INDEPENDENT SCHOOL DISTRICT NO. 622
NORTH ST. PAUL – MAPLEWOOD – OAKDALE, MINNESOTA

Financial Statements
and Supplementary Information

Year Ended
June 30, 2024

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INDEPENDENT SCHOOL DISTRICT NO. 622

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INTRODUCTORY SECTION

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INDEPENDENT SCHOOL DISTRICT NO. 622

School Board and Administration
as of June 30, 2024

SCHOOL BOARD

	Position
Kita Yang	Chairperson
Caleb Anderson	Vice Chairperson
Dan Peltzman	Treasurer
Charlotte Nitardy	Clerk
Nancy Livingston	Director
Julia Martens	Director
Michelle Yener	Director

ADMINISTRATION

Christine Tucci Osorio	Superintendent of Schools
May Her	Assistant to Superintendent
Ty Thompson	Assistant Superintendent, Secondary Programs and Equity
Tricia St. Michaels	Assistant Superintendent, Early Learning, Elementary Programs, Student Services
Josh Anderson	Director of Finance/Director of Technology
Amylee Yang	Director of Human Resources
Tamra Lennox	Director of Community Education
Sara Guyette	Director of Operations
Heidi Leigh	Director of Teaching and Learning
Amy Luckner	Director of Research, Evaluation and Assessment
Lynn Pham	Director of Equity and Communications
Rebekah Doyle	Director of Grants and Special Projects

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of
Independent School District No. 622
North St. Paul – Maplewood – Oakdale, 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. 622 (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District'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 the District as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund 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 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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AUDITOR'S 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 auditor's 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 generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

REQUIRED SUPPLEMENTARY INFORMATION

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information (RSI), as listed in the table of contents, 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 RSI in accordance with auditing standards generally accepted in the United States of America, 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.

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SUPPLEMENTARY INFORMATION

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purpose of additional analysis and is 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information 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 and other district information, but does not include the basic financial statements and our auditor's 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.

PRIOR YEAR COMPARATIVE INFORMATION

Malloy, Montague, Karnowski, Radosevich & Co., P.A. previously audited the District's 2023 financial statements, and expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in their report dated December 15, 2023. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,

LB Carlson, LLP

LB CARLSON, LLP
Minneapolis, Minnesota

November 10, 2025

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This section of Independent School District No. 622's (the District) annual financial statements presents management's discussion and analysis (MD&A) of the District's financial performance during the fiscal year ended June 30, 2024. Please read it in conjunction with the other components of the District's annual financial statements.

FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2024 by $5,990,626. The District's total net position increased by $21,869,205 during the fiscal year ended June 30, 2024.

- Government-wide revenues totaled $243,482,295 and were $21,869,205 more than expenses of $221,613,090.

- The General Fund's total fund balance (under the governmental fund presentation) increased $5,057,649 from the prior year, compared to a decrease of $1,194,144 planned in the budget.

- General Fund unassigned fund balance (excluding restricted account deficits) increased from 11.9 percent to 12.5 percent of expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual financial statements consists of the following parts:

- Independent Auditor's Report;
- MD&A;
- Basic financial statements, including the government-wide financial statements, fund financial statements, and the notes to basic financial statements;
- Required supplementary information; and
- Supplementary information consisting of combining and individual fund statements and schedules.

The following explains the two types of statements included in the basic financial statements:

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (Statement of Net Position and Statement of Activities) 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, except for the fiduciary funds. 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 financial statements report the District's *net position* and how it has changed. Net position—the difference between the District's assets, deferred outflows of resources, 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 indicators of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District requires consideration of 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 all shown in one category titled "governmental activities." These activities, including regular and special education instruction, transportation, administration, food services, and community education, are primarily financed with state aids and property taxes.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds, rather than the District as a whole. Funds (Food Service Special Revenue and Community Service Special Revenue) that do not meet the threshold to be classified as major funds are called nonmajor funds. Detailed financial information for nonmajor funds can be found in the supplementary information section.

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. For Minnesota schools, funds are established in accordance with Uniform Financial Accounting and Reporting Standards in accordance with statutory requirements and accounting principles generally accepted in the United States of America.

The District maintains the following kinds of funds:

Governmental Funds – 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 fund financial statements provide a detailed *short-term* view that helps to determine whether there are more or less 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 financial statements, we provide additional information (reconciliation schedules) immediately following the governmental fund financial statements that explain the relationship (or differences) between these two types of financial statement presentations.

Proprietary Funds – The District maintains one type of proprietary fund. The internal service funds are 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' medical and dental 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.

Fiduciary Funds – The District is the trustee, or fiduciary, for assets that belong to others. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1 is a summarized view of the District's Statement of Net Position:

Table 1
Summary Statement of Net Position
as of June 30, 2024 and 2023

	2024	2023
Assets		
Current and other assets	$ 204,035,025	$ 229,235,066
Capital assets, net of depreciation/amortization	465,548,481	432,263,903
Total assets	$ 669,583,506	$ 661,498,969
Deferred outflows of resources		
Bond refunding deferments	$ 81,298	$ 101,622
OPEB plan deferments	1,747,749	2,502,523
Pension plan deferments	28,405,832	38,442,996
Total deferred outflows of resources	$ 30,234,879	$ 41,047,141
Liabilities		
Current and other liabilities	$ 24,543,876	$ 23,463,614
Long-term liabilities	592,870,473	610,662,002
Total liabilities	$ 617,414,349	$ 634,125,616
Deferred inflows of resources		
Bond refunding deferments	$ 493,218	$ 604,144
Property taxes levied for subsequent year	61,582,490	57,526,268
OPEB plan deferments	6,464,019	6,548,097
Pension plan deferments	7,873,683	19,620,564
Total deferred inflows of resources	$ 76,413,410	$ 84,299,073
Net position		
Net investment in capital assets	$ 82,919,169	$ 75,660,779
Restricted	23,125,298	22,037,746
Unrestricted	(100,053,841)	(113,577,104)
Total net position	$ 5,990,626	$ (15,878,579)

The District's financial position is the product of many factors. For example, the determination of the District's net investment in capital assets involves many assumptions and estimates, such as current and accumulated depreciation/amortization amounts. A conservative versus liberal approach to depreciation/amortization estimates, as well as capitalization policies, will produce a significant difference in the calculated amounts. The other major factors in determining net position, as compared to fund balances are the liabilities for long-term severance, compensated absences, pension, and other post-employment benefits (OPEB), which impact the unrestricted portion of net position.

The District's increase in net investment in capital assets is due to the District repaying debt at a faster rate than the assets being depreciated/amortized and capital assets financed with the "pay-as-you-go" long-term facilities maintenance levy. Increases in net position restricted for capital asset acquisition, debt service, and food service contributed to the growth in the restricted portion of net position. Changes in the District's share of the Public Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) pension plans contributed to the change in deferred outflows of resources, long-term liabilities, deferred inflows of resources, and unrestricted net position. Positive operations in the General Fund also contributed to the increase in unrestricted net position.

The significant decrease in current and other assets and increase in capital assets is due to projects in the District-Wide Facilities Plan financed with the proceeds of bonds issued in previous years.

Table 2 presents a condensed version of the Statement of Activities of the District:

Table 2
Summary Statement of Activities
for the Years Ended June 30, 2024 and 2023

	2024	2023
Revenues		
Program revenues		
Charges for services	$ 5,462,428	$ 6,436,021
Operating grants and contributions	51,769,059	40,914,208
General revenues		
Property taxes	61,277,296	56,744,280
General grants and aids	115,862,967	107,077,639
Other	9,110,545	7,474,525
Total revenues	243,482,295	218,646,673
Expenses		
Administration	6,350,379	6,890,454
District support services	5,905,702	7,105,979
Elementary and secondary regular instruction	71,323,747	61,251,786
Vocational education instruction	3,767,454	2,995,825
Special education instruction	40,801,968	32,599,734
Instructional support services	9,663,639	7,523,884
Pupil support services	18,818,429	16,683,173
Sites and buildings	16,280,669	23,773,757
Fiscal and other fixed cost programs	991,313	766,159
Food service	8,726,388	7,926,166
Community service	12,174,340	11,103,110
Depreciation/amortization not included in other functions (excludes amounts directly allocated)	11,142,916	6,569,465
Interest and fiscal charges	15,666,146	15,099,552
Total expenses	221,613,090	200,289,044
Change in net position	21,869,205	18,357,629
Net position – beginning	(15,878,579)	(34,236,208)
Net position – ending	$ 5,990,626	$ (15,878,579)

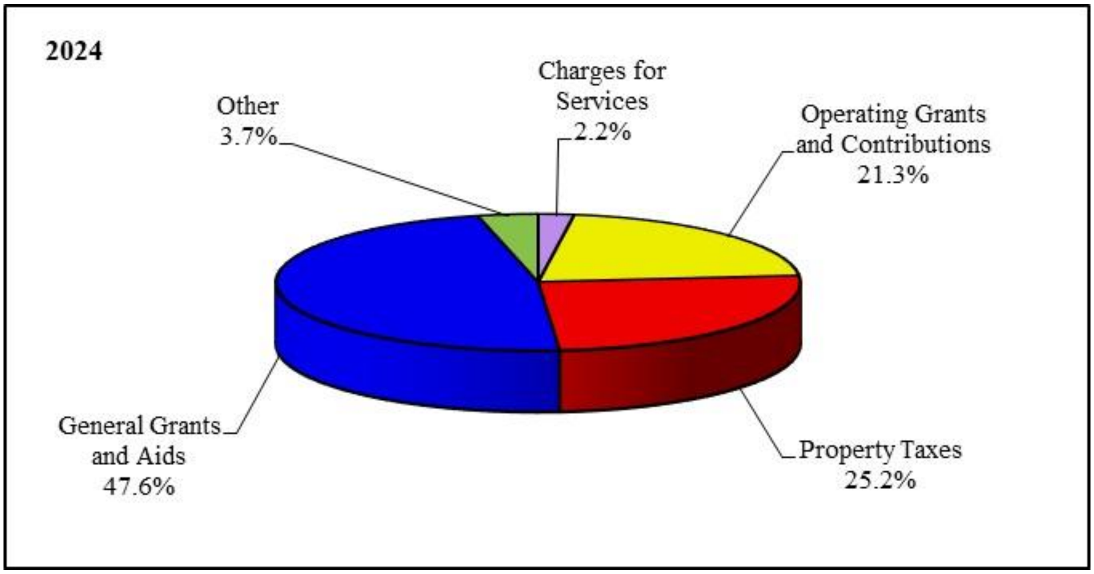
This statement is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation and amortization expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

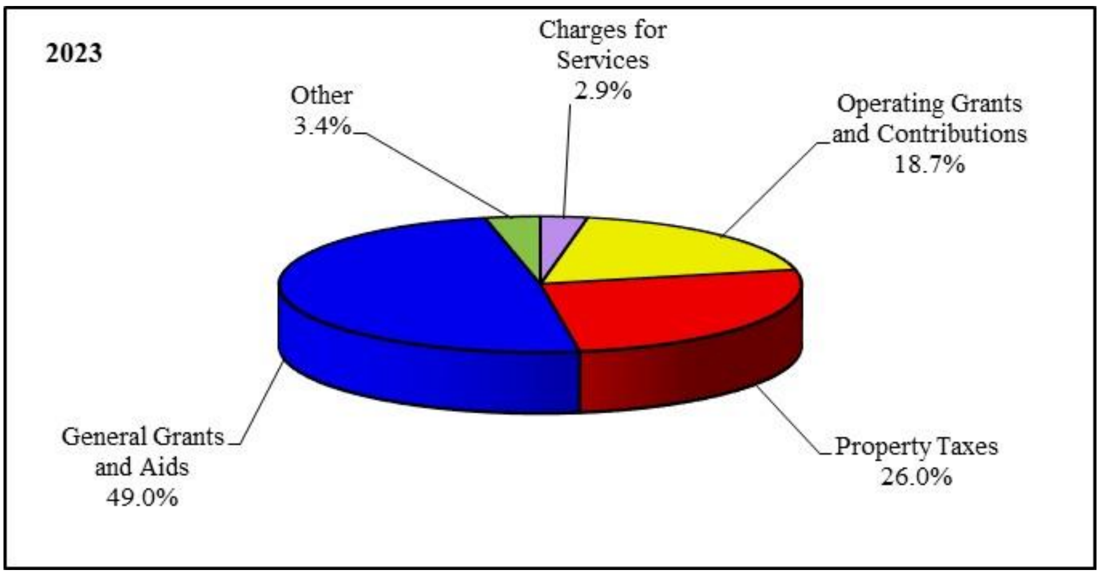
Governmental activities revenues increased $24,835,622 (11.4 percent) from the previous year. The District recognized more special education funding and more state funding for child nutrition, contributing to the increase in operating grants and contributions. Additional funding for the basic general education formula allowance and basic skills, along with increased enrollment, increased general grants and aids. The increase in the approved levy contributed to the change in property taxes.

Governmental activities expenses were $21,324,046 (10.6 percent) higher than last year, mainly due to changes in state-wide pension plans, increased special education costs, increased transportation costs, and increased depreciation/amortization due to significant projects in recent years.

Figure A shows further analysis of these revenue sources:

Figure A – Sources of Revenues for Fiscal Years 2024 and 2023





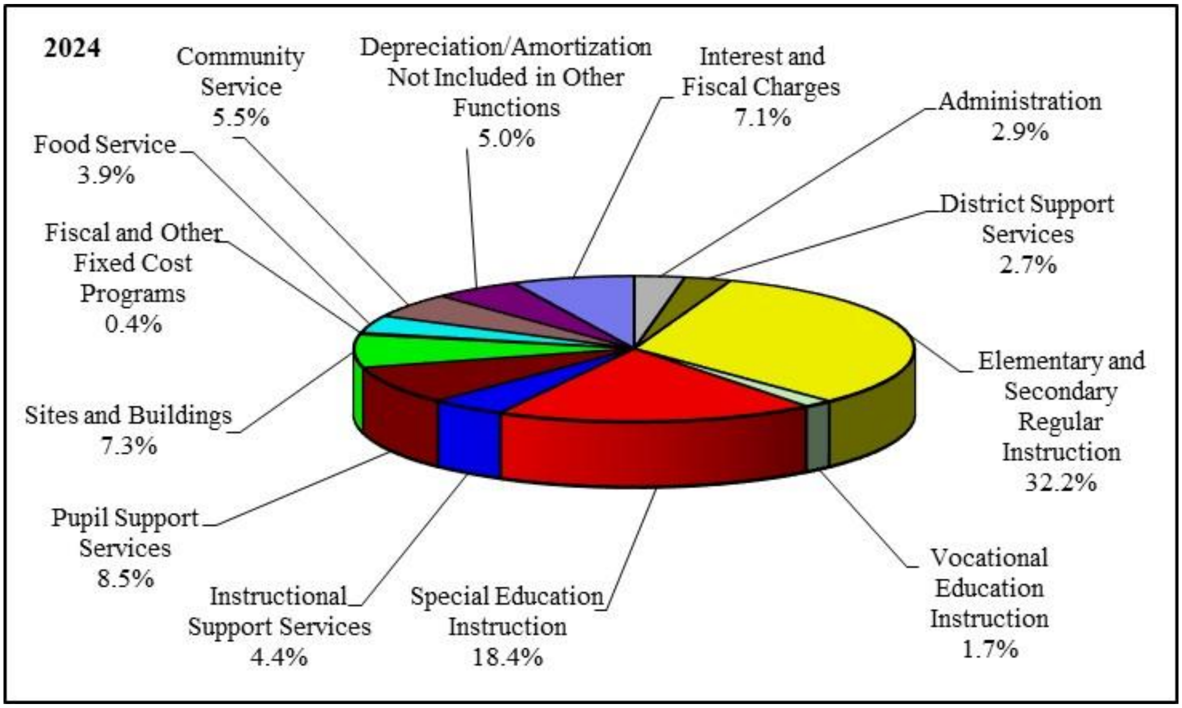
The largest share of the District's revenue is received from the state, including the basic general education aid formula and most of the operating grants.

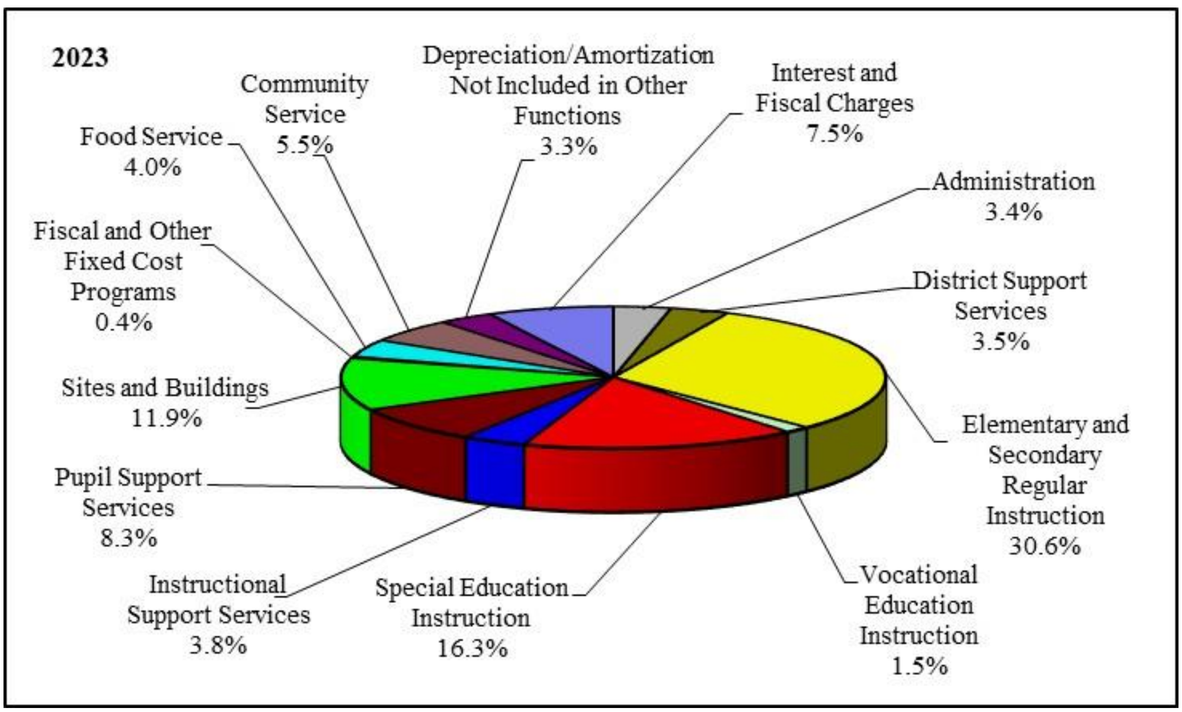
Property taxes are the next largest source of funding. The level of funding property tax sources provide is not only dependent on taxpayers of the District by way of operating and building referenda, but also by decisions made by the Legislature in the mix of state aid and local effort in a variety of funding formulas.

