of resources (property taxes levied for the subsequent year).

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

I. Property Taxes (Continued)

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.

J. 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.

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.

K. 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.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

K. Leases (Continued)

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.

L. 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.

M. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

N. Pensions

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

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

PERA has a special funding situation created by direct aid contributions made by the state of Minnesota for the merger of the Minneapolis Employees Retirement Fund into GERF in fiscal year 2006.

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.

O. 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.

P. 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.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

P. Risk Management (Continued)

2. Self-Insurance – The District has established an internal service fund to account for and finance its uninsured risk of loss for workers compensation. Workers compensation claim liabilities are based on open claims and estimates. They are also based on actuarial analysis to determine potential or unknown claims. Determining actual claims liabilities depends on complex factors, such as changes in Minnesota Statutes, legal determinations, injury assessments, and awards; therefore, the process used in computing a claim liability does not necessarily result in an exact amount.

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

Fiscal Year Ended June 30,	Claims Payable Beginning of Year	Current Year Claims	Claim Payments	Claims Payable End of Year
2024	\$ 13,625,977	\$ 2,539,381	\$ 3,012,097	\$ 13,153,261
2025	13,153,261	2,170,925	3,946,032	11,378,154

Q. 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 assets 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 assets 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.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

Q. Deferred Outflows/Inflows of Resources (Continued)

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.

R. 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.

S. 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.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

S. Fund Balance (Continued)

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.

T. 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 and amortization, 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.

U. Adoption of New Accounting Standards

Effective July 1, 2024, the School implemented GASB Statement No. 101, Compensated Absences. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures. The School adopted the requirements of the guidance effective July 1, 2024, and has applied the provisions of this standard to the beginning of the period of adoption. There was no impact to beginning fund balances as a result.

**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.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

A. Deposits (Continued)

**Custodial Credit Risk**

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

The carrying value and bank balance of the District's deposits in banks at June 30, 2025 is \$77,596 and \$77,596, 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, 2025**

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

B. Investments (Continued)

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

	Fair Value
U.S. Treasuries with Maturities at Purchase of Greater Than 1 Year	\$ 10,058,298
Real Asset Funds	3,884,043
Corporate Bonds	15,166,649
Equities	34,083,185
Total Investments at Fair Value	\$ 63,192,175
	Amortized Cost
Money Markets	\$ 301,713,576
MSDLAF+ Liquid Class	16,151,876
MSDLAF+ Max Class	2,915,704
Total Investments at Amortized Cost	\$ 320,781,156

Total deposits at June 30, 2025 were \$341,404. The deposits and investments are presented in the financial statements as follows:

Cash and Investments - Statement of Net Position	\$ 220,678,147
Cash with Fiscal Agent - Statement of Net Position	99,589,028
Restricted Cash and Investments - Statement of Net Position	64,047,560
Total Cash and Investments	\$ 384,314,735

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, 2025**

**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	\$ 10,058,298.00	\$ -	\$ 5,435,164	\$ 4,623,134	\$ -	Aaa/AA+
Real Asset Investment Trusts	3,884,043	-	-	-	3,884,043	NR
Corporate Bonds	15,166,649	1,173,026	8,807,727	5,185,896	-	BBB to AA+
Equities	34,083,185	-	-	-	34,083,185	NR
MSDLAF+ Liquid Class	16,151,876	-	-	-	16,151,876	AAA
MSDLAF+ Max Class	2,915,704	-	-	-	2,915,704	AAA
Money Markets	301,713,576	-	-	-	301,713,576	NR
Total	<u>\$ 383,973,331</u>	<u>\$ 1,173,026</u>	<u>\$ 14,242,891</u>	<u>\$ 9,809,030</u>	<u>\$ 358,748,384</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, 2025, 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.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**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	\$ -	\$ 10,058,298	\$ -	\$ 10,058,298
Real Asset Funds	-	3,884,043	-	3,884,043
Corporate Bonds	-	15,166,649	-	15,166,649
Equities	34,083,185	-	-	34,083,185
Investments Measured at Fair Value	<u>\$ 34,083,185</u>	<u>\$ 29,108,990</u>	<u>\$ -</u>	63,192,175
Investments Measured at Amortized Cost				320,781,156
Total				<u>\$ 383,973,331</u>

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 3 CAPITAL ASSETS**

Capital asset activity for the year ended 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 30,959,067	\$ -	\$ -	\$ 30,959,067
Construction in Progress	68,567,331	28,091,520	-	96,658,851
Total Capital Assets, Not Being Depreciated	99,526,398	28,091,520	-	127,617,918
Capital Assets, Being Depreciated:				
Land Improvements	39,660,285	25,478	-	39,685,763
Buildings and Improvements	1,116,472,480	161,350,939	-	1,277,823,419
Furniture and Equipment	60,036,737	584,667	(92,850)	60,528,554
Total Capital Assets, Being Depreciated	1,216,169,502	161,961,084	(92,850)	1,378,037,736
Accumulated Depreciation for:				
Land Improvements	(24,008,172)	(1,525,619)	-	(25,533,791)
Buildings and Improvements	(533,540,575)	(36,509,488)	-	(570,050,063)
Furniture and Equipment	(38,874,845)	(7,788,614)	92,850	(46,570,609)
Total Accumulated Depreciation	(596,423,592)	(45,823,721)	92,850	(642,154,463)
Total Capital Assets, Being Depreciated, Net	619,745,910	116,137,363	-	735,883,273
Right-to-Use Assets, Being Amortized:				
Subscription-Based Information Technology Arrangements	14,510,641	306,797	(351,532)	14,465,906
Accumulated Amortization for:				
Subscription-Based Information Technology Arrangements	(2,932,223)	(2,303,362)	351,532	(4,884,053)
Total Right-to-Use Assets, Being Amortized, Net	11,578,418	(1,996,565)	-	9,581,853
Governmental Activities Capital Assets, Net	\$ 730,850,726	\$ 142,232,318	\$ -	\$ 873,083,044

