

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 12, 2024

In the opinion of Kennedy & Graven, Chartered, Bond Counsel to the District, based on present federal and Minnesota laws, regulations, rulings and decisions (which exclude any pending legislation which may have a retroactive effect) and, assuming compliance with certain covenants set forth in the resolution approving the issuance of the Bonds, interest to be paid on the Bonds is excludable from gross income for federal income tax purposes and, to the same extent, is excludable from taxable net income of individuals, trusts, and estates for Minnesota income tax purposes, and is not a preference item for purposes of computing the federal alternative minimum tax or the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. However, such interest is included in determining the adjusted financial statement income of applicable corporations for purposes of computing the alternative minimum tax imposed on such applicable corporations and is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. No opinion will be expressed by Bond Counsel regarding the other state or federal tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds. See "TAX EXEMPTION" herein.

The District will NOT designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265 of the Internal Revenue Code of 1986, as amended, which permits financial institutions to deduct interest expenses allocable to the Bonds to the extent permitted under prior law.

New Issue

Rating Application Made: Moody's Investors Service, Inc.

INDEPENDENT SCHOOL DISTRICT NO. 623 (ROSEVILLE AREA SCHOOLS), MINNESOTA (Ramsey County)

(Minnesota School District Credit Enhancement Program)

\$17,345,000* GENERAL OBLIGATION FACILITIES MAINTENANCE BONDS, SERIES 2024A

PROPOSAL OPENING: April 23, 2024, 9:30 A.M., C.T.

CONSIDERATION: April 23, 2024, 6:30 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$17,345,000* General Obligation Facilities Maintenance Bonds, Series 2024A (the "Bonds") are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, including Section 123B.595, as amended, by Independent School District No. 623 (Roseville Area Schools), Minnesota (the "District"), to provide funds for facility maintenance projects included in the District's ten-year facility plan approved by the Commissioner of Education. The Bonds will be general obligations of the District for which its full faith and credit and taxing powers are pledged. Delivery is subject to receipt of an approving legal opinion of Kennedy & Graven, Chartered, Minneapolis, Minnesota.

DATE OF BONDS: May 16, 2024

MATURITY: February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2025	\$740,000	2029	\$1,260,000	2033	\$3,985,000
2026	2,005,000	2030	2,035,000	2034	1,875,000
2027	1,060,000	2031	1,530,000		
2028	1,265,000	2032	1,590,000		

***MATURITY ADJUSTMENTS:** The District reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BONDS: See "Term Bond Option" herein.

INTEREST: February 1, 2025 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing on February 1, 2033 and thereafter are subject to call for prior optional redemption on February 1, 2032 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

MINIMUM PROPOSAL: \$17,345,000.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$346,900 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation.

BOND COUNSEL: Kennedy & Graven, Chartered.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

BOOK-ENTRY-ONLY: See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities nor shall there be any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b) (1), but is subject to revision, amendment and completion in a Final Official Statement.



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REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representation other than those contained in this Preliminary Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the District. ***This Preliminary Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Preliminary Official Statement is not to be construed as a contract with the Underwriter (Syndicate Manager). Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the District and other sources for which there is reasonable basis for believing the information is accurate and complete. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers and Associates, Inc., payable entirely by the District, is contingent upon the delivery of the Bonds.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

Preliminary Official Statement: This Preliminary Official Statement was prepared for the District for dissemination to potential investors. Its primary purpose is to disclose information regarding the Bonds to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

Review Period: This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

Final Official Statement: Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

Continuing Disclosure: Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the District is required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Bonds, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Bonds; (3) a certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Bonds, (b) neither the corporate existence or boundaries of the District nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the District which indicates that the District does not expect to use the proceeds of the Bonds in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

TABLE OF CONTENTS

<p>INTRODUCTORY STATEMENT..... 1</p> <p>THE BONDS 1</p> <p style="padding-left: 20px;">GENERAL 1</p> <p style="padding-left: 20px;">OPTIONAL REDEMPTION 1</p> <p style="padding-left: 20px;">AUTHORITY; PURPOSE 2</p> <p style="padding-left: 20px;">ESTIMATED SOURCES AND USES 2</p> <p style="padding-left: 20px;">SECURITY 2</p> <p style="padding-left: 20px;">RATING 2</p> <p style="padding-left: 20px;">STATE OF MINNESOTA CREDIT ENHANCEMENT PROGRAM FOR SCHOOL DISTRICTS 3</p> <p style="padding-left: 20px;">CONTINUING DISCLOSURE 4</p> <p style="padding-left: 20px;">LEGAL OPINION 5</p> <p style="padding-left: 20px;">TAX EXEMPTION 5</p> <p style="padding-left: 20px;">NON-QUALIFIED TAX-EXEMPT OBLIGATIONS 6</p> <p style="padding-left: 20px;">MUNICIPAL ADVISOR 6</p> <p style="padding-left: 20px;">MUNICIPAL ADVISOR AFFILIATED COMPANIES 7</p> <p style="padding-left: 20px;">INDEPENDENT AUDITORS 7</p> <p style="padding-left: 20px;">RISK FACTORS 7</p> <p>VALUATIONS 10</p> <p style="padding-left: 20px;">OVERVIEW 10</p> <p style="padding-left: 20px;">CURRENT PROPERTY VALUATIONS 11</p> <p style="padding-left: 20px;">2023/24 NET TAX CAPACITY BY CLASSIFICATION .. 12</p> <p style="padding-left: 20px;">TREND OF VALUATIONS 12</p> <p style="padding-left: 20px;">LARGEST TAXPAYERS 13</p> <p>DEBT 13</p> <p style="padding-left: 20px;">DIRECT DEBT 13</p> <p style="padding-left: 20px;">DEBT PAYMENT HISTORY 14</p> <p style="padding-left: 20px;">FUTURE FINANCING 14</p> <p style="padding-left: 20px;">STATE AID FOR DEBT SERVICE 14</p> <p style="padding-left: 20px;">BONDED DEBT LIMIT 15</p> <p style="padding-left: 20px;">SCHEDULE OF BONDED INDEBTEDNESS 16</p> <p style="padding-left: 20px;">OVERLAPPING DEBT 19</p> <p style="padding-left: 20px;">DEBT RATIOS 20</p>	<p>TAX LEVIES, COLLECTION AND RATES 20</p> <p style="padding-left: 20px;">TAX LEVIES AND COLLECTIONS 20</p> <p style="padding-left: 20px;">TAX CAPACITY RATES 21</p> <p>THE ISSUER 21</p> <p style="padding-left: 20px;">EMPLOYEES 21</p> <p style="padding-left: 20px;">PENSIONS; UNIONS 22</p> <p style="padding-left: 20px;">POST EMPLOYMENT BENEFITS 22</p> <p style="padding-left: 20px;">STUDENT BODY 23</p> <p style="padding-left: 20px;">SCHOOL BUILDINGS 23</p> <p style="padding-left: 20px;">LITIGATION 23</p> <p style="padding-left: 20px;">MUNICIPAL BANKRUPTCY 24</p> <p style="padding-left: 20px;">FUNDS ON HAND 24</p> <p style="padding-left: 20px;">SUMMARY GENERAL FUND INFORMATION 25</p> <p>GENERAL INFORMATION 26</p> <p style="padding-left: 20px;">LOCATION 26</p> <p style="padding-left: 20px;">LARGER EMPLOYERS 26</p> <p style="padding-left: 20px;">U.S. CENSUS DATA 27</p> <p style="padding-left: 20px;">EMPLOYMENT/UNEMPLOYMENT DATA 27</p> <p>FINANCIAL STATEMENTS A-1</p> <p>FORM OF LEGAL OPINION B-1</p> <p>BOOK-ENTRY-ONLY SYSTEM C-1</p> <p>FORM OF CONTINUING DISCLOSURE CERTIFICATE ... D-1</p> <p>TERMS OF PROPOSAL E-1</p> <p>PROPOSAL FORM</p>
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ROSEVILLE AREA SCHOOLS SCHOOL BOARD

		<u>Term Expires</u>
Todd Anderson	Board Chair	January 2028
Rose Chu	Clerk	January 2028
Mannix Clark	Treasurer	January 2026
Mike Boguszewski	Member	January 2028
Kitty Gogins	Member	January 2026
Curtis Johnson	Member	January 2026

ADMINISTRATION

Jenny Loeck, Superintendent of Schools
Shari Thompson, Director of Business and Operations

PROFESSIONAL SERVICES

Kennedy & Graven, Chartered, Bond Counsel, Minneapolis, Minnesota

Ehlers and Associates, Inc., Municipal Advisors, Roseville, Minnesota
(Other office located in Waukesha, Wisconsin)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding Independent School District No. 623 (Roseville Area Schools), Minnesota (the "District") and the issuance of its \$17,345,000* General Obligation Facilities Maintenance Bonds, Series 2024A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution authorizing the issuance and sale of the Bonds ("Award Resolution") to be adopted by the School Board on April 23, 2024.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Roseville, Minnesota, (651) 697-8500, the District's municipal advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of May 16, 2024. The Bonds will mature on February 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2025, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2025 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Bonds shall be payable as provided in the Award Resolution.

The District has selected Bond Trust Services Corporation, Roseville, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The District will pay the charges for Paying Agent services. The District reserves the right to remove the Paying Agent and to appoint a successor.

*Preliminary, subject to change.

OPTIONAL REDEMPTION

At the option of the District, the Bonds maturing on or after February 1, 2033 shall be subject to optional redemption prior to maturity on February 1, 2032 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the District. If only part of the Bonds having a common maturity date are called for redemption, then the District or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, including Section 123B.595, as amended, by the District, to provide funds for facility and site maintenance projects included in the District's ten-year facility plan of the District approved by the Commissioner of Education.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Bonds	\$17,345,000	
Reoffering Premium	<u>1,482,078</u>	
Total Sources		\$18,827,078
Uses		
Total Underwriter's Discount (1.000%)	\$173,450	
Costs of Issuance	105,190	
Deposit to Construction Fund	<u>18,548,438</u>	
Total Uses		\$18,827,078

*Preliminary, subject to change.

SECURITY

The Bonds will be general obligations of the District to which its full faith and credit and taxing powers are pledged. In accordance with Minnesota Statutes, the District will levy each year an amount not less than 105% of the debt service requirements on the Bonds, less estimated collections of other revenues pledged for payments on the Bonds. In the event funds on hand for payment of principal and interest are at any time insufficient, the District is required to levy additional taxes upon all taxable properties within its boundaries without limit as to rate or amount to make up any deficiency.

RATING

The District will be participating in the State of Minnesota Credit Enhancement Program ("MNCEP") for this issue and is requesting a credit enhanced rating from Moody's Investors Service, Inc. ("Moody's"). Moody's has a policy which assigns a minimum rating of "Aa1" to issuers participating in the MNCEP. The "Aa1" rating is based on the State of Minnesota's current "Aaa" rating from Moody's. See "STATE OF MINNESOTA CREDIT ENHANCEMENT PROGRAM FOR SCHOOL DISTRICTS" for further details.

The District currently has an "A2" underlying rating from Moody's and will be requesting an underlying rating on this issue. Such rating, if any, reflects only the views of such organization and explanations of the significance of such rating may be obtained from the rating agency furnishing the same. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the District nor the underwriter undertake responsibility to bring to the attention of the owner of the Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

STATE OF MINNESOTA CREDIT ENHANCEMENT PROGRAM FOR SCHOOL DISTRICTS

By resolution adopted for this issue on September 26, 2023 (the "Resolution"), the District has covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 126C.55, as amended, which provides for payment by the State of Minnesota in the event of a potential default of a school district obligation (herein referred to as the "State Payment Law" or the "Law"). The provisions of the State Payment Law shall be binding on the District as long as any obligations of the issue remain outstanding.

Under the State Payment Law, if the District believes it may be unable to make a principal or interest payment for this issue on the due date, it must notify the Commissioner of Education as soon as possible, but not less than 15 working days prior to the due date (which notice is to specify certain information) that it intends to exercise the provisions of the Law to guarantee payment of the principal and interest when due. The District also covenants in the Resolution to deposit with the Paying Agent for the issue three business days prior to the date on which a payment is due an amount sufficient to make that payment or to notify the Commissioner of Education that it will be unable to make all or a portion of the payment.

The Law also requires the Paying Agent for this issue to notify the Commissioner of Education if it becomes aware of a potential default in the payment of principal and interest on these obligations, or if, on the day two business days prior to the payment date, there are insufficient funds to make the payment or deposit with the Paying Agent.

The Law also requires, after receipt of a notice which requests a payment pursuant to the Law, after consultation with the Paying Agent and District, and after verifying the accuracy of the information provided, the Commissioner of Education shall notify the Commissioner of Management and Budget of the potential default. The State Payment Law provides that "upon receipt of this notice . . . the commissioner of management and budget shall issue a payment and authorize the commissioner of education to pay to the paying agent for the debt obligation the specified amount on or before the date due. The amounts needed for the purposes of this subdivision are annually appropriated to the [Department of Education] from the state general fund."

The Law requires that all amounts paid by the State on behalf of any school district are required to be repaid by the district to the State with interest, either via a reduction in State aid payable to the district, or through the levy of an ad valorem tax which may be made with the approval of the Commissioner of Education.

In its Official Statement dated August 1, 2023, for General Obligation State Bonds, Series 2023A, 2023B, 2023C, 2023D and 2023E, the State of Minnesota disclosed the following information about the State Credit Enhancement Program for School Districts:

"As of June 30, 2023, the total amount of principal on certificates of indebtedness and capital notes issued for equipment, certificates of participation and bonds, plus the interest on these obligations, through the year 2050, is approximately \$17,500,000,000. Based upon these currently outstanding balances now enrolled in the program, during the Current Biennium the total amount of principal and interest outstanding as of June 30, 2023, is currently estimated at \$2,700,000,000, with the maximum amount of principal and interest payable in any one month being \$1,060,000,000. However, more certificates of indebtedness, capital notes, certificates of participation and bonds are expected to be enrolled in the program and these amounts are expected to increase.

The State has not had to make any debt service payments on behalf of school districts or intermediate school districts under the program and does not expect to make any payments in the future. If such payments are made the State expects to recover all or substantially all of the amounts so paid pursuant to contractual agreements with the school districts and intermediate school districts."

CONTINUING DISCLOSURE

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Bonds, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the District shall agree to provide certain information to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events.

On the date of issue and delivery of the Bonds, the District shall execute and deliver a Continuing Disclosure Certificate, under which the District will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the District are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the District to comply with any Disclosure Undertaking will not constitute an event of default on the Bonds. However, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Prior continuing disclosure undertakings entered into by the District included language stating that an Annual Report including the District's audited financial statements and operating data would be filed "as soon as available." Although the District did not provide financial statements "as soon as available," the Annual Reports were timely filed within the required twelve (12) month timeframe as provided for in each undertaking. Other than what is described in this paragraph, the District believes it has complied in all material respects with its prior disclosure undertakings under the Rule in the last five years. The District has reviewed its continuing disclosure responsibilities along with any changes to the Rule, to ensure compliance. Ehlers is currently engaged as dissemination agent for the District.

LEGAL OPINION

An opinion as to the validity of the Bonds and the exemption from taxation of the interest thereon will be furnished by Kennedy & Graven, Chartered, Minneapolis, Minnesota, Bond Counsel to the District ("Bond Counsel"), and will be available at the time of delivery of the Bonds. The legal opinion will state that the Bonds are valid and binding general obligations of the District; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). See "FORM OF LEGAL OPINION" found in Appendix B.

TAX EXEMPTION

On the date of issuance of the Bonds, Bond Counsel will render an opinion that, at the time of issuance and delivery of the Bonds to the original purchaser, based on present federal and State of Minnesota laws, regulations, rulings and decisions (which exclude any pending legislation which may have a retroactive effect), and assuming compliance with certain covenants set forth in the Award Resolution, interest on the Bonds is excludable from gross income for federal income tax purposes and, to the same extent, is excludable from the taxable net income of individuals, trusts, and estates for Minnesota income tax purposes, and is not a preference item for purposes of computing the federal alternative minimum tax or the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. However, interest on the Bonds is included in determining the annual adjusted financial statement income (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code")) of applicable corporations (as defined in Section 59(k) of the Code) for purposes of computing the alternative minimum tax imposed on such applicable corporations and is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. Section 59(k) of the Code defines "applicable corporation" as any corporation (other than an S corporation), a regulated investment company, or a real estate investment trust which meets the average annual adjusted financial statement income test set forth in Section 59(k) of the Code in one or more taxable years. No opinion will be expressed by Bond Counsel regarding other federal or State of Minnesota tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds.

Noncompliance following the issuance of the Bonds with certain requirements of the Code and covenants of the Award Resolution may result in the inclusion of interest on the Bonds in gross income (for federal tax purposes) and taxable net income (for State of Minnesota tax purposes) of the owners thereof. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to United States or State of Minnesota income taxation.

The Code imposes an alternative minimum tax with respect to individuals on alternative minimum taxable income.

The Code provides that in the case of an insurance company subject to the tax imposed by Section 831 of the Code, the amount which otherwise would be taken into account as "losses incurred" under Section 832(b)(5) shall be reduced by an amount equal to the applicable percentage of the interest on the Bonds that is received or accrued during the taxable year.

Interest on the Bonds may be included in the income of a foreign corporation for purposes of the branch profits tax imposed by Section 884 of the Code. Under certain circumstances, interest on the Bonds may be subject to the tax on "excess net passive income" of Subchapter S corporations imposed by Section 1375 of the Code.

The above is not a comprehensive list of all federal tax consequences which may arise from the receipt of interest on the Bonds. The receipt of interest on the Bonds may otherwise affect the federal or State income tax liability of the recipient based on the particular taxes to which the recipient is subject and the particular tax status of other items or deductions. Bond Counsel expresses no opinion regarding any such consequences. All prospective purchasers of the Bonds are advised to consult their own tax advisors as to the tax consequences of, or tax considerations for, purchasing or holding the Bonds.

Legislative proposals

Bond Counsel's opinion is given as of its date and Bond Counsel assumes no obligation to update, revise, or supplement such opinion to reflect any changes in facts or circumstances or any changes in law that may hereafter occur. Proposals are regularly introduced in both the United States House of Representatives and the United States Senate that, if enacted, could alter or affect the tax-exempt status on municipal bonds. For example, legislation has been proposed that would, among other things, limit the amount of exclusions (including tax-exempt interest) or deductions that certain higher-income taxpayers could use to reduce their tax liability. The likelihood of adoption of this or any other such legislative proposal relating to tax-exempt bonds cannot be reliably predicted. If enacted into law, current or future proposals may have a prospective or retroactive effect and could affect the value or marketability of tax-exempt bonds (including the Bonds). Prospective purchasers of the Bonds should consult their own tax advisors regarding the impact of any such change in law.

NON-QUALIFIED TAX-EXEMPT OBLIGATIONS

The District will NOT designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code, relating to the ability of certain financial institutions (within the meaning of Section 265(6)(5) of the Code) to deduct from income for federal income tax purposes, 80% of the interest expense that is allocable to carrying and acquiring tax-exempt obligations.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the District in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Preliminary Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor. Ehlers makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Preliminary Official Statement, and its assistance in preparing this Preliminary Official Statement should not be construed as a representation that it has independently verified such information.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

BTSC and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the District, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the District under an agreement separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the District for the fiscal year ended June 30, 2023 have been audited by CliftonLarsonAllen LLP, Minneapolis, Minnesota, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

The following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

Taxes: The Bonds will be general obligations of the District, the ultimate payment of which rests in the District's ability to levy and collect sufficient taxes to pay debt service should other revenue (state aids) be insufficient. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the District in time to pay debt service when due.

State Actions: Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the state may affect the overall financial condition of the District, the taxable value of property within the District, and the ability of the District to levy and collect property taxes.

Future Changes in Law: Various State and federal laws, regulations and constitutional provisions apply to the District and to the Bonds. The District can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the District or the taxing authority of the District.