Revenues from charges for services decreased compared to the prior year, mainly due to increased state funding for child nutrition programs, which increased operating grants and contributions, while decreasing revenue from direct meal sales. Improved state special education funding also contributed to the increase in operating grants and contributions.

Figure B shows further analysis of these expense functions:

Figure B – Expenses for Fiscal Years 2024 and 2023





The District's expenses are predominately related to educating students. Programs (or functions) such as elementary and secondary regular instruction, vocational education instruction, special education instruction, and instructional support services are directly related to classroom instruction, while the rest of the programs support instruction and other necessary costs to operate the District. The shift in expenses between programs compared to prior year was largely due to changes in the TRA state-wide pension plan obligations.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District is also reflected in its governmental funds. Table 3 shows the change in total fund balances of each of the District's governmental funds:

Table 3
Governmental Fund Balances
as of June 30, 2024 and 2023

	2024	2023	Change
Major funds			
General	$ 41,421,623	$ 36,363,974	$ 5,057,649
Capital Projects – Building Construction	63,027,907	99,321,450	(36,293,543)
Debt Service			
Regular	5,382,443	4,370,085	1,012,358
OPEB	470,215	412,720	57,495
Nonmajor funds			
Food Service Special Revenue	4,515,880	3,763,484	752,396
Community Service Special Revenue	3,921,526	3,955,517	(33,991)
Total governmental funds	$118,739,594	$148,187,230	$ (29,447,636)

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use, as they represent the portion of fund balance that has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District's School Board.

At June 30, 2024, the District's governmental funds reported combined fund balances of $118,739,594, a decrease of $29,447,636 in comparison with the prior year. Of this amount, $23,083,953 constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is: 1) not in spendable form ($2,060,968), 2) restricted for particular purposes ($90,871,617), or 3) assigned for particular purposes ($2,723,056).

Changes in the table above are discussed on the following pages.

ANALYSIS OF THE GENERAL FUND

Table 4 summarizes the amendments to the General Fund budget:

Table 4
General Fund
Budget

	Original Budget	Final Budget	Change	Percent Change
Revenue	$ 185,353,743	$ 186,653,743	$ 1,300,000	0.7%
Expenditures	$ 185,497,887	$ 187,847,887	$ 2,350,000	1.3%

The District is required to adopt an operating budget prior to the beginning of its fiscal year, referred to above as the original budget. During the year, the District amended the budget for known significant changes in circumstances, such as: updated enrollment estimates, legislative changes, additional funding received from grants or other local sources, staffing changes, employee contract settlements, insurance premium changes, special education tuition changes, or for new debt issued.

Table 5 summarizes the operating results of the General Fund:

Table 5
General Fund
Operating Results

		Over (Under) Final Budget		Over (Under) Prior Year	
	2024 Actual	Amount	Percent	Amount	Percent
Revenue and other financing sources	$ 189,411,753	$ 2,758,010	1.5%	$ 15,671,468	9.0%
Expenditures	184,354,104	(3,493,783)	(1.9%)	4,283,093	2.4%
Net change in fund balances	$ 5,057,649	$ 6,251,793		$ 11,388,375	

The fund balance of the General Fund increased $5,057,649 from the prior year, compared to a $1,194,144 decrease planned in the budget.

General Fund revenues and other financing sources were 1.5 percent over budget, primarily in state sources with general education and special education aid exceeding expectations. The increase from the prior year was mainly in state sources and property taxes. State sources increased over the prior year with more special education and basic skills funding in fiscal 2024. Additional funding for the basic general education formula allowance and increased enrollment also increased state sources. Property taxes were up as anticipated with the approved levy in the current year. These increases were offset by a decrease in federal sources due to pandemic-related entitlements. A decrease in lease activity also decreased revenue and other financing sources from the prior year.

General Fund expenditures and other financing uses were 1.9 percent under budget, primarily in employee benefits due to unemployment costs and health insurance costs being less than anticipated. Expenditures increased from the prior year, mainly in salaries and purchased services. Salaries increased due to contractual increases in the current year. Purchased services costs increased, mainly in special education instruction with increased contractual services costs directly related to vacant position in this function, and in pupil support services with increased transportation costs. Capital expenditures decreased mainly in leasing activity.

COMMENTS ON SIGNIFICANT ACTIVITIES IN OTHER FUNDS

Capital Projects – Building Construction Fund

The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities. This fund ended the year with a fund balance decrease of $36,293,543, due to the spend down of prior year bond issues. At June 30, 2024, this fund had a fund balance of $63,027,907 restricted for long-term facilities maintenance ($14,090,969) and capital projects ($48,936,938) for future construction in accordance with the District-Wide Facilities Plan.

Debt Service Fund

The Debt Service Fund revenues exceeded expenditures by $1,069,853 in the current year. The funding of the Debt Service Fund is largely controlled with each individual debt obligation's financing plan. The remaining fund balance of $5,852,658 at June 30, 2024 is available for meeting future debt service obligations.

Other Governmental Funds

The Food Service Special Revenue Fund ended the year with revenues exceeding expenditures, increasing equity by $752,396, compared to a planned fund balance increase of $259,938. Revenues shifted from revenue from meal sales to state sources, due to the change in food service programs as previously discussed. Revenues were over budget with more participation than projected and conservative budgeting. Expenditures were more than projected in salaries, due to additional staff hired with the change in programming, which wasn't included in the budget. This budget variance was offset by supplies and materials, which were under budget, mainly in food costs. As of June 30, 2024, the fund balance was 52.1 percent of expenditures.

The Community Service Special Revenue Fund ended the year with expenditures exceeding revenues, decreasing equity by $33,991, compared to a planned fund balance decrease of $214,608. The variance to budget was primarily in revenues from investment earnings, state sources, and other local sources, due to conservative budgeting. As of June 30, 2024, the fund balance was 32.1 percent of expenditures.

Internal Service Fund

Internal service funds are used to account for the financing of goods and services provided by one department or agency of a government to other departments or agencies on a cost-reimbursement basis. The District currently maintains two internal service funds, which are used to account for the District's self-insured health and dental insurance activities.

Operating revenues for the internal service funds for fiscal 2024 totaled $23,614,096, while operating expenses totaled $25,128,892.

The net position for the internal service funds as of June 30, 2024 was $4,218,891, which represents a $1,264,889 decrease from the prior year. This decrease is mainly due to medical expenses being higher than insurance premiums contributed from the governmental funds. As of June 30, 2024, the net position represents 16.8 percent of operating expenses.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

Table 6 shows the District's capital assets, together with changes from the previous year. The table also shows the total depreciation/amortization expense for fiscal years ended June 30, 2024 and 2023:

Table 6
Capital Assets

	2024	2023	Change
Land	$ 19,577,877	$ 19,577,877	$ –
Construction in progress	96,785,979	243,622,913	(146,836,934)
Land improvements	13,196,938	12,640,898	556,040
Buildings and improvements	437,109,826	251,235,164	185,874,662
Furniture and equipment	24,082,323	23,231,295	851,028
Lease – buildings and improvements	3,619,529	4,385,096	(765,567)
Lease – furniture and equipment	897,950	897,950	–
Technology subscriptions	1,688,323	926,763	761,560
Less accumulated depreciation/amortization	(131,410,264)	(124,254,053)	(7,156,211)
Total	$ 465,548,481	$ 432,263,903	$ 33,284,578
Depreciation/amortization expense	$ 12,924,943	$ 8,127,825	$ 4,797,118

By the end of 2024, the District had invested in a broad range of capital assets, including school buildings, athletic facilities, and other equipment for various instructional programs (see Table 6).

The changes presented in the table above reflect the ongoing activity and completion of projects at district sites during fiscal year 2024, consistent with the District-Wide Facilities Plan discussed on the previous page.

The District defines capital assets as those with an initial, individual cost of $5,000 or more, which benefit more than one fiscal year.

Additional details about capital assets can be found in the notes to basic financial statements.

Long-Term Liabilities

Table 7 illustrates the components of the District's long-term liabilities, together with the change from the prior year:

Table 7
Outstanding Long-Term Liabilities

	2024	2023	Change
General obligation bonds payable	$ 415,815,000	$ 427,615,000	$ (11,800,000)
Certificates of participation payable	7,090,000	7,860,000	(770,000)
Premium (discount) on bonds payable and certificates of participation payable	18,529,779	20,597,259	(2,067,480)
Lease liability	3,509,654	4,088,468	(578,814)
Arbitrage liability	5,915,866	2,626,325	3,289,541
Net/total pension liability	117,093,130	121,278,286	(4,185,156)
Net OPEB liability	19,920,789	20,504,742	(583,953)
Severance benefits payable	3,293,210	4,247,542	(954,332)
Compensated absences payable	1,703,045	1,844,380	(141,335)
Total	$ 592,870,473	$ 610,662,002	$ (17,791,529)

The decrease in general obligation bonds payable, certificates of participation payable, premium/discount, and lease liability is due to scheduled principal payments and amortization in the current year.

With changes in the investment market, the District has recorded a projected arbitrage liability as of year-end.

The difference in the net/total pension liability reflects the change in the District's proportionate share of the state-wide PERA and TRA pension plans.

The state limits the amount of general obligation debt the District can issue to 15.0 percent of the market value of all taxable property within the District's corporate limits (see Table 8).

Table 8
Limitations on Debt

District's market value	$12,378,660,416
Limit rate	15.0%
Legal debt limit	$ 1,856,799,062

Additional details of the District's long-term debt activity can be found in the notes to basic financial statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

The general education program is the method by which school districts receive the majority of their financial support. This source of funding is primarily state aid and, as such, school districts rely heavily on the state of Minnesota for educational resources. The Legislature has added $143, or 2.00 percent, per pupil to the basic general education funding formula for fiscal year 2025 and $200, or 2.75 percent, for fiscal year 2026.

The amount of funding a district receives is also dependent on the number of students it serves, meaning attracting and retaining students is critical to the District's financial well-being.

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 resources it receives and utilizes. If you have questions about these statements, or need additional financial information, please contact the Business Services Department, Independent School District No. 622, 2520 East 12th Avenue, North St. Paul, Minnesota 55109.

BASIC FINANCIAL STATEMENTS

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INDEPENDENT SCHOOL DISTRICT NO. 622

Statement of Net Position
as of June 30, 2024
(With Partial Comparative Information as of June 30, 2023)

	Governmental Activities	
	2024	2023
Assets		
Cash and temporary investments	$ 142,838,728	$ 172,152,605
Receivables		
Current taxes	36,223,123	33,177,794
Delinquent taxes	1,052,541	645,151
Accounts and interest	1,147,654	1,603,367
Due from other governmental units	20,005,210	20,494,985
Due from post-employment benefits trust	700,000	–
Inventory	805,648	587,323
Prepaid items	1,262,121	573,841
Capital assets		
Not depreciated/amortized	116,363,856	263,200,790
Depreciated, net of accumulated depreciation/amortization	349,184,625	169,063,113
Total capital assets, net of accumulated depreciation/amortization	465,548,481	432,263,903
Total assets	669,583,506	661,498,969
Deferred outflows of resources		
Bond refunding deferments	81,298	101,622
OPEB plan deferments	1,747,749	2,502,523
Pension plan deferments	28,405,832	38,442,996
Total deferred outflows of resources	30,234,879	41,047,141
Total assets and deferred outflows of resources	$ 699,818,385	$ 702,546,110
Liabilities		
Salaries payable	$ 989,304	$ 1,169,928
Accounts and contracts payable	11,237,535	11,121,956
Accrued interest payable	5,875,470	5,937,128
Due to other governmental units	4,370,388	2,591,590
Unearned revenue	851,588	759,707
Claims incurred, but not reported	1,219,591	1,883,305
Long-term liabilities		
Due within one year	17,768,739	15,416,214
Due in more than one year	575,101,734	595,245,788
Total long-term liabilities	592,870,473	610,662,002
Total liabilities	617,414,349	634,125,616
Deferred inflows of resources		
Bond refunding deferments	493,218	604,144
Property taxes levied for subsequent year	61,582,490	57,526,268
OPEB plan deferments	6,464,019	6,548,097
Pension plan deferments	7,873,683	19,620,564
Total deferred inflows of resources	76,413,410	84,299,073
Net position		
Net investment in capital assets	82,919,169	75,660,779
Restricted for		
Capital asset acquisition	10,457,087	10,045,348
Debt service	305,303	–
Food service	4,515,880	3,763,484
Community service	3,942,578	3,967,124
Other purposes (state funding restrictions)	3,904,450	4,261,790
Unrestricted	(100,053,841)	(113,577,104)
Total net position	5,990,626	(15,878,579)
Total liabilities, deferred inflows of resources, and net position	$ 699,818,385	$ 702,546,110

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 622

Statement of Activities
Year Ended June 30, 2024
(With Partial Comparative Information for the Year Ended June 30, 2023)

	2024		
		Program Revenues	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions
Governmental activities			
Administration	$ 6,350,379	$ –	$ –
District support services	5,905,702	–	–
Elementary and secondary regular instruction	71,323,747	1,014,467	3,834,008
Vocational education instruction	3,767,454	–	16,581
Special education instruction	40,801,968	553,400	31,296,328
Instructional support services	9,663,639	–	–
Pupil support services	18,818,429	161,032	655,777
Sites and buildings	16,280,669	–	–
Fiscal and other fixed cost programs	991,313	–	–
Food service	8,726,388	199,800	9,076,555
Community service	12,174,340	3,533,729	6,889,810
Depreciation/amortization not included in other functions (excludes amounts directly allocated)	11,142,916	–	–
Interest and fiscal charges	15,666,146	–	–
Total governmental activities	$ 221,613,090	$ 5,462,428	$ 51,769,059

General revenues
Taxes
Property taxes levied for general purposes
Property taxes levied for community service
Property taxes levied for debt service
General grants and aids
Other general revenues
Gain on sale of capital assets
Investment earnings
Total general revenues

Change in net position

Net position – beginning

Net position – ending

	2023
Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Governmental Activities	Governmental Activities
$ (6,350,379)	$ (6,890,454)
(5,905,702)	(7,105,979)
(66,475,272)	(57,628,745)
(3,750,873)	(2,971,571)
(8,952,240)	(7,441,772)
(9,663,639)	(7,523,884)
(18,001,620)	(15,825,694)
(16,280,669)	(23,773,757)
(991,313)	(766,159)
549,967	(401,516)
(1,750,801)	(940,267)
(11,142,916)	(6,569,465)
(15,666,146)	(15,099,552)
(164,381,603)	(152,938,815)
33,773,221	31,074,882
1,560,758	1,560,548
25,943,317	24,108,850
115,862,967	107,077,639
1,996,095	2,043,412
–	63,059
7,114,450	5,368,054
186,250,808	171,296,444
21,869,205	18,357,629
(15,878,579)	(34,236,208)
$ 5,990,626	$ (15,878,579)

INDEPENDENT SCHOOL DISTRICT NO. 622

Balance Sheet
Governmental Funds
as of June 30, 2024
(With Partial Comparative Information as of June 30, 2023)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Assets			
Cash and temporary investments	$ 39,368,476	$ 69,998,209	$ 18,235,401
Receivables			
Current taxes	19,579,973	–	15,778,899
Delinquent taxes	601,493	–	424,256
Accounts and interest	439,501	582,173	–
Due from other governmental units	18,781,198	–	66,026
Due from other funds	700,000	–	–
Inventory	–	–	–
Prepaid items	1,253,077	–	–
Total assets	$ 80,723,718	$ 70,580,382	$ 34,504,582
Liabilities			
Salaries payable	$ 789,194	$ 1,271	$ –
Accounts and contracts payable	2,884,475	7,538,490	4,890
Due to other governmental units	3,331,751	12,714	–
Unearned revenue	107,727	–	–
Total liabilities	7,113,147	7,552,475	4,890
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	476,477	–	328,115
Property taxes levied for subsequent year	31,712,471	–	28,318,919
Total deferred inflows of resources	32,188,948	–	28,647,034
Fund balances			
Nonspendable	1,253,077	–	–
Restricted	14,361,537	63,027,907	5,852,658
Assigned	2,723,056	–	–
Unassigned	23,083,953	–	–
Total fund balances	41,421,623	63,027,907	5,852,658
Total liabilities, deferred inflows of resources, and fund balances	$ 80,723,718	$ 70,580,382	$ 34,504,582

Nonmajor Funds	Total Governmental Funds 2024	Total Governmental Funds 2023
$ 9,184,643	$ 136,786,729	$ 163,855,850
864,251	36,223,123	33,177,794
26,792	1,052,541	645,151
125,980	1,147,654	1,603,367
1,157,986	20,005,210	20,494,985
–	700,000	–
805,648	805,648	587,323
2,243	1,255,320	568,012
$ 12,167,543	$ 197,976,225	$ 220,932,482
$ 198,839	$ 989,304	$ 1,169,928
189,362	10,617,217	10,186,457
1,025,923	4,370,388	2,591,590
743,861	851,588	759,707
2,157,985	16,828,497	14,707,682
21,052	825,644	511,302
1,551,100	61,582,490	57,526,268
1,572,152	62,408,134	58,037,570
807,891	2,060,968	1,155,335
7,629,515	90,871,617	125,527,901
–	2,723,056	144,144
–	23,083,953	21,359,850
8,437,406	118,739,594	148,187,230
$ 12,167,543	$ 197,976,225	$ 220,932,482