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

<b>Governmental Activities</b>	
District Support Services	\$ 636,604
Regular Instruction	3,916,644
Vocational Education Instruction	29,904
Special Education Instruction	399,976
Instructional Support Services	4,401,815
Pupil Support Services	308,041
Sites and Buildings	38,434,099
Total Depreciation Expense, Governmental Activities	\$ 48,127,083

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**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, 2025, the District recognized \$479,224 and \$106,632 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>
2026	\$ 391,767	\$ 93,235
2027	419,874	80,138
2028	453,462	65,980
2029	488,940	50,702
2030	525,814	34,243
2031-2035	781,261	31,409
Total	<u>\$ 3,061,118</u>	<u>\$ 355,707</u>

**NOTE 5 LONG-TERM LIABILITIES**

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

The District has the following general obligation bonds outstanding at June 30, 2025:

<u>Issue</u>	<u>Issue Date</u>	<u>Net Interest Rate</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>	
					<u>Due Within One Year</u>	<u>Total</u>
2009D Taxable School Building Bonds	12/23/2009	1.59%	\$ 16,115,000	12/15/2025	\$ 16,115,000	\$ 16,115,000
2010C Taxable School Building Bonds	11/17/2010	0.05075	18,250,000	2/1/2029	-	18,250,000
2015A School Building Bonds	7/27/2016	2.00-4.00%	15,000,000	2/1/2036	730,000	9,070,000
2016B School Building Refunding Bonds	7/27/2016	2.00-5.00%	34,955,000	2/1/2030	3,725,000	14,725,000
2015A School Building Bonds	6/15/2017	3.00-4.00%	15,000,000	2/1/2037	700,000	10,130,000
2017D School Building Refunding Bonds	12/21/2017	3.00-5.00%	15,520,000	2/01/2032	1,325,000	10,845,000
2015A School Building Bonds	6/21/2018	3.00-5.00%	15,000,000	2/01/2038	665,000	11,005,000
2015A School Building Bonds	6/20/2019	3.00-5.00%	15,000,000	2/1/2039	635,000	11,565,000
2015A School Building Bonds	2/20/2020	2.00-5.00%	15,000,000	2/1/2040	625,000	12,305,000
2020B School Building Refunding Bonds	2/20/2020	4.00-5.00%	8,810,000	2/1/2031	360,000	2,430,000
2020D Refunding Bonds	11/19/2020	2.00-5.00%	24,895,000	2/1/2033	1,150,000	10,670,000
2020E Taxable School Building Refunding Bonds	11/19/2020	1.25-2.00%	15,585,000	2/1/2034	1,350,000	12,975,000
2015A School Building Bonds	6/17/2021	2.00-5.00%	15,000,000	2/1/2041	600,000	12,260,000
2021B Facilities Maintenance Bonds	6/17/2021	2.00-5.00%	25,850,000	2/1/2041	1,020,000	21,925,000
2015A School Building Bonds	2/28/2022	3.00-5.00%	15,000,000	2/1/2042	565,000	13,515,000
2022B Facilities Maintenance Bonds	2/28/2022	3.00-5.00%	20,765,000	2/1/2042	780,000	18,590,000
2022C School Building Refunding Bonds	2/28/2022	3.00-5.00%	9,805,000	2/1/2035	650,000	7,920,000
2022E Facilities Maintenance Bonds	12/7/2022	4.00-5.00%	29,190,000	2/1/2043	990,000	27,470,000
2015A School Building Bonds	11/8/2023	4.50-5.00%	15,000,000	2/1/2043	480,000	13,470,000
2024B School Building and Facilities Maintenance Bonds	12/3/2024	4.00-5.00%	59,900,000	2/1/2044	2,185,000	55,590,000
2024C School Building Bonds	12/3/2024	5.00%	13,415,000	2/1/2036	3,790,000	13,415,000
Total General Obligation Bonds					<u>\$ 38,440,000</u>	<u>\$ 324,240,000</u>

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

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

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 2025, the District issued \$59,900,000 of General Obligation School Building and Facilities Maintenance Bonds, Series 2024B, and \$13,415,000 of General Obligation School Building Bonds, Series 2024C. The proceeds were used to finance various deferred maintenance projects.

The District has the following certificates of participation outstanding at June 30, 2025:

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	\$ 1,185,000	\$ 17,440,000
2017C Certificates of Participation	12/21/2017	3.00-5.00%	56,015,000	2/1/2038	2,485,000	42,010,000
2018B Certificates of Participation	6/21/2018	3.00-5.00%	52,500,000	2/1/2039	2,235,000	41,150,000
2018C Certificates of Participation	6/21/2018	3.00-5.00%	18,060,000	2/1/2039	770,000	14,155,000
2019B Certificates of Participation	7/24/2019	3.00-5.00%	22,145,000	2/1/2039	965,000	17,940,000
2019C Certificates of Participation	7/24/2019	2.051-3.383%	40,260,000	2/1/2039	1,850,000	31,580,000
2020C Certificates of Participation	2/20/2020	2.00-5.00%	65,490,000	2/1/2040	2,735,000	53,455,000
2021D Certificates of Participation	6/17/2021	2.00-2.80%	8,425,000	2/1/2041	350,000	6,605,000
2022D Certificates of Participation	3/25/2022	3.00-5.00%	21,215,000	2/1/2042	735,000	17,890,000
2024A Certificates of Participation	3/7/2024	5.00%	101,315,000	2/1/2043	3,355,000	94,445,000
Total					<u>\$ 16,665,000</u>	<u>\$ 336,670,000</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.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

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

The District has the following financed purchase obligations outstanding at June 30, 2025:

Issue	Issue Date	Net Interest Rate	Original Issue	Final Maturity	Principal Outstanding	
					Due Within One Year	Total
Apple MacBook Air Bundle Financed Purchase	4/15/2022	3.50%	3,618,130	7/5/2025	\$ 951,729	\$ 951,729
Apple iPad Bundles Financed Purchase	3/18/2025	1.80%	16,487,942	8/1/2028	4,042,640	16,487,942
Apple iPad Cart Bundle Financed Purchase	4/10/2025	1.80%	1,457,886	8/1/2028	357,210	1,457,888
					<u>\$ 5,351,579</u>	<u>\$ 18,897,559</u>

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

During fiscal year 2025, the District amended this master purchase agreement and entered into two additional schedules for additional computer equipment.