Ratings; Interest Rates: In the future, the District's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Bonds for resale prior to maturity.

Tax Exemption: If the federal government or the State of Minnesota taxes all or a portion of the interest on municipal obligations, directly or indirectly, or if there is a change in federal or state tax policy, the value of the Bonds may fall for purposes of resale. Noncompliance following the issuance of the Bonds with certain requirements of the Code and covenants of the Award Resolution may result in the inclusion of interest on the Bonds in gross income of the recipient for United States income tax purposes or in taxable net income of individuals, estates or trusts for State of Minnesota income tax purposes. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to federal or State of Minnesota income taxation, retroactive to the date of issuance.

Continuing Disclosure: A failure by the District to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Levy Limits: Minnesota school district tax levies for most purposes are subject to statutory limitations. No limit, however, is placed on the debt service levy, and districts are required to levy 105% of actual principal and interest requirements to allow for delinquencies. School districts receive a basic revenue amount per pupil unit from aid and levy proceeds in a variety of categorical state aids. They are also allowed to certify additional levies within limits for certain specified purposes. The State Department of Education and the applicable County Auditors review the levies of each school district to determine compliance with state levy limits.

State Economy; State Aids: State of Minnesota cash flow problems could affect local governments and possibly increase property taxes.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the District to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the District, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the District may have an adverse effect on the value of the Bonds in the secondary market.

Secondary Market for the Bonds: No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Bankruptcy: The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified.

Cybersecurity: The District is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the District will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Preliminary Official Statement and the Appendices hereto.

VALUATIONS

OVERVIEW

All non-exempt property is subject to taxation by local taxing districts. Exempt real property includes Indian lands, public property, and educational, religious and charitable institutions. Most personal property is exempt from taxation (except investor-owned utility mains, generating plants, etc.).

The valuation of property in Minnesota consists of three elements. (1) The estimated market value is set by city or county assessors. Not less than 20% of all real properties are to be appraised by local assessors each year. (2) The taxable market value is the estimated market value adjusted by all legislative exclusions. (3) The tax capacity (taxable) value of property is determined by class rates set by the State Legislature. The tax capacity rate varies according to the classification of the property. Tax capacity represents a percent of taxable market value.

The property tax rate for a local taxing jurisdiction is determined by dividing the total tax capacity or market value of property within the jurisdiction into the dollars to be raised from the levy. State law determines whether a levy is spread on tax capacity or market value. Major classifications and the percentages by which tax capacity is determined are:

Type of Property	2021/22	2022/23	2023/24
Residential homestead ¹	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%
Agricultural homestead ¹	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,900,000 - 0.50% ² Over \$1,900,000 - 1.00% ²	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,890,000 - 0.50% ² Over \$1,890,000 - 1.00% ²	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$2,150,000 - 0.50% ² Over \$2,150,000 - 1.00% ²
Agricultural non-homestead	Land - 1.00% ²	Land - 1.00% ²	Land - 1.00% ²
Seasonal recreational residential	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³
Residential non-homestead:	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$100,000 - .75% Over \$100,000 - .25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$100,000 - .75% Over \$100,000 - .25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$100,000 - .75% Over \$100,000 - .25%
Industrial/Commercial/Utility ⁵	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%

¹ A residential property qualifies as "homestead" if it is occupied by the owner or a relative of the owner on the assessment date.

² Applies to land and buildings. Exempt from referendum market value tax.

³ Exempt from referendum market value tax.

⁴ Cities of 5,000 population or less and located entirely outside the seven-county metropolitan area and the adjacent nine-county area and whose boundaries are 15 miles or more from the boundaries of a Minnesota city with a population of over 5,000.

⁵ The estimated market value of utility property is determined by the Minnesota Department of Revenue.

CURRENT PROPERTY VALUATIONS

2022/23 Economic Market Value	<u><u>\$9,069,947,604¹</u></u>
2022/23 Assessor's Estimated Market Value	
Real Estate	\$8,434,039,300
Personal Property	39,409,700
Total Valuation	<u><u>\$8,473,449,000</u></u>
2022/23 Net Tax Capacity	
Real Estate	\$100,199,881
Personal Property	770,476
Net Tax Capacity	<u>\$100,970,357</u>
Less:	
Captured Tax Increment Tax Capacity ²	(1,665,188)
Fiscal Disparities Contribution ³	<u>(10,895,823)</u>
Taxable Net Tax Capacity	\$88,409,346
Plus: Fiscal Disparities Distribution ³	<u>9,800,455</u>
Adjusted Taxable Net Tax Capacity	<u><u>\$98,209,801</u></u>

¹ According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for the District is about 93.45% of the actual selling prices of property most recently sold in the District. The sales ratio was calculated by comparing the selling prices with the AEMV. Dividing the AEMV of real estate by the sales ratio and adding the AEMV of personal property and utility, railroads and minerals, if any, results in an Economic Market Value ("EMV") for the District of \$9,069,947,604.

² The captured tax increment value shown above represents the captured net tax capacity of tax increment financing districts in the District.

³ Each community in the seven-county metropolitan area contributes 40% of the growth in its commercial-industrial property tax base to an area pool which is then distributed among the municipalities on the basis of population, special needs, etc. Each governmental unit makes a contribution and receives a distribution--sometimes gaining and sometimes contributing net tax capacity for tax purposes.

2022/23 NET TAX CAPACITY BY CLASSIFICATION

	2022/23 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	\$50,749,128	50.26%
Agricultural	13,133	0.01%
Commercial/industrial	29,626,126	29.34%
Public utility	540,408	0.54%
Railroad operating property	173,355	0.17%
Non-homestead residential	19,061,235	18.88%
Commercial & residential seasonal/rec.	36,496	0.04%
Personal property	<u>770,476</u>	<u>0.76%</u>
 Total	 <u><u>\$100,970,357</u></u>	 <u><u>100.00%</u></u>

TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity ¹	Adjusted Taxable Net Tax Capacity ²	Percent Increase/Decrease in Estimated Market Value
2019/20	\$6,869,901,300	\$6,628,008,000	\$81,648,818	\$79,733,353	5.75%
2020/21	7,353,045,800	7,122,327,200	88,365,851	86,649,939	7.03%
2021/22	7,541,295,100	7,320,269,400	90,219,788	88,081,043	2.56%
2022/23	8,473,449,000	8,292,488,440	100,970,357	98,209,801	12.36%
2023/24	8,931,724,900	8,931,724,900	107,435,469	104,387,430	5.41%

¹ Net Tax Capacity is before fiscal disparities adjustments and includes tax increment values.

² Adjusted Taxable Net Tax Capacity is after fiscal disparities adjustments and does not include tax increment values.

LARGEST TAXPAYERS

Taxpayer	Type of Property	2022/23 Net Tax Capacity	Percent of District's Total Net Tax Capacity
Rosedale Shopping Center	Commercial	\$2,096,990	2.08%
Xcel Energy	Utility	956,695	0.95%
St. Jude Medical, Inc.	Commercial	937,352	0.93%
Gateway Washington, Inc.	Commercial	860,970	0.85%
Wilcal Crossroads, LLC	Commercial	847,172	0.84%
Rosedale Commons, LP	Commercial	745,514	0.74%
Arrow Lexington Apartments, LLC	Apartments	769,853	0.76%
Meritex Industrial Portfolio, LLC	Industrial	538,874	0.53%
Rosedale Marketplace Association	Commercial	480,068	0.48%
Roseville Properties	Commercial	451,172	0.45%
Total		\$8,684,660	8.60%

District's Total 2022/23 Net Tax Capacity \$100,970,357

Source: Current Property Valuations, Net Tax Capacity by Classification, Trend of Valuations and Largest Taxpayers have been furnished by Ramsey County.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedule following)

Total G.O. debt secured by taxes and state aids² (includes the Bonds)* \$175,340,000

*Preliminary, subject to change.

Lease Purchase Obligations (see schedule following)

Total lease purchase obligations paid by annual appropriations³ \$14,835,000

¹ Outstanding debt is as of the dated date of the Bonds.

² Based upon the Long Term Facilities Maintenance Revenue formula, agricultural land valuation and current statistics, the District anticipates a portion of this debt will be paid by the State of Minnesota.

³ Non-general obligation debt has not been included in the debt ratios.

Other Obligations - Cooperative District/Joint Governmental Obligations

The District is a member of Northeast Metropolitan Intermediate School District No. 916 (Northeast Metro 916), an intermediate school district authorized by the Minnesota State Legislature to provide participating school districts with vocational, technical, and special education services. Northeast Metro 916 has issued Certificates of Participation dated 05/21/2013, 10/28/2015, and 12/03/2015 with original par amounts of \$15,655,000, \$21,415,000, and \$45,385,000, respectively, to finance the construction of facilities. Payments on the certificates are allocated to the member districts based on a methodology agreed to by the member districts. Each member district is eligible to include their share of the payments in their annual property tax levy. The District's share of the fiscal year 2024-25 payments on all three Certificates of Participation is \$426,788 and that amount is included as part of their tax levy for taxes payable in 2024.

DEBT PAYMENT HISTORY

The District has no record of default in the payment of principal and interest on its debt.

FUTURE FINANCING

The District has no current plans for additional financing in the next 12 months.

STATE AID FOR DEBT SERVICE

The Minnesota Debt Service Equalization program provides state aid to finance a portion of the principal and interest payments on voter approved school building bonds. Bonds and Certificates that are not eligible for the program include all alternative facilities bonds, facilities maintenance bonds, capital facilities bonds, OPEB bonds, building bonds with relatively short maturities, and Certificates of Participation (COPs).

Under the Debt Service Equalization Formula (the Formula) adopted by the 2001 Minnesota State Legislature, each school district is responsible for the amount of its qualifying annual debt service which is equal to 15.74% of its Adjusted Net Tax Capacity (ANTC). The District does not currently qualify for debt service equalization aid.

In addition to debt service equalization aid, some school districts will qualify for state Long Term Facilities Maintenance Aid to finance a portion of the payments on Alternative Facilities Bonds and Facilities Maintenance Bonds, pursuant to the Long Term Facilities Maintenance Revenue program approved by the State in 2015. If any aid is received, it is deposited into the school district's debt service fund and must be used for payments on the bonds; any payment of state aid into the debt service fund causes a reduction in the tax levy for Alternative Facilities Bonds and Facilities Maintenance Bonds. The amount of aid received in the debt service fund will vary each year, depending on a number of factors. Although the District expects to receive some Long Term Facilities Maintenance Aid in its debt service fund, Ehlers has not attempted to estimate the portion of debt service payments that would be financed by state aid.

Some school districts will also receive aid for debt service payments through the state School Building Bond Agricultural Credit, which is paid to school districts to offset a portion of certain bond levies (Minnesota Statutes, Section 273.1387). For taxes payable in 2023, and thereafter, the reimbursement percentage for each qualifying property is 70% of the property's eligible net tax capacity multiplied by the school debt tax rate determined under Minnesota Statutes, Section 275.08, subdivision 1b. The school building bond agricultural credit applies to farmland, excluding the house, garage and one acre, and to rural vacant land and managed forest land. Although the District expects to receive a small amount of Agricultural Credit in its debt service fund, Ehlers has not attempted to estimate the portion of debt service payments that would be financed by state aid.

The District's \$18,420,000 General Obligation Taxable OPEB Refunding Bonds, Series 2017A, do **not** qualify for the agricultural credit pursuant to Minnesota Statutes.

BONDED DEBT LIMIT

Minnesota Statutes, Section 475.53, subdivision 4, presently limits the "net debt" of a school district to 15% of the estimated market value of all taxable property situated within its corporate limits. The estimated market value of property within a district, on which its debt limit is based, is (a) the value certified by the county auditors, or (b) this value divided by the ratio certified by the commissioner of revenue, whichever results in a higher value. The current debt limit of the District is computed as follows:

2022/23 Economic Market Value	\$9,069,947,604
Multiply by 15%	0.15
Statutory Debt Limit	\$1,360,492,141
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes ¹ (includes the Bonds)*	(160,650,000)
Less: Long-Term Debt Outstanding Being Paid Solely from Annual Appropriations	(14,835,000)
Unused Debt Limit*	\$1,185,007,141

*Preliminary, subject to change.

¹ Does not include the \$18,420,000 General Obligation Taxable OPEB Bonds, Series 2017A, as they are not subject to the debt limit calculation per Minnesota Statutes.

Independent School District No. 623 (Roseville Area Schools), Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 05/16/2024)

	Taxable OPEB Refunding Bonds 1) Series 2017A		Facilities Maintenance Bonds Series 2017B		School Building Bonds Series 2018A		School Building Refunding Bonds Series 2019A		Facilities Maintenance Bonds Series 2020A	
Dated	10/05/2017		12/28/2017		02/01/2018		11/06/2019		04/23/2020	
Amount	\$18,420,000		\$9,995,000		\$130,045,000		\$6,610,000		\$8,185,000	
Maturity	02/01		02/01		02/01		02/01		02/01	
Fiscal Year										
Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	1,880,000	443,650	0	399,800	4,290,000	4,661,000	505,000	25,250	125,000	188,468
2026	2,860,000	387,250	0	399,800	5,280,000	4,446,500			125,000	183,468
2027	3,740,000	301,450	1,505,000	399,800	4,260,000	4,182,500			145,000	178,468
2028	3,850,000	189,250	1,565,000	339,600	4,550,000	3,969,500			155,000	172,668
2029	2,360,000	73,750	1,630,000	277,000	6,045,000	3,742,000			165,000	166,468
2030			1,695,000	211,800	8,145,000	3,439,750			175,000	163,168
2031			1,765,000	144,000	8,625,000	3,032,500			175,000	159,668
2032			1,835,000	73,400	9,025,000	2,601,250			175,000	156,168
2033					9,290,000	2,330,500			380,000	152,668
2034					9,535,000	2,051,800			380,000	144,878
2035					9,885,000	1,670,400			405,000	136,898
2036					10,260,000	1,275,000			430,000	128,190
2037					10,675,000	864,600			445,000	118,515
2038					10,940,000	437,600			535,000	108,058
2039									2,240,000	94,950
2040									1,455,000	37,830
	14,690,000	1,395,350	9,995,000	2,245,200	110,805,000	38,704,900	505,000	25,250	7,510,000	2,290,525

1) This issue is not subject to the debt limit.

--Continued on next page

Independent School District No. 623 (Roseville Area Schools), Minnesota
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 05/16/2024)

	School Building Refunding Bonds Series 2021B		Facilities Maintenance Bonds Series 2022A		Facilities Maintenance Bonds Series 2024A							
Dated	11/10/2021		04/14/2022		05/16/2024							
Amount	\$2,425,000		\$13,250,000		\$17,345,000*							
Maturity	02/01		02/01		02/01							
Fiscal Year												
Ending	Principal	Interest	Principal	Interest	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Fiscal Year Ending
2025	615,000	63,500	0	456,900	740,000	601,021	8,155,000	6,839,588	14,994,588	167,185,000	4.65%	2025
2026	655,000	32,750	0	456,900	2,005,000	811,500	10,925,000	6,718,168	17,643,168	156,260,000	10.88%	2026
2027			0	456,900	1,060,000	711,250	10,710,000	6,230,368	16,940,368	145,550,000	16.99%	2027
2028			0	456,900	1,265,000	658,250	11,385,000	5,786,168	17,171,168	134,165,000	23.48%	2028
2029			0	456,900	1,260,000	595,000	11,460,000	5,311,118	16,771,118	122,705,000	30.02%	2029
2030			0	456,900	2,035,000	532,000	12,050,000	4,803,618	16,853,618	110,655,000	36.89%	2030
2031			0	456,900	1,530,000	430,250	12,095,000	4,223,318	16,318,318	98,560,000	43.79%	2031
2032			0	456,900	1,590,000	353,750	12,625,000	3,641,468	16,266,468	85,935,000	50.99%	2032
2033			600,000	456,900	3,985,000	274,250	14,255,000	3,214,318	17,469,318	71,680,000	59.12%	2033
2034			610,000	432,900	1,875,000	75,000	12,400,000	2,704,578	15,104,578	59,280,000	66.19%	2034
2035			640,000	408,500			10,930,000	2,215,798	13,145,798	48,350,000	72.43%	2035
2036			665,000	382,900			11,355,000	1,786,090	13,141,090	36,995,000	78.90%	2036
2037			2,150,000	356,300			13,270,000	1,339,415	14,609,415	23,725,000	86.47%	2037
2038			2,390,000	270,300			13,865,000	815,958	14,680,958	9,860,000	94.38%	2038
2039			3,800,000	195,613			6,040,000	290,563	6,330,563	3,820,000	97.82%	2039
2040			2,365,000	76,863			3,820,000	114,693	3,934,693	0	100.00%	2040
	1,270,000	96,250	13,220,000	6,235,475	17,345,000	5,042,271	175,340,000	56,035,221	231,375,221			

* Preliminary, subject to change.

Independent School District No. 623 (Roseville Area Schools), Minnesota
Schedule of Bonded Indebtedness
Non-General Obligation Debt Secured by Annual Appropriation
(As of 05/16/2024)

Certificates of Participation
Series 2021A

Dated Amount	03/09/2021 \$17,510,000							
Maturity	04/01							
Fiscal Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Fiscal Year Ending
2025	950,000	600,450	950,000	600,450	1,550,450	13,885,000	6.40%	2025
2026	1,000,000	552,950	1,000,000	552,950	1,552,950	12,885,000	13.14%	2026
2027	1,050,000	502,950	1,050,000	502,950	1,552,950	11,835,000	20.22%	2027
2028	1,100,000	450,450	1,100,000	450,450	1,550,450	10,735,000	27.64%	2028
2029	1,155,000	395,450	1,155,000	395,450	1,550,450	9,580,000	35.42%	2029
2030	1,215,000	337,700	1,215,000	337,700	1,552,700	8,365,000	43.61%	2030
2031	1,275,000	276,950	1,275,000	276,950	1,551,950	7,090,000	52.21%	2031
2032	1,325,000	225,950	1,325,000	225,950	1,550,950	5,765,000	61.14%	2032
2033	1,380,000	172,950	1,380,000	172,950	1,552,950	4,385,000	70.44%	2033
2034	1,420,000	131,550	1,420,000	131,550	1,551,550	2,965,000	80.01%	2034
2035	1,460,000	88,950	1,460,000	88,950	1,548,950	1,505,000	89.86%	2035
2036	1,505,000	45,150	1,505,000	45,150	1,550,150	0	100.00%	2036
	14,835,000	3,781,450	14,835,000	3,781,450	18,616,450			

OVERLAPPING DEBT¹

Taxing District	2022/23 Adjusted Taxable Net Tax Capacity	% In District	Total G.O. Debt²	District's Proportionate Share
County of:				
Ramsey w/Library	\$814,342,324	12.0600%	\$183,990,000	\$22,189,194
Cities of:				
Falcon Heights	6,926,807	100.0000%	1,055,000	1,055,000
Lauderdale	3,565,072	100.0000%	600,000	600,000
Little Canada	16,488,400	91.6712%	1,750,000	1,604,246
Maplewood	63,383,753	13.7283%	43,565,000	5,980,734
Roseville	72,837,847	81.8714%	9,725,000	7,961,994
Shoreview	49,384,821	7.1470%	19,005,000	1,358,287
Special Districts of:				
Metropolitan Council	5,878,109,833	1.6708%	191,435,000 ³	<u>3,198,496</u>
District's Share of Total Overlapping Debt				<u><u>\$43,947,951</u></u>

¹ Overlapping debt is as of the dated date of the Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section. It does *not* include non-general obligation debt, self-supporting general obligation revenue debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

² Outstanding debt is based on information in Official Statements obtained on EMMA and the Municipal Advisor's records.

³ The above debt includes all outstanding general obligation debt supported by taxes of the Metropolitan Council. The Council also has general obligation wastewater revenue, grant anticipation notes and certificates of participation outstanding all of which are supported entirely by revenues and have not been included in the overlapping debt or debt ratios sections.