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INDEPENDENT SCHOOL DISTRICT NO. 622

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
as of June 30, 2024
(With Partial Comparative Information as of June 30, 2023)

	2024	2023
Total fund balances – governmental funds	$ 118,739,594	$ 148,187,230
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	596,958,745	556,517,956
Accumulated depreciation/amortization	(131,410,264)	(124,254,053)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt issuance premiums and discounts are excluded from net position until amortized, but are included in fund balances upon issuance as other financing sources and uses.		
General obligation bonds payable	(415,815,000)	(427,615,000)
Certificates of participation payable	(7,090,000)	(7,860,000)
(Premiums) and discounts on debt	(18,529,779)	(20,597,259)
Lease liability	(3,509,654)	(4,088,468)
Arbitrage liability	(5,915,866)	(2,626,325)
Net/total pension liability	(117,093,130)	(121,278,286)
Net OPEB liability	(19,920,789)	(20,504,742)
Severance benefits payable	(3,293,210)	(4,247,542)
Compensated absences payable	(1,703,045)	(1,844,380)
Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.	(5,875,470)	(5,937,128)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Fund is included in the governmental activities in the Statement of Net Position.	4,218,891	5,483,780
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – bond refunding deferments	81,298	101,622
Deferred outflows of resources – OPEB plan deferments	1,747,749	2,502,523
Deferred outflows of resources – pension plan deferments	28,405,832	38,442,996
Deferred inflows of resources – bond refunding deferments	(493,218)	(604,144)
Deferred inflows of resources – OPEB plan deferments	(6,464,019)	(6,548,097)
Deferred inflows of resources – pension plan deferments	(7,873,683)	(19,620,564)
Deferred inflows of resources – unavailable revenue – delinquent taxes	825,644	511,302
Total net position – governmental activities	$ 5,990,626	$ (15,878,579)

INDEPENDENT SCHOOL DISTRICT NO. 622

Statement of Revenue, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2024
(With Partial Comparative Information for the Year Ended June 30, 2023)

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund
Revenue			
Local sources			
Property taxes	$ 33,608,667	$ –	$ 25,802,974
Investment earnings	1,501,831	4,424,755	607,934
Other	3,713,463	3,500	–
State sources	139,195,554	–	664,502
Federal sources	11,362,407	–	–
Total revenue	189,381,922	4,428,255	27,075,410
Expenditures			
Current			
Administration	6,585,790	–	–
District support services	6,662,627	–	–
Elementary and secondary regular instruction	75,622,425	–	–
Vocational education instruction	3,870,624	–	–
Special education instruction	41,806,346	–	–
Instructional support services	10,089,313	–	–
Pupil support services	17,990,933	–	–
Sites and buildings	18,979,200	–	–
Fiscal and other fixed cost programs	991,313	–	–
Food service	–	–	–
Community service	15,931	–	–
Capital outlay	–	40,721,798	–
Debt service			
Principal	1,348,814	–	11,800,000
Interest and fiscal charges	390,788	–	14,205,557
Total expenditures	184,354,104	40,721,798	26,005,557
Excess (deficiency) of revenue over expenditures	5,027,818	(36,293,543)	1,069,853
Other financing sources			
Debt issued	–	–	–
Premium on debt issued	–	–	–
Sale of capital assets	29,831	–	–
Insurance recovery	–	–	–
Total other financing sources	29,831	–	–
Net change in fund balances	5,057,649	(36,293,543)	1,069,853
Fund balances			
Beginning of year	36,363,974	99,321,450	4,782,805
End of year	$ 41,421,623	$ 63,027,907	$ 5,852,658

See notes to basic financial statements

Nonmajor Funds	Total Governmental Funds 2024	Total Governmental Funds 2023
$ 1,551,313	$ 60,962,954	$ 56,808,986
330,023	6,864,543	5,193,088
3,733,529	7,450,492	8,457,651
9,084,761	148,944,817	127,326,704
6,881,604	18,244,011	20,101,999
21,581,230	242,466,817	217,888,428
–	6,585,790	7,860,668
–	6,662,627	7,763,099
–	75,622,425	73,497,919
–	3,870,624	3,570,113
–	41,806,346	37,193,110
–	10,089,313	9,014,556
–	17,990,933	16,557,057
–	18,979,200	21,637,805
–	991,313	766,159
8,464,618	8,464,618	7,560,854
12,168,301	12,184,232	11,319,928
229,906	40,951,704	73,340,400
–	13,148,814	11,967,148
–	14,596,345	14,804,582
20,862,825	271,944,284	296,853,398
718,405	(29,477,467)	(78,964,970)
–	–	23,055,045
–	–	1,991,514
–	29,831	94,782
–	–	1,350,286
–	29,831	26,491,627
718,405	(29,447,636)	(52,473,343)
7,719,001	148,187,230	200,660,573
$ 8,437,406	$ 118,739,594	$ 148,187,230

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Reconciliation of the Statement of
Revenue, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
Year Ended June 30, 2024
(With Partial Comparative Information for the Year Ended June 30, 2023)

	2024	2023
Total net change in fund balances – governmental funds.	$ (29,447,636)	$ (52,473,343)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded in net position and the cost is allocated over their estimated useful lives as depreciation/amortization expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	47,516,115	72,878,011
Depreciation/amortization expense	(12,924,943)	(8,127,825)
A gain or loss on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balances.	(1,306,594)	(16,445)
The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities.		
General obligation bonds payable	–	(19,560,000)
Lease liability	–	(3,495,045)
Arbitrage liability	(3,289,541)	(2,626,325)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
General obligation bonds payable	11,800,000	10,115,000
Certificates of participation payable	770,000	745,000
Finance purchase payable	–	431,510
Lease liability	578,814	675,638
Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.	61,658	322,637
Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses.	2,067,480	(73,398)
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Net/total pension liability	4,185,156	(57,307,567)
Net OPEB liability	583,953	864,827
Severance benefits payable	954,332	(257,159)
Compensated absences payable	141,335	(98,476)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities.	(1,264,889)	(2,870,366)
The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.		
Deferred outflows of resources – bond refunding deferments	(20,324)	(20,324)
Deferred outflows of resources – OPEB plan deferments	(754,774)	(488,542)
Deferred outflows of resources – pension plan deferments	(10,037,164)	(163,579)
Deferred inflows of resources – bond refunding deferments	110,926	110,926
Deferred inflows of resources – OPEB plan deferments	84,078	769,035
Deferred inflows of resources – pension plan deferments	11,746,881	79,088,145
Deferred inflows of resources – unavailable revenue – delinquent taxes	314,342	(64,706)
Change in net position – governmental activities	$ 21,869,205	$ 18,357,629

See notes to basic financial statements

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INDEPENDENT SCHOOL DISTRICT NO. 622

Statement of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
Year Ended June 30, 2024

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
Revenue				
Local sources				
Property taxes	$ 33,420,632	$ 33,420,632	$ 33,608,667	$ 188,035
Investment earnings	226,188	1,226,188	1,501,831	275,643
Other	3,721,190	3,899,850	3,713,463	(186,387)
State sources	137,516,507	137,637,847	139,195,554	1,557,707
Federal sources	10,469,226	10,469,226	11,362,407	893,181
Total revenue	185,353,743	186,653,743	189,381,922	2,728,179
Expenditures				
Current				
Administration	7,954,378	7,929,378	6,585,790	(1,343,588)
District support services	9,358,147	8,733,147	6,662,627	(2,070,520)
Elementary and secondary regular instruction	76,024,203	76,139,669	75,622,425	(517,244)
Vocational education instruction	2,079,602	2,682,057	3,870,624	1,188,567
Special education instruction	41,520,439	41,997,518	41,806,346	(191,172)
Community education instruction	–	–	15,931	15,931
Instructional support services	8,615,868	8,989,967	10,089,313	1,099,346
Pupil support services	17,886,985	18,954,186	17,990,933	(963,253)
Sites and buildings	19,675,548	20,039,248	18,979,200	(1,060,048)
Fiscal and other fixed cost programs	926,171	926,171	991,313	65,142
Debt service				
Principal	1,436,061	1,436,061	1,348,814	(87,247)
Interest and fiscal charges	20,485	20,485	390,788	370,303
Total expenditures	185,497,887	187,847,887	184,354,104	(3,493,783)
Excess (deficiency) of revenue over expenditures	(144,144)	(1,194,144)	5,027,818	6,221,962
Other financing sources				
Sale of capital assets	–	–	29,831	29,831
Net change in fund balances	$ (144,144)	$ (1,194,144)	5,057,649	$ 6,251,793
Fund balances				
Beginning of year			36,363,974	
End of year			$ 41,421,623	

Internal Service Funds
Statement of Net Position
as of June 30, 2024
(With Partial Comparative Information as of June 30, 2023)

	2024	2023
Assets		
Current assets		
Cash and temporary investments	$ 6,051,999	$ 8,296,755
Prepaid items	6,801	5,829
Total assets	6,058,800	8,302,584
Liabilities		
Current liabilities		
Accounts and contracts payable	620,318	935,499
Claims incurred, but not reported	1,219,591	1,883,305
Total liabilities	1,839,909	2,818,804
Net position		
Unrestricted	$ 4,218,891	$ 5,483,780

INDEPENDENT SCHOOL DISTRICT NO. 622

Internal Service Funds
Statement of Revenue, Expenses, and Changes in Net Position
Year Ended June 30, 2024
(With Partial Comparative Information for the Year Ended June 30, 2023)

	2024	2023
Operating revenue		
Charges for services	$ 23,614,096	$ 23,420,602
Operating expenses		
Dental benefit claims	1,933,714	1,903,075
Medical benefit claims	21,495,364	22,942,621
Fees and stop-loss	1,699,814	1,620,238
Total operating expenses	25,128,892	26,465,934
Operating income (loss)	(1,514,796)	(3,045,332)
Nonoperating revenue		
Investment earnings	249,907	174,966
Change in net position	(1,264,889)	(2,870,366)
Net position		
Beginning of year	5,483,780	8,354,146
End of year	$ 4,218,891	$ 5,483,780

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INDEPENDENT SCHOOL DISTRICT NO. 622

Internal Service Funds
Statement of Cash Flows
Year Ended June 30, 2024
(With Partial Comparative Information for the Year Ended June 30, 2023)

	2024	2023
Cash flows from operating activities		
Contributions from governmental funds	$ 23,614,096	$ 23,420,602
Payments for dental benefit claims	(1,968,145)	(1,878,724)
Payments for medical benefit claims	(22,441,586)	(21,716,953)
Payments for fees and stop-loss	(1,699,028)	(1,620,057)
Net cash flows from operating activities	(2,494,663)	(1,795,132)
Cash flows from investing activities		
Investment income received	249,907	174,966
Net change in cash and cash equivalents	(2,244,756)	(1,620,166)
Cash and cash equivalents		
Beginning of year	8,296,755	9,916,921
End of year	$ 6,051,999	$ 8,296,755
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	$ (1,514,796)	$ (3,045,332)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities		
Changes in assets and liabilities		
Prepaid items	(972)	(5,829)
Accounts and contracts payable	(315,181)	637,976
Claims incurred, but not reported	(663,714)	618,053
Net cash flows from operating activities	$ (2,494,663)	$ (1,795,132)

See notes to basic financial statements

INDEPENDENT SCHOOL DISTRICT NO. 622

Statement of Fiduciary Net Position
as of June 30, 2024

		Post-Employment Benefits Trust Fund
Assets		
Cash and temporary investments	$	1,593,950
Investments, at fair value		
U.S. treasuries		3,194,676
Investment pools/mutual funds		9,833,391
Receivables		
Accounts and interest		158,706
Total assets		14,780,723
Liabilities		
Due to governmental funds		700,000
Net position		
Restricted for OPEB	$	14,080,723

INDEPENDENT SCHOOL DISTRICT NO. 622

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2024

	Post-Employment Benefits Trust Fund
Additions	
Contributions	
Employee	$ 799,824
Investment earnings	
Total investment earnings	916,317
Less investment expense	9,600
Net investment earnings	906,717
Total additions	1,706,541
Deductions	
Benefits paid to plan members	1,499,824
Change in net position	206,717
Net position	
Beginning of year	13,874,006
End of year	$ 14,080,723

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Independent School District No. 622 (the District) was formed and operates pursuant to applicable Minnesota laws and statutes. The District is governed by a School Board elected by voters of the District. The District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, 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. Reporting Entity

The accompanying financial statements include all funds, departments, agencies, boards, commissions, and other organizations that comprise the District, along with any component units.

Component units are legally separate entities for which the District (the 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. Government-Wide Financial Statement Presentation

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. The fiduciary funds are only reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position at the fund financial statement level. Generally, the effect of material interfund activity has been removed from the government-wide financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For capital assets that can be specifically identified with or allocated to functional areas, depreciation/amortization expense is included as a direct expense in the functional areas that utilize the related capital assets. For capital assets that essentially serve all functional areas, depreciation/amortization expense is reported as "depreciation/amortization not included in other functions." Interest on debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements. The Proprietary Funds (Internal Service Funds) are presented in the proprietary fund financial statements. Because the principal users of the internal services are the District's governmental activities, the Internal Service Funds are consolidated into the governmental activities in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity. Fiduciary funds are presented in the fiduciary fund financial statements by type: pension (or other benefit) trust. Since, by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, this fund is excluded from the government-wide financial statements.

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 funds are charges to customers (other district funds and employees) for service. Operating expenses for the internal service funds include the cost of services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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. Revenues are generally considered as available if collected within 60 days after year-end. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to funding formulas established by Minnesota Statutes. Other revenue is considered available if collected within 60 days. Proceeds of long-term debt are reported as other financing sources.

2. **Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and other long-term liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. In the General Fund, capital outlay expenditures are included within the applicable functional areas.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as described earlier in these notes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Funds

The existence of the various district funds has been established by the Minnesota Department of Education (MDE). Each fund is accounted for as an independent entity. A description of the funds included in this report is as follows:

Major Governmental Funds

General Fund – The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects – Building Construction Fund – The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities authorized by bond issue or under the long-term facilities maintenance program.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and payment of general obligation debt principal, interest, and related costs. The regular debt service account is used for all general obligation debt service except for the financial activities of the other post-employment benefits (OPEB) debt service account. The OPEB debt service account is used to pay principal, interest, and related costs on the 2018D Taxable OPEB Refunding Bond issue.

Nonmajor Governmental Funds

Food Service Special Revenue Fund – The Food Service Special Revenue Fund is used primarily to record financial activities of the District's child nutrition program.

Community Service Special Revenue Fund – The Community Service Special Revenue 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.

Proprietary Funds

Internal Service Funds – The Internal Service Funds account for the financing of goods or services provided by one department to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The District's Internal Service Funds are used to account for dental and health insurance offered by the District to its employees as self-insured plans.

Fiduciary Fund

Post-Employment Benefits Trust Fund – The Post-Employment Benefits Trust Fund is used to administer resources received and held by the District as the trustee for others. The Post-Employment Benefits Trust Fund includes assets held in an irrevocable trust to fund post-employment insurance benefits of eligible employees.

E. Budgetary Information

Each June, the School Board adopts an annual budget for the following fiscal year for all governmental funds. The budget for each fund is prepared on the same basis of accounting as the fund financial statements. Legal budgetary control is at the fund level.

Budgeted expenditure appropriations lapse at year-end. Actual expenditures exceeded final budgeted appropriations by $106,672, $87,104, and $7,306 in the Food Service Special Revenue Fund, Community Service Special Revenue Fund, and Debt Service Fund, respectively. The excess expenditures were approved by the School Board as required by Minnesota Statutes, and were financed with revenues in excess of budget, other financing sources, or available fund balances.

F. Cash and Temporary 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 are allocated specifically to that fund.

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. In the Post-Employment Benefits Trust Fund, this represents assets contributed to an irrevocable trust established to finance the District's liability for post-employment insurance benefits. 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 fund's equity in the government-wide cash and investment management pool is considered to be a cash equivalent.

Investments are generally stated at fair value, except for investments in certain 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 may also be reported at amortized cost. Investment income is accrued at the Balance Sheet date. Guaranteed investment contracts are valued on a cost-basis measure and, therefore, are not subject to the fair value disclosure.

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Receivables

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.

At June 30, 2024, the District reported the following receivables due from other governmental units:

Due from the MDE	$ 19,464,341
Due from other Minnesota school districts	495,990
Due from other governmental units	44,879
Total due from other governmental units	$ 20,005,210

H. Inventories

Inventories are recorded using the consumption method of accounting and consist of purchased food, supplies, and surplus commodities received from the federal government. Purchased food and supplies are recorded at cost on a first-in, first-out basis. Surplus commodities are stated at standardized costs, as determined by the U.S. Department of Agriculture.

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items are recorded as expenses/expenditures at the time of consumption.

J. Property Taxes

The majority of district revenue is determined annually by statutory funding formulas. The total revenue allowed by these formulas is allocated between property taxes and state aids by the Legislature based on education funding priorities.

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 $3,317,839 of the property tax levy collectible in 2024 as revenue to the District in fiscal year 2023–2024. The remaining portion of the taxes collectible in 2024 is recorded as deferred inflow of resources (property taxes levied for subsequent year).

Property tax levies are certified to the County Auditor in December of each year for collection from taxpayers in May and October of the following calendar year. In Minnesota, counties act as collection agents for all property taxes. The county spreads all levies over taxable property. Such taxes become a lien on property on the following January 1. The county generally remits taxes to the District at periodic intervals as they are collected.

Taxes that 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 fund financial statements because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes is considered necessary.

K. Subscription-Based Information Technology Arrangements (SBITAs)

A SBITA is a contract that conveys control of the right to use another party's information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The District has entered into certain SBITAs for education, evaluation tracking, and other purposes. Technology subscriptions associated with SBITAs are presented separately from other capital assets in Note 3 and are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets. When applicable, a subscription liability is reported in Note 4 to include the terms and related disclosures associated with any subscription liability.