The District has entered into subscription based-information technology arrangements (SBITAs) for curriculum software. The SBITA arrangements expire at various dates through 2030 and provide for renewal options. As of June 30, 2025, SBITA assets and the related accumulated amortization totaled \$14,465,905 and \$4,884,053, respectively.

**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
FY 2026	\$ 38,440,000	\$ 11,277,027	\$ 16,665,000	\$ 13,121,510	\$ 5,351,579	\$ 422,077	\$ 541,405	\$ 51,304
FY 2027	21,310,000	9,911,326	17,450,000	12,347,119	4,457,090	529,723	247,623	28,681
FY 2028	20,500,000	8,953,126	18,265,000	11,532,653	4,515,075	360,244	269,508	6,796
FY 2029	37,795,000	8,157,776	19,100,000	10,703,080	4,573,815	183,766	26,006	556
FY 2030	18,535,000	7,379,926	19,975,000	9,832,164	-	-	-	-
FY2031-2035	87,485,000	26,955,662	111,105,000	37,904,957	-	-	-	-
FY2036-2040	67,600,000	13,017,829	108,925,000	17,092,415	-	-	-	-
FY2041-2045	32,575,000	2,684,650	25,185,000	2,380,102	-	-	-	-
Total	<u>\$ 324,240,000</u>	<u>\$ 88,337,323</u>	<u>\$ 336,670,000</u>	<u>\$ 114,913,998</u>	<u>\$ 18,897,559</u>	<u>\$ 1,495,810</u>	<u>\$ 1,084,542</u>	<u>\$ 87,337</u>

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

C. Changes in Long-Term Debt

	June 30, 2024	Additions	Retirements	June 30, 2025	Amount Due Within One Year
Bonds Payable	\$ 290,900,000	\$ 73,315,000	\$ (39,975,000)	\$ 324,240,000	\$ 38,440,000
Unamortized Premiums	38,174,293	5,188,325	(3,997,673)	39,364,945	-
Certificates of Participations	356,280,000	-	(19,610,000)	336,670,000	16,665,000
Financed Purchases Payable	5,659,423	17,945,828	(4,707,692)	18,897,559	5,351,579
Subscriptions Payable *	1,603,389	306,797	(825,644)	1,084,542	541,405
Compensated Absences Payable	30,012,920	10,810,110 *	-	40,823,030	4,326,244
Total	<u>\$ 722,630,025</u>	<u>\$ 107,566,060</u>	<u>\$ (69,116,009)</u>	<u>\$ 761,080,076</u>	<u>\$ 65,324,228</u>

\* Presented as net of additions and retirement

**Subsequent Debt Issuances**

In October 2025, the District issued \$27,000,000 Full-Term Certifications of Participation, Series 2025A, to provide funds for various deferred maintenance projects, additions to, and repairs across existing District facilities and to pay certain costs associated with the lease and the issuance of the certificates. The certificates carry interest rates ranging from 4.00%-5.00% and mature in fiscal year 2045.

In October 2025, the District issued \$49,000,000 General Obligation School Building and Facilities Maintenance Bonds, Series 2025B, to finance the acquisition and betterment of school facilities and grounds. The bonds carry interest rates ranging from 4.125%-5.00% and mature in fiscal year 2045.

**NOTE 6 DEFINED BENEFIT PENSION PLANS**

A. Plan Description

**1. General Employees Retirement Plan**

The School participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association (PERA). These plan provisions are established and administered according to Minnesota Statutes chapters 353, 353D, 353E, 353G, and 356. Minnesota Statutes chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

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

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**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

**1. General Employees Plan Benefits**

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service. When a member is "vested," they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security fully retirement age with at least one year of service qualify for a retirement benefit.

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the highest average salary for each of the first 10 years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

B. Benefits Provided (Continued)

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. The 2024 annual increase was 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

**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.

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.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

B. Benefits Provided (Continued)

**2. SPTRFA Benefits (Continued)**

**3. Coordinated Plan (Continued)**

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

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

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

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

C. Contributions

**1. General Employees Plan Contributions**

*Minnesota Statutes* chapters 353, 353E, 353G, and 356 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature. General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2025 and the School's was required to contribute 7.50% for General Plan members. The District's contributions to the General Employees Plan for the year ended June 30, 2025, were \$10,881,869. The District's contributions were equal to the required contributions as set by state statute.

**2. SPTRFA Contributions**

Per *Minnesota Statutes*, Chapter 354A.12 sets the rates for employer and employee contributions. Contribution rates for fiscal year 2025 are:

District Fiscal Year Ended June 30,	Percentage of Covered Payroll			
	Basic Plan		Coordinated Plan	
	Employee	Employer	Employee	Employer
2024	10.00%	16.14%	7.50%	12.84%

The District's contributions to SPTRFA for the plan's fiscal year ended June 30, 2025 were \$42,921,317. The District's contributions were equal to the required contributions for each year as set by state statute.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

D. Pension Costs

**1. General Employees Plan Pension Costs**

At June 30, 2025, the District reported a liability of \$60,563,007 for its proportionate share of the General Employees Plan's net pension liability. The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled \$1,566,035, for a total net pension liability of \$62,129,042 associated with the District.

District's proportionate share of the net pension liability	\$60,563,007
State of Minnesota's proportionate share of the net pension liability associated with the District	<u>1,566,035</u>
Total	<u>\$62,129,042</u>

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 1.6382% at the end of the measurement period and 1.6069% for the beginning of the period.