DEBT RATIOS

	G.O. Debt	Debt/Economic Market Value \$9,069,947,604	Debt/ Per Capita 56,378 ¹
Direct G.O. Debt Being Paid From Taxes and State Aids*	\$175,340,000	1.93%	\$3,110.08
District's Share of Total Overlapping Debt	<u>\$43,947,951</u>	<u>ERR</u>	<u>ERR</u>
Total*	<u><u>\$175,340,000</u></u>	<u><u>1.93%</u></u>	<u><u>\$3,110.08</u></u>

*Preliminary, subject to change.

TAX LEVIES, COLLECTION AND RATES

TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy ²	Total Collected Following Year	Collected to Date	% Collected
2018/19	\$40,034,118	\$39,719,358	\$40,014,606	99.95%
2019/20	39,885,814	39,650,820	39,811,876	99.81%
2020/21	40,771,028	40,583,013	40,729,518	99.90%
2021/22	45,908,508	45,593,294	45,593,294	99.31%
2022/23	45,617,745	In process of collection		

Property taxes are collected in two installments in Minnesota--the first by May 15 and the second by October 15.³ Mobile home taxes are collectible in full by August 31. Minnesota Statutes require that levies (taxes and special assessments) for debt service be at least 105% of the actual debt service requirements to allow for delinquencies.

¹ Estimated 2022 population.

² This reflects the Final Levy Certification of the District after all adjustments have been made.

³ Second half tax payments on agricultural property are due on November 15th of each year.

TAX CAPACITY RATES¹

	2019/20	2020/21	2021/22	2022/23	2023/24
I.S.D. No. 623 (Roseville Area Schools)	30.668%	31.250%	26.914%	25.533%	25.030%
Ramsey County	48.081%	43.859%	43.987%	41.231%	45.455%
Ramsey County Library	4.221%	3.901%	4.080%	3.669%	3.774%
City of Arden Hills	25.414%	25.089%	26.543%	23.632%	24.491%
City of Falcon Heights	35.635%	36.348%	38.800%	35.174%	36.979%
City of Lauderdale	29.330%	27.733%	29.596%	28.159%	29.498%
City of Little Canada	25.773%	23.983%	25.551%	25.486%	24.829%
City of Maplewood	44.646%	41.953%	43.662%	40.548%	42.926%
City of Roseville	39.201%	37.071%	38.483%	36.083%	37.229%
City of Shoreview	32.626%	32.331%	32.961%	30.258%	31.432%
Metropolitan Watershed	3.248%	2.938%	2.893%	2.667%	2.652%
Rice Creek Watershed	1.925%	1.822%	1.830%	1.671%	1.607%
Metropolitan Council	2.003%	1.809%	1.883%	1.681%	1.545%
Metropolitan Mosquito	0.403%	0.366%	0.381%	0.340%	0.313%
Regional Rail	3.918%	3.825%	4.054%	3.683%	3.974%

Referendum Market Value Rates:

I.S.D. No. 623 (Roseville Area Schools)	0.19882%	0.16876%	0.26937%	0.21357%	0.23293%
City of Maplewood	0.00633%	N/A	N/A	N/A	N/A

Source: Tax Levies and Collections and Tax Capacity Rates have been furnished by Ramsey County.

THE ISSUER

EMPLOYEES

The District is governed by an elected school board and employs a staff of 1,254, including 597 non-licensed employees and 657 licensed employees (589 of whom are teachers). The District provides education for 7,199 students in grades kindergarten through twelve.

¹ After reduction for state aids. Does not include the statewide general property tax against commercial/industrial, non-homestead resorts and seasonal recreational residential property.

PENSIONS; UNIONS

Teachers' Retirement Association (TRA)

All teachers employed by the District are covered by defined benefit pension plans administered by the State of Minnesota Teachers Retirement Association (TRA). TRA members belong to either the Coordinated Plan or the Basic Plan. Coordinated members are covered by Social Security and Basic members are not. All new members must participate in the Coordinated Plan. These plans are established and administered in accordance with Minnesota Statutes, Chapters 354 and 356, as amended.

Public Employees' Retirement Association (PERA)

All full-time and certain part-time employees of the District (other than those covered by TRA) are covered by a defined benefit plan administered by the Public Employees' Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with Minnesota Statutes, Chapters 353 and 356, as amended.

Recognized and Certified Bargaining Units

Bargaining Unit	Expiration Date of Current Contract
Education Minnesota - Roseville	June 30, 2025
Roseville Principals Association	June 30, 2023
IUOE Local No. 70 AFL-CIO	June 30, 2024
Roseville Nutrition Service Association	June 30, 2024
AFSCME Council 5 Local 1129 - Clerical	June 30, 2024
AFSCME Council 5 Local 1129 - Teacher Assistants	June 30, 2025

Status of Contract

The contract which expired on June 30, 2023 is currently in negotiations.

POST EMPLOYMENT BENEFITS

The District has obligations for some post-employment benefits for its employees. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement Nos. 74 and 75 (GASB 74/75). The District's most recent Comprehensive Annual Financial Report (Audit) shows a total OPEB liability of \$8,610,910 as of June 30, 2023. The District has been funding these obligations on a pay-as-you-go basis, but in January of 2009 the District issued \$17,825,000 in OPEB Bonds to fund an irrevocable trust. As of June 30, 2022, the net position of the trust was \$5,491,114. Future OPEB costs will be paid partially from the trust and partially from operating funds.

Source: The District's most recent Audit.

STUDENT BODY

The number of students enrolled for the past four years and for the current year have been as follows:

Year	Kindergarten	Grades 1-6	Grades 7-12	Total
2019/20	578	3,446	3,422	7,446
2020/21	585	3,219	3,490	7,294
2021/22	571	3,311	3,501	7,383
2022/23	563	3,249	3,298	7,110
2023/24	519	3,287	3,393	7,199

Enrollments for the next three years are projected to be as follows:

Year	Kindergarten	Grades 1-6	Grades 7-12	Total
2024/25	529	3,330	3,334	7,193
2025/26	525	3,325	3,344	7,194
2026/27	525	3,328	3,348	7,201

SCHOOL BUILDINGS

School Building	Year Constructed	Years of Additions/ Remodelings
Brimhall Elementary	1957	1957, 1958, 1959, 1972, 1994, 2019
Central Park Elementary	1966	1968, 1996, 2019
Edgerton Elementary	1952	1955, 1961, 1967, 1969, 1996, 2004, 2019
Falcon Heights Elementary	1951	1952, 1961, 1969, 1995, 1998, 2015
Harambee Elementary	1996	--
Little Canada Elementary	1968	1989, 1995, 2019
Emmett D. Williams	1963	1966, 1969, 1997
Parkview School	1967	1969, 1975, 1997
Roseville Area Middle School	1963	1966, 1970, 1972, 1975, 1990, 2004
Roseville Area High School	1952	1962, 1969, 1970, 1975, 1985, 1993-1996, 2003-2005, 2019-2021

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the District or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

Currently there is no statutory authority for Minnesota school districts to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future while the Bonds are outstanding; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the District to file for relief under Chapter 9; or (c) whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. Such action could impact the rights of holders of the Bonds. Such modifications could be adverse to holders of the Bonds and there could ultimately be no assurance that holders of the Bonds would be paid in full or in part on the Bonds.

FUNDS ON HAND (as of March 31, 2024)

Fund	Total Cash and Investments
General	\$15,443,816
Food Service	3,878,188
Community Service	3,319,432
Debt Service	897,407
Building/Construction	5,423,737
Internal Service	<u>547,699</u>
Total Funds on Hand	<u><u>\$29,510,279</u></u>

SUMMARY GENERAL FUND INFORMATION

The following are summaries of the revenues and expenditures and fund balances for the District's General Fund. These summaries are not purported to be the complete audited financial statements of the District, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the District. Copies of the complete statements are available upon request. Appendix A includes the District's 2023 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING JUNE 30				2023-24 Revised Budget ²
	2020 Audited	2021 Audited	2022 Audited	2023 Audited	
Revenues					
Local property taxes	\$22,080,685	\$26,281,211	\$24,015,176	\$30,428,557	\$25,671,014
Earnings on investments	170,395	11,085	4,123	433,667	0
Other local and county revenues	2,678,115	2,475,448	2,883,007	3,240,025	1,355,600
Revenues from state sources	79,312,339	79,292,664	80,276,980	83,532,204	95,896,672
Revenues from federal sources	3,700,151	6,265,862	11,366,054	12,134,018	9,049,229
Total Revenues	\$107,941,685	\$114,326,270	\$118,545,340	\$129,768,471	\$131,972,515
Expenditures					
Current:					
Administration	\$5,545,225	\$5,224,686	\$5,251,721	\$5,362,306	\$5,819,214
District support services	4,351,885	4,651,153	4,730,714	4,856,676	4,260,155
Elementary & secondary regular instruction	42,565,307	43,592,426	45,539,379	46,776,118	48,695,827
Vocational education instruction	2,039,215	1,897,445	1,858,296	2,086,618	2,114,627
Special education instruction	20,359,525	21,372,548	23,576,557	24,552,863	29,458,869
Instructional support services	9,392,968	10,540,032	10,142,573	10,976,310	10,635,461
Pupil support services	10,424,327	9,338,604	12,060,245	14,753,727	16,178,136
Sites and buildings	6,947,084	9,310,618	8,518,301	9,066,000	7,793,599
Fiscal and other fixed cost programs	288,494	453,063	647,713	572,450	515,000
Community service	12,303	12,468	0	0	0
Capital outlay	1,959,646	5,110,662	2,881,794	3,142,823	3,384,090
Debt service	0	0	2,098,927	467,750	0
Total Expenditures	\$103,885,979	\$111,503,705	\$117,306,220	\$122,613,641	\$128,854,978
Excess of revenues over (under) expenditures	\$4,055,706	\$2,822,565	\$1,239,120	\$7,154,830	\$3,117,537
Other Financing Sources (Uses)					
Sale of equipment	\$0	\$1,500	\$0	\$0	\$0
Proceeds from sale of real property	0	23,852	0	0	0
Financed purchase agreements	0	0	359,925	40,554	0
Insurance recovery proceeds	45,157	59,152	0	0	0
Transfers Out	0	(5,918,000)	0	0	0
Total Other Financing Sources (Uses)	\$45,157	(\$5,833,496)	\$359,925	\$40,554	\$0
Net changes in Fund Balances	\$4,100,863	(\$3,010,931)	\$1,599,045	\$7,195,384	\$3,117,537
General Fund Balance July 1	4,750,073	8,850,936	3,720,882	5,319,927	12,515,311
Prior Period Adjustment	0	(2,119,123)	0	0	0
Residual Equity Transfer in (out)	0	0	0	0	0
General Fund Balance June 30	\$8,850,936	\$3,720,882	\$5,319,927	\$12,515,311	\$15,632,848
DETAILS OF JUNE 30 FUND BALANCE					
Nonspendable	\$655,323	\$591,417	\$395,436	\$1,190,862	\$1,190,862
Restricted	1,571,140	1,317,933	1,015,008	1,415,659	1,704,037
Assigned	0	576,945	620,504	679,910	679,910
Unassigned	6,624,473	1,234,587	3,288,979	9,228,880	12,058,039
Total	\$8,850,936	\$3,720,882	\$5,319,927	\$12,515,311	\$15,632,848

Note: District voters approved both an operating referendum renewal at \$972.09 per pupil and an operating referendum increase of \$905.00 per pupil for ten years in an election held on November 2, 2021, which resulted in an annual increase in general fund revenue of approximately \$7 million beginning with fiscal year 2022-23.

¹ The 2023-24 budget was adopted on June 27, 2023 and revised on February 6, 2024.

GENERAL INFORMATION

LOCATION

The District, with a 2020 U.S. Census population of 58,239 and a 2022 population estimate of 56,378, and comprising an area of 21.65 square miles, is located approximately 10 miles northwest of St. Paul, Minnesota.

LARGER EMPLOYERS¹

Larger employers in the District include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Minnesota State Fair	State fair grounds	2,636 ²
University of Minnesota (St. Paul Campus)	Post secondary education	2,018
Abbott-St. Jude Medical	Medical device and supplies manufacturer	1,159
I.S.D. No. 623 (Roseville Area Schools)	Elementary and secondary education	1,254
Minnesota Department of Transportation	State government transportation programs	800
Hypro	Water treatment equipment services & supplies	400
Lunds & Byerlys	Grocers-retail	377
Asmodee North America	Games & game supplies	250
Old Dutch Foods	Snack foods	250
Slumberland, Inc.	Retail furniture store	110 ³

Source: Data Axle Reference Solutions, written and telephone survey, and the Minnesota Department of Employment and Economic Development.

¹ This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above.

² This includes full-time staff year round, the 12 days before and after fair, summer seasonal staff and special events.

³ Total number of employees includes two locations in the District.

U.S. CENSUS DATA

Population Trend: The District

2010 U.S. Census population	54,723
2020 U.S. Census population	58,239
Percent of Change 2010 - 2020	6.43%

2022 State Demographer Estimate	56,378
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Income and Age Statistics

	The District	Ramsey County	State of Minnesota	United States
2022 per capita income	\$48,969	\$43,203	\$44,947	\$41,261
2022 median household income	\$84,960	\$78,108	\$84,313	\$75,149
2022 median family income	\$117,040	\$103,235	\$107,072	\$92,646
2022 median gross rent	\$1,238	\$1,214	\$1,178	\$1,268
2022 median value owner occupied units	\$313,300	\$289,300	\$286,800	\$281,900
2022 median age	40.1 yrs.	35.7 yrs.	38.5 yrs.	38.5 yrs.

	State of Minnesota	United States
District % of 2022 per capita income	108.95%	118.68%
District % of 2022 median family income	109.31%	126.33%

Source: 2010 and 2020 Census of Population and Housing, and 2022 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov>) and Minnesota State Demographer (<https://mn.gov/admin/demography/data-by-place/school-district-data.jsp>).

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities within counties.

Year	Average Employment		Average Unemployment	
	Ramsey County	Ramsey County	Ramsey County	State of Minnesota
2020	270,020	7.0%	7.0%	6.3%
2021	270,330	4.2%	4.2%	3.7%
2022	277,002	2.6%	2.6%	2.7%
2023	278,910	2.7%	2.7%	2.8%
2024, February	277,019	3.2%	3.2%	3.6%

Source: Minnesota Department of Employment and Economic Development.

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the District's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The District has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Preliminary Official Statement, nor has the District requested that the Auditor consent to the use of such financial statements in this Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary Official Statement is not intended to demonstrate the fiscal condition of the District since the date of the financial statements, in connection with the issuance of the Bonds, the District represents that there have been no material adverse change in the financial position or results of operations of the District, nor has the District incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.



Roseville Area Schools

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ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended June 30, 2023

Excellence, Innovation & Equity in All We Do

INDEPENDENT SCHOOL DISTRICT 623

Roseville Area Schools

Roseville, Minnesota

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
ROSEVILLE, MINNESOTA**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

YEAR ENDED JUNE 30, 2023

**PREPARED BY THE
BUSINESS SERVICES DEPARTMENT**

**SHARI THOMPSON
DIRECTOR OF BUSINESS SERVICES**

**DENISE MICKLE
CONTROLLER**

**KATHY ENGLUND
DISTRICT ACCOUNTANT**

**POLLY LUTZKA
ACCOUNTS PAYABLE**

**LAURA GARNJOBST
ACCOUNTS RECEIVABLE**

**PEGGY SEPION
PAYROLL**

**MAUREEN WILLETT
PAYROLL**

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2023**

INTRODUCTORY SECTION

TRANSMITTAL LETTER	1
SCHOOL BOARD AND ADMINISTRATION	7
ORGANIZATIONAL CHART	8

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	10
REQUIRED SUPPLEMENTARY INFORMATION	
MANAGEMENT'S DISCUSSION ANALYSIS	15

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION	31
STATEMENT OF ACTIVITIES	32

GOVERNMENTAL FUNDS

BALANCE SHEET	33
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION	34
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE	35
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	36

PROPRIETARY FUNDS

INTERNAL SERVICE FUND

STATEMENT OF NET POSITION	37
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	38
STATEMENT OF CASH FLOWS	39

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2023**

FIDUCIARY FUNDS	
STATEMENT OF NET POSITION	40
STATEMENT OF CHANGES IN NET POSITION	41
NOTES TO FINANCIAL STATEMENTS	42
REQUIRED SUPPLEMENTARY INFORMATION	
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL – MAJOR GENERAL FUND	83
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL – MAJOR FOOD SERVICE FUND	84
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL – MAJOR COMMUNITY SERVICE FUND	85
SCHEDULE OF CHANGES IN THE DISTRICT’S NET OPEB LIABILITY AND RELATED RATIOS	86
SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN ON PLAN ASSETS – OPEB	87
SCHEDULE OF DISTRICT’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	88
SCHEDULE OF DISTRICT’S CONTRIBUTIONS	89
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	90
SUPPLEMENTARY INFORMATION	
GENERAL FUND	
BALANCE SHEET	96
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL	97
FOOD SERVICE SPECIAL REVENUE FUND	
BALANCE SHEET	101

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2023**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL	102
COMMUNITY SERVICE SPECIAL REVENUE FUND	
BALANCE SHEET	103
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL	104
CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND	
BALANCE SHEET	105
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL	106
DEBT SERVICE FUND	
BALANCE SHEET	107
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL	108
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS COMPLIANCE TABLE	109
STATISTICAL SECTION (UNAUDITED)	
STATISTICAL SECTION	112
NET POSITION BY COMPONENT	113
CHANGES IN NET POSITION	114
FUND BALANCES, GOVERNMENTAL FUNDS	116
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS	117
ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY	119
DIRECT AND OVERLAPPING PROPERTY TAX RATES	120
PRINCIPAL PROPERTY TAXPAYERS	121
PROPERTY TAX LEVIES AND COLLECTIONS	122

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2023**

OUTSTANDING DEBT BY TYPE	123
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT	124
RATIO OF NET GENERAL OBLIGATIONS BONDED DEBT TO TAX CAPACITY AND NET OBLIGATION BONDED DEBT PER CAPITA	125
LEGAL DEBT MARGIN INFORMATION	126
DEMOGRAPHIC AND ECONOMIC STATISTICS	127
PRINCIPAL EMPLOYERS	128
FULL-TIME EQUIVALENT DISTRICT EMPLOYEE BY TYPE	129
SCHOOL BUILDING INFORMATION	130
STANDARDIZED TESTING	131
SUMMARY OF MEALS SERVED	132
SCHEDULE OF INSURANCE COVERAGE	133

INTRODUCTORY SECTION



Roseville Area Schools

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April 1, 2024

FISCAL YEAR 2023
ANNUAL COMPREHENSIVE
FINANCIAL REPORT

To: Independent School District No. 623 – Roseville Area Schools School Board Members and Citizens

The Annual Comprehensive Financial Report (ACFR) of Independent School District No. 623 – Roseville Area Schools (the District) for the fiscal year ended June 30, 2023, is submitted herewith. Minnesota state law requires that public school districts publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2023. The District is required to undergo an annual Single Audit in conformity with the provisions of the U.S. Office of Management and Budget's Uniform Guidance. The District is also required to undergo an annual Minnesota State legal compliance audit under Minnesota Statutes § 6.65. Independent auditor reports and a Schedule of Expenditures of Federal Awards are included in a separately issued document.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The ACFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal officials. The financial section includes the management's discussion and analysis (MD&A), basic financial statements, required supplementary information, and combining and individual fund statements and schedules presented as supplemental information, as well as the independent auditor's report on the financial statements. The statistical section includes a number of tables of unaudited data depicting the financial history of the District for the past 10 years, demographics, and other miscellaneous information.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

District Center • 1251 County Rd B2 West • Roseville, MN 55113-3299

PHONE 651/635-1600 • FAX 651/635-1659 • www.isd623.org

Roseville Area School District 623 is an equal opportunity affirmative action educator and employer, committed to a culturally diverse workforce

PROFILE OF THE DISTRICT

The District was incorporated in 1949 and serves portions of seven suburban communities on the north edge of the Minneapolis/St. Paul metropolitan area. The District enrolled 7,198 students in fiscal year (FY) 2023 from a population of 58,239 citizens residing in a 21.65 square mile area. The District encompasses the cities of Arden Hills, Falcon Heights, Little Canada, Lauderdale, Maplewood, Roseville, and Shoreview.