L. Capital Assets

Capital assets are capitalized at historical cost, or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated acquisition value at the date of donation. Lease assets are recorded based on the measurement of payments applicable to the lease term. Technology subscriptions are recorded based on the measurement of any subscription liability plus the payment due to a SBITA vendor at the commencement of the subscription term, including any applicable initial implementation costs as defined in the standard. The District defines capital assets as those with an initial, individual cost of $5,000 or more, which benefit more than one fiscal year. Groups of similar assets acquired at or near the same time for a single objective, with individual acquisition costs below this threshold, are also capitalized if cost of the assets in considered significant in the aggregate. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is 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 declared as 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, ranging from 20 to 50 years for land improvements and buildings and improvements, and 5 to 20 years for furniture and equipment. Lease assets are amortized over the term of the lease or over the useful life of the applicable asset class previously described if future ownership is anticipated. Technology subscriptions are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets. Capital assets that are not depreciated include land and construction in progress.

The District does not possess any 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.

M. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. If material, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

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 or discounts on debt issuances are reported as other financing sources or uses, respectively.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Compensated Absences Payable

1. **Vacation Pay –** Under the terms of union contracts, certain employees accrue vacation at varying rates, portions of which may be carried over to future years. Employees are reimbursed for any unused, accrued vacation and related benefits upon termination. Vacation pay is accrued when incurred in the government-wide financial statements. Unused vacation pay is accrued in governmental fund financial statements only when it has matured, due to employee termination or similar circumstances.

2. **Sick Pay** – Substantially all district employees are entitled to sick leave at various rates. Unused sick leave enters into the calculation of severance benefits for some employees upon termination.

O. Severance Benefits

The District provides lump sum severance benefits to eligible employees in accordance with provisions in certain collectively bargained contracts. Eligibility for these benefits is based on years of service and/or minimum age requirements. The amount of the severance or retirement benefit is calculated by converting a portion of unused accumulated sick leave. No individual can receive severance benefits in excess of one year's salary.

Members of certain employee groups may also elect to receive district matching contributions paid into tax-deferred matching contribution plans. The amount of any severance or retirement benefit due to an individual is reduced by the total contributions made to such a plan over the course of that individual's employment. Severance or retirement benefits are required to be paid out within 30 days following the effective date of retirement. Retirement benefits for eligible teachers are paid into a post-employment healthcare savings plan, administered by the Minnesota State Retirement System. For all other employees, severance benefits are paid out directly to the employee.

The amount of severance is recorded as a liability in the government-wide financial statements as it is earned and it becomes probable that it will vest at some point in the future. Severance or retirement pay is accrued in the governmental fund financial statements only when it becomes due and payable.

P. State-Wide Pension Plans

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 Employees Retirement Association (PERA) and the Teachers Retirement Association (TRA) and additions to/deductions from the PERA's and the TRA's fiduciary net positions have been determined on the same basis as they are reported by the PERA and the TRA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The TRA has a special funding situation created by direct aid contributions made by the state of Minnesota, City of Minneapolis, and Minneapolis School District. The direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. A second direct aid source is from the state of Minnesota for the merger of the Duluth Teachers Retirement Fund Association in 2015.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Other Post-Employment Benefits (OPEB) Plan

The District provides post-employment healthcare benefits to eligible employee groups in accordance with provisions in certain collectively bargained contracts based on years of service and/or minimum age requirements. See the OPEB Plan note for further information.

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the District. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and certain investments that have a maturity at the time of purchase of one year or less, which may be reported at amortized cost.

R. Risk Management and Self-Insurance

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; natural disasters; and workers' compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in the District's insurance coverage in the current year.

2. **Self-Insurance** – The District has established two internal service funds to account for and finance its self-insured risk of loss for respective employee dental and health insurance plans. Under these plans, the internal service funds provide coverage to participating employees and their dependents for various dental and healthcare costs as described in the plans.

   The District makes premium payments that include both employer and employee contributions to the internal service funds on behalf of program participants based on provisional rates determined by insurance company estimates of monthly claims paid for each coverage class, plus the stop-loss health and dental insurance premium costs and administrative service charges.

   District claim liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported. Because actual claim liabilities depend on complex factors, such as inflation, changes in legal doctrines, and damage awards, the process used in computing a claim liability does not necessarily result in an exact amount. Claim liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

   Changes in the balance of health insurance claim liabilities for the last two years are as follows:

Fiscal Year Ended June 30,	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2023	$ 1,229,585	$ 24,457,132	$ 23,843,769	$ 1,842,948
2024	$ 1,842,948	$ 23,090,775	$ 23,740,020	$ 1,193,703

Changes in the balance of dental insurance claim liabilities for the last two years are as follows:

Fiscal Year Ended June 30,	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2023	$ 35,667	$ 2,008,802	$ 2,004,112	$ 40,357
2024	$ 40,357	$ 2,038,117	$ 2,052,586	$ 25,888

S. Net Position

In the government-wide, internal service, and fiduciary fund financial statements, net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflow of resources. Net position is displayed in three components:

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation and amortization, reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted Net Position** – Consists of net position restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Unrestricted Net Position** – All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

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

T. Fund Balance Classifications

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

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** – Consists of internally imposed constraints that are established by resolution of the School Board. Those committed amounts cannot be used for any other purpose 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. Pursuant to the School Board resolution, the District's director of finance is authorized to establish assignments of fund balance.
- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

U. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, statements of financial position or balance sheets will sometimes report separate sections for deferred outflows or inflows of resources. These separate financial statement elements represent a consumption or acquisition of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) or an inflow of financial resources (revenue) until then.

The District reports deferred outflows and inflows of resources related to bond refunding deferments in the government-wide Statement of Net Position. A bond refunding deferment results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The District also reports deferred outflows and inflows of resources related to pensions and OPEB in the government-wide Statement of Net Position. These deferred outflows and inflows result from differences between expected and actual economic experience, changes in actuarial assumptions, net collective difference between projected and actual investment earnings, changes in proportion, and contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension and OPEB standards.

Property taxes levied for subsequent years, which represents property taxes received or reported as a receivable before the period for which the taxes are levied, are reported as a deferred inflow of resources in both the government-wide Statement of Net Position and the governmental funds Balance Sheet. Property taxes levied for subsequent years are deferred and recognized as an inflow of resources in the government-wide financial statements in the year for which they are levied, and in the governmental fund financial statements during the year for which they are levied, if available.

Unavailable revenue from property taxes arises under a modified accrual basis of accounting and is reported only in the governmental funds Balance Sheet. Delinquent property taxes not collected within 60 days of year-end are deferred and recognized as an inflow of resources in the governmental funds in the period the amounts become available.

V. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements during the reporting period. Actual results could differ from those estimates.

W. Prior Period Comparative Financial Information/Reclassification

The basic financial statements include certain prior year partial comparative information in total, but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the prior year, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

Cash and investments at year-end consist of the following:

Deposits	$	36,136,459
Investments		121,321,216
Cash on hand		3,070
Total	$	157,460,745

Cash and investments are presented in the financial statements as follows:

Statement of Net Position		
Cash and temporary investments	$	142,838,728
Statement of Fiduciary Net Position		
Cash and temporary investments		
Post-Employment Benefits Trust Fund		14,622,017
Total	$	157,460,745

B. Deposits

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

The following is considered the most significant risk associated with deposits:

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may be lost.

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

The District's deposit policy does not further limit depository choices.

At year-end, the carrying amount of the District's deposits was $36,136,459, while the balance on the bank records was $39,121,468. At June 30, 2024, all deposits were fully covered by federal deposit insurance, surety bonds, or by collateral held by the District's agent in the District's name.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments

The District has the following investments at year-end:

Investment Type	Credit Risk – Credit Rating	Credit Risk – Rating Agency	Fair Value Measurements Using	Interest Risk – Maturity Duration in Years – Less Than 1	Interest Risk – Maturity Duration in Years – 1 to 5	Total
U.S. treasuries	N/A	N/A	Level 2	$ 11,255,015	$ 1,616,551	$ 12,871,566
Local government obligations	AA	S&P	Level 2	$ 1,963,580	$ –	1,963,580
Local government obligations	AA	Fitch	Level 2	$ 363,471	$ –	363,471
Guaranteed investment contract	A	Fitch	N/A	$ 157,068	$ –	157,068
Negotiable certificates of deposit	N/R	N/A	Level 2	$ 1,220,382	$ 492,214	1,712,596
Investment pools/mutual funds						
Minnesota School District Liquid Asset Fund – Liquid Class	AAA	S&P	Amortized Cost	N/A	N/A	186,586
Minnesota School District Liquid Asset Fund – MAX Class	AAA	S&P	Amortized Cost	N/A	N/A	350,548
MNTrust Investment Shares Portfolio	AAA	S&P	Amortized Cost	N/A	N/A	49,402,729
MNTrust Limited Term Duration	N/R	N/A	Amortized Cost	N/A	N/A	18,275,694
MNTrust Flex	N/R	N/A	Amortized Cost	N/A	N/A	943,029
MNTrust Term Series	N/R	N/A	Amortized Cost	N/A	N/A	18,000,000
MNTrust Term Series Flex	N/R	N/A	Amortized Cost	N/A	N/A	7,260,482
Goldman Sachs Government Institutional Fund	Aaa	Moody's	Level 2	N/A	N/A	7,747,494
Vanguard Total Bond Market ETF	N/R	N/A	Level 1	N/A	N/A	678,351
Vanguard Total Stock Market ETF	N/R	N/A	Level 1	N/A	N/A	1,407,546
First American Government Obligation Fund	AAA	S&P	Level 1	N/A	N/A	476
Total						$ 121,321,216

N/A – Not Applicable
N/R – Not Rated

The Minnesota School District Liquid Asset Fund (MSDLAF), Minnesota Trust (MNTrust) Investment Shares Portfolio, MNTrust Limited Term Duration, MNTrust Flex, MNTrust Term Series, and MNTrust Term Series Flex are regulated by Minnesota Statutes and are external investment pools not registered with the Securities and Exchange Commission. The District's investment in these investment pools is measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value. For the MSDLAF and MNTrust, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice for the MSDLAF Liquid Class; the redemption notice period is 14 days for the MSDLAF MAX Class with the exception of direct investments of funds distributed by the state of Minnesota. Withdrawals prior to the 14-day restriction period may be subject to a penalty and there is a 24-hour hold on all requests for redemptions. MN Trust Limited Term Duration must be deposited for a minimum of 30 calendar days. MNTrust Term Series Flex offers weekly liquidity with a one-day notice of withdrawal.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments are subject to various risks, the following of which are considered the most significant:

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

At year-end, $2,090,643 of the District's investments were uninsured and not registered in the District's name, with the securities held by the purchasing agent, or by its trust department or agent, but not in the District's name.

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the District's investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are 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 rated "A" or better; bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers. The District's investment policies do not further restrict investing in specific financial instruments.

Post-Employment Benefits Trust Fund – This fund represents investments administered by the District's OPEB Trust Fund investment managers. The District's investment policy extends to the OPEB Trust Fund investments.

Minnesota Statutes authorize the OPEB Trust Fund to invest in obligations of the U.S. treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the state of Minnesota or its municipalities, bankers' acceptances, future contracts, corporate bonds, common stock and foreign stock of the highest quality, mutual funds, repurchase and reverse repurchase agreements, and commercial paper if issued by a United States corporation or its Canadian subsidiary and if rated in the highest two quality categories by a nationally recognized rating agency; and in the State Board of Investments. Investments are stated at fair value.

Concentration Risk – This is the risk associated with investing a significant portion of the District's investments (considered 5.0 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District's investment policies do not address concentration risk.

Interest Rate Risk – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). 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.

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2024 is as follows:

	Balance – Beginning of Year	Additions	Deletions	Completed Construction	Balance – End of Year
Capital assets, not depreciated/amortized					
Land	$ 19,577,877	$ –	$ –	$ –	$ 19,577,877
Construction in progress	243,622,913	43,765,791	–	(190,602,725)	96,785,979
Total capital assets, not depreciated/amortized	263,200,790	43,765,791	–	(190,602,725)	116,363,856
Capital assets, depreciated/amortized					
Land improvements	12,640,898	252,711	–	303,329	13,196,938
Buildings and improvements	251,235,164	550,880	(4,975,614)	190,299,396	437,109,826
Furniture and equipment	23,231,295	2,185,173	(1,334,145)	–	24,082,323
Lease – buildings and improvements	4,385,096	–	(765,567)	–	3,619,529
Lease – furniture and equipment	897,950	–	–	–	897,950
Technology subscriptions	926,763	761,560	–	–	1,688,323
Total capital assets, depreciated/amortized	293,317,166	3,750,324	(7,075,326)	190,602,725	480,594,889
Less accumulated depreciation/amortization for					
Land improvements	(6,590,024)	(576,896)	–	–	(7,166,920)
Buildings and improvements	(100,842,731)	(9,837,952)	3,733,324	–	(106,947,359)
Furniture and equipment	(15,484,600)	(1,590,902)	1,269,841	–	(15,805,661)
Lease – buildings and improvements	(1,106,378)	(430,115)	765,567	–	(770,926)
Lease – furniture and equipment	(179,590)	(179,590)	–	–	(359,180)
Technology subscriptions	(50,730)	(309,488)	–	–	(360,218)
Total accumulated depreciation/amortization	(124,254,053)	(12,924,943)	5,768,732	–	(131,410,264)
Net capital assets, depreciated/amortized	169,063,113	(9,174,619)	(1,306,594)	190,602,725	349,184,625
Total capital assets, net	$ 432,263,903	$ 34,591,172	$ (1,306,594)	$ –	$ 465,548,481

Depreciation/amortization expense for the year ended June 30, 2024 was charged to the following governmental functions:

District support services	$ 17,480
Elementary and secondary regular instruction	261,934
Special education instruction	40,846
Pupil support services	1,296,006
Food service	165,761
Depreciation not included in other functions	11,142,916
Total depreciation/amortization expense	$ 12,924,943

NOTE 4 – LONG-TERM LIABILITIES

A. General Obligation Bonds Payable

The District currently has the following general obligation bonds payable outstanding:

Issue	Issue Date	Interest Rate	Original Issue	Amounts of Installments	Remaining Maturities	Principal Outstanding
General obligation bonds payable						
2016A Refunding Bonds	11/17/2016	5.00%	$ 34,050,000	$260,000–$5,200,000	02/01/2025–02/01/2027	$ 3,545,000
2017A Alternative Facility Refunding Bonds	05/18/2017	3.00%	$ 6,600,000	$575,000–$760,000	02/01/2025–02/01/2028	2,875,000
2018A Facilities Maintenance Bonds	09/13/2018	3.00–5.00%	$ 44,885,000	$210,000–$5,485,000	02/01/2026–02/01/2039	44,885,000
2018D Taxable OPEB Refunding Bonds	11/15/2018	2.90–3.60%	$ 13,985,000	$1,595,000–$1,935,000	02/01/2025–02/01/2027	5,615,000
2018E Alternative Facilities Refunding Bonds	11/15/2018	4.00–5.00%	$ 3,530,000	$265,000–$445,000	02/01/2025–02/01/2029	2,015,000
2019A School Building Bonds	11/14/2019	3.00–5.00%	$ 195,050,000	$1,375,000–$24,925,000	02/01/2030–02/01/2046	192,925,000
2019B Facilities Maintenance Bonds	11/14/2019	3.00–5.00%	$ 61,325,000	$325,000–$5,295,000	02/01/2025–02/01/2042	59,190,000
2019C Alternative Facility Refunding Bond	11/14/2019	4.00–5.00%	$ 7,040,000	$415,000–$845,000	02/01/2025–02/01/2031	4,785,000
2021A School Building and Refunding Bonds	12/16/2021	2.00–4.00%	$ 87,795,000	$2,840,000–$11,390,000	02/01/2025–02/01/2034	80,420,000
2023A Facilities Maintenance Bonds	04/12/2023	4.00–5.00%	$ 19,560,000	$1,080,000–$3,455,000	02/01/2025–02/01/2033	19,560,000
Total general obligation bonds payable						$ 415,815,000

These bonds were issued to finance acquisition and/or construction of capital facilities, to finance (refund) prior bond issues, or to finance OPEB obligations. 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 are equal to 105 percent of the principal and interest due each year. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

B. Certificates of Participation Payable

Issue	Issue Date	Interest Rate	Original Issue	Final Maturity	Principal Outstanding
Certificates of participation payable					
2010B Certificates of Participation	09/30/2010	2.00–3.50%	$ 2,500,000	02/01/2025	$ 215,000
2018C Certificates of Participation	09/13/2018	3.00–4.00%	$ 9,405,000	02/01/2034	6,875,000
Total certificates of participation payable					$ 7,090,000

The District sold certificates of participation under Minnesota Statutes § 123B.51 and § 465.71 to finance additions and improvements to existing school facilities or to refund prior certificates of participation issued. Scheduled future ad valorem lease obligation tax levies will be made to finance the retirement of principal and interest payments on the certificates. These certificates of participation are being paid by the General Fund.

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

C. Lease Liability

The District has obtained the use of certain building space and equipment through lease financing agreements. The total amount of underlying lease assets by major class and the related accumulated amortization is presented in Note 3 of the notes to basic financial statements. Annual principal and interest on these agreements will be paid from the General Fund. The agreements are secured by the original property. The lessor also may repossess the property and seek full recovery of the losses upon default.

The District currently has the following lease liability obligations outstanding:

Lease Description	Interest Rate	Lease Date	Final Maturity	Principal Outstanding
John Glenn building space	3.10%	06/30/2017	02/01/2027	$ 534,790
Next Step building space	3.62%	08/17/2023	07/17/2033	2,388,950
Copier equipment	3.62%	09/01/2022	08/01/2027	585,914
Total lease liability				$ 3,509,654

D. Arbitrage Liability

The District must remit to the Internal Revenue Service any bond proceeds issued at one rate but reinvested at higher rates as arbitrage rebates. These rebates are calculated and remitted every five years and upon maturity of related debt. These rebates will be paid by the Capital Projects – Building Construction Fund. The arbitrage liability relates to the 2018C, 2021A, and 2023A bonds.

E. Other Long-Term Liabilities

The District offers a number of benefits to its employees, including severance benefits, OPEB, pension benefits, and compensated absences. The details of these various benefit liabilities are discussed elsewhere in these notes. Such benefits are financed primarily from the General Fund. The District has also established a Post-Employment Benefits Trust Fund to finance OPEB obligations.