For the year ended June 30, 2025, the District recognized pension expense of \$7,106,334 for its proportionate share of General Employees Plan's pension expense. In addition, the District recognized an additional \$19,404 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Plan.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Plan. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The School recognized \$2,786,460 for the year ended June 30, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Plan.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

D. Pension Costs (Continued)

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

At June 30, 2025, 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	\$ 5,694,511	\$ -
Changes in Actuarial Assumptions	295,691	22,922,101
Net Difference Between Projected and Actual		
Earnings on Plan Investments		17,587,000
Changes in Proportion	4,008,548	-
District Contributions Subsequent to the Measurement Date	10,881,868	-
Total	<u>\$ 20,880,618</u>	<u>\$ 40,509,101</u>

A total of \$10,881,868 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, 2026. Other amounts reported as deferred outflows and inflows of resources related to General Employees Plan pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2025	\$ (17,112,867)
2026	(1,827,025)
2027	(6,928,665)
2028	(4,641,794)

**2. SPTRFA Pension Costs**

At June 30, 2025, the District reported a liability of \$435,083,964 for its proportionate share of SPTRFA's net pension liability. The net pension liability was measured as of June 30, 2025, 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 72.748% at the end of the measurement period and 70.945% for the beginning of the period.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**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	\$ 435,083,964
State's Proportionate Share of the Net Pension Liability Associated with the District	162,830,538
Total	<u>\$ 597,914,502</u>

For the year ended June 30, 2025, the District recognized pension expense of \$49,503,455.

At June 30, 2025, the District reported its proportionate share of the SPTRFA's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 4,659,510	\$ 3,910,204
Changes in Actuarial Assumptions	-	5,709,990
Net Difference Between Projected and Actual Earnings on Plan Investments	-	28,018,164
Changes in Proportion District Contributions Subsequent to the Measurement Date	8,111,865	416,226
Total	<u>42,921,317</u>	<u>-</u>
	<u>\$ 55,692,692</u>	<u>\$ 38,054,584</u>

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

D. Pension Costs (Continued)

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

A total of \$42,921,317 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, 2026. 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	\$ (24,588,371)
2026	18,380,235
2027	(11,805,093)
2028	(7,269,980)

The District recognized \$56,629,193 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, 2025**

**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, 2025, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	30.00 %	6.55%
International Equity	20.00	6.98%
Fixed Income	30.00	3.45%
Real Assets	10.00	3.90%
Private Equity and Alternatives	10.00	7.47%
Opportunistic	-	0.00%
Totals	100.00 %	

F. Actuarial Assumptions

**General Employees Plan**

The total pension liability in the June 30, 2024, 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 7.00%. 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 7.00% 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 General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation. PERA anticipates the experience study will be approved by the Legislature Commission on Pensions and Retirement and becomes effective with the July 1, 2025 actuarial valuation.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**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	2.50% to 8.00%; service based
Wage Inflation Rate	2.50% per year
Annuitant Mortality	a. Male: Pub-2010 Male Healthy Teacher Retiree Mortality Table, adjusted for mortality improvements using projection scale MP-2021 from 2010. Rates are multiplied by a factor of 1.03. b. Female: Pub-2010 Female Healthy Teacher Retiree Mortality Table, adjusted for mortality improvements using projection scale MP-2021 from 2010. Rates are multiplied by a factor of 1.03.

**General Employees Plan**

The following changes in actuarial assumptions and plan provisions occurred for PERA in 2024:

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

**SPTRFA**

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

G. Discount Rate

**General Employees Plan**

The discount rate for the General Employees Plan used to measure the total pension liability in 2025 was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Plan 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	\$ 132,279,357	\$ 60,563,007	\$ 1,569,770
SPTRFA Discount Rate	6.00%	7.00%	8.00%
Net Pension Liability at Different Discount Rates	\$ 611,450	\$ 435,083,964	\$ 289,260

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

I. Pension Plan Fiduciary Net Position

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

J. Consolidated Liability and Deferred Outflows/Inflows

Below is a table summarizing the multiple pension plans and reconciling them to the Statement of Net Position:

	<u>PERA</u>	<u>SPTFRA</u>	<u>TOTAL</u>
Net Pension Liability	\$ (60,563,007)	\$ (435,083,964)	\$ (495,646,971)
Deferred Inflows of Resources	(40,509,101)	(38,054,584)	(78,563,685)
Deferred Outflows of Resources	20,880,618	55,692,692	76,573,310
Pension Expense	7,106,334	49,503,455	56,609,789

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

**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 5,504 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.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

**B. Benefits Provided**

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

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

**C. Contributions**

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined annually by the District. The District's contributions in the current year totaled \$15,066,193 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.

**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	<u>5,504</u>
Total Members	<u><u>8,561</u></u>

**E. Total OPEB Liability of the District**

The District's total OPEB liability of \$268,492,537 as of year-end was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2023.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

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, 2024, 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:	3.97%
Medical Trend Rate:	8.6% 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, 2025**

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

G. Changes in Total OPEB Liability

	Total OPEB Liability (a)
Balances at June 30, 2024	\$ 269,061,892
Changes for the Year:	
Service Cost	6,377,911
Interest Cost	10,341,199
Changes of Assumptions	(2,424,717)
Plan Changes	-
Differences Between Expected and Actual Experience	202,445
Contributions-Employer	-
Projected Investment Return	-
Net Investment Income	-
Benefit Payments	(15,066,193)
Administrative Expense	-
Net Changes	(569,355)
Balances at June 30, 2025	\$ 268,492,537

Assumption changes since the previous measurement date include the following:

- The discount rate was changed from 3.86% to 3.97%.

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 (2.97%)	Discount Rate (3.97%)	1% Increase (4.97%)
Total OPEB Liability (Asset)	\$ 291,659,812	\$ 268,492,537	\$ 247,736,502

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 7.60% Decreasing to 2.7% in 2075 and Later	Current 8.60% Decreasing to 3.9% in 2076 and Later	1% Increase 9.60% Decreasing to 4.7% in 2075 and Later
Total OPEB Liability	\$ 254,046,645	\$ 268,492,537	\$ 284,767,567

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

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

For the current year ended, the District recognized OPEB expense of \$8,079,034. 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	\$ 12,061,482	\$ 31,249,519
Change of Assumptions	19,637,722	28,351,799
Difference Between Projected and Actual Investment Earnings	-	-
Contributions Between Measurement Date and Reporting Date	14,724,820	-
Total	<u>\$ 46,424,024</u>	<u>\$ 59,601,318</u>

A total of \$14,724,820 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:

<u>Year Ending June 30,</u>	<u>Future Recognition</u>
2026	\$ (6,428,366)
2027	(6,113,684)
2028	(8,308,462)
2029	(8,032,157)
2030	(1,128,951)
Thereafter	2,109,506

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**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 Operating Capital* – The District levies taxes based on voter approved referendums and receives state grants and aid to be used for the purchase of equipment or facilities. The cumulative excess of such revenues over equipment and facilities expenditures is reported as a restriction of fund balance in the General Fund.