The District is governed by an elected six-member School Board. The seated School Board consists of six members who are elected at large in odd-numbered years. Members serve alternating four-year terms.

The School Board hires the superintendent and delegates the authority and responsibility to administer school district operations. The superintendent serves as an ex-officio member of the School Board.

Roseville Area Schools offer four option schools. The first is Parkview Center School offering a kindergarten through eighth grade model. The second is our Spanish Dual Language Immersion Program at Little Canada Elementary. The goal of Dual Language Immersion programs is to create bi-lingual, bi-literate, multi-cultural students who are better prepared for success in the ever-expanding global community. The third is our year-round school, Harambee Elementary, with a focus on Environmental Science and Community Cultures. Last is the SPARK Program at Central Park Elementary which focuses on Science, Technology, Engineering, Arts and Math.

The District's students reflect the global community, coming from homes where 91 dialects or languages other than English are spoken. Diverse demographics contribute to rich, real-life learning environments that prepare students for the 21st century workplace.

Gifted education programs serve the academic, social, and emotional needs of gifted/talented learners.

Co-curricular offerings build character, stretch minds, and challenge the body. Students have been recognized as state champions in various sports; Minnesota State High School League Academic Excellence award winners; state qualifiers in multiple sports; and All-Conference musicians.

Preschool is offered at early childhood centers at Harambee, Parkview, and Appétu Téça Education Center. Free all-day kindergarten is available at all elementary sites. High quality before- and after-school care (Friendship Connection) is available to all elementary and middle school students.

The financial reporting entity includes all the funds of the primary government (the District). Component units are legally separate entities for which the District (primary government) is financially accountable. There are no organizations considered to be component units of the District.

The District is required to adopt an initial budget for the fiscal year no later than June 30th preceding the beginning of the fiscal year on July 1st. This annual budget serves as the foundation for the District's financial planning and control.

LOCAL ECONOMY

During FY 2023, the District operated 12 buildings: 1 high school, 1 middle school, 1 kindergarten through eighth grade, 7 elementary schools, 1 education center including the alternative high school, and a central administration building. The instructional program is organized using several grade configurations: Pre-K–6, K-8, 7–8, and 9–12. The District had a budgeted enrollment of 7,249, average daily membership for FY 2023 and an actual enrollment of 7,198. Student enrollment has declined slightly over the last four years, much of the decrease is a direct result of COVID-19. The pandemic has primarily impacted the elementary enrollment with a higher number of families choosing an option to home school, enroll in an online program, or enrollment at a charter school or private school. The 7th through 12th grade enrollment numbers continue to experience more stabilized enrollment numbers. Enrollment is projected to be stagnant over the next three years.

The majority of the District’s school buildings were built between 1951 and 1996. Although some of the school buildings are over 50 years old, the District participates in the Long-Term Facilities Maintenance Program through the state of Minnesota and has a 10-year spending plan with a \$14 million annual budget to address deferred maintenance and health and safety facility needs. In FY 2018 the District was successful in passing a \$144 million dollar bond for improvement and expansion of buildings in the District. The District completed the final phase of construction in December 2021. To date, the District has been able to stay on schedule and on budget for all construction projects and deferred maintenance projects.

The District intentionally focuses on efforts of staff and other resources to identify financial resources that are available to maximize revenue. Except for locally imposed fees for things like student activities, the District is dependent on the state of Minnesota for its revenue authority and state aid. Some revenue authority, such as operating referenda and building bonds, also require voter approval. Thanks to the support of the local taxpayers, the District successfully passed an increase of \$915 per pupil unit in November 2021, effective with the 21-22 fiscal year.

For the past several years, the funding provided for public education in the state of Minnesota has not been sufficient to meet instructional program needs, due to increased inflationary costs and required mandates. The 2023 Legislature authorized a 4 percent increase in the basic funding formula for fiscal year 2023-2024 and a 2 percent increase in 2024-2025. Since the outbreak in March 2020, the pandemic has made economic conditions in Minnesota as well as other states extremely volatile.

Numerous factors affect public school finance and are monitored on an on-going basis, such as:

- State aid versus local taxpayer funding for programs and services.
- Economic factors, such as the ongoing pandemic and related unemployment and overall revenue collections by the state.
- Mandated programs that are not fully funded, such as special education.
- Compliance and implementation of governmental pronouncements.
- Impact to local taxpayers for funding requests.
- Increased competition for students from other public schools, as well as charter schools.
- Housing development and growth.
- Enrollment trends.
- Health insurance cost increases.
- Pension obligations, both local and state.
- Management of federal and other special funded state programs.

INTERNAL CONTROL STRUCTURE AND BUDGETARY CONTROL

The District complies with the Uniform Financial Accounting and Reporting Standards (UFARS) for Minnesota Schools. UFARS, established in 1976, dictates a modified accrual basis of accounting. An audited annual financial report must be provided to the Minnesota Department of Education by December 31, subsequent to year-end on June 30.

The District has established a system of internal controls that provide reasonable assurance that assets are safeguarded from misuse or losses. Reasonable assurance means the cost of controls is weighed against the benefits received. The District utilizes an integrated payroll/finance system for all financial recordkeeping. Encumbrances, or open purchase orders, are used as a budgetary control tool and are charged against line item budgets when issued. Each site and department administrator has access to the finance system to extract reports and review detailed budget activity specific to their area of responsibility. The district administration receives and reviews monthly financial reports. These reports are also presented to the Board of Education and are publicly available as part of the Board's meeting materials.

The District's budgeting process begins with a review and estimation of projected student enrollment. Enrollment is the main driver of the allocation of the unrestricted revenue resources. A majority of the budgeting decisions are made centrally including staffing, capital expenditures, and infrastructure improvements. Budget managers receive an allocation for site or department-specific needs.

Legal budgetary control is at the fund level; however, directors, principals, supervisors, and other budget managers are responsible for monitoring their budget centers within each of the funds. All appropriations lapse at year-end.

RELEVANT FINANCIAL POLICIES

The District has adopted a comprehensive set of financial policies. The management of the District is responsible for establishing and maintaining internal controls designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America and with Minnesota Uniform Financial Accounting and Reporting Standards. The internal control framework is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits require estimates and judgments by management.

School Board Policy 744 addresses fund balance. The policy is in place to ensure the financial stability of the District, to provide a sound basis to justify continuation of the strong financial rating, and to provide a reserve enabling the District to deal with unforeseen budget expenditures. The School Board strives to maintain an unassigned fund balance that will not fall below 3 percent of the District's General Fund operating expenditure budget, excluding capital programs.

Minnesota Statutes § 123B.83 requires districts to "limit its expenditures so that its net unreserved General Fund balance does not constitute statutory operating debt under § 123B.81." The district's unreserved General Fund balance is above the statutory guidelines for statutory operating debt.

Unassigned fund balance in the General Fund Operating Account at June 30, 2023 was \$9,157,247 or 7.47 percent of total General Fund Operating Account expenditures. This amount was above the policy guidelines of 3 percent set by the School Board for budgetary and planning purposes.

As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

INDEPENDENT AUDIT AND CERTIFICATE OF EXCELLENCE

State statutes require an annual audit by independent certified public accountants. The accounting firm of CliftonLarsonAllen LLP was initially selected by the School Board to conduct the annual audit for fiscal year 2001-2002.

This report has been prepared following the guidelines provided by the Association of School Business Officials International (ASBO) for their Certificate of Excellence in Financial Reporting Program. Achieving recognition by this program provides a clear indication of the District's high standards for financial reporting. The District intends to submit this report, its second Comprehensive Annual Financial Report, to the ASBO Certificate Program for consideration. The District received its first ASBO Certificate of Excellence in Financial Reporting beginning with the 2018-2019 Comprehensive Annual Financial Report.

ACKNOWLEDGMENTS

We acknowledge the efforts of the entire business office and the related district staff in providing complete and accurate data for this Comprehensive Annual Financial Report.

Respectfully submitted,



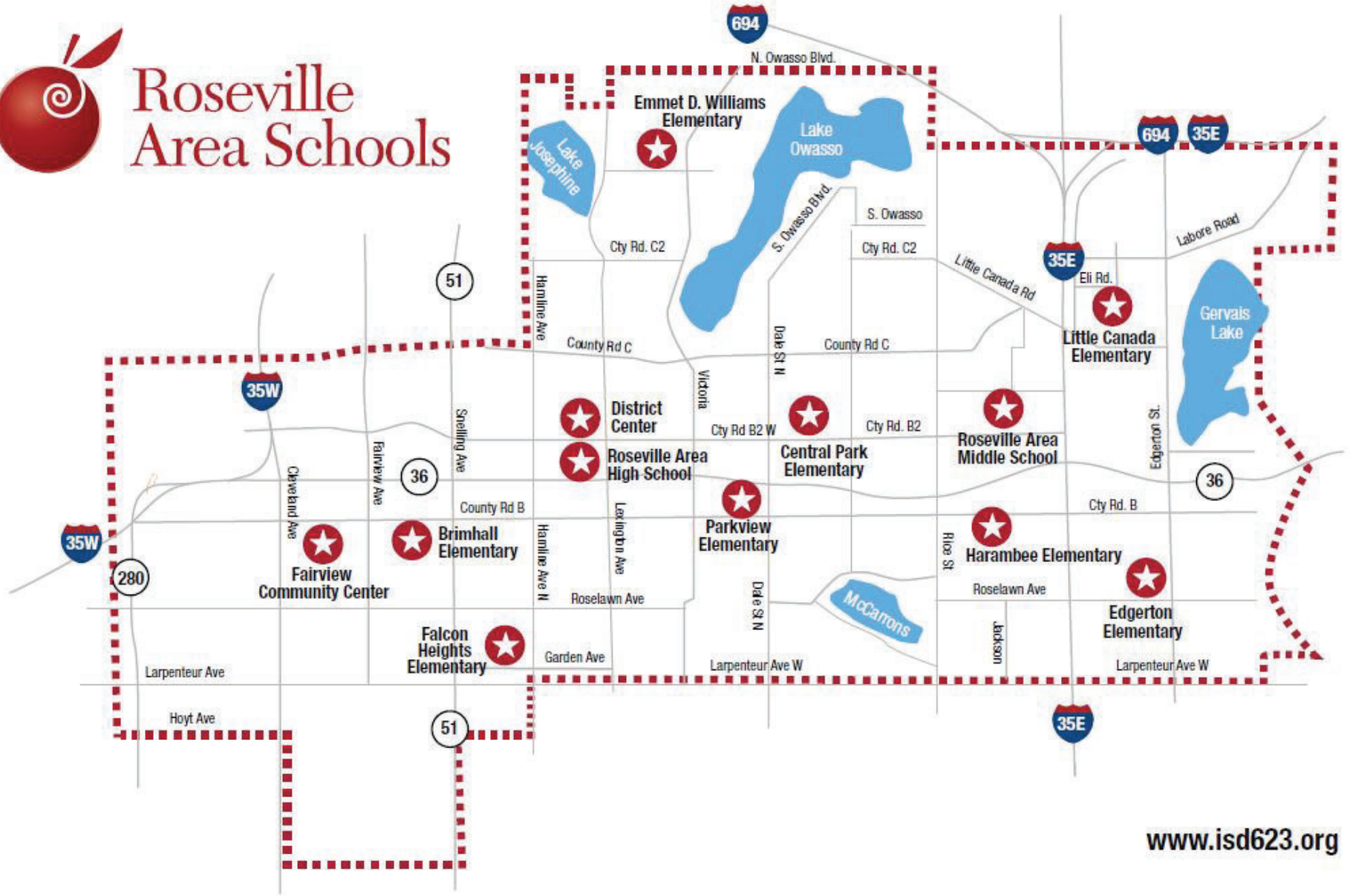
Shari Thompson
Director of Business Services



Denise Mickle
Controller



Roseville Area Schools



www.isd623.org

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SCHOOL BOARD AND ADMINISTRATION
JUNE 30, 2023**

SCHOOL BOARD

NAME	TERM ON BOARD EXPIRES	BOARD POSITION
Curtis Johnson	December 31, 2025	Chair
Todd Anderson	December 31, 2023	Clerk
Dr. Rose Chu	December 31, 2023	Treasurer
Mike Boguszewski	December 31, 2023	Director
Mannix Clark	December 31, 2025	Director
Kitty Gogins	December 31, 2025	Director

ADMINISTRATION

Cabinet:

Dr. Jenny Loeck	Superintendent
Melissa Sonnek	Assistant Superintendent
Jacob Von De Linde	Director of Student Achievement
Delon Smith	Director of Equity and Innovation
Niceta Thomas	Director of Student Services
Shari Thompson	Director of Business Services
Kenyatta McCarty	Director of Human Resources
Cyndi Arneson	Director of Community Education
Carrie Ardito	Director of Communications

Business Services Office:

Denise Mickle	Controller
Kathy Englund	District Accountant

District Offices:

Independent School District No. 623
Roseville Area Schools
1251 West. County Road B-2
Roseville, MN 55113-3299
(651) 635-1600

ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
ORGANIZATIONAL CHART
2022-2023

Roseville Area Schools

DISTRICT
LEADERSHIP
TEAM



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

School Board
Independent School District No. 623
Roseville Area Schools
Roseville, 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 Roseville Area Schools, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Roseville Area Schools' 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 Roseville Area Schools, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Roseville Area Schools and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters – Correction of an Error

As discussed in Note 14 to the financial statements, the District restated its beginning net position for capital assets which were recorded in both construction in progress and buildings in the previous years as well as for an overstatement of accumulated depreciation. Our auditors' opinion was not modified with respect to this restatement.

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 Roseville Area Schools' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Roseville Area Schools' 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 Roseville Area Schools' 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, budget to actual schedules, Other Postemployment Benefits Schedules, and Schedules of the District's Proportionate Share of the Net Pension Liability and Pension Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Roseville Area Schools' basic financial statements. The combining and individual fund financial schedules, budget to actual schedules, and Uniform Financial Accounting and Reporting Standards Compliance Table are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial schedules, budgetary comparison schedules, and Uniform Financial Accounting and Reporting Standards Compliance Table are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

School Board
Independent School District No. 623
Roseville Area Schools

Report on Summarized Comparative Information

We have previously audited Roseville Area Schools' 2022 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated May 10, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended **June 30, 2022**, 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 April 1, 2024, on our consideration of Roseville Area Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Roseville Area Schools' 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 Roseville Area Schools' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
April 1, 2024

REQUIRED SUPPLEMENTARY INFORMATION

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

This section of Roseville Area Schools – Independent School District No. 623's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section. The Management's Discussion and Analysis (MD&A) is a required element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2022-2023 fiscal year include the following:

- Net position increased by \$26,851,662 from current year activity in 2023. A prior period restatement also decreased beginning net position by \$14,273,439.
- Overall General Fund revenues were \$129,768,471 as compared to \$122,613,641 of expenditures.
- The total fund balance of the General Fund increased overall by \$7,195,384 from the prior year. The fund balance in the unassigned fund balance category increased by \$5,939,901 having begun the year with a balance of \$3,288,979 and ending with a balance of \$9,228,880. While an increase of \$6,804,516 in fund balance was projected in the revised budgets adopted by the Board, the actual increase of \$7,195,384 was the result of higher than anticipated exchange revenue as well as less expenditures than were budgeted for, especially with regards to regular instruction, special education instruction, and debt service for leases.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditors' Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others to whom the resources belong.

District-Wide Statements

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

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

District-Wide Statements (Continued)

The two district-wide statements report the District's net position and how they have 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 an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

- *Governmental Funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements to explain the relationship (or differences) between them.
- *Proprietary Funds* – The District uses an internal service fund to report activities that provide supplies and services for the District's other programs and activities. The District currently has an internal service fund for self-insurance of dental benefits.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements (Continued)

- *Fiduciary Funds* – The District is the trustee, or *fiduciary*, for assets that belong to others, such as the Suburban Ramsey Family Collaborative Custodial Fund. The District has also established an irrevocable trust fund for other postemployment benefits (OPEB). This trust was funded with the proceeds from General Obligation OPEB Bonds issued in 2009. 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. 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. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's *combined* net position was \$(30,087,689) on June 30, 2023, an increase of \$26,851,662, or 47.16% A-1). Total assets decreased by approximately \$15.21 million or 4.84%. Capital assets decreased by approximately \$7.02 million or 3.15%, largely due to the prior period restatement relating to capital assets. Applying the restatement to the prior year balance would result in a current year increase to capital assets of \$7.25 million, or 3.47%, due to current year additions exceeding depreciation and amortization. Total liabilities increased by \$30.1 million or 11.33% with the net pension liability increasing \$39.67 million due to large investment losses of the plans and other long-term liabilities decreasing \$8.95 million as the result of scheduled debt service payments exceeding any new debt issued.

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

	Governmental Activities as of June 30,		Percentage Change
	2023	2022	
Current and Other Assets	\$ 82,910,412	\$ 91,092,243	(8.98)%
Capital Assets	215,990,371	223,013,990	(3.15)
Total Assets	<u>298,900,783</u>	<u>314,106,233</u>	(4.84)
Deferred Outflows of Resources	26,606,294	27,912,009	(4.68)
Current Liabilities	10,731,979	11,316,830	(5.17)
Net Pension Liability	86,176,320	46,515,888	85.26
Long-Term Liabilities	199,124,289	208,069,821	(4.30)
Total Liabilities	<u>296,032,588</u>	<u>265,902,539</u>	11.33
Deferred Inflows of Resources	<u>59,562,178</u>	<u>118,781,615</u>	(49.86)
Net Position			
Net Investment in Capital Assets	38,623,832	39,991,157	(3.42)
Restricted	17,406,311	27,454,489	(36.60)
Unrestricted	(86,117,832)	(110,111,558)	(21.79)
Restatement	-	(14,273,439)	(100.00)
Total Net Position	<u>\$ (30,087,689)</u>	<u>\$ (56,939,351)</u>	(47.16)

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Net Position (Continued)

The largest positive portion of the District's net position represents its investment in capital assets (land, buildings, equipment, etc.) less any related debt used to acquire those assets that is still outstanding. The District is able to report positive balances in the net investment in capital assets portion of its net position. Another portion of the District's net position, restricted net position, represents resources that are subject to external restrictions on how they may be used. The restricted portion of the District's net position decreased by approximately \$9.95 million during the current year. The remaining unrestricted portion is that which may be used to meet the District's ongoing obligations. This portion of net position increased by approximately \$23.90 million, to a year-end balance of (\$86,211,302). The District's overall net position has been a deficit balance since fiscal year 2015 when the District implemented Governmental Accounting Standards Board Statement No. 68, which required recording the District's long-term liabilities for pensions.

Changes in Net Position

In Table A-2, Change in Net Position, operations are reported on a governmental-wide basis with no reference to funds. This format is similar to the fund financial statements, except it is presented on an accrual basis of accounting.

Total revenues for all governmental activities were \$157,155,159 for the year ended June 30, 2023. Property taxes and state formula aid accounted for 63% of total revenue for the year (see Figure A-1). 5% from charges for services, 31% from operating grants and contributions, and the remaining 1% from capital grants and contributions and other.

Total revenues for fiscal year 2023 were \$7,604,137 higher than the prior year. The main increases were in property taxes and charges for services.

Expenses decreased \$6,793,122 compared to fiscal year 2022 levels, with the largest decrease being in regular instruction.