The District has three defined benefit pension plans, including two state-wide, cost-sharing, multiple-employer plans administered by the PERA and the TRA, and one single-employer plan administered by the District.

The following is a summary of the pension liabilities, deferred outflows and inflows of resources, and pension expense reported for these plans as of and for the year ended June 30, 2024:

Pension Plans	Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
State-wide, multiple-employer – PERA	$ 21,109,377	$ 6,854,511	$ 6,413,506	$ 3,544,424
State-wide, multiple-employer – TRA	95,722,661	21,549,291	1,366,635	636,588
Single-employer – District	261,092	2,030	93,542	(35,039)
Total	$ 117,093,130	$ 28,405,832	$ 7,873,683	$ 4,145,973

NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

F. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
General obligation bonds payable	$ 427,615,000	$ –	$ 11,800,000	$ 415,815,000	$ 14,360,000
Certificates of participation payable	7,860,000	–	770,000	7,090,000	800,000
Plus premium (discount)	20,597,259	–	2,067,480	18,529,779	–
Total bonds and certificates of participation payable	456,072,259	–	14,637,480	441,434,779	15,160,000
Lease liability	4,088,468	–	578,814	3,509,654	576,893
Arbitrage liability	2,626,325	3,289,541	–	5,915,866	–
Net/total pension liability	121,278,286	19,155,551	23,340,707	117,093,130	23,507
Net OPEB liability	20,504,742	1,578,640	2,162,593	19,920,789	–
Severance benefits payable	4,247,542	–	954,332	3,293,210	305,294
Compensated absences payable	1,844,380	1,752,641	1,893,976	1,703,045	1,703,045
	$ 610,662,002	$ 25,776,373	$ 43,567,902	$ 592,870,473	$ 17,768,739

G. Minimum Debt Payments

Minimum annual principal and interest payments to maturity for general obligation bonds, certificates of participation, and lease liability are as follows:

Year Ending	General Obligation Bonds		Certificates of Participation		Lease Liability	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 14,360,000	$ 13,859,621	$ 800,000	$ 241,506	$ 576,893	$ 116,279
2026	15,455,000	13,242,131	610,000	210,581	597,165	96,007
2027	17,200,000	12,587,566	630,000	186,181	618,152	75,020
2028	17,880,000	11,855,506	660,000	160,981	284,703	56,984
2029	19,250,000	11,096,756	675,000	141,181	261,446	47,556
2030–2034	87,830,000	45,189,619	3,715,000	376,538	1,171,295	90,463
2035–2039	97,740,000	31,285,244	–	–	–	–
2040–2044	113,475,000	15,318,750	–	–	–	–
2045–2046	32,625,000	1,209,750	–	–	–	–
	$ 415,815,000	$ 155,644,943	$ 7,090,000	$ 1,316,968	$ 3,509,654	$ 482,309

NOTE 5 – FUND BALANCES

The following is a breakdown of equity components of governmental funds, which are defined earlier in the report. When applicable, certain restrictions, which have an accumulated deficit balance at June 30, are included in unassigned fund balance in the District's financial statements in accordance with accounting principles generally accepted in the United States of America. A description of these deficit balance restrictions is included herein since the District has specific authority to future resources for such deficits.

A. Classifications

At year-end, a summary of the District's governmental fund balance classifications are as follows:

	General Fund	Capital Projects – Building Construction Fund	Debt Service Fund	Nonmajor Funds	Total
Nonspendable					
Inventory	$ –	$ –	$ –	$ 805,648	$ 805,648
Prepaid items	1,253,077	–	–	2,243	1,255,320
Total nonspendable	1,253,077	–	–	807,891	2,060,968
Restricted					
Student activities	139,636	–	–	–	139,636
Staff development	1,587,900	–	–	–	1,587,900
Literacy incentive aid	137,919	–	–	–	137,919
Operating capital	10,247,213	–	–	–	10,247,213
Safe schools levy	120,498	–	–	–	120,498
Long-term facilities maintenance	209,874	14,090,969	–	–	14,300,843
Student support personnel	72,407	–	–	–	72,407
Medical Assistance	1,846,090	–	–	–	1,846,090
Capital projects	–	48,936,938	–	–	48,936,938
Debt service	–	–	5,382,443	–	5,382,443
OPEB debt service	–	–	470,215	–	470,215
Food service	–	–	–	3,710,232	3,710,232
Community education	–	–	–	1,974,108	1,974,108
Early childhood family education	–	–	–	931,368	931,368
School readiness	–	–	–	664,378	664,378
Adult basic education	–	–	–	349,335	349,335
Community service	–	–	–	94	94
Total restricted	14,361,537	63,027,907	5,852,658	7,629,515	90,871,617
Assigned					
Subsequent year's budget	2,723,056	–	–	–	2,723,056
Unassigned	23,083,953	–	–	–	23,083,953
Total	$ 41,421,623	$ 63,027,907	$ 5,852,658	$ 8,437,406	$ 118,739,594

B. Minimum Unassigned Fund Balance Policy

The School Board has formally adopted a fund balance policy regarding the minimum unassigned fund balance for the General Fund. The policy establishes that the District will strive to maintain a minimum unassigned General Fund balance of 8.0 percent to 10.0 percent of the expenditure budget. At June 30, 2024, the unassigned fund balance of the General Fund (excluding restricted account deficits) was 12.5 percent of current year expenditures.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Descriptions

The District participates in the following cost-sharing, multiple-employer defined benefit pension plans administered by the PERA and the TRA. The PERA's and the TRA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes. The PERA's and the TRA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code (IRC).

1. General Employees Retirement Fund (GERF)

The PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

Certain full-time and part-time employees of the District other than teachers are covered by the GERF. GERF members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Teachers Retirement Association (TRA)

The TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with Minnesota Statutes, Chapters 354 and 356. The TRA is a separate statutory entity, administered by a Board of Trustees. The Board of Trustees consists of four active members, one retired member, and three statutory officials.

Educators employed in Minnesota's public elementary and secondary schools, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those employed by St. Paul Public Schools or Minnesota State Colleges and Universities (MnSCU)). Educators first hired by MnSCU may elect either TRA coverage or coverage through the Defined Contribution Retirement Plan administered by MnSCU.

B. Benefits Provided

The PERA and the TRA provide retirement, disability, and death benefits. Benefit provisions are established by state statutes and can only be modified by the State Legislature.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

1. GERF Benefits

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

Benefit increases are provided to benefit recipients each January. The post-retirement increase is equal to 50.0 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.0 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase, will receive the full increase. For recipients receiving the annuity or benefit for at least one month, but less than a full year as of the June 30 before the effective date of the increase, will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

2. TRA Benefits

The TRA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by Minnesota Statutes and vest after three years of service credit. The defined retirement benefits are based on a member's highest average salary for any five consecutive years of allowable service, age, and a formula multiplier based on years of credit at termination of service.

Two methods are used to compute benefits for the TRA's Coordinated and Basic Plan members. Members first employed before July 1, 1989, receive the greater of the Tier I or Tier II benefits as described.

Tier I Benefits

Step-Rate Formula	Percentage per Year
Basic Plan	
First 10 years of service	2.2 %
All years after	2.7 %
Coordinated Plan	
First 10 years if service years are up to July 1, 2006	1.2 %
First 10 years if service years are July 1, 2006 or after	1.4 %
All other years of service if service years are up to July 1, 2006	1.7 %
All other years of service if service years are July 1, 2006 or after	1.9 %

With these provisions:

(a) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.

(b) Three percent per year early retirement reduction factor for all years under normal retirement age.

(c) Unreduced benefits for early retirement under a Rule of 90 (age plus allowable service equals 90 or more).

Tier II Benefits

For years of service prior to July 1, 2006, a level formula of 1.7 percent per year for Coordinated Plan members and 2.7 percent per year for Basic Plan members applies. For years of service July 1, 2006 and after, a level formula of 1.9 percent per year for Coordinated Plan members and 2.7 percent per year for Basic Plan members applies. Beginning July 1, 2015, the early retirement reduction factors are based on rates established under Minnesota Statutes. Smaller reductions, more favorable to the member, will be applied to individuals who reach age 62 and have 30 years or more of service credit.

Members first employed after June 30, 1989, receive only the Tier II benefit calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66.

Six different types of annuities are available to members upon retirement. The No Refund Life Plan is a lifetime annuity that ceases upon the death of the retiree—no survivor annuity is payable. A retiring member may also choose to provide survivor benefits to a designated beneficiary(ies) by selecting one of the five plans that have survivorship features. Vested members may also leave their contributions in the TRA Fund upon termination of service in order to qualify for a deferred annuity at retirement age. Any member terminating service is eligible for a refund of their employee contributions plus interest.

The benefit provisions stated apply to active plan participants. Vested, terminated employees who are entitled to benefits, but not yet receiving them, are bound by the plan provisions in effect at the time they last terminated their public service.

C. Contributions

Minnesota Statutes set the rates for employer and employee contributions. Contribution rates can only be modified by the State Legislature.

1. GERF Contributions

Minnesota Statutes, Chapter 353 sets the rates for employee and employer contributions. Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024 and the District was required to contribute 7.50 percent for Coordinated Plan members. The District's contributions to the GERF for the year ended June 30, 2024, were $2,431,152. The District's contributions were equal to the required contributions as set by state statutes.

2. TRA Contributions

Minnesota Statutes, Chapter 354 sets the rates for employer and employee contributions. Rates for each fiscal year were:

	Year Ended June 30,					
	2022		2023		2024	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic Plan	11.00 %	12.34 %	11.00 %	12.55 %	11.25 %	12.75 %
Coordinated Plan	7.50 %	8.34 %	7.50 %	8.55 %	7.75 %	8.75 %

The District's contributions to the TRA for the plan's fiscal year ended June 30, 2024, were $6,608,741. The District's contributions were equal to the required contributions for each year as set by state statutes.

The following is a reconciliation of employer contributions in the TRA's fiscal year 2023 Annual Comprehensive Financial Report Statement of Changes in Fiduciary Net Position to the employer contributions used in the Schedule of Employer and Nonemployer Pension Allocations:

	in thousands
Employer contributions reported in the TRA's Annual Comprehensive Financial Report Statement of Changes in Fiduciary Net Position	$ 508,764
Add employer contributions not related to future contribution efforts	(87)
Deduct the TRA's contributions not included in allocation	(643)
Total employer contributions	508,034
Total nonemployer contributions	35,587
Total contributions reported in the Schedule of Employer and Nonemployer Allocations	$ 543,621

Amounts reported in the allocation schedules may not precisely agree with financial statement amounts or actuarial valuations, due to the number of decimal places used in the allocations. The TRA has rounded percentage amounts to the nearest ten thousandths.

D. Pension Costs

1. GERF Pension Costs

At June 30, 2024, the District reported a liability of $21,109,377 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of $16 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the District totaled $581,903. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all of the PERA's participating employers. The District's proportionate share was 0.3775 percent at the end of the measurement period and 0.3759 percent for the beginning of the period.

District's proportionate share of the net pension liability	$ 21,109,377
State's proportionate share of the net pension liability associated with the District	581,903
Total	$ 21,691,280

For the year ended June 30, 2024, the District recognized pension expense of $3,541,809 for its proportionate share of the GERF's pension expense. The District also recognized an additional $2,615 as pension expense and grant revenue for its proportionate share of the state of Minnesota's pension expense for the annual $16 million contribution.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

At June 30, 2024, the District reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 692,534	$ 137,715
Changes in actuarial assumptions	3,242,904	5,785,901
Net collective difference between projected and actual investment earnings on pension plan investments	–	444,924
Changes in proportion	487,921	44,966
District's contributions to the GERF subsequent to the measurement date	2,431,152	–
Total	$ 6,854,511	$ 6,413,506

The $2,431,152 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2025	$ 700,716
2026	$ (2,746,006)
2027	$ 513,077
2028	$ (457,934)

2. TRA Pension Costs

At June 30, 2024, the District reported a liability of $95,722,661 for its proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the TRA in relation to total system contributions, including direct aid from the state of Minnesota, City of Minneapolis, and Minneapolis School District. The District's proportionate share was 1.1594 percent at the end of the measurement period and 1.1391 percent for the beginning of the period.

The pension liability amount reflected a reduction due to direct aid provided to the TRA. 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:

District's proportionate share of the net pension liability	$ 95,722,661
State's proportionate share of the net pension liability associated with the District	6,705,160
Total	$ 102,427,821

For the year ended June 30, 2024, the District recognized negative pension expense of $307,551. It also recognized $944,139 as an increase to pension expense for the support provided by direct aid.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

At June 30, 2024, the District had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 904,656	$ 1,366,635
Changes in actuarial assumptions	10,631,494	–
Net collective difference between projected and actual investment earnings on pension plan investments	184,295	–
Changes in proportion	3,220,105	–
District's contributions to the TRA subsequent to the measurement date	6,608,741	–
Total	$ 21,549,291	$ 1,366,635

A total of $6,608,741 reported as deferred outflows of resources related to pensions resulting from district contributions to the TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2025	$ 2,235,450
2026	$ 644,865
2027	$ 11,255,168
2028	$ (657,285)
2029	$ 95,717

E. Long-Term Expected Return on Investment

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

The target allocation and best-estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	33.50 %	5.10 %
International equity	16.50	5.30 %
Private markets	25.00	5.90 %
Fixed income	25.00	0.75 %
Total	100.00 %	

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Assumptions	GERF	TRA
Inflation	2.25%	2.50%
Wage growth rate		2.85% before July 1, 2028, and 3.25% thereafter
Projected salary increase	3.00%	2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% thereafter
Investment rate of return	7.00%	7.00%

1. GERF

The long-term rate of return on pension plan investments used in the determination of the total liability is 7.00 percent. 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 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the GERF Plan. Benefit increases after retirement are assumed to be 1.25 percent for the GERF Plan.

Salary growth assumptions in the GERF Plan range in annual increments from 10.25 percent after one year of service to 3.00 percent after 27 years of service.

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

Actuarial assumptions for the GERF Plan are reviewed every four years. The most recent four-year experience study for the GERF Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation.

2. TRA

Salary increases were based on a service-related table.

	Mortality Assumptions Used in Valuation of Total Pension Liability
Pre-retirement	RP-2014 White Collar Employee Table, male rates set back five years and female rates set back seven years. Generational projection uses the MP-2015 Scale.
Post-retirement	RP-2014 White Collar Annuitant Table, male and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 Scale.
Post-disability	RP-2014 Disabled Retiree Mortality Table, without adjustment.

Cost of living benefit increases after retirement for retirees are assumed to be 1.00 percent for January 2019 through January 2023, then increasing by 0.10 percent each year, up to 1.50 percent annually.

Actuarial assumptions for the TRA Plan were based on the results of actuarial experience studies. The most recent experience study in the TRA Plan was completed in 2019, with economic assumptions updated in 2019.

The following changes in plan provisions and actuarial assumptions occurred in 2023:

1. **GERF**

   CHANGES IN PLAN PROVISIONS

   - An additional one-time direct state aid contribution of $170.1 million will be contributed to the Plan in 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, noncompounding benefit increase of 2.50 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

   CHANGES IN ACTUARIAL ASSUMPTIONS

   - The investment return assumption and single discount rate were changed from 6.50 percent to 7.00 percent.

2. **TRA**

   CHANGES IN ACTUARIAL ASSUMPTIONS

   - The normal retirement age for active and eligible Tier II members will be 65 effective July 1, 2024.
   - The employer contribution rate will increase from 8.75 percent to 9.50 percent on July 1, 2025.
   - The employee contribution rate will increase from 7.75 percent to 8.00 percent on July 1, 2025.
   - The pension adjustment rate for school districts and the base budgets for MnSCU, Perpich Center for Arts Education, and Minnesota academies will increase to reflect the 0.75 percent employer contribution rate increase.

G. Discount Rate

1. **GERF**

   The discount rate used to measure the total pension liability in 2023 was 7.00 percent. 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 GERF 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.

2. **TRA**

   The discount rate used to measure the total pension liability was 7.00 percent. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2023 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate.

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

H. Pension Liability Sensitivity

The following table presents the District's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed on the preceding page, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
GERF discount rate	6.00%	7.00%	8.00%
District's proportionate share of the GERF net pension liability	$ 37,344,184	$ 21,109,377	$ 7,755,632
TRA discount rate	6.00%	7.00%	8.00%
District's proportionate share of the TRA net pension liability	$ 152,670,604	$ 95,722,661	$ 49,103,836

I. Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the internet at www.mnpera.org.

Detailed information about the plan's fiduciary net position is available in a separately-issued TRA financial report. That report can be obtained at https://minnesotatra.org, by writing to the TRA at 60 Empire Drive, Suite 400, St. Paul, MN, 55103-4000; or by calling 651-296-2409 or 800-657-3669.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description

The District provides post-employment benefits to certain eligible employees through the OPEB Plan, a single-employer defined benefit plan administered by the District. Management of the plan is vested with the School Board of the District. All post-employment benefits are based on contractual agreements with employee groups. The District is phasing out post-employment medical and dental insurance to all district employees, in accordance with their respective master employment agreements. The eligibility for, amount of, duration of, and the District's contribution to the cost of the benefits provided varies by contract, hire dates, and date of retirement. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements.

The District administers a defined benefit Post-Employment Benefits Trust Fund. The assets of the plan are reported in the District's financial report in the Post-Employment Benefits Trust Fund, established by the District to finance these obligations. The plan assets may be used only for the payment of benefits of the plan, in accordance with the terms of the plan. The plan does not issue a publicly available financial report.

B. Benefits Provided

All retirees of the District upon retirement have the option under state law to continue their medical insurance coverage at their cost through the District from the time of retirement until the employee reaches the age of eligibility for Medicare. For members of certain employee groups, the District pays the eligible retiree's premiums for medical and dental insurance for some period after retirement. 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 periodically by the District. The District has established the Post-Employment Benefits Trust Fund to finance these obligations.