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

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

*Restricted for Medical Assistance* – Represents available resources to be used for Medical Assistance expenditures.

*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.

*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.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

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

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	\$ 873,083,044
Bonds Payable at June 30	(324,240,000)
COPs Payable at June 30	(336,670,000)
Financed Purchases Payable at June 30	(18,897,559)
Subscriptions Payable at June 30	(1,084,542)
Premiums/Discounts	(39,364,945)
Deferred (Gain) Loss on Refundings	(1,130,900)
Capital Related Payables	(28,362,998)
Add Back: Unspent Bond Proceeds	<u>96,622,469</u>
Net Investment in Capital Assets	<u><u>\$ 219,954,569</u></u>

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

A summary of the governmental fund balance classifications as of June 30, 2025 are as follows:

	Fund Equities June 30, 2024	Revenues	Expenditures	Fund Equities June 30, 2025
<b>GOVERNMENTAL FUNDS</b>				
General Fund:				
Nonspendable	\$ 1,626,852	\$ -	\$ (218,511)	\$ 1,408,341
Restricted for Student Activities	1,641,029	748,967	(1,937,487)	452,509
Restricted for Operating Capital	3,797,866	8,403,926	(7,369,565)	4,832,227
Restricted for Learning and Development	-	7,402,079	(7,402,079)	-
Restricted for Area Learning Center	3,433,007	17,801,212	(18,455,075)	2,779,144
Restricted for Basic Skills	244,958	90,631,885	(89,705,696)	1,171,147
Restricted for Basic Skills Extended Time	1,066,123	-	(1,066,123)	-
Restricted for Medical Assistance	6,401,272	7,459,206	(4,295,415)	9,565,063
Restricted for Long-Term Facilities Maintenance	3,855,888	16,773,855	(20,160,311)	469,432
Restricted for OPEB Revocable Trust	57,884,165	6,368,865.00	(205,470.00)	64,047,560
Committed for Separation/Retirement Benefits	3,084,522	-	(1,001,851)	2,082,671
Assigned for Contractual Obligation	3,540,002	34,557	-	3,574,559
Assigned for Strategic Plan Initiative	6,972,200	-	(3,000,000)	3,972,200
Assigned for Site-Based Operations	16,442,097	70,153	-	16,512,250
Assigned for Intraschool Activities	3,603,137	387,121	-	3,990,258
Unassigned	<u>78,261,330</u>	<u>598,532,472</u>	<u>(624,914,931)</u>	<u>51,878,871</u>
Total General Fund	191,854,448	754,614,298	(779,732,514)	166,736,232
Food Service Fund:				
Nonspendable	2,679,225	-	(786,533)	1,892,692
Unassigned	<u>(2,530,172)</u>	<u>30,084,055</u>	<u>(30,877,945)</u>	<u>(3,324,062)</u>
Total Food Service	149,053	30,084,055	(31,664,478)	(1,431,370)
Community Service Fund:				
Nonspendable	-	600	-	600
Restricted for Community Education	-	6,734,506	-	6,734,506
Restricted for Early Childhood and Family Education	2,915,526	-	(1,221,740)	1,693,786
Restricted for School Readiness	2,860,293	190,557	-	3,050,850
Restricted for Adult Basic Education	1,887,945	248,274	-	2,136,219
Restricted for Community Service	7,011,672	24,646,005	(30,822,849)	834,828
Unassigned	<u>(856,936)</u>	<u>856,936</u>	<u>-</u>	<u>-</u>
Total Community Service Fund	13,818,500	32,676,878	(32,044,589)	14,450,789
Capital Projects Fund:				
Restricted for Projects Funded by Certificates of Participation	111,629,588	5,631,676	(113,647,908)	3,613,356
Restricted for Long-Term Facilities Maintenance	56,152,378	49,472,205	(42,190,054)	63,434,529
Restricted for Capital Projects	14,487,442	16,028,939	(15,284,321)	15,232,060
Unassigned	<u>(777,296)</u>	<u>(97)</u>	<u>777,393</u>	<u>-</u>
Total Capital Projects Fund	181,492,112	71,132,723	(170,344,890)	82,279,945
Debt Service Fund:				
Restricted for QZAB and QSCH Payments	25,474,264	2,488,511	-	27,962,775
Restricted for Debt Service	<u>11,813,497</u>	<u>65,698,514</u>	<u>(67,835,884)</u>	<u>9,676,127</u>
Total Debt Service Fund	37,287,761	68,187,025	(67,835,884)	37,638,902
<b>TOTAL GOVERNMENTAL FUNDS</b>	424,601,874	956,694,979	(1,081,622,355)	299,674,498
<b>PROPRIETARY FUNDS</b>				
Unrestricted	<u>3,999,826</u>	<u>2,590,420</u>	<u>(2,170,925)</u>	<u>4,419,321</u>
<b>TOTAL PROPRIETARY FUNDS</b>	3,999,826	2,590,420	(2,170,925)	4,419,321
<b>TOTAL ALL FUNDS</b>	<u>\$ 428,601,700</u>	<u>\$ 959,285,399</u>	<u>\$ (1,083,793,280)</u>	<u>\$ 304,093,819</u>

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2025**

**NOTE 9 COMMITMENTS AND CONTINGENCIES**

A. Legal Claims

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

B. Federal and State Receivables

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

C. Contract Commitments

At June 30, 2025, the District had approximately \$115.96 million in commitments related to capital-related contracts.

**NOTE 10 INTERFUND TRANSFERS**

The composition of interfund balances as of June 30, 2025 is as follows:

	Due from Other Fund	Due to Other Fund
General Fund	\$ 3,500,000	\$ -
Special Revenue Funds:		
Food Service Fund	-	3,500,000
Total	\$ 3,500,000	\$ 3,500,000

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These amounts also include balances of working capital loans made to several nonmajor governmental funds, which the general fund expects to collect in the subsequent year.