Total revenues were \$157,155,159 while total expenses were \$130,303,497, increasing net position by \$26,851,662 for fiscal year 2023.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Changes in Net Position (Continued)

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

	Governmental Activities for the Fiscal Year Ended June 30,		Percentage Change
	2023	2022	
REVENUES			
Program Revenues:			
Charges for Services	\$ 7,249,444	\$ 5,277,348	37.37 %
Operating Grants and Contributions	48,950,038	48,915,606	0.07
Capital Grants and Contributions	891,440	990,875	(10.04)
General Revenues:			
Property Taxes	46,064,949	41,565,498	10.82
Unrestricted State Aid	53,135,342	52,457,736	1.29
Investment Earnings	863,946	31,186	2670.30
Other	-	312,773	(100.00)
Total Revenues	<u>157,155,159</u>	<u>149,551,022</u>	5.08
EXPENSES			
Administration	4,475,940	5,021,711	(10.87)
District Support Services	5,739,189	5,009,915	14.56
Regular Instruction	41,574,631	51,258,248	(18.89)
Vocational Education Instruction	1,728,657	1,799,637	(3.94)
Special Education Instruction	20,389,089	22,510,599	(9.42)
Instructional Support Services	9,721,651	9,789,363	(0.69)
Pupil Support Services	14,406,797	11,988,862	20.17
Sites and Buildings	13,633,906	11,074,452	23.11
Fiscal and Other Fixed Cost Programs	572,450	647,713	(11.62)
Food Service	5,070,713	4,839,758	4.77
Community Service	7,473,513	7,062,164	5.82
Interest and Fiscal Charges on Long-Term Liabilities	5,516,961	6,094,197	(9.47)
Total Expenses	<u>130,303,497</u>	<u>137,096,619</u>	(4.95)
CHANGE IN NET POSITION	26,851,662	12,454,403	
Beginning Net Position	(42,665,912)	(55,120,315)	
Prior Period Restatement, See Note 14	(14,273,439)	-	
Beginning Net Position, as Restated	<u>(56,939,351)</u>	<u>(55,120,315)</u>	
ENDING NET POSITION	<u>\$ (30,087,689)</u>	<u>\$ (42,665,912)</u>	(29.48)

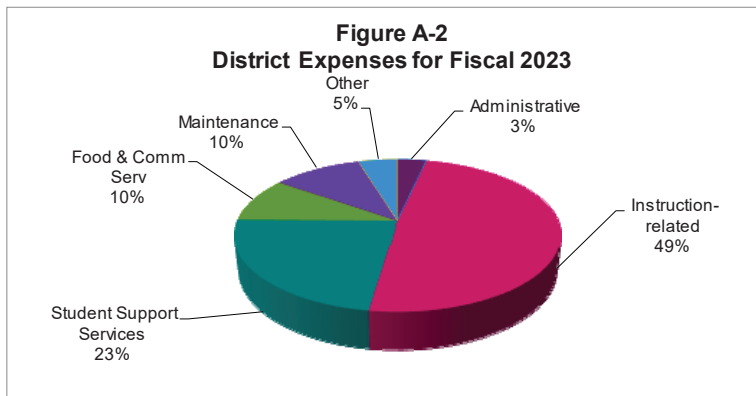
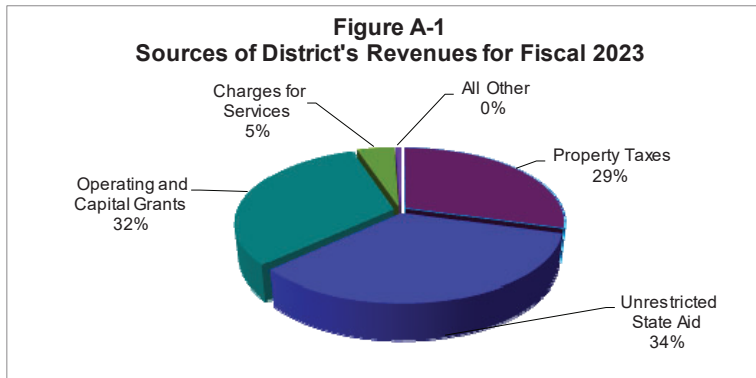
**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Changes in Net Position (Continued)

The cost of all *governmental* activities this year was \$130,303,497.

- Some of the cost was paid by the users of the District's programs (Table A-2, Charges for Services, \$7,249,444). The majority of this category, approximately \$4.79 million, comes from community education class tuition.
- The federal and state governments subsidized specific programs with grants and contributions (\$49,841,478). \$891,440 of these grants were capital related.
- Most of the District's costs (\$100,064,237), however, were paid for by District taxpayers, taxpayers of our state, and other miscellaneous general revenues.
- Of the amount paid for by taxpayers of the District and the state, \$46,064,949 came in the form of property taxes, and \$53,135,342 in the form of unrestricted state aid based primarily on the statewide education aid formula.
- The remaining revenue came from investment earnings and other miscellaneous revenue.



**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Changes in Net Position (Continued)

All governmental activities include not only funds received for the general operation of the District, which are used for classroom instruction, but also includes resources from the special revenue funds of Food Service and Community Education, and from resources for fiscal service transactions. Funding for the general operation of the District is controlled by the state and the District does not have the latitude to allocate money received in Food Service or Community Education or for fiscal services to enhance classroom instruction resources. The District cannot take funds from these restricted areas and use the funds to hire teachers to enhance instruction.

**Table A-3
Program Expenses and Net Cost of Services**

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2023	2022		2023	2022	
Administration	\$ 4,475,940	\$ 5,021,711	(10.87)%	\$ (5,095,504)	\$ (3,433,958)	48.39 %
District Support Services	5,739,189	5,009,915	14.56	4,627,194	3,865,180	19.71
Regular Instruction	41,574,631	51,258,248	(18.89)	29,941,047	38,236,032	(21.69)
Vocational Education Instruction	1,728,657	1,799,637	(3.94)	1,728,657	1,782,583	(3.03)
Special Education Instruction	20,389,089	22,510,599	(9.42)	(9,775)	5,528,660	(100.18)
Instructional Support Services	9,721,651	9,789,363	(0.69)	9,577,092	9,683,519	(1.10)
Pupil Support Services	14,406,797	11,988,862	20.17	13,463,069	10,639,605	26.54
Sites and Buildings	13,633,906	11,074,452	23.11	13,122,428	10,409,843	26.06
Fiscal and Other Fixed Cost Programs	572,450	647,713	(11.62)	572,450	647,713	(11.62)
Food Service	5,070,713	4,839,758	4.77	(263,949)	(1,688,591)	(84.37)
Community Service	7,473,513	7,062,164	5.82	32,905	148,007	(77.77)
Interest and Fiscal Charges on						
Long-Term Liabilities	5,516,961	6,094,197	(9.47)	5,516,961	6,094,197	(9.47)
Total	<u>\$ 130,303,497</u>	<u>\$ 137,096,619</u>	(4.95)	<u>\$ 73,212,575</u>	<u>\$ 81,912,790</u>	(10.62)

The cost of all governmental activities this year was \$130,303,497, a decrease of \$6,793,122 from the prior year. After applying program specific revenue, the net cost of all governmental activities this year was \$73,212,575, a decrease of \$8,700,215 from the prior year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a *combined* fund balance of \$30,879,793 which is \$8,536,621 less than last year's ending fund balance of \$39,416,414. This decrease is primarily attributable to the completion of budgeted capital projects during fiscal year 2023.

Revenues for the District's governmental funds were \$157,838,330, an increase of \$7,335,236 compared to fiscal year 2022. Expenditures in all governmental funds totaled \$166,415,505, an increase of \$6,978,363 from the prior year.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

GENERAL FUND

The General Fund reflects the primary operations of the District that provide educational services to students from Pre-K and kindergarten through grade 12. This includes K-12 educational activities, district instructional support, and student support programs, expenditures for the superintendent, district administration, normal operations and maintenance, pupil transportation, capital outlay projects, and other legal school district expenditures not specifically designated to be accounted for in any other fund.

Approximately 90% of General Fund operational revenue is controlled by a complex set of state funding formulas resulting in the local school board having no meaningful authority to determine the level of resources available to the District. This includes special education state aid that is based upon a cost reimbursement model providing approximately 68% of personnel expenditures. The revenue is later prorated to a lesser amount dependent on the total revenue appropriated by the Legislature for this purpose. Other state formulas then determine what portion of the revenue will be provided by property taxes and what portion will come from state aid. The state further controls the timing of payments made to school districts, which affects the cash balances available to meet ongoing costs.

ENROLLMENT

Enrollment is a critical factor in determining revenue with approximately 90% of General Fund revenue being determined by enrollment. The following chart shows that previous years' enrollment growth has slowed, the total enrollment from 2022 to 2023 decreased by 30, or 0.4%. The majority of the decline in enrollment is attributed to more families choosing to homeschool or enroll children in charter schools.

**Table A-4
Enrollment Trend
Average Daily Membership (ADM)**

Grade	2019	2020	2021	2022	2023
ECSE	93	94	102	100	87
Kdgt.	574	594	544	577	564
1-3	1,713	1,706	1,613	1,634	1,656
4-6	1,727	1,694	1,628	1,596	1,593
7-12	3,473	3,492	3,412	3,321	3,298
Total K-12	7,580	7,580	7,299	7,228	7,198
ADM Change	66	-	(281)	(71)	(30)
Percent Change	0.9%	0.0%	-3.7%	-1.0%	-0.4%

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

ENROLLMENT (CONTINUED)

From the period of 2005 through 2019, the District experienced increased enrollment in average daily membership served. Both resident enrollment and the number of students enrolling from neighboring districts through the options programs increased during this time. In 2022-2023, the District served 1,755 students from other districts, while about 1,325 of the District's residents attended other school districts including public charter schools. The students served, plus resident students served by other districts under tuition agreements, all generate revenue, mostly through the General Education Aid formula. Short-term, it is expected that the District will continue to enroll a reduced number of students at all grade levels, particularly at the elementary grades, with some families opting for home school, non-public, or charter schools or other options. Beyond 2023-2024, the pre-school population is expected to remain steady at a slightly lower rate than pre-pandemic numbers and provide approximately 500 kindergarten students annually, in addition to stable enrollment of students throughout most grade levels.

GENERAL FUND ACTIVITY

The following schedule presents a summary of General Fund Revenues.

**Table A-5
General Fund Revenues**

	Year Ended		Change	
	June 30, 2023	June 30, 2022	Increase (Decrease)	Percent Change
Local Sources:				
Property Taxes	\$ 30,428,557	\$ 24,015,176	\$ 6,413,381	26.7 %
Earnings on Investments	433,667	4,123	429,544	10418.2
Other	3,240,025	2,883,007	357,018	12.4
State Sources	83,532,204	80,276,980	3,255,224	4.1
Federal Sources	12,134,018	11,366,054	767,964	6.8
Total General Fund Revenue	<u>\$ 129,768,471</u>	<u>\$ 118,545,340</u>	<u>\$ 11,223,131</u>	9.5

General Fund Revenue increased by \$11,223,131 or 9.5% from the previous year. Property tax revenue shows an increase of \$6,413,381. Property tax revenue is driven by student enrollment, Minnesota State Legislative approved funding, local voter approved funding, and the final levy is determined by the amount approved by the school board to levy each year. The increase in property tax revenue is mostly attributed to an increase in the General Levy of almost \$4.5 million, which was approved by voters in the fall of 2021, but first had revenue impacts in 2023.

Interest earnings increased by \$429,544. Other revenue increased by \$357,018. State aid increased \$3,255,224, or 4.1%, partially due to a 2% increase in the General Education Revenue formula and partially due to an increase in special ed aid with the increase in program activity.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

GENERAL FUND ACTIVITY (CONTINUED)

Basic general education revenue is determined by multiple state formulas, largely enrollment driven, and consists of mostly state aid revenue. Other state-authorized revenues, which include the operating levy referendum, operating capital revenue, and the property tax shift involve an equalized mix of property tax and state aid revenue. The mix of property tax and state aid can change significantly from year to year without any net change in total revenue and is dependent on legislative action.

Federal revenue increased \$767,964, or 6.8%, due to additional federal programs and finding in the current year to assist in addressing costs related to the ongoing pandemic.

The following schedule presents a summary of General Fund Expenditures.

**Table A-6
General Fund Expenditures**

	Year Ended		Amount of Increase (Decrease)	Percent Increase (Decrease)
	June 30, 2023	June 30, 2022		
Salaries	\$ 67,341,152	\$ 65,207,665	\$ 2,133,487	3.3 %
Employee Benefits	25,030,485	24,948,236	82,249	0.3
Purchased Services	20,719,369	16,844,456	3,874,913	23.0
Supplies and Materials	5,387,358	4,876,659	510,699	10.5
Capital Expenditures	3,142,823	2,881,794	261,029	9.1
Debt Service Expenditures	467,750	2,098,927	(1,631,177)	(77.7)
Other Expenditures	524,704	448,483	76,221	17.0
Total General Fund Expenditures	<u>\$ 122,613,641</u>	<u>\$ 117,306,220</u>	<u>\$ 5,307,421</u>	4.5

Total General Fund Expenditures increased by \$5,307,421 or 4.5% over the previous year.

In fiscal year 2023, salaries increased 3.3% and employee benefits increased 0.3%. The increase in salaries and benefits is attributed to employee contract improvements.

Purchased Services expenditures increased by 23.0%. The increase is due largely to costs for contracted services including the cost of contracting for substitute teachers and other staff, transportation services, utility costs, tuition costs for students attending programs off-site.

Supplies and Materials consist of expenditures for diesel and gasoline, natural gas and building fuel oil, maintenance repairs, instructional supplies, and textbooks. Supplies and materials expenditures increased by 10.5% during fiscal year 2023. The increased costs were attributable to the District spending more money on instructional technology devices during fiscal year 2023.

Spending for capital expenditures increased by \$261,029 over the prior year.

In 2022-23, total General Fund revenues and other financing sources exceeded expenditures by \$7,195,384. Therefore, the total fund balance increased from \$5,319,927 at June 30, 2022, to a balance of \$12,515,311 at June 30, 2023. After deducting statutory restrictions and nonspendable balances, the general unassigned fund balance increased from \$3,288,979 at June 30, 2022 to \$9,228,880 at June 30, 2023 – an increase of \$5,939,901.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

GENERAL FUND ACTIVITY (CONTINUED)

The unassigned fund balance is the single best measure of overall financial health of a school district. The unassigned general fund balance totals \$9,157,247. The Minnesota Department of Education divides this balance by the expenditures related to these balances to calculate the fund balance as a percentage of expenditures. The District's unassigned fund balance at June 30, 2023, represents 7.47% of applicable annual expenditures. The School Board has set a goal to maintain a minimum target fund balance of 3.0 of the annual budget%. The current fund balance of 7.47% meets the target set by the District. The district closely monitors its fund balances.

GENERAL FUND BUDGETARY HIGHLIGHTS

Following approval of the budget prior to the beginning of the fiscal year, the District revises the annual operating budget in mid-year. These budget adjustments typically fall into two categories:

- Implementing budgets for specially funded projects, which include both federal and state grants and reinstating unexpended funds being carried over.
- Legislation passed subsequent to budget adoption, changes necessitated by collective bargaining agreements, and increases in appropriations for significant unbudgeted costs.

Actual revenues were \$596,777, or 0.46% less than expected. Property tax collections and federal aids coming in under budget were key drivers in the variance.

Actual General Fund expenditures were \$947,091, or 0.77% less than budgeted. Regular instruction, special education instruction, and debt service payments were under budget. This was partially offset by sites and capital outlay costs being over budget.

While the District's final budget for the total General Fund anticipated that revenues and other financing sources would exceed expenditures by \$6,804,516, the actual results for the year show that revenues and other financing sources exceeded expenditures by \$7,154,830, a difference of \$350,314.

OTHER MAJOR FUNDS

The Food Service Fund revenue for 2022-2023 totaled \$5,327,031 and expenditures were \$5,242,979. The June 30, 2023, fund balance is \$3,641,126, an increase of \$84,052 from fiscal year 2022. Actual revenues were \$672,281 higher than budgeted due to additional federal aid received for the food service program. Actual expenditures were \$622,084 more than budgeted as a result of additional meals served. These variances resulted in the change in fund balance being \$50,197 higher than expected.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

OTHER MAJOR FUNDS (CONTINUED)

The Community Service Fund revenue for 2022-2023 totaled \$8,559,595 and expenditures were \$8,004,141. The June 30, 2023 fund balance is \$2,271,534, an increase of \$555,454. Many of the accounts that make up the Community Service Fund are reported under specific reserve accounts.

CAPITAL PROJECTS AND DEBT SERVICE FUNDS

The Capital Projects Fund is where most of the District's revenues and expenditures for Long Term Facilities Maintenance and new construction are being tracked. Because of the age of its buildings and their total square footage, the District is eligible to levy for funds to finance specific projects to maintain the structural integrity of the buildings. These projects are submitted to the state Department of Education and must be approved prior to authorizing the levy. This fund is permitted to go into deficit to the extent of approved and anticipated revenues. Ending fund balance of the Capital Projects Fund at June 30, 2023 was \$11,468,962.

The Combined Debt Service Funds are comprised of a regular debt service account and an account for Other Postemployment Benefit Bonds. Combined Debt Service Funds expenditures exceeded revenues by \$1,560,640.

Revenues in the Regular Debt Service Fund Account are used to pay off the principal and interest of bonds issued in past years for building construction and improvements. The total fund balance of the regular debt service account at June 30, 2023 is \$782,376. The Other Postemployment Benefits Bond Fund records the expenditures and revenues related to repayment of the bonded debt issued to create the Other Postemployment Benefits Trust. The OPEB fund balance of \$200,484, combined with revenues generated by levies on future property taxes, will be used to pay the obligation on the debt as it comes due.

INTERNAL SERVICE FUND

The District changed to a self-insured plan for dental benefits for District employees effective July 1, 2011, and an Internal Service Fund was created to record related revenues and expenses. The plan is administered by a third party. In 2022-2023, expenses exceeded revenues by \$59,391. Total net position for the plan is now \$581,184 or 58% of total claims and expenses. The efficiency in the administration of this funding model and the positive claims experience has allowed the District to maintain the same monthly dental premium amount for six consecutive years.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2023, the District had invested almost \$314.5 million in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, administrative offices, and subscription based software (see Table A-7). (More detailed information about capital assets can be found in Note 4 to the financial statements.) Total net depreciation and amortization expense for the year was \$6,470,248.

**Table A-7
Capital Assets**

	<u>2023</u>	<u>2022</u>	Percentage Change
Land	\$ 1,862,539	\$ 1,862,539	-
Construction in Progress	2,790,039	3,389,024	(17.7)
Land Improvements	14,757,293	14,250,733	3.6
Buildings and Improvements	285,800,807	287,300,656	(0.5)
Equipment	9,186,573	8,681,578	5.8
Subscription Based Information Technology Arrangements	85,420	-	N/A
Less: Accumulated Depreciation and Amortization	<u>(98,492,300)</u>	<u>(92,470,540)</u>	6.5
Total District Capital Assets	<u>\$ 215,990,371</u>	<u>\$ 223,013,990</u>	(3.1)

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Liabilities

At year-end, the District had \$165,395,000 in general obligation bonds outstanding – a decrease of \$6,925,000 from last year – as detailed in Note 5 to the financial statements. The District also had \$15,740,000 in certificates of participation outstanding related to the 2021A issuance as well as \$300,835 in total liabilities related to financed purchases, leases, and subscriptions payable. The District also had an estimated \$1,328,765 in vacation payable at June 30, 2023, an increase of \$63,132 from June 30, 2022. Other compensated absences totaled \$358,515 as of June 30, 2023, which is the amount estimated to be paid in severance to current employees in the future, an increase of \$13,502 from June 30, 2022.