D. Membership

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

Retirees and beneficiaries receiving benefits	625
Active plan members	1,629
Total members	2,254

E. Net OPEB Liability of the District

The District's net OPEB liability was measured as of June 30, 2024. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2023, and update procedures were used to roll forward the total OPEB liability to the measurement date. The components of the net OPEB liability of the District at year-end were as follows:

Total OPEB liability	$ 34,001,512
Plan fiduciary net position	(14,080,723)
District's net OPEB liability	$ 19,920,789
Plan fiduciary net position as a percentage of the total OPEB liability	41.4%

F. Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2023 and a measurement date as of June 30, 2024, using the entry-age, level percentage of pay actuarial cost method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	4.10%
Expected long-term investment return	4.00% (net of investment expense)
20-year municipal bond yield	4.10%
Inflation rate	2.50%
Salary increases	3.00%
Healthcare trend rate	6.25%, grading to 5.00% over 6 years and then to 4.00% over the next 48 years
Dental trend rate	3.00%
Vision trend rate	5.00%
Medicare supplemental trend rate	4.00%

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.

The retirement and withdrawal assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies.

The District's policy in regard to the allocation of invested assets is established and may be amended by the School Board by a majority vote of its members. It is the policy of the School Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes allowable under state statutes.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

The long-term expected rate of return on OPEB Plan investments was set based on the plan's target investment allocation described below, along with long-term return expectations by asset class. When there is sufficient historical evidence of market outperformance, historical average returns may be considered. The target allocation and best-estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic equity	10.00 %	9.00 %
Fixed income	85.00	3.50 %
Cash	5.00	2.50 %
Total	100.00 %	4.00 %

G. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 6.50 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

H. Discount Rate

The discount rate used to measure the total OPEB liability was 4.10 percent. The projection of cash flows used to determine the discount rate was determined by projecting forward the fiduciary net position (assets) as of the valuation date, increasing by the investment return assumption, and reducing by benefit payments in each period until assets are exhausted. Expected benefit payments by year were discounted using the expected asset return assumptions for the years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate. The contribution and benefit payment history, as well as the funding policy, have also been considered. The District discount rate used in the prior measurement date was 3.90 percent.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

I. Changes in the Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Beginning balance – July 1, 2023	$ 34,378,748	$ 13,874,006	$ 20,504,742
Changes for the year			
Service cost	1,532,762	–	1,532,762
Interest	1,358,216	–	1,358,216
Assumption changes	(159,438)	–	(159,438)
Contributions – employer	–	1,491,897	(1,491,897)
Contributions – employee	–	799,824	(799,824)
Projected investment return	–	554,960	(554,960)
Differences between expected and actual experience	(916,879)	351,757	(1,268,636)
Benefit payments – employer-financed	(1,392,073)	(2,191,897)	799,824
Benefit payments – employee-financed	(799,824)	(799,824)	–
Total net changes	(377,236)	206,717	(583,953)
Ending balance – June 30, 2024	$ 34,001,512	$ 14,080,723	$ 19,920,789

Assumption changes since the prior measurement date include the following:

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The discount rate was changed from 3.90 percent to 4.10 percent.
- The expected long-term investment rate was changed from 4.10 percent to 4.00 percent.

J. Net OPEB Liability Sensitivity to Discount and Healthcare Cost Trend Rate Changes

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
OPEB discount rate	3.10%	4.10%	5.10%
Net OPEB liability	$ 22,946,863	$ 19,920,789	$ 17,281,052

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease in Healthcare Cost Trend Rate	Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
OPEB healthcare cost trend rate	5.25% decreasing to 4.00%, then 3.00%	6.25% decreasing to 5.00%, then 4.00%	7.25% decreasing to 6.00%, then 5.00%
OPEB dental trend rate	2.00%	3.00%	4.00%
OPEB vision trend rate	4.00%	5.00%	6.00%
OPEB Medicare supplement trend rate	3.00%	4.00%	5.00%
Net OPEB liability	$ 16,373,141	$ 19,920,789	$ 24,199,855

K. OPEB Expense and Related Deferred Outflows of Resources and Deferred Inflows of Resources

For the current year ended, the District recognized OPEB expense of $1,578,640. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 738,623	$ 2,109,535
Changes in actuarial assumptions	913,765	4,354,484
Difference between projected and actual investment earnings	95,361	–
	$ 1,747,749	$ 6,464,019

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

Year Ending June 30,	OPEB Expense Amount
2025	$ (772,062)
2026	$ (725,844)
2027	$ (936,792)
2028	$ (467,651)
2029	$ (489,759)
Thereafter	$ (1,324,162)

NOTE 8 – PENSION BENEFITS PLAN – DISTRICT

A. Plan Description

The District provides pension benefits to certain eligible employees through its Pension Benefits Plan, a single-employer defined benefit plan administered by the District. All pension benefits are based on contractual agreements with employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a publicly available financial report. These benefits are summarized as follows:

The District maintains various early retirement incentive payment plans for its employee groups. Each employee group plan contains benefit formulas based on years of service and/or minimum age requirements. No employee can receive severance or retirement benefits in excess of one year's salary.

B. Contributions and Funding Policy

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. There are no invested plan assets accumulated for payment of future benefits.

C. Membership

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

Active plan members	69

D. Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial valuation date of July 1, 2023, and update procedures were used to roll forward the total pension liability to the measurement date. The total pension liability was measured as of June 30, 2024, using the entry-age method, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	4.10%
20-year municipal bond yield	4.10%
Inflation rate	2.50%
Salary increases	3.00%

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale. The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota school district employees. The state pension plans base their assumptions on periodic experience studies.

E. Discount Rate

The discount rate used to measure the total pension liability was 4.10 percent. The District discount rate used in the prior measurement date was 3.90 percent. Since the plan is not funded, the discount rate is equal to the 20-year municipal bond rate, which was set by considering published rate information for 20-year high quality, tax-exempt, general obligation municipal bonds as of the measurement date.

NOTE 8 – PENSION BENEFITS PLAN – DISTRICT (CONTINUED)

F. Changes in the Total Pension Liability

		Total Pension Liability
Beginning balance – July 1, 2023	$	293,780
Changes for the year		
Service cost		17,920
Interest		11,326
Assumption changes		(1,822)
Differences between expected and actual experience		(17,146)
Benefit payments – employer-financed		(42,966)
Total net changes		(32,688)
Ending balance – June 30, 2024	$	261,092

Assumption changes since the prior measurement date include the following:

- The discount rate was changed from 3.90 percent to 4.10 percent.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.

G. Total Pension Liability Sensitivity to Discount Rate Changes

The following presents the total pension liability of the District, as well as what the District's total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

		1% Decrease in Discount Rate		Current Discount Rate		1% Increase in Discount Rate
Pension discount rate		3.10%		4.10%		5.10%
Total pension liability	$	270,476	$	261,092	$	251,869

H. Pension Expense and Related Deferred Outflows and Deferred Inflows of Resources

For the current year ended, the District recognized negative pension expense of $35,039. As of year-end, the District reported deferred outflows of resources and deferred inflows of resources related to this pension plan from the following sources:

		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual economic experience	$	–	$	82,591
Changes in actuarial assumptions		2,030		10,951
	$	2,030	$	93,542

NOTE 8 – PENSION BENEFITS PLAN – DISTRICT (CONTINUED)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to this pension plan will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2025	$ (64,285)
2026	$ (10,305)
2027	$ (10,504)
2028	$ (3,260)
2029	$ (3,158)

NOTE 9 – FLEXIBLE BENEFIT PLAN

The District has a flexible benefit plan, which is classified as a cafeteria plan (the Plan) under § 125 of the IRC. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pretax dollars withheld from payroll checks to the Plan for healthcare and dependent care benefits.

Before the beginning of the Plan year, which is from January 1 to December 31, each participant designates a total amount of pretax dollars to be contributed to the Plan during the year. At June 30, the District is contingently liable for claims against the total amount of participants' annual contributions to the Plan, whether or not such contributions have been made.

Payments of insurance premiums (health, dental, life, and disability) are made by the District directly to the designated service providers. These payments are made on a monthly basis and are accounted for in the General Fund, special revenue funds, and self-insurance fund.

Amounts withheld for medical reimbursement and dependent care are paid by the District to a trust account maintained by an outside administrator on a monthly basis. Payments are made by the outside administrator to participating employees upon submitting a request for reimbursement of eligible expenses incurred by the employee. The medical reimbursement and dependent care activity is included in the financial statements in the General Fund and special revenue funds.

All property of the Plan and income attributable to that property is solely the property of the District, subject to the claims of the District's general creditors. Participants' rights under the Plan are equal to those of general creditors in an amount equal to the eligible healthcare and dependent care expenses incurred by the participants. The District believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 10 – INTERFUND TRANSACTIONS

Interfund Receivables and Payables

The District's General Fund has an interfund receivable from the fiduciary Post-Employment Benefits Trust Fund relating to post-employment benefit costs of $700,000 to be reimbursed as of June 30, 2024.

Interfund receivables and payables reported in the fund financial statements are eliminated to the extent possible in the government-wide financial statements. However, receivables and payables between the District's governmental activities and fiduciary fund are not eliminated.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

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

B. Construction Contracts

The District is committed to various contracts awarded for construction and maintenance projects. The District's commitment for uncompleted work on these contracts at June 30, 2024 was $20,990,599.

C. 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. Although the outcomes of these claims are not presently determinable, the District believes that the resolution of these matters will not have a material adverse effect on its financial position.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 622

Public Employees Retirement Association Pension Benefits Plan
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended June 30, 2024

District Fiscal Year-End Date	PERA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	0.4593%	$ 21,575,613	$ –	$ 21,575,613	$ 24,110,024	89.49%	78.70%
06/30/2016	06/30/2015	0.4116%	$ 21,331,249	$ –	$ 21,331,249	$ 24,164,168	88.28%	78.20%
06/30/2017	06/30/2016	0.3541%	$ 28,751,165	$ 375,475	$ 29,126,640	$ 21,939,530	131.05%	68.90%
06/30/2018	06/30/2017	0.3541%	$ 22,605,512	$ 284,216	$ 22,889,728	$ 22,809,532	99.11%	75.90%
06/30/2019	06/30/2018	0.3500%	$ 19,416,564	$ 636,932	$ 20,053,496	$ 23,496,733	82.64%	79.50%
06/30/2020	06/30/2019	0.3470%	$ 19,184,852	$ 596,307	$ 19,781,159	$ 24,554,191	78.13%	80.20%
06/30/2021	06/30/2020	0.3605%	$ 21,613,622	$ 666,458	$ 22,280,080	$ 25,700,593	84.10%	79.10%
06/30/2022	06/30/2021	0.3575%	$ 15,266,851	$ 466,323	$ 15,733,174	$ 25,740,237	59.31%	87.00%
06/30/2023	06/30/2022	0.3759%	$ 29,771,404	$ 872,763	$ 30,644,167	$ 28,155,353	105.74%	76.70%
06/30/2024	06/30/2023	0.3775%	$ 21,109,377	$ 581,903	$ 21,691,280	$ 30,017,270	70.32%	83.10%

Public Employees Retirement Association Pension Benefits Plan
Schedule of District Contributions
Year Ended June 30, 2024

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	$ 1,784,137	$ 1,784,137	$ –	$ 24,164,168	7.38%
06/30/2016	$ 1,645,472	$ 1,645,472	$ –	$ 21,939,530	7.50%
06/30/2017	$ 1,710,720	$ 1,710,720	$ –	$ 22,809,532	7.50%
06/30/2018	$ 1,762,249	$ 1,762,249	$ –	$ 23,496,733	7.50%
06/30/2019	$ 1,841,562	$ 1,841,562	$ –	$ 24,554,191	7.50%
06/30/2020	$ 1,927,545	$ 1,927,545	$ –	$ 25,700,593	7.50%
06/30/2021	$ 1,930,522	$ 1,930,522	$ –	$ 25,740,237	7.50%
06/30/2022	$ 2,111,696	$ 2,111,696	$ –	$ 28,155,353	7.50%
06/30/2023	$ 2,251,299	$ 2,251,299	$ –	$ 30,017,270	7.50%
06/30/2024	$ 2,431,152	$ 2,431,152	$ –	$ 32,415,319	7.50%

INDEPENDENT SCHOOL DISTRICT NO. 622

Teachers Retirement Association Pension Benefits Plan
Schedule of District's and Nonemployer Proportionate Share of Net Pension Liability
Year Ended June 30, 2024

District Fiscal Year-End Date	TRA Fiscal Year-End Date (Measurement Date)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	Proportionate Share of the Net Pension Liability and the District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/2015	06/30/2014	1.2242%	$ 56,410,255	$ 3,968,323	$ 60,378,578	$ 55,880,148	100.95%	81.50%
06/30/2016	06/30/2015	1.1144%	$ 68,936,661	$ 8,455,794	$ 77,392,455	$ 56,560,535	121.88%	76.80%
06/30/2017	06/30/2016	1.0688%	$254,934,302	$ 25,589,195	$280,523,497	$ 55,599,679	458.52%	44.88%
06/30/2018	06/30/2017	1.0712%	$213,830,952	$ 20,669,481	$234,500,433	$ 57,658,824	370.86%	51.57%
06/30/2019	06/30/2018	1.0682%	$ 67,092,958	$ 6,303,801	$ 73,396,759	$ 59,013,621	113.69%	78.07%
06/30/2020	06/30/2019	1.0786%	$ 68,750,191	$ 6,084,429	$ 74,834,620	$ 61,234,275	112.27%	78.21%
06/30/2021	06/30/2020	1.0924%	$ 80,707,976	$ 6,763,297	$ 87,471,273	$ 63,346,430	127.41%	75.48%
06/30/2022	06/30/2021	1.1054%	$ 48,375,609	$ 4,079,845	$ 52,455,454	$ 65,967,410	73.33%	86.63%
06/30/2023	06/30/2022	1.1391%	$ 91,213,102	$ 6,764,401	$ 97,977,503	$ 70,392,863	129.58%	76.17%
06/30/2024	06/30/2023	1.1594%	$ 95,722,661	$ 6,705,160	$102,427,821	$ 73,718,152	129.85%	76.42%

Teachers Retirement Association Pension Benefits Plan
Schedule of District Contributions
Year Ended June 30, 2024

District Fiscal Year-End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
06/30/2015	$ 4,241,912	$ 4,241,912	$ –	$ 56,560,535	7.50%
06/30/2016	$ 4,169,871	$ 4,169,871	$ –	$ 55,599,679	7.50%
06/30/2017	$ 4,324,135	$ 4,324,135	$ –	$ 57,658,824	7.50%
06/30/2018	$ 4,426,203	$ 4,426,203	$ –	$ 59,013,621	7.50%
06/30/2019	$ 4,720,962	$ 4,720,962	$ –	$ 61,234,275	7.71%
06/30/2020	$ 5,027,197	$ 5,027,197	$ –	$ 63,346,430	7.94%
06/30/2021	$ 5,377,693	$ 5,377,693	$ –	$ 65,967,410	8.15%
06/30/2022	$ 5,872,210	$ 5,872,210	$ –	$ 70,392,863	8.34%
06/30/2023	$ 6,302,521	$ 6,302,521	$ –	$ 73,718,152	8.55%
06/30/2024	$ 6,608,741	$ 6,608,741	$ –	$ 75,564,977	8.75%

INDEPENDENT SCHOOL DISTRICT NO. 622

Pension Benefits Plan
Schedule of Changes in the District's Total
Pension Liability and Related Ratios
Year Ended June 30, 2024

	District Fiscal Year-End Date							
	2017	2018	2019	2020	2021	2022	2023	2024
Total pension liability								
Service cost	$ 30,840	$ 22,811	$ 24,596	$ 23,798	$ 25,442	$ 17,685	$ 17,979	$ 17,920
Interest	20,359	20,199	21,834	20,912	9,104	7,994	11,956	11,326
Assumption changes	–	(418)	1,182	9,739	1,243	(18,065)	(603)	(1,822)
Differences between expected and actual experience	–	30,125	–	(333,649)	–	(25,401)	–	(17,146)
Benefit payments	(56,254)	(39,359)	(13,266)	(15,583)	(19,729)	(33,731)	(63,811)	(42,966)
Net change in total pension liability	(5,055)	33,358	34,346	(294,783)	16,060	(51,518)	(34,479)	(32,688)
Total pension liability – beginning of year	595,851	590,796	624,154	658,500	363,717	379,777	328,259	293,780
Total pension liability – end of year	$ 590,796	$ 624,154	$ 658,500	$ 363,717	$ 379,777	$ 328,259	$ 293,780	$ 261,092
Covered-employee payroll	$ 4,245,066	$ 3,252,385	$ 3,349,956	$ 2,812,756	$ 2,897,139	$ 3,132,175	$ 3,226,141	$ 3,275,403
Total pension liability as a percentage of covered-employee payroll	13.92%	19.19%	19.66%	12.93%	13.11%	10.48%	9.11%	7.97%

Note 1: The District has not established a trust fund to finance GASB Statement No. 73-related benefits.