**REQUIRED SUPPLEMENTARY INFORMATION**

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 140,129,126	\$ 140,129,126	\$ 140,923,869	\$ 794,743
Earnings and Investments	-	4,500,000	13,447,670	8,947,670
Other	16,735,258	12,616,368	16,061,049	3,444,681
State Sources	467,971,125	496,126,109	505,318,190	9,192,081
Federal Sources	45,646,692	67,315,306	60,564,721	(6,750,585)
Total Revenues	<u>670,482,201</u>	<u>720,686,909</u>	<u>736,315,499</u>	<u>15,628,590</u>
<b>EXPENDITURES</b>				
Current:				
Administration	28,132,342	28,571,701	28,917,496	345,795
District Support Services	21,520,424	26,561,445	24,314,019	(2,247,426)
Elementary and Secondary				
Regular Instruction	310,863,401	318,828,178	316,811,234	(2,016,944)
Vocational Education Instruction	3,417,373	3,396,516	8,110,016	4,713,500
Special Education Instruction	133,221,957	152,514,450	176,690,674	24,176,224
Community Service	379,501	(4,126)	734	4,860
Instructional Support Services	43,497,843	43,811,009	43,250,100	(560,909)
Pupil Support Services	80,724,783	77,390,526	79,220,978	1,830,452
Sites and Buildings	51,691,476	58,081,746	59,201,558	1,119,812
Fiscal and Other Fixed Cost Programs	28,198,412	19,562,073	3,662,093	(15,899,980)
Capital Outlay	3,619,425	12,779,907	31,971,004	19,191,097
Debt Service:				
Principal	1,194,750	6,456,515	6,663,336	206,821
Interest and Fiscal Charges	984,217	829,312	919,272	89,960
Total Expenditures	<u>707,445,904</u>	<u>748,779,252</u>	<u>779,732,514</u>	<u>30,953,262</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<b>(36,963,703)</b>	<b>(28,092,343)</b>	<b>(43,417,015)</b>	<b>(15,324,672)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance Recovery	-	-	46,174	46,174
Subscription Based Information Technology Arrangement	-	-	306,797	306,797
Financed Purchase Agreements	-	-	17,945,828	17,945,828
Transfers Out	-	(72,000)	-	72,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>(72,000)</u>	<u>18,298,799</u>	<u>18,370,799</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b><u>\$ (36,963,703)</u></b>	<b><u>\$ (28,164,343)</u></b>	<b><u>(25,118,216)</u></b>	<b><u>\$ 3,046,127</u></b>
<b>FUND BALANCE</b>				
Beginning of Year			<u>191,854,448</u>	
End of Year			<u>\$ 166,736,232</u>	

See accompanying Notes to Required Supplementary Information.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
BUDGETARY COMPARISON SCHEDULE  
FOOD SERVICE FUND  
YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
<b>REVENUES</b>				
Local Sources:				
Earnings and Investments	\$ 15,000	\$ 15,000	\$ 375	\$ (14,625)
Other - Primarily Meal Sales	996,722	223,591	362,233	138,642
State Sources	2,135,678	2,425,512	2,371,909	(53,603)
Federal Sources	26,193,929	28,970,927	27,349,538	(1,621,389)
Total Revenues	<u>29,341,329</u>	<u>31,635,030</u>	<u>30,084,055</u>	<u>(1,550,975)</u>
<b>EXPENDITURES</b>				
Current:				
Food Service	28,777,730	30,483,074	31,507,709	1,024,635
Capital Outlay	500,000	500,000	81,539	(418,461)
Debt Service				
Principal	-	-	75,230	75,230
Total Expenditures	<u>29,277,730</u>	<u>30,983,074</u>	<u>31,664,478</u>	<u>681,404</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 63,599</u>	<u>\$ 651,956</u>	(1,580,423)	<u>\$ (2,232,379)</u>
<b>FUND BALANCE</b>				
Beginning of Year			<u>149,053</u>	
End of Year			<u>\$ (1,431,370)</u>	

See accompanying Notes to Required Supplementary Information.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
BUDGETARY COMPARISON SCHEDULE  
COMMUNITY SERVICE FUND  
YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 3,589,552	\$ 3,354,794	\$ 3,915,770	\$ 560,976
Earnings and Investments	10,000	10,000	306,102	296,102
Other - Primarily Tuition and Fees	7,681,628	7,221,944	6,962,919	(259,025)
State Sources	16,215,960	18,311,314	19,052,876	741,562
Federal Sources	2,317,662	1,223,048	2,439,211	1,216,163
Total Revenues	<u>29,814,802</u>	<u>30,121,100</u>	<u>32,676,878</u>	<u>2,555,778</u>
<b>EXPENDITURES</b>				
Current:				
Community Service	32,719,259	32,612,765	31,996,482	(616,283)
Capital Outlay	7,540	7,540	48,107	40,567
Debt Service:				
Principal	2,400	-	-	-
Total Expenditures	<u>32,729,199</u>	<u>32,620,305</u>	<u>32,044,589</u>	<u>(575,716)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ (2,914,397)</u></u>	<u><u>\$ (2,499,205)</u></u>	632,289	<u><u>\$ 3,131,494</u></u>
<b>FUND BALANCE</b>				
Beginning of Year			<u>13,818,500</u>	
End of Year			<u><u>\$ 14,450,789</u></u>	

See accompanying Notes to Required Supplementary Information.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY**  
**AND RELATED RATIOS**  
**JUNE 30, 2025**