**Table A-8
Long-Term Liabilities**

	2023	2022	Percentage Change
General Obligation Bonds	\$ 165,395,000	\$ 172,320,000	(4.0)%
Net Bond Premium and Discount	12,881,378	14,682,096	(12.3)
Certificates of Participation Payable	15,740,000	16,600,000	(5.2)
Financed Purchases Payable	119,975	414,330	(71.0)
Leases Payable	148,782	216,374	(31.2)
Subscriptions Payable	32,078	-	N/A
Net Pension Liability	86,176,320	46,515,888	85.3
Vacation Payable	1,328,765	1,265,633	5.0
Other Compensated Absences Payable	358,515	344,995	3.9
Total Long-Term Liabilities	<u>\$ 282,180,813</u>	<u>\$ 252,359,316</u>	11.8
Long-Term Liabilities:			
Due Within One Year	\$ 8,549,130	\$ 8,216,421	
Due in More Than One Year	<u>273,631,683</u>	<u>244,142,895</u>	
Total	<u>\$ 282,180,813</u>	<u>\$ 252,359,316</u>	

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

Thanks to the generous support of the Roseville Area Schools community, the District renewed an operating levy that was scheduled to sunset as of June 30, 2023. In addition, voters approved an additional operating levy increasing per pupil levy authority by an additional \$915 per pupil unit. These operating levies also have an annual inflationary factor built in. The added funds, over \$7,000,000 annually, will be used to decrease class sizes, increase social/emotional supports for our students, maintain academic programs, and allow the district to grow its fund balance and maintain financial stability.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

FACTORS BEARING ON THE DISTRICT'S FUTURE (CONTINUED)

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

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

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

The District completed work on an updated 10-year facilities plan in the spring of 2017. Goals of the plan are to provide the additional space required to accommodate increasing student enrollment, support the learning environment, safety and security needs, and initiatives for students, staff and community; address backlog of deferred maintenance in buildings; improve energy efficiency, and support strategic plan initiatives. The plan is being funded with a combination of a \$144 million GO Construction Bond approved by our taxpayers on November 7, 2017 and a planned \$12 million annual investment of Long-Term Facilities Maintenance funds over the next ten-year period.

During fiscal year 2023, construction was completed at Brimhall Elementary. The District also completed a pavement project during fiscal year 2023 at the Roseville Area Middle School. Construction on the Falcon Heights Elementary School improvements began during fiscal year 2023, along with the Roseville Area High School field turf project. Both projects are expected to be completed during fiscal year 2024.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Independent School District 623, District Center, 1251 West County Road B-2, Roseville, Minnesota 55113.

Bond Ratings

The District's bonds presently carry a Moody's "A3" rating.

Limitations on Debt

The state limits the amount of general obligation debt the District can issue to 15% of the assessed value of all taxable property within the District's corporate limits. Our outstanding debt is significantly below this limit – which is currently \$1,086,413,355.

BASIC FINANCIAL STATEMENTS

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
STATEMENT OF NET POSITION
JUNE 30, 2023**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 33,978,658
Cash with Fiscal Agent	4,570,029
Receivables:	
Property Taxes	25,538,089
Other Governments	16,537,623
Other	957,558
Prepaid Items	1,204,386
Inventories	124,069
Capital Assets:	
Land and Construction in Progress	4,652,578
Other Capital Assets, Net of Depreciation	211,337,793
Total Assets	298,900,783
DEFERRED OUTFLOWS OF RESOURCES	
Losses on Debt Refunding	44,913
Deferred Outflows - Pension Related	25,650,378
Deferred Outflows - Other Postemployment Benefits Related	911,003
Total Deferred Outflows	26,606,294
LIABILITIES	
Salaries Payable	412,321
Accounts and Contracts Payable	5,645,908
Accrued Interest	2,806,151
Due to Other Governmental Units	1,547,683
Claims Payable	16,471
Unearned Revenue	303,445
Long-Term Liabilities:	
Net Pension Liability	86,176,320
Net Other Postemployment Benefits Liability	3,119,796
Portion Due Within One Year	8,549,130
Portion Due in More Than One Year	187,455,363
Total Liabilities	296,032,588
DEFERRED INFLOWS OF RESOURCES	
Property Taxes Levied for Subsequent Year	42,424,484
Gains on Debt Refunding	299,780
Deferred Inflows - Pension Related	16,321,275
Deferred Inflows - Other Postemployment Benefits Related	516,639
Total Deferred Inflows of Resources	59,562,178
NET POSITION	
Net Investment in Capital Assets	38,623,832
Restricted for:	
General Fund Operating Capital Purposes	369,119
Restricted for Student Activities	115,909
Restricted for Long-Term Facilities Maintenance	3,026,714
Food Service	3,508,162
Community Service	2,336,178
Capital Projects - Building Construction	8,050,229
Unrestricted	(86,117,832)
Total Net Position	\$ (30,087,689)

See accompanying Notes to Financial Statements.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Functions	Expenses	Charges for Services	Program Revenues		Net (Expense) Revenue and Change in Net Position
			Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
GOVERNMENTAL ACTIVITIES					
Administration	\$ 4,475,940	\$ -	\$ 9,571,444	\$ -	\$ 5,095,504
District Support Services	5,739,189	21,799	705,411	384,785.00	(4,627,194)
Regular Instruction	41,574,631	791,289	10,464,624	377,671.00	(29,941,047)
Vocational Education Instruction	1,728,657	-	-	-	(1,728,657)
Special Education Instruction	20,389,089	335,410	20,063,454	-	9,775
Instructional Support Services	9,721,651	25,431	-	119,128.00	(9,577,092)
Pupil Support Services	14,406,797	39,546	904,182	-	(13,463,069)
Sites and Buildings	13,633,906	-	501,622	9,856.00	(13,122,428)
Fiscal and Other Fixed Cost Programs	572,450	-	-	-	(572,450)
Food Service	5,070,713	1,246,602	4,088,060	-	263,949
Community Service	7,473,513	4,789,367	2,651,241	-	(32,905)
Interest and Fiscal Charges on Long-Term Liabilities	5,516,961	-	-	-	(5,516,961)
Total School District	<u>\$ 130,303,497</u>	<u>\$ 7,249,444</u>	<u>\$ 48,950,038</u>	<u>\$ 891,440</u>	<u>(73,212,575)</u>
GENERAL REVENUES					
Property Taxes Levied for:					
General Purposes					31,009,126
Community Service					1,103,399
Debt Service					13,952,424
Capital Projects					-
State Aid Not Restricted to Specific Purposes					53,135,342
Earnings on Investments					863,946
Miscellaneous					-
Total General Revenues					<u>100,064,237</u>
CHANGE IN NET POSITION					
Net Position - Beginning of Year					(42,665,912)
Prior Period Restatement - See Note 14					<u>(14,273,439)</u>
Net Position - Beginning of Year, as Restated					<u>(56,939,351)</u>
NET POSITION - END OF YEAR					
					<u>\$ (30,087,689)</u>

See accompanying Notes to Financial Statements.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

	Major Funds					Total	
	General	Food Service	Community Service	Capital Projects	Debt Service	Governmental Funds	
						2023	2022
ASSETS							
Cash and Investments	\$ 9,914,409	\$ 3,373,692	\$ 2,228,149	\$ 10,302,181	\$ 7,518,518	\$ 33,336,949	\$ 39,426,402
Cash with Fiscal Agent	-	-	-	4,570,029	-	4,570,029	5,274,589
Receivables:							
Current Property Taxes	16,264,323	-	605,472	-	7,524,595	24,394,390	24,486,569
Delinquent Property Taxes	764,423	-	27,973	-	351,303	1,143,699	228,136
Accounts and Interest Receivable	109,497	117,308	29,787	15,791	-	272,383	208,820
Due from Other Minnesota School Districts	18,405	23,072	583,169	-	-	624,646	758,038
Due from Minnesota Department of Education	8,710,862	5,829	115,571	-	8,253	8,840,515	7,623,651
Due from Federal through Minnesota Department of Education	6,087,313	131,729	166,641	-	-	6,385,683	10,165,149
Due from Other Governmental Units	620,224	-	66,555	-	-	686,779	920,160
Due from Other Funds	803,643	13,475	17,880	-	-	834,998	1,118,673
Inventory	-	124,069	-	-	-	124,069	84,491
Prepays	1,190,862	8,895	4,629	-	-	1,204,386	406,210
Total Assets	\$ 44,483,961	\$ 3,798,069	\$ 3,845,826	\$ 14,888,001	\$ 15,402,669	\$ 82,418,526	\$ 90,700,888
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE							
Liabilities:							
Salaries and Compensated Absences Payable	\$ 310,551	\$ 16,702	\$ 84,743	\$ -	\$ -	\$ 411,996	\$ 467,033
Payroll Deductions and Employer Contributions Payable	-	62	263	-	-	325	53
Accounts and Contracts Payable	2,180,524	41,538	110,576	3,269,216	-	5,601,854	6,043,412
Due to Other Governmental Units	1,533,863	-	13,820	-	-	1,547,683	1,643,231
Due to Other Funds	-	-	-	149,823	-	149,823	319,029
Unearned Revenue	-	98,641	204,804	-	-	303,445	213,349
Total Liabilities	4,024,938	156,943	414,206	3,419,039	-	8,015,126	8,686,107
Deferred Inflows of Resources:							
Unavailable Revenue - Property Taxes Levied for Subsequent Year	27,208,999	-	1,133,220	-	14,082,265	42,424,484	42,370,231
Unavailable Revenue - Delinquent Property Taxes	734,713	-	26,866	-	337,544	1,099,123	228,136
Total Deferred Inflows of Resources	27,943,712	-	1,160,086	-	14,419,809	43,523,607	42,598,367
Fund Balance:							
Nonspendable:							
Inventory	-	124,069	-	-	-	124,069	84,491
Prepays	1,190,862	8,895	4,629	-	-	1,204,386	406,210
Restricted for:							
Student Activities	136,246	-	-	-	-	136,246	156,621
Operating Capital	370,619	-	-	-	-	370,619	778,506
Community Education	-	-	1,164,094	-	-	1,164,094	832,504
Early Childhood and Family Education	-	-	342,863	-	-	342,863	321,171
School Readiness	-	-	182,263	-	-	182,263	145,355
Adult Basic Education	-	-	620,092	-	-	620,092	411,233
Long Term Facilities Maintenance	908,794	-	-	2,117,920	-	3,026,714	14,059,737
Other Purposes	-	3,508,162	-	9,351,042	982,860	13,842,064	18,314,306
Assigned for Extracurricular Activities	679,910	-	-	-	-	679,910	620,504
Unassigned	9,228,880	-	(42,407)	-	-	9,186,473	3,285,776
Total Fund Balance	12,515,311	3,641,126	2,271,534	11,468,962	982,860	30,879,793	39,416,414
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 44,483,961	\$ 3,798,069	\$ 3,845,826	\$ 14,888,001	\$ 15,402,669	\$ 82,418,526	\$ 90,700,888

See accompanying Notes to Financial Statements.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2023**

Total Fund Balance for Governmental Funds	\$ 30,879,793
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:	
Land	1,862,539
Construction in Progress	2,790,039
Land Improvements, Net of Accumulated Depreciation	6,866,631
Buildings and Improvements, Net of Accumulated Depreciation	201,486,347
Equipment, Net of Accumulated Depreciation	2,791,784
Leased Equipment, Net of Accumulated Amortization	193,031
Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources in the funds.	
	1,099,123
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	
	(2,806,151)
Deferred amounts on refundings are not current financial resources and, therefore, are not reported in the governmental funds.	
Gains on Debt Refunding	(299,780)
Losses on Debt Refunding	44,913
The District's net pension liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:	
Net Pension Liability	(86,176,320)
Deferred Outflows of Resources - Pensions	25,650,378
Deferred Inflows of Resources - Pensions	(16,321,275)
The District's net other postemployment benefits liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:	
Net Other Postemployment Benefits Liability	(3,119,796)
Deferred Outflows of Resources - Other Postemployment Benefits	911,003
Deferred Inflows of Resources - Other Postemployment Benefits	(516,639)
Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year-end are:	
Bonds Payable	(165,395,000)
Unamortized Premiums	(12,881,378)
Certificates of Participation Payable	(15,740,000)
Financed Purchases Payable	(119,975)
Leases and Subscriptions Payable	(180,860)
Vacation Payable	(1,328,765)
Other Compensated Absences	(358,515)
Internal service funds are used by management to charge the costs of dental insurance services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. Internal service fund net position at year-end is:	
	581,184
Total Net Position of Governmental Activities	\$ (30,087,689)

See accompanying Notes to Financial Statements.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

	Major Funds					Total	
	General	Food Service	Community Service	Capital Projects	Debt Service	Governmental Funds	
						2023	2022
REVENUES							
Local Sources:							
Property Taxes	\$ 30,428,557	\$ -	\$ 1,082,775	\$ -	\$ 13,682,630	\$ 45,193,962	\$ 41,954,574
Earnings and Investments	433,667	-	-	430,279	-	863,946	31,186
Other	3,240,025	1,246,602	5,449,351	-	-	9,935,978	8,019,453
State Sources	83,532,204	201,471	1,179,343	-	70,324	84,983,342	81,666,804
Federal Sources	12,134,018	3,878,958	848,126	-	-	16,861,102	18,831,077
Total Revenues	<u>129,768,471</u>	<u>5,327,031</u>	<u>8,559,595</u>	<u>430,279</u>	<u>13,752,954</u>	<u>157,838,330</u>	<u>150,503,094</u>
EXPENDITURES							
Current:							
Administration	5,362,306	-	-	-	-	5,362,306	5,251,721
District Support Services	4,856,676	-	-	-	-	4,856,676	4,730,714
Elementary and Secondary Regular							
Instruction	46,776,118	-	-	-	-	46,776,118	45,539,379
Vocational Education Instruction	2,086,618	-	-	-	-	2,086,618	1,858,296
Special Education Instruction	24,552,863	-	-	-	-	24,552,863	23,576,557
Instructional Support Services	10,976,310	-	-	-	-	10,976,310	10,142,573
Pupil Support Services	14,753,727	-	-	-	-	14,753,727	12,060,245
Sites and Buildings	9,066,000	-	-	306,623	-	9,372,623	10,197,041
Fiscal and Other Fixed Cost Programs	572,450	-	-	-	-	572,450	647,713
Food Service	-	5,046,701	-	-	-	5,046,701	4,844,087
Community Service	-	-	7,948,510	-	-	7,948,510	7,383,968
Capital Outlay	3,142,823	194,552	53,006	14,934,527	-	18,324,908	14,596,958
Debt Service:							
Principal	455,843	1,251	2,079	-	7,785,000	8,244,173	10,662,852
Interest and Fiscal Charges	11,907	475	546	-	7,528,594	7,541,522	7,945,058
Total Expenditures	<u>122,613,641</u>	<u>5,242,979</u>	<u>8,004,141</u>	<u>15,241,150</u>	<u>15,313,594</u>	<u>166,415,505</u>	<u>159,437,162</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	7,154,830	84,052	555,454	(14,810,871)	(1,560,640)	(8,577,175)	(8,934,068)
OTHER FINANCING SOURCES							
Issuance of Bonds	-	-	-	-	-	-	15,675,000
Bond Premium	-	-	-	-	-	-	714,382
Financed Purchase Agreements	40,554	-	-	-	-	40,554	359,925
Total Other Financing Sources	<u>40,554</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,554</u>	<u>16,749,307</u>
NET CHANGE IN FUND BALANCE	7,195,384	84,052	555,454	(14,810,871)	(1,560,640)	(8,536,621)	7,815,239
FUND BALANCES							
Beginning of Year	<u>5,319,927</u>	<u>3,557,074</u>	<u>1,716,080</u>	<u>26,279,833</u>	<u>2,543,500</u>	<u>39,416,414</u>	<u>31,601,175</u>
End of Year	<u>\$ 12,515,311</u>	<u>\$ 3,641,126</u>	<u>\$ 2,271,534</u>	<u>\$ 11,468,962</u>	<u>\$ 982,860</u>	<u>\$ 30,879,793</u>	<u>\$ 39,416,414</u>

See accompanying Notes to Financial Statements.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Net Change in Fund Balance - Total Governmental Funds \$ (8,536,621)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation and amortization expense. The amount by which capital outlays exceeded depreciation and amortization in the current period is:

Capital Outlays	13,634,648
Depreciation/Amortization Expense	(6,470,248)

Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds.	870,987
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Some capital asset additions are right-to-use assets through long-term leases. In governmental funds, a long-term lease arrangement is considered a source of financing, but in the statement of net position, the lease obligation is reported as a liability. Repayment of lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net position.

Repayment of Lease Liability	108,146
Repayment of Subscription Liability	53,342

Pension expenditures in the governmental funds are measured by current year employer contributions. Pension expenses on the statement of activities are measured by the change in net pension liability and the related deferred inflows and outflows of resources.	18,316,556
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Other postemployment benefit (OPEB) expenditures in the governmental funds are measured by current year employer contributions. OPEB expenses on the statement of activities are measured by the change in the net OPEB liability and the related deferred inflows and outflows of resources.	(1,055,797)
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In the statement of activities, certain operating expenses - severance benefits and compensated absences - are measured by amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (amounts actually paid).	(76,652)
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The governmental funds report debt issuances as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Financed Purchases Issued	(40,554)
Repayment of Bond Principal	6,925,000
Repayment of Certificates of Participation Payable	860,000
Repayment of Financed Purchases	294,355
Change in Accrued Interest	73,792
Amortization of Bond Premium	1,800,718
Amortization of Deferred Gains on Refunding	161,425
Amortization of Deferred Losses on Refunding	(8,044)

Internal service funds are used by the District to charge the costs of employee health and dental benefits to individual funds. The net revenue of the internal service funds is reported with governmental activities.	(59,391)
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Total	\$ 26,851,662
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ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
PROPRIETARY FUND
JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)

	Governmental Activities Internal Service Funds	
	2023	2022
ASSETS		
Cash and Cash Equivalents	\$ 641,709	\$ 710,384
LIABILITIES		
Accounts Payable	44,054	50,047
Claims Payable - Medical	16,471	19,762
Total Liabilities	60,525	69,809
NET POSITION		
Unrestricted	581,184	640,575
Total Net Position	\$ 581,184	\$ 640,575

See accompanying Notes to Financial Statements.

ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUND
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2023
 (WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)

	Governmental Activities Internal Service Funds	
	2023	2022
OPERATING REVENUES		
Charges for Services:		
Dental Insurance Premiums	\$ 940,251	\$ 972,294
OPERATING EXPENSES		
Dental Insurance Claim Payment	949,380	885,910
General Administrative Fees	50,262	49,364
Total Operating Expenses	999,642	935,274
CHANGE IN NET POSITION	(59,391)	37,020
Net Position - Beginning of Year	640,575	603,555
NET POSITION - END OF YEAR	\$ 581,184	\$ 640,575

See accompanying Notes to Financial Statements.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

	Governmental Activities Internal Service Funds	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Interfund Services Provided	\$ 940,251	\$ 972,294
Payments for Administrative Costs	(56,255)	(68,428)
Payments for Claims	(952,671)	(884,864)
Net Cash Provided (Used) by Operating Activities	(68,675)	19,002
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(68,675)	19,002
Cash and Cash Equivalents - Beginning of Year	710,384	691,382
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 641,709	\$ 710,384
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in Net Position	\$ (59,391)	\$ 37,020
Adjustments to Reconcile Change in Net Position to Net Cash Provided (Used) by Operating Activities:		
Increase (Decrease) in Accounts Payable	(5,993)	(19,064)
Increase (Decrease) in Claims Payable	(3,291)	1,046
Total Adjustments	(9,284)	(18,018)
Net Cash Provided (Used) by Operating Activities	\$ (68,675)	\$ 19,002

See accompanying Notes to Financial Statements.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
STATEMENT OF NET POSITION
FIDUCIARY FUND
JUNE 30, 2023**

	<u>Other Postemployment Benefit Trust</u>	<u>Custodial Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ -	\$ 1,018,911
State Board of Investment - Bond Fund	6,158,157	-
Interest Receivable	18,132	-
Due from Other Governments	-	254,704
Total Assets	<u>6,176,289</u>	<u>1,273,615</u>
LIABILITIES		
Accounts and Contracts Payable	-	106,382
Salaries and Compensated Absences Payable	-	376
Due to Other Funds	685,175	-
Due to Other MN School Districts	-	3,506
Due to Other Governments	-	149,072
Total Liabilities	<u>685,175</u>	<u>259,336</u>
NET POSITION		
Restricted for Local Collaborative Time Study	-	1,014,279
Restricted for OPEB/Other Purposes	<u>5,491,114</u>	<u>-</u>
Total Net Position	<u>\$ 5,491,114</u>	<u>\$ 1,014,279</u>

See accompanying Notes to Financial Statements.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2023**

	<u>Other Postemployment Benefit Trust</u>	<u>Custodial Fund</u>
ADDITIONS		
Investment Income	\$ (99,069)	\$ -
Contributions	-	851,658
Total Additions	<u>(99,069)</u>	<u>851,658</u>
DEDUCTIONS		
Salaries	-	1,274
Benefits Paid to Participants or Beneficiaries	685,175	201
Purchased Services	-	1,149,602
Supplies and Materials	-	5,054
Total Deductions	<u>685,175</u>	<u>1,156,131</u>
CHANGE IN NET POSITION	(784,244)	(304,473)
Net Position - Beginning of Year	<u>6,275,358</u>	<u>1,318,752</u>
NET POSITION - END OF YEAR	<u>\$ 5,491,114</u>	<u>\$ 1,014,279</u>

See accompanying Notes to Financial Statements.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Independent School District No. 623 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

This financial report has been prepared in conformity with GASB Statement No. 34.

B. Financial Reporting Entity

The District is an instrumentality of the state of Minnesota established to function as an educational institution. The elected School Board (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

Accounting principles generally accepted in the United States of America (GAAP) require that the District's financial statements include all funds, departments, agencies, boards, commissions, and other organizations which are not legally separated from the District. In addition, the District's financial statements are to include all component units - entities for which the District is financially accountable.

Financial accountability includes such aspects as appointing a voting majority of the organization's governing body, significantly influencing the programs, projects, activities, or level of services performed or provided by the organization or receiving specific financial benefits from, or imposing specific financial burden on, the organization. As the District has assumed obligations to contribute to the OPEB Trust, a financial burden exists and the OPEB Trust is considered a component unit of the District. The Trust Fund is also engaged in a fiduciary activity of the District; therefore, the Trust Fund is considered a fiduciary component unit and is being reported in the District's fiduciary fund financial statements.

Student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside school hours. The School Board does have a fiduciary responsibility in establishing broad policies and ensuring that appropriate financial records are maintained for student activities. In accordance with Minnesota state statutes, the District's student activity accounts are included in these financial statements in the District's General Fund.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation

The District-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. The Fiduciary Funds are only reported in the statements of Fiduciary Net Position at the fund financial statement level.

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 items not properly included among program revenues are reported instead as general revenues.

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

Separate fund financial statements are provided for governmental and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Fiduciary funds are presented in the fiduciary fund financial statements by type. 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, these funds are excluded from the District-wide statements.

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

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

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

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

1. Revenue Recognition

Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to Minnesota Statutes and accounting principles generally accepted in the United States of America. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made as long as the school also receives the payment within 6 months of year-end. Food service sales, community education tuition, and other miscellaneous revenue (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. A six-month availability period is generally used for other fund revenue.

2. Recording of Expenditures

Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used. Principal and interest on long-term debt issues are recognized on their due dates.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Description of Funds

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

Major Governmental Funds

General Fund

The General Fund is used to account for all financial resources except those required to be accounted for in another fund. It includes the general operations and pupil transportation activities of the district, as well as the capital related activities such as maintenance of facilities equipment purchases, health and safety projects, and disabled accessibility projects.

Food Service Special Revenue Fund

The Food Service Fund is used to account for food service revenues and expenditures. Revenues for the Food Service Fund are generated from user fees, federal reimbursements, and state aids.

Community Service Special Revenue Fund

The Community Service Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, veterans, adult or early childhood programs, K-6 extended day programs or other similar services. Revenues for the Community Service Fund are generated primarily from user fees, local property taxes and state aids.

Capital Projects Fund

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

Debt Service Fund

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

Proprietary Funds

Internal Service Fund

The Internal Service Fund is established to account for the District's self-insured dental insurance plan for its employees.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Description of Funds (Continued)

Fiduciary Funds

Other Postemployment Benefit Trust

The Other Postemployment Benefit Trust Fund is used to account for resources set aside and held in an irrevocable trust arrangement for postemployment benefits.

Custodial Fund

The Custodial Fund is established to account for cash and other assets held by the District as the agent for others. This fund is used to account for a local collaborative time study grant.

E. Budgeting

Budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America. Each June, the School Board adopts an annual budget for the following fiscal year for the General, Food Service, Community Service, Capital Projects, and Debt Service Funds. The approved budget is published in summary form in the District's legal newspaper. Reported budget amounts represent the amended budget as adopted by the School Board. Legal budgetary control is at the fund level.

Procedurally, in establishing the budgetary data reflected in these financial statements, the Superintendent submits to the School Board prior to July 1, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means to finance them. The budget is legally enacted by School Board action. Revisions to budgeted amounts must be approved by the School Board.

Total fund expenditures in excess of the budget require approval of the School Board. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at line item levels.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgeting (Continued)

Budget amounts include mid-year budget amendments as follows:

	Original Budget	Amendments	Amended Budget
REVENUES			
General Fund	\$ 125,964,648	\$ 4,400,600	\$ 130,365,248
Special Revenue Fund:			
Food Service Fund	4,525,113	129,637	4,654,750
Community Service Fund	8,129,981	489,162	8,619,143
Capital Projects Fund	30,000	-	30,000
Debt Service Fund	12,764,581	1,214,245	13,978,826
EXPENDITURES			
General Fund	120,099,751	3,460,981	123,560,732
Special Revenue Funds:			
Food Service Fund	4,491,258	129,637	4,620,895
Community Service Fund	7,883,901	416,772	8,300,673
Capital Projects Fund	12,050,000	-	12,050,000
Debt Service Fund	10,651,858	1,181,663	11,833,521

Budget provisions for the Debt Service Fund are set by state law governing required debt service levels.

At the end of each fiscal year, if the General Fund has a net unassigned deficit fund balance, calculated in accordance with the uniform financial accounting and reporting standards for Minnesota school districts which excludes certain restricted balances specified in Minnesota Statutes, exceeding 2.5% of expenditures, a condition referred to as "statutory operating debt" exists. That debt requires retirement through the accumulation of subsequent operating surpluses in accordance with a "special operating plan" approved by the Commissioner of the Department of Education.

F. Cash and Investments

Cash balances from all funds are combined and invested to the extent available in various securities as authorized by Minnesota Statutes. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

Investments are stated at their fair value as determined by quoted market prices, except for money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less which are recorded at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Money market investments are short-term, highly liquid debt instruments including commercial paper, banker's acceptances, and U.S. Treasury and agency obligations.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Accounts Receivable

Represents amounts receivable from individuals, firms, and corporations for goods and services furnished by the District. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary.

H. Inventories

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

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Expense is allocated over the periods benefitted.

J. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items in this category, one related to pensions (see Note 7 for details), one related to other postemployment benefits (see Note 8 for details), and one related to deferred losses on debt refunding.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has five types of deferred inflows, two of which are related to revenue recognition. The first is property taxes levied for subsequent year. As an imposed nonexchange revenue transaction, property taxes received or reported as a receivable before the period for which the property taxes are levied are reported as a deferred inflow of resources in the government-wide financial statements and in the governmental fund financial statements. The second type of deferred inflow of resources is delinquent property taxes. Governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's year-end) under the modified accrual basis of accounting. Delinquent taxes not collected within 60 days after the District's year-end are considered unavailable and reported as a deferred inflow of resources in the governmental fund financial statements. The third type of deferred inflow is for deferred gains on debt refunding, which is being amortized over the life of the bonds. The fourth type of deferred inflow is related to pensions (see Note 7 for details) and the fifth type is related to other postemployment benefits (see Note 8 for details).

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Property Taxes

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

Generally, tax revenue is recognized in the fiscal year ending June 30, following the calendar year in which the tax levy is collectible, while the current calendar year tax levy is recorded as a deferred inflow of resources (property taxes levied for subsequent year). The majority of District revenue in the General Fund (and to a lesser extent in the District's Community Service Special Revenue Fund) is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between taxes and state aids by the Legislature based on education funding priorities. Changes in this allocation are periodically accompanied by a change in property tax revenue recognition referred to as the "tax shift".

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 deferred because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes has been provided as such amounts are not expected to be material. Current levies of local taxes, less the amount recognized as revenue in the current period, including portions assumed by the state which will be recognized as revenue in the next fiscal year beginning July 1, 2023, are included in Property Taxes Levied for Subsequent Year to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

L. Capital Assets

Capital assets are capitalized at historical cost or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The District maintains a threshold level of \$5,000 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Capital Assets (Continued)

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

Capital assets not being depreciated include land and construction in progress.

The District does not possess any material amounts of infrastructure capital assets. Items such as sidewalks and other land improvements are considered to be part of the cost of buildings or other improvable property.

M. Leases

The District determines if an arrangement is a lease at inception. Leases are included in lease assets and lease liabilities in the statements of net position.

Lease assets represent the District's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the District's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the District will exercise that option.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Pensions

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

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

PERA has a special funding situation created by direct aid contributions made by the state of Minnesota for the merger of the Minnesota Employees Retirement Fund into GERS in fiscal year 2015.

P. Accrued Employee Benefits

Vacation Pay

The District's 12-month employees are entitled to annual vacations. These benefits are reported as liabilities in the government-wide financial statements and as expenditures when taken in the fund financial statements.

Sick Pay

Substantially all district employees are entitled to sick leave at various rates. For certain employees, unused sick leave is a factor in the calculation of an employee's severance pay upon retirement.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Accrued Employee Benefits (Continued)

Severance and Health Benefits

Severance and health benefits consist of lump sum early retirement incentive payments and postemployment health care benefits. Accounting policies for severance and health benefits are described below.

1. Early Retirement Incentive and Convertible Sick Leave

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 early retirement incentive payments exceeding one year's salary. For substantially all employees, early retirement incentive benefits are eliminated if employment with the District occurred subsequent to July 1, 1994. In addition, certain bargaining unit members are eligible to be compensated for unused accumulated sick leave upon termination subject to certain conditions. If retirement occurs by year-end, the related benefits are included with salaries and other compensated absences as a current liability. See Note 5 for further information.

2. Postemployment Health Care Benefits

Under the terms of certain collectively bargained employment contracts, including the teachers' and administrators' contracts, the District is required to pay the health and dental insurance premiums for retired employees until they reach specified age requirements such as Medicare eligibility. These plans are no longer available to employees hired subsequent to July 1, 1994. The long-term portion of the postemployment health care benefits liability is included as Other Postemployment Benefits of long-term debt. See Note 8 for further information.

Q. Fund Balance

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

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

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

Committed – funds are established and modified by a resolution approved by the Board of Education.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Balance (Continued)

Assigned – consists of internally imposed constraints. The Board of Education passed a resolution authorizing the Superintendent or the Superintendent's designee to assign fund balances and its intended uses.

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

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

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

The District formally adopted a fund balance policy for the General Fund. The policy established a year-end target unassigned fund balance of 3% of the annual budget.

R. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters and workers compensation. The District purchases commercial insurance coverage for such risks.

There has been no significant reduction in insurance coverage from the previous year in any of the District's policies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years. The District is self-insured for dental benefits. See Note 12 for details.

S. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the government-wide, proprietary fund, and fiduciary fund financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position are reported as restricted in the District-wide financial statement when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, laws or regulations of other governments. Any residual net position/(deficit) is reported as unrestricted.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Adoption of New Accounting Standard

In May 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard requires the recognition of certain right-to-use subscription assets and corresponding subscription liabilities for certain subscription-based information technology arrangements (SBITAs). It establishes a model for SBITA accounting based on the foundational principle that the arrangements are financings of the right to use an underlying intangible asset.

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

Excess of Expenditures Over Budget

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

	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Special Revenue Fund:			
Food Service Fund	\$ 4,620,895	\$ 5,242,979	\$ 622,084
Capital Projects Fund	12,050,000	15,241,150	3,191,150
Debt Service Fund	11,833,521	15,313,594	3,480,073

Food Service expenditures exceeded budgeted amounts due to more students participating in the food service program than had been anticipated, resulting in the need to purchase more food and supplies. Capital Projects Fund expenditures exceeded budgeted amounts due to the Falcon Heights and Brimhall Elementary School Projects incurring more costs than budgeted for. Debt Service Fund expenditures exceeded budgeted amounts as the District only budgeted for certain debt issuances.

NOTE 3 DEPOSITS AND INVESTMENTS

A. Deposits

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

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

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

The bank balance and carrying value of the District’s deposits in banks at June 30, 2023 is \$15,438,522 and \$13,269,121, respectively, and were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

B. Investments

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

- Direct obligations or obligations guaranteed by the United States or its agencies
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of thirteen months or less
- General obligations rated “A” or better; revenue obligations rated “AA” or better
- General obligations of the Minnesota Housing Finance Agency rate “A” or better
- Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System
- Commercial paper issued by United States banks, corporations or their Canadian subsidiaries, of highest quality category by a least two nationally recognized rating agencies, and maturing in 270 days or less

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories
- Repurchase or reverse purchase agreement and securities lending agreements financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers

In addition, investments held in the Other Postemployment Benefits Irrevocable Trust Fund may be invested as authorized by Minnesota State Statute 356A.06, Subdivision 7.

At June 30, 2023, the District had the following investments:

	Fair Value
MN State Board of Investments Internal Fixed Pool	\$ 6,161,345
	Amortized Cost
U.S. Treasuries with Maturities at Purchase of Less Than 1 Year	\$ 1,006,862
MSDLAF+ Liquid Class	18,454,553
MSDLAF+ MAX Class	1,057,621
Money Market Mutual Funds	5,776,253
Total Investments at Amortized Cost	\$ 26,295,289

MSDLAF’s investments are restricted to securities described in Minnesota Statutes §118.04. MSDLAF’s Term Series portfolios are separate portfolios with a fixed investment term and a designated maturity. A Term Series portfolio consists of investments in certificates of deposit, obligations of the U.S. Government, its agencies and instrumentalities, and municipal obligations. These investments are reported at amortized cost.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The District has established an Other Postemployment Benefits Irrevocable Trust Fund, which is administered by PERA, in accordance with Minnesota Statute 471.6175. In accordance with this statute, funds must be invested with the State Board of Investments (SBI). The District's trust funds are invested in an external investment pool comprised of fixed income securities. The average years to maturity for this investment pool is less than one year. The SBI investments are unrated. The fair value of the position in the pool is the same as the value of pool shares.

Custodial Credit Risk

For an investment, custodial risk is the risk that, in the event of a failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

Credit Risk

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

Concentration of Credit Risk

The District places no limit on the amount that the District may invest in any one issuer. The District does not currently have any investments with issuers that individually comprise more than 5% of the District's investments.

The following table shows the distribution of the District's investments by maturity as well as ratings:

Type	Total	12 Months or Less	13 to 60 Months	More Than 60 Months	Rating
US Treasury Note	\$ 1,006,862	\$ 1,006,862	\$ -	\$ -	N/A
MN SBI Internal Fixed Pool	6,161,345	6,161,345	-	-	Not Rates
MSDLAF+ Liquid Class	18,454,553	18,454,553	-	-	AAAm
MSDLAF+ MAX Class	1,057,621	1,057,621	-	-	Not Rated
Money Market Mutual Fund	5,776,253	5,776,253	-	-	AAA
Total	<u>\$ 32,456,634</u>	<u>\$ 32,456,634</u>	<u>\$ -</u>	<u>\$ -</u>	

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

Cash and Investments - Statement of Net Position	\$ 33,978,658
Cash and Investments Held by Trustee - Statement of Net Position	4,570,029
Cash and Investments - Statement of Fiduciary Net Position	6,158,157
Total Cash and Investments	<u>\$ 44,706,844</u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Fair Value Measurements

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

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

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

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

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

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

Assets measured at fair valued on a recurring basis are as follows:

	Level 1	Level 2	Level 3	Total
MN SBI Internal Fixed Pool	\$ 6,161,345	\$ -	\$ -	\$ 6,161,345

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance, as Restated	Increases	Decreases	Reclassifications	Ending Balance
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 1,862,539	\$ -	\$ -	\$ -	\$ 1,862,539
Construction in Progress	3,389,024	12,288,624	(12,887,609)	-	2,790,039
Total Capital Assets, Not Being Depreciated	5,251,563	12,288,624	(12,887,609)	-	4,652,578
Capital Assets, Being Depreciated:					
Land Improvements	14,250,733	506,560	-	-	14,757,293
Buildings and Improvements	272,585,766	13,211,146	-	3,895	285,800,807
Equipment	8,366,707	475,373	-	(3,895)	8,838,185
Total Capital Assets, Being Depreciated	295,203,206	14,193,079	-	-	309,396,285
Right-to-Use Assets, Being Amortized:					
Equipment	314,871	40,554	(7,037)	-	348,388
Subscription Based Information Technology Arrangements	85,420	-	-	-	85,420
Total Right-to-Use Assets, Being Amortized	400,291	40,554	(7,037)	-	433,808
Accumulated Depreciation for:					
Land Improvements	(7,356,924)	(533,738)	-	-	(7,890,662)
Buildings and Improvements	(79,146,756)	(5,167,704)	-	-	(84,314,460)
Equipment	(5,420,097)	(626,304)	-	-	(6,046,401)
Total Accumulated Depreciation	(91,923,777)	(6,327,746)	-	-	(98,251,523)
Accumulated Amortization for:					
Equipment	(105,312)	(106,953)	7,037	-	(205,228)
Subscription Based Information Technology Arrangements	-	(35,549)	-	-	(35,549)
Total Accumulated Amortization	(105,312)	(142,502)	7,037	-	(240,777)
Total Accumulated Depreciation/Amortization	(92,029,089)	(6,470,248)	7,037	-	(98,492,300)
Total Capital Assets, Being Depreciated or Amortized, Net	203,488,988	7,870,338	(7,037)	-	211,337,793
Governmental Activities Capital Assets, Net	<u>\$ 208,740,551</u>	<u>\$ 20,158,962</u>	<u>\$ (12,894,646)</u>	<u>\$ -</u>	<u>\$ 215,990,371</u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 4 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities

Administration	\$ 865
District Support Services	289,258
Regular Instruction	5,937,942
Vocational Education Instruction	937
Special Education Instruction	1,001
Instructional Support Services	46,049
Sites and Buildings	132,182
Food Service	46,223
Community Service	15,791
Total Depreciation/Amortization Expense Governmental Activities	<u>\$ 6,470,248</u>

NOTE 5 LONG-TERM LIABILITIES

A. Components of Long-Term Debt

Issue Date	Net Interest Rate	Series Number	Original Issue	Final Maturity	Principal Outstanding	
					Due Within One Year	Total
General Obligation Bonds:						
10/5/2017	1.30-3.125%	2017A	\$ 18,420,000	2/1/2029	\$ 1,245,000	\$ 15,935,000
12/28/2017	4.00%	2017B	9,995,000	2/1/2032	-	9,995,000
2/1/2018	4.00-5.00%	2018A	130,045,000	2/1/2038	4,355,000	115,160,000
11/6/2019	5.00%	2019A	6,610,000	2/1/2025	1,035,000	1,540,000
4/23/2020	2.00-4.00%	2020A	8,185,000	2/1/2040	165,000	7,675,000
11/10/2021	5.00%	2021B	2,425,000	2/1/2026	600,000	1,870,000
4/13/2022	3.125%-4.0%	2022A	13,250,000	2/1/2040	-	13,220,000
Total General Obligation Bonds					7,400,000	165,395,000
Certificates of Participation:						
3/9/2021	3.00-5.00%	2021A	17,510,000	4/1/2036	905,000	15,740,000
Bond Premiums					-	12,881,378
Financed Purchases Payable					119,975	119,975
Leases Payable					78,027	148,782
Subscriptions Payable					32,078	32,078
Accrued Vacation					-	1,328,765
Other Compensated Absences Payable					14,050	358,515
Total					<u>\$ 8,549,130</u>	<u>\$ 196,004,493</u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

B. Minimum Debt Payments

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

Year Ending June 30,	General Obligation Bonds Payable		Certificates of Participation Payable		Financed Purchases Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 7,400,000	\$ 6,575,793	\$ 905,000	\$ 645,700	\$ 119,975	\$ -
2025	7,415,000	6,238,568	950,000	600,450	-	-
2026	8,920,000	5,906,668	1,000,000	552,950	-	-
2027	9,650,000	5,519,118	1,050,000	502,950	-	-
2028	10,120,000	5,127,918	1,100,000	450,450	-	-
2029-2033	52,085,000	19,008,588	6,350,000	1,409,000	-	-
2034-2038	59,945,000	8,786,838	4,385,000	265,650	-	-
2039-2040	9,860,000	405,255	-	-	-	-
Total	<u>\$ 165,395,000</u>	<u>\$ 57,568,746</u>	<u>\$ 15,740,000</u>	<u>\$ 4,427,150</u>	<u>\$ 119,975</u>	<u>\$ -</u>

Year Ending June 30,	Leases Payable		Subscriptions Payable	
	Principal	Interest	Principal	Interest
2024	\$ 78,027	\$ 5,315	\$ 32,078	\$ -
2025	48,672	2,339	-	-
2026	8,696	1,465	-	-
2027	9,200	715	-	-
2028	4,187	120	-	-
Total	<u>\$ 148,782</u>	<u>\$ 9,954</u>	<u>\$ 32,078</u>	<u>\$ -</u>

C. Description of Long-Term Debt

General Obligation School Building Bonds

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

On February 1, 2018, the District issued \$130,045,000 of General Obligation School Building Bonds, Series 2018A with interest rates ranging between 4.00% and 5.00%. The proceeds were used to finance the acquisition and betterment of school sites and facilities, as authorized in a referendum on November 7, 2017.