Note 2: The District implemented GASB Statement No. 73 in fiscal 2017. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 622

Other Post-Employment Benefits Plan
Schedule of Changes in the District's Net
OPEB Liability and Related Ratios
Year Ended June 30, 2024

	District Fiscal Year-End Date							
	2017	2018	2019	2020	2021	2022	2023	2024
Total OPEB liability								
Service cost	$ 1,418,232	$ 1,386,666	$ 1,513,621	$ 1,725,232	$ 1,844,562	$ 1,472,860	$ 1,490,305	$ 1,532,762
Interest	1,409,951	1,420,441	1,271,446	1,205,112	946,007	871,568	1,321,576	1,358,216
Assumption changes	–	(616,650)	924,626	297,277	658,804	(5,427,164)	(283,728)	(159,438)
Plan changes	–	–	–	(135,589)	–	32,662	–	–
Differences between expected and actual experience	–	(4,078,413)	–	(121,654)	–	1,055,177	–	(916,879)
Benefit payments – employer-financed	(2,389,507)	(1,702,027)	(1,665,583)	(1,090,512)	(2,049,290)	(2,053,278)	(2,060,734)	(1,392,073)
Benefit payments – employee-financed	–	(886,342)	(988,965)	(1,134,151)	(820,700)	(831,247)	(787,535)	(799,824)
Net change in total OPEB liability	438,676	(4,476,325)	1,055,145	745,715	579,383	(4,879,422)	(320,116)	(377,236)
Total OPEB liability – beginning of year	41,235,692	41,674,368	37,198,043	38,253,188	38,998,903	39,578,286	34,698,864	34,378,748
Total OPEB liability – end of year	41,674,368	37,198,043	38,253,188	38,998,903	39,578,286	34,698,864	34,378,748	34,001,512
Plan fiduciary net position								
Contributions – employer	898,918	1,702,027	1,665,583	1,090,512	2,049,290	2,053,278	2,060,734	1,491,897
Contributions – employee	–	886,342	988,965	1,134,151	820,700	831,247	787,535	799,824
Investment earnings	149,619	320,268	328,488	386,335	395,722	566,520	546,501	906,717
Differences between expected and actual experience	–	(4,115)	(84,807)	(73,445)	231,098	(1,054,775)	(1,790)	–
Benefit payments – employer-financed	(2,389,507)	(1,702,027)	(1,665,583)	(1,090,512)	(2,049,290)	(2,053,278)	(2,060,734)	(2,191,897)
Benefit payments – employee-financed	–	(886,342)	(988,965)	(1,134,151)	(820,700)	(831,247)	(787,535)	(799,824)
Net change in plan fiduciary net position	(1,340,970)	316,153	243,681	312,890	626,820	(488,255)	544,711	206,717
Plan fiduciary net position – beginning of year	13,658,976	12,318,006	12,634,159	12,877,840	13,190,730	13,817,550	13,329,295	13,874,006
Plan fiduciary net position – end of year	12,318,006	12,634,159	12,877,840	13,190,730	13,817,550	13,329,295	13,874,006	14,080,723
Net OPEB liability	$ 29,356,362	$ 24,563,884	$ 25,375,348	$ 25,808,173	$ 25,760,736	$ 21,369,569	$ 20,504,742	$ 19,920,789
Plan fiduciary net position as a percentage of the total OPEB liability	29.56%	33.96%	33.66%	33.82%	34.91%	38.41%	40.36%	41.41%
Covered-employee payroll	$ 76,079,920	$ 72,697,272	$ 74,878,190	$ 80,898,370	$ 83,325,321	$ 89,873,601	$ 92,569,809	$ 88,391,888
Net OPEB liability as a percentage of covered-employee payroll	38.59%	33.79%	33.89%	31.90%	30.92%	23.78%	22.15%	22.54%

Note: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2017. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

INDEPENDENT SCHOOL DISTRICT NO. 622

Other Post-Employment Benefits Plan
Schedule of Investment Returns
Year Ended June 30, 2024

Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2017	1.1%
2018	2.6%
2019	1.9%
2020	2.4%
2021	4.8%
2022	(3.5%)
2023	4.1%
2024	6.5%

Note: The District implemented GASB Statement Nos. 74 and 75 in fiscal 2017. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

PERA – GENERAL EMPLOYEES RETIREMENT FUND

2023 CHANGES IN PLAN PROVISIONS

- An additional one-time direct state aid contribution of $170.1 million will be contributed to the Plan in 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, noncompounding benefit increase of 2.50 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The investment return assumption and single discount rate were changed from 6.50 percent to 7.00 percent.

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 percent to 6.50 percent, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 CHANGES IN PLAN PROVISIONS

- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020 through December 31, 2023, and zero percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- 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 percent 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 two through five, 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.

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2020 CHANGES IN ACTUARIAL ASSUMPTIONS (CONTINUED)

- 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 MP-2018 to MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100.00 percent joint and survivor option changed from 35.00 percent to 45.00 percent. The assumed number of married female new retirees electing the 100.00 percent joint and survivor option changed from 15.00 percent to 30.00 percent. The corresponding number of married new retirees electing the life annuity option was adjusted accordingly.

2019 CHANGES IN PLAN PROVISIONS

- The employer supplemental contribution was changed prospectively, decreasing 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.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality projection scale was changed from MP-2017 to MP-2018.

2018 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 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to zero percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.00 percent per year, with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio, to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age. Does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044, and 2.50 percent per year thereafter, to 1.25 percent per year.

PERA – GENERAL EMPLOYEES RETIREMENT FUND (CONTINUED)

2017 CHANGES IN PLAN PROVISIONS

- The state's contribution for the Minneapolis Employees Retirement Fund equals $16.0 million in 2017 and 2018, and $6.0 million thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from $21.0 million to $31.0 million in calendar years 2019 to 2031. The state's contribution changed from $16.0 million to $6.0 million in calendar years 2019 to 2031.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and nonvested deferred members. The revised CSA loads are now zero percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for nonvested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years, to 1.00 percent per year through 2044, and 2.50 percent per year thereafter.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

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

2015 CHANGES IN PLAN PROVISIONS

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Retirement Fund, which increased the total pension liability by $1.1 billion and increased the fiduciary plan net position by $892.0 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.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030, and 2.50 percent per year thereafter, to 1.00 percent per year through 2035, and 2.50 percent per year thereafter.

TEACHERS RETIREMENT ASSOCIATION (TRA)

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The normal retirement age for active and eligible Tier II members will be 65 effective July 1, 2024.
- The employer contribution rate will increase from 8.75 percent to 9.50 percent on July 1, 2025.
- The employee contribution rate will increase from 7.75 percent to 8.00 percent on July 1, 2025.
- The pension adjustment rate for school districts and the base budgets for MnSCU, Perpich Center for Arts Education, and Minnesota academies will increase to reflect the 0.75 percent employer contribution rate increase.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The investment return assumption was changed from 7.50 percent to 7.00 percent.

2018 CHANGES IN PLAN PROVISIONS

- The cost of living adjustment (COLA) was reduced from 2.00 percent each January 1 to 1.00 percent, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.10 percent each year until reaching the ultimate rate of 1.50 percent on January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit, are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.50 percent if the funded ratio was at least 90.00 percent for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.00 percent to 3.00 percent, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.50 percent to 7.50 percent, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next six years, (7.71 percent in 2018, 7.92 percent in 2019, 8.13 percent in 2020, 8.34 percent in 2021, 8.55 percent in 2022, and 8.75 percent in 2023). In addition, the employee contribution rate will increase from 7.50 percent to 7.75 percent on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The investment return assumption was changed from 8.50 percent to 7.50 percent.
- The single discount rate changed from 5.12 percent to 7.50 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The COLA was assumed to increase from 2.00 percent annually to 2.50 percent annually on July 1, 2045.
- The COLA was not assumed to increase to 2.50 percent, but remain at 2.00 percent for all future years.
- Adjustments were made to the CSA loads. The active load was reduced from 1.40 percent to zero percent, the vested inactive load increased from 4.00 percent to 7.00 percent, and the nonvested inactive load increased from 4.00 percent to 9.00 percent.

TEACHERS RETIREMENT ASSOCIATION (TRA) (CONTINUED)

2017 CHANGES IN ACTUARIAL ASSUMPTIONS (CONTINUED)

- The investment return assumption was changed from 8.00 percent to 7.50 percent.
- The price inflation assumption was lowered from 2.75 percent to 2.50 percent.
- The payroll growth assumption was lowered from 3.50 percent to 3.00 percent.
- The general wage growth assumption was lowered from 3.50 percent to 2.85 percent for 10 years, followed by 3.25 percent thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.
- The single discount rate changed from 4.66 percent to 5.12 percent.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS

- The single discount rate was changed from 8.00 percent to 4.66 percent.

2015 CHANGES IN PLAN PROVISIONS

- The Duluth Teachers Retirement Fund Association was merged into the TRA on June 30, 2015.

2015 CHANGES IN ACTUARIAL ASSUMPTIONS

- The annual COLA for the June 30, 2015 valuation assumed 2.00 percent. The prior year valuation used 2.00 percent, with an increase to 2.50 percent commencing in 2034.
- The discount rate used to measure the total pension liability was 8.00 percent. This is a decrease from the discount rate at the prior measurement date of 8.25 percent.

PENSION BENEFITS PLAN

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The discount rate was changed from 3.90 percent to 4.10 percent.

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.80 percent to 3.90 percent.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale.
- The salary increase rates for nonteachers were updated to reflect the latest experience study.
- The withdrawal rates were updated to reflect the latest experience study.
- The discount rate was changed from 2.10 percent to 3.80 percent.

PENSION BENEFITS PLAN (CONTINUED)

2021 CHANGES IN PLAN PROVISIONS

- The teachers' district matching contribution to the 403(b) Plan was increased from 3.50 percent to 3.60 percent of pay, as teachers will receive $2,000 annually for district paid matching for all future years. This plan change did not impact the liabilities.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.40 percent to 2.10 percent.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2018 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees to rates which vary by service and contract group.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.10 percent to 2.40 percent.
- The mortality tables and salary increases were updated.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.40 percent to 3.10 percent.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality table was updated from RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.50 percent to 3.40 percent.
- Retirement rates now begin at age 55, even if eligibility requirements have not been met.

OTHER POST-EMPLOYMENT BENEFITS PLAN

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.
- The discount rate was changed from 3.90 percent to 4.10 percent.
- The expected long-term investment rate was changed from 4.10 percent to 4.00 percent.

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.80 percent to 3.90 percent.

OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED)

2022 CHANGES IN PLAN PROVISIONS

- The active superintendent is eligible for full family medical and dental coverage paid for by the District in retirement.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale.
- The salary increase rates for nonteachers were updated to reflect the latest experience study.
- The withdrawal rates were updated to reflect the latest experience study.
- The inflation rate was changed from 2.00 percent to 2.50 percent.
- The expected long-term investment return was changed from 3.00 percent to 4.10 percent.
- The discount rate was changed from 2.20 percent to 3.80 percent.

2021 CHANGES IN PLAN PROVISIONS

- Only custodians hired before July 1, 2018 and not electing to participate in the Matching Retirement Plan are eligible to receive district paid medical and dental post-employment benefits.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 2.40 percent to 2.20 percent.
- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2018 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00 percent per year for all employees to rates which vary by service and contract group.

2020 CHANGES IN PLAN PROVISIONS

- Only custodians hired before July 1, 2018 and not electing to participate in the Matching Retirement Plan are eligible to receive district paid medical and dental benefits.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The expected long-term investment rate was changed from 2.60 percent to 3.00 percent.
- The discount rate was changed from 3.10 percent to 2.40 percent.
- The healthcare trend rates, mortality tables, and salary increase rates were updated.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.40 percent to 3.10 percent.

2018 CHANGES IN PLAN PROVISIONS

- Principals hired after July 1, 2018 need 10 years of service to be eligible for the subsidized retirement benefit.
- Custodians hired after July 1, 2018 are no longer eligible for subsidized medical and dental benefits. Custodians hired before July 1, 2018 may choose to have the current subsidized medical and dental benefits or make a one-time election to switch to a matching retirement plan.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The healthcare trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality table was updated from RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 3.50 percent to 3.40 percent.

SUPPLEMENTARY INFORMATION

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GOVERNMENTAL FUNDS

Governmental fund reporting focuses primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. The governmental fund category for the District includes the General Fund, Capital Projects – Building Construction Fund, Debt Service Fund, Food Service Special Revenue Fund, and Community Service Special Revenue Fund.

The statements and schedules that follow are to provide further detail and support additional analysis for the District's major and nonmajor governmental funds.

INDEPENDENT SCHOOL DISTRICT NO. 622

Nonmajor Governmental Funds
Combining Balance Sheet
as of June 30, 2024

	Special Revenue Funds		
	Food Service	Community Service	Total
Assets			
Cash and temporary investments	$ 3,842,418	$ 5,342,225	$ 9,184,643
Receivables			
Current taxes	–	864,251	864,251
Delinquent taxes	–	26,792	26,792
Accounts and interest	–	125,980	125,980
Due from other governmental units	126,600	1,031,386	1,157,986
Inventory	805,648	–	805,648
Prepaid items	–	2,243	2,243
Total assets	$ 4,774,666	$ 7,392,877	$ 12,167,543
Liabilities			
Salaries payable	$ 36,486	$ 162,353	$ 198,839
Accounts and contracts payable	71,067	118,295	189,362
Due to other governmental units	2,256	1,023,667	1,025,923
Unearned revenue	148,977	594,884	743,861
Total liabilities	258,786	1,899,199	2,157,985
Deferred inflows of resources			
Unavailable revenue – delinquent taxes	–	21,052	21,052
Property taxes levied for subsequent year	–	1,551,100	1,551,100
Total deferred inflows of resources	–	1,572,152	1,572,152
Fund balances			
Nonspendable for inventory	805,648	–	805,648
Nonspendable for prepaid items	–	2,243	2,243
Restricted	3,710,232	3,919,283	7,629,515
Total fund balances	4,515,880	3,921,526	8,437,406
Total liabilities, deferred inflows of resources, and fund balances	$ 4,774,666	$ 7,392,877	$ 12,167,543

Nonmajor Governmental Funds
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2024

	Special Revenue Funds		
	Food Service	Community Service	Total
Revenue			
Local sources			
Property taxes	$ –	$ 1,551,313	$ 1,551,313
Investment earnings	135,775	194,248	330,023
Other	199,800	3,533,729	3,733,529
State sources	2,610,372	6,474,389	9,084,761
Federal sources	6,466,183	415,421	6,881,604
Total revenue	9,412,130	12,169,100	21,581,230
Expenditures			
Current			
Food service	8,464,618	–	8,464,618
Community service	–	12,168,301	12,168,301
Capital outlay	195,116	34,790	229,906
Total expenditures	8,659,734	12,203,091	20,862,825
Net change in fund balances	752,396	(33,991)	718,405
Fund balances			
Beginning of year	3,763,484	3,955,517	7,719,001
End of year	$ 4,515,880	$ 3,921,526	$ 8,437,406

INDEPENDENT SCHOOL DISTRICT NO. 622

General Fund
Comparative Balance Sheet
as of June 30, 2024 and 2023

	2024	2023
Assets		
Cash and temporary investments	$ 39,368,476	$ 31,965,692
Receivables		
Current taxes	19,579,973	18,065,674
Delinquent taxes	601,493	385,359
Accounts and interest	439,501	185,915
Due from other governmental units	18,781,198	19,073,169
Due from other funds	700,000	–
Prepaid items	1,253,077	552,842
Total assets	$ 80,723,718	$ 70,228,651
Liabilities		
Salaries payable	$ 789,194	$ 938,761
Accounts and contracts payable	2,884,475	1,116,652
Due to other governmental units	3,331,751	1,614,199
Unearned revenue	107,727	36,661
Total liabilities	7,113,147	3,706,273
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	476,477	311,923
Property taxes levied for subsequent year	31,712,471	29,846,481
Total deferred inflows of resources	32,188,948	30,158,404
Fund balances		
Nonspendable for prepaid items	1,253,077	552,842
Restricted for student activities	139,636	142,409
Restricted for staff development	1,587,900	1,453,904
Restricted for literacy incentive aid	137,919	–
Restricted for operating capital	10,247,213	10,045,348
Restricted for safe schools levy	120,498	584,972
Restricted for long-term facilities maintenance	209,874	–
Restricted for student support personnel	72,407	–
Restricted for Medical Assistance	1,846,090	2,080,505
Assigned for subsequent year's budget	2,723,056	144,144
Unassigned	23,083,953	21,359,850
Total fund balances	41,421,623	36,363,974
Total liabilities, deferred inflows of resources, and fund balances	$ 80,723,718	$ 70,228,651

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024			2023
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 33,420,632	$ 33,608,667	$ 188,035	$ 31,120,032
Investment earnings	1,226,188	1,501,831	275,643	942,242
Other	3,899,850	3,713,463	(186,387)	3,379,235
State sources	137,637,847	139,195,554	1,557,707	120,274,626
Federal sources	10,469,226	11,362,407	893,181	13,389,645
Total revenue	186,653,743	189,381,922	2,728,179	169,105,780
Expenditures				
Current				
Administration				
Salaries	5,660,982	4,713,828	(947,154)	5,502,025
Employee benefits	1,976,370	1,651,631	(324,739)	1,997,023
Purchased services	153,631	89,078	(64,553)	212,022
Supplies and materials	20,359	17,056	(3,303)	42,209
Capital expenditures	3,500	–	(3,500)	7,198
Other expenditures	114,536	114,197	(339)	100,191
Total administration	7,929,378	6,585,790	(1,343,588)	7,860,668
District support services				
Salaries	3,886,116	3,827,085	(59,031)	3,729,806
Employee benefits	2,903,938	1,376,297	(1,527,641)	1,411,269
Purchased services	845,935	571,146	(274,789)	788,037
Supplies and materials	940,835	707,090	(233,745)	605,640
Capital expenditures	150,500	164,428	13,928	1,213,122
Other expenditures	5,823	16,581	10,758	15,225
Total district support services	8,733,147	6,662,627	(2,070,520)	7,763,099
Elementary and secondary regular instruction				
Salaries	45,909,812	46,367,790	457,978	45,492,414
Employee benefits	18,428,163	17,465,281	(962,882)	18,053,938
Purchased services	6,159,338	6,669,737	510,399	6,167,128
Supplies and materials	5,096,336	4,267,015	(829,321)	3,182,919
Capital expenditures	132,305	490,163	357,858	225,917
Other expenditures	413,715	362,439	(51,276)	375,603
Total elementary and secondary regular instruction	76,139,669	75,622,425	(517,244)	73,497,919

(continued)