	2025	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>								
Service Cost	\$ 6,377,911	\$ 6,458,034	\$ 8,559,781	\$ 10,005,688	\$ 8,429,397	\$ 7,792,260	\$ 7,818,493	\$ 8,294,600
Interest	10,341,199	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	202,445	15,417,287	(1,778,194)	(60,926,977)	1,338,720	(3,584,238)	-	-
Changes of Assumptions	(2,424,717)	9,810,201	(41,294,229)	3,759,562	19,806,656	17,598,682	(10,867,697)	(19,488,077)
Benefit Payments	(15,066,193)	(14,380,361)	(15,886,400)	(21,818,752)	(22,259,064)	(22,178,401)	(20,041,157)	(20,305,375)
<b>Net Change in Total OPEB Liability</b>	(569,355)	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	269,061,892	242,802,098	287,666,112	348,139,318	330,561,547	319,487,158	330,876,703	352,147,115
<b>Total OPEB (Asset)Liability - Ending (a)</b>	<b>\$ 268,492,537</b>	<b>\$ 269,061,892</b>	<b>\$ 242,802,098</b>	<b>\$ 287,666,112</b>	<b>\$ 348,139,318</b>	<b>\$ 330,561,547</b>	<b>\$ 319,487,158</b>	<b>\$ 330,876,703</b>
<b>Plan Fiduciary Net Position</b>								
Contributions - Employer	\$ 15,066,193	\$ 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	(15,066,193)	(14,380,361)	(15,886,400)	(21,818,752)	(22,259,064)	(22,178,401)	(20,041,157)	(20,305,375)
<b>Net Change in Plan Fiduciary Net Position</b>	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-	-	-	-	-	-
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>District's Net OPEB Liability - Ending (a) - (b)</b>	<b>\$ 268,492,537</b>	<b>\$ 269,061,892</b>	<b>\$ 242,802,098</b>	<b>\$ 287,666,112</b>	<b>\$ 348,139,318</b>	<b>\$ 330,561,547</b>	<b>\$ 319,487,158</b>	<b>\$ 330,876,703</b>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-Employee Payroll	\$ 473,764,147	\$ 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	56.70 %	60.90 %	55.16 %	72.09 %	81.25 %	85.34 %	103.55 %	101.56 %
Covered-Employee Payroll	\$ 473,764,147	\$ 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	3.18%	3.25%	3.61%	5.47%	5.19%	5.73%	6.50%	6.23%

See accompanying Notes to Required Supplementary Information.

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

	Measurement Date June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the Net Pension Liability	72.7480%	70.9450%	71.1240%	69.0540%	68.2510%	66.2290%	72.4150%	71.8480%	71.0370% #	70.2370%
District's Proportionate Share of the Net Pension Liability	\$ 435,083,964	\$ 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
State's Proportionate Share of the Net Pension Liability Associated with District	162,830,538	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
Total	<u>\$ 597,914,502</u>	<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>
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
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	132.39%	158.72%	161.11%	113.67%	164.87%	153.08%	169.45%	159.82%	273.80%	256.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.06%	64.32%	62.43%	74.88%	61.35%	63.87%	63.87%	64.07%	60.26%	63.56%

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,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily Required Contribution	\$ 42,921,317	\$ 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
Contributions in Relation to the Statutorily Required Contribution	(42,921,317)	(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)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 315,830,147	\$ 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
Contributions as a Percentage of Covered Payroll	13.59%	12.84%	12.84%	12.70%	12.96%	12.18%	11.35%	10.55%	10.08%	9.86%

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,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the Net Pension Liability	1.6382%	1.6069%	1.5423%	1.5004%	1.5195%	1.4889%	1.5668%	1.6165%	1.6440%	1.7578%
District's Proportionate Share of the Net Pension Liability	\$ 60,563,007	\$ 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
State's Proportionate Share of the Net Pension Liability Associated with the District	1,566,035	2,477,024	3,581,057	1,956,657	1,413,980	1,285,874	1,384,512	609,138	806,952	-
Total	<u>\$ 62,129,042</u>	<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>
District's Covered Payroll	\$ 139,938,747	\$ 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
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	43.28%	72.51%	105.08%	59.34%	84.13%	78.11%	82.61%	211.25%	282.62%	197.95%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.08%	83.10%	76.67%	87.00%	79.10%	80.23%	78.07%	75.90%	68.90%	78.20%

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,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily Required Contribution	\$ 10,881,869	\$ 10,495,406	\$ 9,294,196	\$ 8,718,366	\$ 8,098,836	\$ 8,121,819	\$ 7,903,892	\$ 7,891,239	\$ 7,803,247	\$ 7,593,273
Contributions in Relation to the Statutorily Required Contribution	(10,881,869)	(10,495,406)	(9,294,196)	(8,718,366)	(8,098,836)	(8,121,819)	(7,903,892)	(7,891,239)	(7,803,247)	(7,593,273)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 145,091,583	\$ 139,938,747	\$ 123,922,613	\$ 116,244,880	\$ 107,984,480	\$ 108,290,920	\$ 105,385,227	\$ 105,216,520	\$ 48,849,901	\$ 47,231,887
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%	7.50%

See accompanying Notes to Required Supplementary Information.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2025**

**NOTE 1 STEWARDSHIP AND ACCOUNTABILITY**

A. Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following funds at June 30, 2025:

	Budget	Expenditures	Excess
General Fund	\$ 748,779,252	\$ 779,732,514	\$ 30,953,262
Special Revenue Funds:			
Food Service Fund	\$ 30,983,074	\$ 31,664,478	\$ 681,404

General Fund expenditures exceeded budgeted amounts due to more costs associated with special education instruction than anticipated being incurred during the year to provide proper service to the children.

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:

**2024**

Changes in Actuarial Assumptions

- The discount rate was changed from 3.86% to 3.97%.

**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.
-

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2025**

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

**2023 (Continued)**

- 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.

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%.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2025**

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

**2019**

Changes in Actuarial Assumptions

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

**2018**

Changes in Actuarial Assumptions

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

**2017**

Changes in Actuarial Assumptions

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

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

**2024**

Changes in Actuarial Assumption

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

Changes in Plan Provisions

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

**2023**

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2025**

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

**2023 (Continued)**

Changes in Plan Provisions

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

**2022**

Changes in Actuarial Assumptions

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

**2021**

Changes in Actuarial Assumptions

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

**2020**

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2025**

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

**2020 (Continued)**

Changes in Actuarial Assumptions (Continued)

- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% 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.

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.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2025**

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

**2018 (Continued)**

Changes in Plan Provisions (Continued)

- 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.