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
Year Ended June 30, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024			2023
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Vocational education instruction				
Salaries	1,381,908	2,288,876	906,968	2,081,728
Employee benefits	522,149	876,806	354,657	803,863
Purchased services	511,145	484,214	(26,931)	498,339
Supplies and materials	91,355	50,935	(40,420)	49,903
Other expenditures	175,500	169,793	(5,707)	136,280
Total vocational education instruction	2,682,057	3,870,624	1,188,567	3,570,113
Special education instruction				
Salaries	26,136,381	25,123,976	(1,012,405)	22,596,822
Employee benefits	9,392,297	9,587,310	195,013	8,742,251
Purchased services	6,042,280	6,470,002	427,722	5,184,896
Supplies and materials	222,950	305,597	82,647	339,799
Capital expenditures	35,000	55,009	20,009	40,731
Other expenditures	168,610	264,452	95,842	288,611
Total special education instruction	41,997,518	41,806,346	(191,172)	37,193,110
Community education instruction				
Employee benefits	–	15,931	15,931	–
Instructional support services				
Salaries	6,442,494	7,419,135	976,641	6,586,043
Employee benefits	1,615,288	2,050,594	435,306	1,834,231
Purchased services	648,163	174,111	(474,052)	218,457
Supplies and materials	228,756	328,525	99,769	309,275
Capital expenditures	5,766	24,260	18,494	5,366
Other expenditures	49,500	92,688	43,188	61,184
Total instructional support services	8,989,967	10,089,313	1,099,346	9,014,556
Pupil support services				
Salaries	7,945,064	7,222,461	(722,603)	7,130,401
Employee benefits	2,603,136	2,434,156	(168,980)	2,519,197
Purchased services	6,652,055	6,781,959	129,904	4,983,304
Supplies and materials	927,381	965,262	37,881	905,915
Capital expenditures	791,550	558,575	(232,975)	987,487
Other expenditures	35,000	28,520	(6,480)	30,753
Total pupil support services	18,954,186	17,990,933	(963,253)	16,557,057

(continued)

General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
Year Ended June 30, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024			2023
	Budget	Actual	Over (Under) Budget	Actual
Expenditures (continued)				
Current (continued)				
Sites and buildings				
Salaries	5,400,547	5,390,329	(10,218)	5,262,539
Employee benefits	2,223,175	2,131,255	(91,920)	2,214,966
Purchased services	6,238,675	5,570,430	(668,245)	5,826,538
Supplies and materials	731,600	928,437	196,837	854,191
Capital expenditures	5,076,637	4,597,823	(478,814)	7,211,319
Other expenditures	368,614	360,926	(7,688)	268,252
Total sites and buildings	20,039,248	18,979,200	(1,060,048)	21,637,805
Fiscal and other fixed cost programs				
Purchased services	926,171	945,663	19,492	747,909
Other expenditures	–	45,650	45,650	18,250
Total fiscal and other fixed cost programs	926,171	991,313	65,142	766,159
Debt service				
Principal	1,436,061	1,348,814	(87,247)	1,852,148
Interest and fiscal charges	20,485	390,788	370,303	358,377
Total debt service	1,456,546	1,739,602	283,056	2,210,525
Total expenditures	187,847,887	184,354,104	(3,493,783)	180,071,011
Excess (deficiency) of revenue over expenditures	(1,194,144)	5,027,818	6,221,962	(10,965,231)
Other financing sources				
Debt issued	–	–	–	3,495,045
Sale of capital assets	–	29,831	29,831	90,182
Insurance recovery	–	–	–	1,049,278
Total other financing sources	–	29,831	29,831	4,634,505
Net change in fund balances	$ (1,194,144)	5,057,649	$ 6,251,793	(6,330,726)
Fund balances				
Beginning of year		36,363,974		42,694,700
End of year		$ 41,421,623		$ 36,363,974

INDEPENDENT SCHOOL DISTRICT NO. 622

Food Service Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2024 and 2023

	2024	2023
Assets		
Cash and temporary investments	$ 3,842,418	$ 3,219,479
Receivables		
Due from other governmental units	126,600	187,718
Inventory	805,648	587,323
Prepaid items	–	7,528
Total assets	$ 4,774,666	$ 4,002,048
Liabilities		
Salaries payable	$ 36,486	$ 65,505
Accounts and contracts payable	71,067	104,935
Due to other governmental units	2,256	7,283
Unearned revenue	148,977	60,841
Total liabilities	258,786	238,564
Fund balances		
Nonspendable for inventory	805,648	587,323
Nonspendable for prepaid items	–	7,528
Restricted for food service	3,710,232	3,168,633
Total fund balances	4,515,880	3,763,484
Total liabilities and fund balances	$ 4,774,666	$ 4,002,048

INDEPENDENT SCHOOL DISTRICT NO. 622

Food Service Special Revenue Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024			2023
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	$ 10,000	$ 135,775	$ 125,775	$ 76,740
Other – primarily meal sales	211,000	199,800	(11,200)	1,384,275
State sources	2,368,000	2,610,372	242,372	312,909
Federal sources	6,220,000	6,466,183	246,183	5,827,466
Total revenue	8,809,000	9,412,130	603,130	7,601,390
Expenditures				
Current				
Salaries	2,246,245	2,596,832	350,587	2,359,586
Employee benefits	1,009,317	919,885	(89,432)	907,228
Purchased services	147,000	150,421	3,421	159,341
Supplies and materials	5,040,500	4,787,128	(253,372)	4,125,412
Other expenditures	10,000	10,352	352	9,287
Capital outlay	100,000	195,116	95,116	153,624
Total expenditures	8,553,062	8,659,734	106,672	7,714,478
Excess (deficiency) of revenue over expenditures	255,938	752,396	496,458	(113,088)
Other financing sources				
Sale of capital assets	4,000	–	(4,000)	4,600
Net change in fund balances	$ 259,938	752,396	$ 492,458	(108,488)
Fund balances				
Beginning of year		3,763,484		3,871,972
End of year		$ 4,515,880		$ 3,763,484

INDEPENDENT SCHOOL DISTRICT NO. 622

Community Service Special Revenue Fund
Comparative Balance Sheet
as of June 30, 2024 and 2023

	2024	2023
Assets		
Cash and temporary investments	$ 5,342,225	$ 5,026,869
Receivables		
Current taxes	864,251	859,651
Delinquent taxes	26,792	15,350
Accounts and interest	125,980	314,287
Due from other governmental units	1,031,386	1,174,151
Prepaid items	2,243	7,642
Total assets	$ 7,392,877	$ 7,397,950
Liabilities		
Salaries payable	$ 162,353	$ 165,662
Accounts and contracts payable	118,295	58,289
Due to other governmental units	1,023,667	970,108
Unearned revenue	594,884	662,205
Total liabilities	1,899,199	1,856,264
Deferred inflows of resources		
Unavailable revenue – delinquent taxes	21,052	11,607
Property taxes levied for subsequent year	1,551,100	1,574,562
Total deferred inflows of resources	1,572,152	1,586,169
Fund balances		
Nonspendable for prepaid items	2,243	7,642
Restricted for community education	1,974,108	1,989,060
Restricted for early childhood family education	931,368	830,330
Restricted for school readiness	664,378	706,747
Restricted for adult basic education	349,335	421,644
Restricted for community service	94	94
Total fund balances	3,921,526	3,955,517
Total liabilities, deferred inflows of resources, and fund balances	$ 7,392,877	$ 7,397,950

INDEPENDENT SCHOOL DISTRICT NO. 622

Community Service Special Revenue Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024			2023
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Property taxes	$ 1,828,616	$ 1,551,313	$ (277,303)	$ 1,562,076
Investment earnings	–	194,248	194,248	117,885
Other – primarily tuition and fees	3,371,030	3,533,729	162,699	3,136,673
State sources	6,302,193	6,474,389	172,196	6,141,282
Federal sources	399,540	415,421	15,881	884,888
Total revenue	11,901,379	12,169,100	267,721	11,842,804
Expenditures				
Current				
Salaries	5,559,368	5,444,222	(115,146)	5,133,343
Employee benefits	1,786,950	1,694,403	(92,547)	1,643,428
Purchased services	4,132,581	4,400,402	267,821	4,051,949
Supplies and materials	540,010	541,671	1,661	413,171
Other expenditures	81,188	87,603	6,415	78,037
Capital outlay	15,890	34,790	18,900	7,903
Total expenditures	12,115,987	12,203,091	87,104	11,327,831
Net change in fund balances	$ (214,608)	(33,991)	$ 180,617	514,973
Fund balances				
Beginning of year		3,955,517		3,440,544
End of year		$ 3,921,526		$ 3,955,517

INDEPENDENT SCHOOL DISTRICT NO. 622

Capital Projects – Building Construction Fund
Comparative Balance Sheet
as of June 30, 2024 and 2023

	2024	2023
Assets		
Cash and temporary investments	$ 69,998,209	$ 107,124,866
Receivables		
Accounts and interest	582,173	1,103,165
Total assets	$ 70,580,382	$ 108,228,031
Liabilities		
Salaries payable	$ 1,271	$ –
Accounts and contracts payable	7,538,490	8,906,581
Due to other governmental units	12,714	–
Total liabilities	7,552,475	8,906,581
Fund balances		
Restricted for long-term facilities maintenance	14,090,969	25,289,790
Restricted for capital projects	48,936,938	74,031,660
Total fund balances	63,027,907	99,321,450
Total liabilities and fund balances	$ 70,580,382	$ 108,228,031

INDEPENDENT SCHOOL DISTRICT NO. 622

Capital Projects – Building Construction Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024			2023
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Investment earnings	$ 1,500,000	$ 4,424,755	$ 2,924,755	$ 3,793,238
Other	–	3,500	3,500	557,468
Total revenue	1,500,000	4,428,255	2,928,255	4,350,706
Expenditures				
Capital outlay				
Salaries	300,000	54,654	(245,346)	141,312
Employee benefits	–	21,424	21,424	48,086
Purchased services	1,069,000	1,614,632	545,632	1,702,533
Supplies and materials	339,500	–	(339,500)	10,175
Other expenditures	120,500	–	(120,500)	–
Capital expenditures	41,668,110	39,031,088	(2,637,022)	71,276,767
Debt service				
Interest and fiscal charges	–	–	–	176,403
Total expenditures	43,497,110	40,721,798	(2,775,312)	73,355,276
Excess (deficiency) of revenue over expenditures	(41,997,110)	(36,293,543)	5,703,567	(69,004,570)
Other financing sources				
Debt issued	–	–	–	19,560,000
Premium on debt issued	–	–	–	1,991,514
Insurance recovery	–	–	–	301,008
Total other financing sources	–	–	–	21,852,522
Net change in fund balances	$ (41,997,110)	(36,293,543)	$ 5,703,567	(47,152,048)
Fund balances				
Beginning of year		99,321,450		146,473,498
End of year		$ 63,027,907		$ 99,321,450

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INDEPENDENT SCHOOL DISTRICT NO. 622

Debt Service Fund
Balance Sheet by Account
as of June 30, 2024
(With Comparative Totals as of June 30, 2023)

	Regular Debt Service Account	OPEB Debt Service Account	Totals 2024	Totals 2023
Assets				
Cash and temporary investments	$ 16,871,863	$ 1,363,538	$ 18,235,401	$ 16,518,944
Receivables				
Current taxes	14,645,264	1,133,635	15,778,899	14,252,469
Delinquent taxes	386,294	37,962	424,256	244,442
Due from other governmental units	66,023	3	66,026	59,947
Total assets	$ 31,969,444	$ 2,535,138	$ 34,504,582	$ 31,075,802
Liabilities				
Accounts and contracts payable	$ 4,890	$ –	$ 4,890	$ –
Deferred inflows of resources				
Unavailable revenue – delinquent taxes	297,763	30,352	328,115	187,772
Property taxes levied for subsequent year	26,284,348	2,034,571	28,318,919	26,105,225
Total deferred inflows of resources	26,582,111	2,064,923	28,647,034	26,292,997
Fund balances				
Restricted for debt service	5,382,443	470,215	5,852,658	4,782,805
Total liabilities, deferred inflows of resources, and fund balances	$ 31,969,444	$ 2,535,138	$ 34,504,582	$ 31,075,802

INDEPENDENT SCHOOL DISTRICT NO. 622

Debt Service Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balances by Account
Budget and Actual
Year Ended June 30, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	2024			
		Actual		
	Budget	Regular Debt Service Account	OPEB Debt Service Account	Total
Revenue				
Local sources				
Property taxes	$ 26,105,225	$ 23,788,400	$ 2,014,574	$ 25,802,974
Investment earnings	17,000	560,223	47,711	607,934
State sources	642,747	664,477	25	664,502
Total revenue	26,764,972	25,013,100	2,062,310	27,075,410
Expenditures				
Debt service				
Principal	11,800,000	10,050,000	1,750,000	11,800,000
Interest	14,182,776	13,928,436	254,340	14,182,776
Fiscal charges and other	15,475	22,306	475	22,781
Total expenditures	25,998,251	24,000,742	2,004,815	26,005,557
Net change in fund balances	$ 766,721	1,012,358	57,495	1,069,853
Fund balances				
Beginning of year		4,370,085	412,720	4,782,805
End of year		$ 5,382,443	$ 470,215	$ 5,852,658

	2023
Over (Under) Budget	Actual
$ (302,251)	$ 24,126,878
590,934	262,983
21,755	597,887
310,438	24,987,748
–	10,115,000
–	14,256,006
7,306	13,796
7,306	24,384,802
$ 303,132	602,946
	4,179,859
	$ 4,782,805

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INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods and services provided by one department or agency of a government to other departments or agencies on a cost-reimbursement basis. The District maintains two internal service funds. These funds are used to account for dental and health insurance offered by the District to its employees as self-insured plans.

The statements that follow are to provide further detail and support additional analysis for the District’s internal service funds.

Internal Service Funds
Combining Statement of Net Position
as of June 30, 2024
(With Comparative Totals as of June 30, 2023)

	Dental Self-Insurance	Medical Self-Insurance	Totals 2024	Totals 2023
Assets				
Current assets				
Cash and temporary investments	$ 522,221	$ 5,529,778	$ 6,051,999	$ 8,296,755
Prepaid items	–	6,801	6,801	5,829
Total assets	522,221	5,536,579	6,058,800	8,302,584
Liabilities				
Current liabilities				
Accounts and contracts payable	117,729	502,589	620,318	935,499
Claims incurred, but not reported	25,888	1,193,703	1,219,591	1,883,305
Total liabilities	143,617	1,696,292	1,839,909	2,818,804
Net position				
Unrestricted	$ 378,604	$ 3,840,287	$ 4,218,891	$ 5,483,780

INDEPENDENT SCHOOL DISTRICT NO. 622

Internal Service Funds
Combining Statement of Revenue, Expenses, and Changes in Net Position
Year Ended June 30, 2024
(With Comparative Totals for the Year Ended June 30, 2023)

	Dental Self-Insurance	Medical Self-Insurance	Totals 2024	Totals 2023
Operating revenue				
Charges for services	$ 2,046,625	$ 21,567,471	$ 23,614,096	$ 23,420,602
Operating expenses				
Dental benefit claims	1,933,714	–	1,933,714	1,903,075
Medical benefit claims	–	21,495,364	21,495,364	22,942,621
Fees and stop-loss	104,403	1,595,411	1,699,814	1,620,238
Total operating expenses	2,038,117	23,090,775	25,128,892	26,465,934
Operating income (loss)	8,508	(1,523,304)	(1,514,796)	(3,045,332)
Nonoperating revenue				
Investment earnings	29,929	219,978	249,907	174,966
Change in net position	38,437	(1,303,326)	(1,264,889)	(2,870,366)
Net position				
Beginning of year	340,167	5,143,613	5,483,780	8,354,146
End of year	$ 378,604	$ 3,840,287	$ 4,218,891	$ 5,483,780

Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2024
(With Comparative Totals for the Year Ended June 30, 2023)

	Dental Self-Insurance	Medical Self-Insurance	Totals 2024	Totals 2023
Cash flows from operating activities				
Contributions from governmental funds	$ 2,046,625	$ 21,567,471	$ 23,614,096	$ 23,420,602
Payments for dental benefit claims	(1,968,145)	–	(1,968,145)	(1,878,724)
Payments for medical benefit claims	–	(22,441,586)	(22,441,586)	(21,716,953)
Payments for fees and stop-loss	(103,617)	(1,595,411)	(1,699,028)	(1,620,057)
Net cash flows from operating activities	(25,137)	(2,469,526)	(2,494,663)	(1,795,132)
Cash flows from investing activities				
Investment income received	29,929	219,978	249,907	174,966
Net change in cash and cash equivalents	4,792	(2,249,548)	(2,244,756)	(1,620,166)
Cash and cash equivalents				
Beginning of year	517,429	7,779,326	8,296,755	9,916,921
End of year	$ 522,221	$ 5,529,778	$ 6,051,999	$ 8,296,755
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	$ 8,508	$ (1,523,304)	$ (1,514,796)	$ (3,045,332)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Changes in assets and liabilities				
Prepaid items	–	(972)	(972)	(5,829)
Accounts and contracts payable	(19,176)	(296,005)	(315,181)	637,976
Claims incurred, but not reported	(14,469)	(649,245)	(663,714)	618,053
Net cash flows from operating activities	$ (25,137)	$ (2,469,526)	$ (2,494,663)	$ (1,795,132)

OTHER DISTRICT INFORMATION

(UNAUDITED)

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INDEPENDENT SCHOOL DISTRICT NO. 622

Student Enrollment
Last Ten Fiscal Years

Year Ended June 30,	Average Daily Membership (ADM) (for Students Served or Tuition Paid)					Total Pupil Units
	Pre-Kindergarten	Kindergarten	Elementary	Secondary	Total	
2015	105.15	737.84	4,497.53	5,374.84	10,715.36	11,790.31
2016	127.71	718.50	4,534.08	5,288.64	10,668.93	11,726.67
2017	177.75	665.55	4,430.34	5,206.78	10,480.42	11,521.79
2018	238.30	709.12	4,474.14	5,211.11	10,632.67	11,674.89
2019	265.14	734.54	4,443.69	5,192.62	10,635.99	11,674.52
2020	264.33	742.34	4,366.01	5,189.93	10,562.61	11,600.60
2021	228.04	667.89	4,212.26	5,197.22	10,305.41	11,344.87
2022	263.04	671.87	4,216.49	5,111.75	10,263.15	11,285.50
2023	326.54	707.34	4,228.52	4,992.45	10,254.85	11,253.33
2024	366.60	755.88	4,239.77	5,102.87	10,465.12	11,485.72

Note: ADM is weighted as follows in computing pupil units:

	Pre-Kindergarten	Half-Day Kindergarten	Full-Day Kindergarten	Elementary 1–6	Secondary 7–12+
All years presented	1.000	0.550	1.000	1.000	1.200

Source: Minnesota Department of Education student reporting system

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