**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.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2025**

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

**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 Plan, 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.

**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.

**INDEPENDENT SCHOOL DISTRICT NO. 625  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2025**

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

**2018**

Changes in Actuarial Assumptions

- Additional supplemental contributions of \$5,000,000 will be made by the state of Minnesota annually beginning October 1, 2018.
- The plan's statutory amortization period was changed from June 30, 2042, to June 30, 2048.
- The assumed investment return was lowered from 8.00% to 7.50%.
- The assumed wage inflation decreased from 4.00% to 3.00%.
- Salary increase rates were updated from an age-based table with a service-based component during the first 15 years, to a service-based table of rates.
- Retirement, withdrawal, and disability rates were adjusted to better fit observed experience.
- The mortality table was updated from the RP-2000 Mortality Table, with white collar adjustment, set back two years for females, projected with Scale MP-2017 from 2006.

Changes in Plan Provisions

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

Contributions After June 30	Plan Contribution Rates: Basic/Coordinated		
	Member (%)	Employer Regular (%)	Employer Additional (%)
2022	10.000/7.500	12.300/8.800	3.640/3.840
2023	10.250/7.750	12.500/9.000	3.640/3.840
2024	10.000/7.500	12.500/9.000	3.640/3.840
2025	11.250/8.750	13.250/9.750	3.640/3.840
2026	11.500/9.750	13.250/9.750	3.640/3.840

**2017**

Changes in Actuarial Assumptions

- The CSA loads on liabilities were changed as follows:

	Active Pre-89	Active Post-89
Prior	7.00%	2.00%
Current	-%	-%

- 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.

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2025**

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

**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, 2025**

	AUDIT	UFARS	DIFFERENCE
<b>01 GENERAL FUND</b>			
Total Revenue	\$ 729,946,634	\$ 729,946,630	\$ 4
Total Expenditures	779,527,044	779,527,033	11
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	1,408,341	1,408,341	-
<i>Restricted:</i>			
401 Student Activities	452,509	452,509	-
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	4,832,227	4,832,227	-
426 \$25 Taconite	-	-	-
427 Disabled Accessibility	-	-	-
428 Learning and Development	-	-	-
434 Area Learning Center	2,779,144	2,779,144	-
435 Contracted Alternative Programs	-	-	-
436 State-Approved Alternative Programs	-	-	-
438 Gifted and Talented	-	-	-
440 Teacher Development and Evaluations	-	-	-
441 Basic Skills Programs	1,171,147	1,171,147	-
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	-	-	-
467 LTFM	469,432	469,439	(7)
472 Medical Assistance	9,565,063	9,565,063	-
464 Restricted Fund Balance	-	-	-
<i>Committed:</i>			
418 Committed for Separation	2,082,671	2,082,671	-
461 Committed Fund Balance	-	-	-
<i>Assigned:</i>			
462 Assigned Fund Balance	28,049,267	28,049,266	1
<i>Unassigned:</i>			
422 Unassigned Fund Balance	51,878,871	51,878,871	-
<b>02 FOOD SERVICE</b>			
Total Revenue	30,084,055	30,084,055	-
Total Expenditures	31,664,478	31,664,479	(1)
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	1,892,692	1,892,692	-
<i>Restricted:</i>			
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	-	-	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	(3,324,062)	(3,324,062)	-
<b>04 COMMUNITY SERVICE</b>			
Total Revenue	32,676,878	32,676,880	(2)
Total Expenditures	32,044,589	32,044,593	(4)
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	600	600	-
<i>Restricted:</i>			
426 \$25 Taconite	-	-	-
431 Community Education	6,734,506	6,734,504	2
432 E.C.F.E.	1,693,786	1,693,787	(1)
440 Teacher Development and Evaluations	-	-	-
444 School Readiness	3,050,850	3,050,850	-
447 Adult Basic Education	2,136,219	2,136,219	-
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	834,828	834,826	2
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-

**INDEPENDENT SCHOOL DISTRICT NO. 625**  
**UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS**  
**COMPLIANCE TABLE (CONTINUED)**  
**YEAR ENDED JUNE 30, 2025**

	AUDIT	UFARS	DIFFERENCE
<b>06 BUILDING CONSTRUCTION</b>			
Total Revenue	\$ 7,124,953	\$ 7,124,955	\$ (2)
Total Expenditures	170,344,890	170,344,892	(2)
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
407 Capital Projects Levy	-	-	-
409 Alternative Facility Program	-	-	-
413 Projects Funded by COPs	3,613,356	3,613,356	-
467 LTFM	63,434,529	63,434,529	-
464 Restricted Fund Balance	15,232,060	15,232,061	(1)
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
<b>07 DEBT SERVICE</b>			
Total Revenue	68,187,025	68,187,024	1
Total Expenditures	67,806,439	67,806,439	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
425 Bond Refunding	-	-	-
451 QZAB and QSCB Payments	27,962,775	27,962,775	-
464 Restricted Fund Balance	9,676,127	9,676,128	(1)
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
<b>08 TRUST</b>			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Restricted:</i>			
401 Student Activities	-	-	-
402 Scholarships	-	-	-
422 Unassigned Net Position	-	-	-
<b>18 CUSTODIAL FUND</b>			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Restricted:</i>			
401 Student Activities	-	-	-
402 Scholarships	-	-	-
448 Achievement and Integration	-	-	-
464 Restricted Fund Balance	\$ -	-	-
<b>20 INTERNAL SERVICE</b>			
Total Revenue	2,590,420	2,590,421	(1)
Total Expenditures	2,170,925	2,170,925	-
<i>Net Position:</i>			
422 Net Position	4,419,321	4,419,321	-
<b>25 OPEB REVOCABLE TRUST</b>			
Total Revenue	6,368,865	6,368,865	-
Total Expenditures	205,470	205,471	(1)
<i>Net Position:</i>			
422 Net Position	64,047,560	64,047,560	-
<b>45 OPEB IRREVOCABLE TRUST</b>			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Net Position:</i>			
422 Net Position	-	-	-
<b>47 OPEB DEBT SERVICE</b>			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
425 Bond Refunding	-	-	-
464 Restricted Fund Balance	-	-	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-



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