On April 23, 2020, the District issued \$8,185,000 of General Obligation Facilities Maintenance Bonds, Series 2020A with interest rates ranging between 2.00% and 4.00%. The proceeds were used to finance deferred maintenance projects included in the ten-year facility plan of the District.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt (Continued)

General Obligation Taxable OPEB Bonds

These bonds were issued for funding actuarial liabilities to pay other postemployment benefits. Assets of the OPEB 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% of the principal and interest due each year. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

On October 5, 2017, the District issued \$18,420,000 of General Obligation Taxable OPEB Refunding Bonds, Series 2017A with interest rates ranging between 1.300% and 3.125%. The District issued the bonds to refund, in advance of their stated maturities, \$16,790,000 of the outstanding series 2009A General Obligation Taxable OPEB Bonds. The proceeds were used to call, in advance of their maturity, the remaining outstanding maturities of the 2009A bonds on their call date of February 1, 2019.

General Obligation Refunding Bonds

On November 6, 2019, the District issued \$6,610,000 of General Obligation School Building Refunding Bonds, Series 2019A. A total of \$7,195,000 of the proceeds was used to refund, in advance of their stated maturities, the remaining outstanding maturities of the District's Series 2010B General Obligation School Building Refunding Bonds.

On November 10, 2021, the District issued \$2,425,000 of General Obligation School Building Refunding Bonds, Series 2021B. The proceeds were used on February 1, 2022 to call and redeem the remaining balance of the District's 2013B bonds.

General Obligation Facilities Maintenance Bonds

On December 28, 2017, the District issued \$9,995,000 of General Obligation Facilities Maintenance Bonds, Series 2017B, bearing interest at a rate of 4.00%. The proceeds of this issuance were used to finance a portion of the costs of deferred maintenance and health and safety projects included in the District's 10-year facility plan approved by the Commissioner of Education.

On April 14, 2022, the District issued 13,250,000 of General Obligation Facilities Maintenance Bonds, Series 2022A, bearing interest rates of 3.125% to 4.000%. The proceeds of this issuance were used to finance deferred maintenance projects at school district facilities included in the District's 10-year facility plan approved by the Commissioner of Education.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt (Continued)

Certificates of Participation

On March 9, 2021, the District issued \$17,510,000 of Certificates of Participation, Series 2021A, bearing interest at a rate of 4.00%. The proceeds of the issuance were used to finance a portion of the costs of the Fairview Community Center facility replacement and related site costs.

Leases and Subscriptions Payable

The District leases equipment as well as certain operating and office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2026 and contain discount rates ranging from 3.95% to 18.20%. The right-to-use lease assets and related accumulated amortization are detailed in Note 3.

The District has also entered into certain Subscription Based Information Technology Arrangements (SBITAs) for the use of various software. The SBITAs expire at various dates through 2028 and all utilized the discount rate of 8.5%. The SBITA assets and related accumulated amortization are detailed in Note 3.

Severance and Other Compensated Absences Benefits Payable

Severance and other compensated absences benefits payable consist of early retirement incentive payments, administrator experience benefits, and other accrued benefit liabilities.

D. Changes in Long-Term Debt

	Beginning Balance	Additions	Retirements	Ending Balance
Bonds Payable	\$ 172,320,000	\$ -	\$ 6,925,000	\$ 165,395,000
Certificates of Participation	16,600,000	-	860,000	15,740,000
Premiums	14,682,096	-	1,800,718	12,881,378
Financed Purchases Payable	414,330	-	294,355	119,975
Leases Payable	216,374	40,554	108,146	148,782
Subscriptions Payable	85,420	-	53,342	32,078
Vacation Payable	1,265,633	63,132	-	1,328,765
Other Compensated Absences	344,995	13,520	-	358,515
Total	<u>\$ 205,928,848</u>	<u>\$ 117,206</u>	<u>\$ 10,041,561</u>	<u>\$ 196,004,493</u>

* The beginning balance of the subscription payable was revised to record the liability due to the implementation of GASB Statement No. 96.

Governmental compensated absences and retirement benefits are typically liquidated (paid) by the operating funds.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6 FUND BALANCES

Certain portions of fund balance are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities, or as required by other outside parties. A description of deficit balance restrictions is included herein since the District has specific statutory authority to levy taxes for such deficits.

Restricted fund balances at June 30, 2023 are as follows:

- a. Restricted for Student Activities – This fund balance represents the resources available for the extracurricular activity funds raised by students.
- b. Restricted for Operating Capital - The District levies taxes and receives state aid to be used for the purchase of equipment or facilities. The cumulative excess of such revenues over equipment and facilities expenditures is reported as a reservation of fund balance in the General Fund.
- c. Restricted for Community Education Programs - The fund balance restriction represents accumulated resources available to provide general community education programming.
- d. Restricted for Early Childhood and Family Education Programs - This fund balance restricted represents accumulated resources available to provide services for early childhood and family education programming.
- e. Restricted for School Readiness - This fund balance restriction represents accumulated resources available to provide school readiness programming in accordance with funding made available for that purpose.
- f. Restricted for Adult Basic Education - This fund balance restriction represents the balance of carryover monies for all activity involving Adult Basic Education.
- g. Restricted for Long Term Facilities Maintenance - Represents resources available to be used for long-term facilities maintenance projects in accordance with the District's 10-year plan.
- h. Restricted for Other Purposes - This fund balance represents amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 DEFINED BENEFIT PENSION PLANS

Substantially all employees of the District are required by state law to belong to pension plans administered by Teachers' Retirement Association (TRA) or Public Employees' Retirement Association (PERA), all of which are administered on a statewide basis. Disclosures relating to these plans follow:

A. Plan Description

The District participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA) and Teachers Retirement Fund (TRA). PERA's and TRA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 253 and 356. PERA's and TRA's defined benefit pension plans are tax-qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Plan

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

2. Teachers Retirement Fund (TRA)

The Teacher's Retirement Association (TRA) is an administrator of a multiple-employer, cost-sharing, defined benefit retirement fund. TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with Minnesota Statutes, Chapters 356 and 356. TRA is a separate statutory entity and administered by a Board of Trustees. The Board 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 schools or Minnesota State Colleges and Universities). Educators first hired by Minnesota State may elect either TRA coverage or coverage through the Defined Contribution Plan (DCR) administered by Minnesota State.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 DEFINED BENEFITS PENSION PLANS (CONTINUED)

B. Benefits Provided

PERA and TRA provide retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

1. General Employees Plan Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

2. TRA Benefits

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 Statute 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 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.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 DEFINED BENEFITS PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

Tier 1 Benefits

Tier 1	Step Rate Formula	Percentage
Basic	First Ten Years of Service	2.2% per Year
	All Years After	2.7% per Year
Coordinated	First Ten Years if Service Years Are up to July 1, 2006	1.2% per Year
	First Ten Years if Service Years Are July 1, 2006 or After	1.4% per Year
	All Other Years of Service if Service Years Are up to July 1, 2006	1.7% per Year
	All Other Years of Service if Service Years Are July 1, 2006 or After	1.9% per Year

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) 3.0% 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).

Or

Tier II Benefits

For years of service prior to July 1, 2006, a level formula of 1.7% per year for coordinated members and 2.7% per year for basic members. For years of service July 1, 2006 and after, a level formula of 1.9% per year for Coordinated members and 2.7% for Basic members applies. Beginning July 1, 2015, the early retirement reduction factors are based on rates established under Minnesota Statute. 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 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.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 DEFINED BENEFITS PENSION PLANS (CONTINUED)

C. Contributions

1. General Employees Fund Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature. Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2023 and the District was required to contribute 7.50% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2023, were \$1,329,151. The District's contributions were equal to the required contributions as set by state statute.

2. TRA Contributions

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year ended June 30, 2021, June 30, 2022, and June 30, 2023 were:

	2023		2022		2021	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic	11.00%	12.55%	11.00%	12.34%	11.00%	12.13%
Coordinated	7.50%	8.55%	7.50%	8.34%	7.50%	8.13%

The District's contributions to TRA for the plan's fiscal year ended June 30, 2023 were \$4,656,307. The District's contributions were equal to the required contributions for each year as set by state statute.

The following is a reconciliation of employer contributions in TRA's fiscal year 2022 ACFR "Statement of Changes in Fiduciary Net Position" to the employer contributions used in Schedule of Employer and Non-Employer Pension Allocations.

	<u><i>in thousands</i></u>
Employer Contributions reported in TRA's ACFR, Statement of Changes in Fiduciary Net Position	\$ 482,679
Add Employer Contributions not Related to Future Contribution Efforts	(2,178)
Deduct TRA's Contributions not included in Allocation	<u>(572)</u>
Total Employer Contributions	479,929
Total Non-Employer Contributions	<u>35,590</u>
Total Contributions Reported in Schedule of Employer and Non-Employer Allocations	<u>\$ 515,519</u>

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

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 DEFINED BENEFITS PENSION PLANS (CONTINUED)

D. Pension Costs

1. General Employees Fund Pension Costs

At June 30, 2023, the District reported a liability of \$18,865,519 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 non-employer 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 \$553,118 for a total net pension liability of \$19,418,637 associated with the District. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.2382% at the end of the measurement period and 0.2396% for the beginning of the period.

For the year ended June 30, 2023, the District recognized pension expense of \$2,485,860 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized \$82,649 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the annual \$16 million contribution.

At June 30, 2023, the District reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 157,580	\$ 201,528
Changes in Actuarial Assumptions	4,269,609	76,730
Net Difference Between Projected and Actual		
Earnings on Plan Investments	327,230	-
Changes in Proportion and Differences Between		
District Contributions and Proportionate		
Share of Contributions	165,634	82,712
District Contributions Subsequent to the		
Measurement Date	1,329,151	-
Total	<u>\$ 6,249,204</u>	<u>\$ 360,970</u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 DEFINED BENEFITS PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

A total of \$1,329,151 reported as deferred outflows of resources related to pensions resulting from District contributions to GERP subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

Other amounts reported as deferred outflows and inflows of resources related to General Employees Plan pensions will be recognized in pension expense as follows:

<u>Year Ending June 30.</u>	<u>Pension Expense Amount</u>
2024	\$ 1,782,880
2025	1,690,764
2026	(620,663)
2027	1,706,102
2028	-
Thereafter	-

2. TRA Pension Costs

At June 30, 2023, the District reported a liability of \$67,310,801 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to 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 0.8406% at the end of the measurement period and 0.8291% for the beginning of the period.

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

<u>Description</u>	<u>Amount</u>
District's Proportionate Share of the TRA Net Pension Liability	\$ 67,310,801
State's Proportionate Share of the Net Pension Liability Associated with the District	4,991,692
Total	<u>\$ 72,302,493</u>

For the year ended June 30, 2023, the District recognized a decrease to pension expense of \$14,819,696. It also recognized \$1,415,351 as a decrease to pension expense and grant revenue for the support provided by direct aid.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 DEFINED BENEFITS PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRS Pension Costs (Continued)

At June 30, 2023, the District reported its proportionate share of the TRA's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 984,564	\$ 591,372
Changes in Actuarial Assumptions	10,783,019	14,244,337
Net Difference Between Projected and Actual Earnings on Plan Investments	1,880,269	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	1,097,015	1,124,596
District Contributions Subsequent to the Measurement Date	4,656,307	-
Total	<u>\$ 19,401,174</u>	<u>\$ 15,960,305</u>

A total of \$4,656,307 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to TRA will be recognized in pension expense as follows:

Year Ending June 30.	Pension Expense Amount
2024	\$ (12,734,530)
2025	1,628,178
2026	622,790
2027	9,021,405
2028	246,719
Thereafter	-

3. Aggregate Pension Costs

	TRA	GERF	Total
Net Pension Liability	\$ 67,310,801	\$ 18,865,519	\$ 86,176,320
Deferred Outflows of Resources	19,401,174	6,249,204	25,650,378
Deferred Inflows of Resources	15,960,305	360,970	16,321,275
Pension Expense	(16,235,047)	2,568,509	(13,666,538)

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 DEFINED BENEFITS PENSION PLANS (CONTINUED)

E. Long-Term Expected Return on Investment

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. The 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	33.5 %	5.10 %
Private Markets	25.0	5.90
Fixed Income	25.0	0.75
International Equity	16.5	5.30
Totals	100.0 %	

The long-term expected rate of return TRA pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates by the target asset allocation percentage and by adding expected inflation.

The target allocations and best estimates of geometric real rates of return for each major asset class are summarized in the previous table.

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2023 is six years. The *Difference between Expected and Actual Experience, Changes in Assumptions, and Changes in Proportion* use the amortization period of six years in the schedule presented. The amortization period for Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments is five years as required by GASB 68.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 DEFINED BENEFITS PENSION PLANS (CONTINUED)

F. Actuarial Assumptions

The total pension liability in the **June 30, 2022**, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5% for PERA and 7.0% for TRA. 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 rates deemed to be reasonable by the actuary. An investment return of 6.5% for PERA and 7.0% for TRA was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 29 years of service and 6.0% per year thereafter.

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

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

TRA preretirement mortality rates were based on the 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. Postretirement mortality rates were based on the 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 mortality rates were based on the RP-2014 disabled retiree mortality table, without adjustment.

Inflation is assumed to be 2.5% for TRA. Cost of living adjustments are assumed to be 1.0% for January 2019 through January 2023 then increasing by 0.10% each year up to 1.5% annually.

Salary growth assumptions for TRA range in annual increments from 2.85% to 8.85% before July 1, 2028 and 3.25% to 9.25% after June 30, 2028.

The following changes for PERA occurred in 2022:

Changes in Actuarial Assumptions:

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

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 DEFINED BENEFITS PENSION PLANS (CONTINUED)

G. Discount Rate

The discount rate used to measure the PERA General Employees Plan liability in 2022 was 6.50%. There was no change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate used to measure the TRA pension liability was 7.00%. 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's 2020 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 (SEIR).

H. Pension Liability Sensitivity

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

Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
GERF Discount Rate	5.50%	6.50%	7.50%
District's Proportionate Share of the GERP Net Pension Liability	\$ 29,799,075	\$ 18,865,519	\$ 9,898,315
TRA Discount Rate	6.00%	7.00%	8.00%
District's Proportionate Share of the TRA Net Pension Liability	\$ 106,111,813	\$ 67,310,801	\$ 35,506,070

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 DEFINED BENEFITS PENSION PLANS (CONTINUED)

I. Pension Plan Fiduciary Net Position

Detailed information about the General Employees 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 TRA's fiduciary net position is available in a separately issued TRA financial report. That report can be obtained at www.MinnesotaTRA.org; by writing to TRA at 60 Empire Drive #400, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-2409 or 1-800-652-9026.

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN

A. Plan Description

The District operates a single-employer retiree benefit plan (the Plan) that provides health, dental, and life insurance to eligible employees and their spouses. The plan includes 994 active participants, 254 retired participants, and 114 spouses. Benefit and eligibility provisions are established through negotiations between the District and various unions representing District employees and are renegotiated each two-year bargaining period. The Plan does not issue a publicly available financial report.

B. Funding Policy

The District has assets designated for OPEB. These assets are in a qualified irrevocable trust which is included as a fiduciary fund in these financial statements. The District's investment policy is to follow state statutes as listed in Note 3. The District is assumed to make no future contributions to the trust. Benefit payments equal to the annual direct subsidy plus implicit subsidy are assumed to be made from the trust. For fiscal year 2023, the District made no contribution to the plan; the current year benefits were paid from the District's OPEB Trust Fund. For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 1.3%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

C. Net OPEB Liability (Asset) of the District

The components of the net OPEB liability (asset) of the District at June 30, 2023 were as follows:

Total OPEB Liability	\$ 8,610,910
Plan Fiduciary Net Position	5,491,114
District's Net OPEB Liability	<u>\$ 3,119,796</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	64%

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

D. Actuarial Methods and Assumptions

The long-term expected rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits, to the extent that (1) the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and (2) OPEB plan assets are expected to be invested using a strategy to achieve that return, and a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale), to the extent that the conditions above are not met.

The District's net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation with a valuation date of July 1, 2022. Liabilities in this report were calculated as of the valuation date and rolled forward to the measurement date using the standard actuarial roll-forward techniques.

The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.70%
Inflation	2.50%
Salary Increases	Service Graded Table
Investment Rate of Return	3.10%
20-Year Municipal Bond Yield	3.80%
Health Care Trend Rates	6.50% decreasing to 5.00% over five years and then to 4.00% over the next 48 years

Best estimates of geometric real and nominal rates of return for each major asset class included in the OPEB plan's asset allocation as of the measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Fixed Income	100.00 %	3.10 %

The discount rate used to measure the total OPEB liability was 3.10%. The projection of cash flows and OPEB trust assets used to determine the discount rate were based on recent employer contribution history and their stated funding policy. The OPEB trust's long-term assumed investment return was used to discount projected benefit payments for as long as projected trust assets are available to fund OPEB payments. Once projected trust assets are exhausted, the municipal bond index rate was applied to the remaining expected benefit payments. The expected employer asset return is based on the long-term expected return on short-term/cash-equivalent assets using our capital market assumption model.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

D. Actuarial Methods and Assumptions (Continued)

Since the most recent valuation, the following changes have been made:

- The health care 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 with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2021 Generational Improvement Scale.
- The salary increase rates for non-teachers were updated to reflect the latest experience study.
- The withdrawal rates were updated to reflect the latest experience study.

E. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2022	\$ 8,501,751	\$ 6,275,358	\$ 2,226,393
Changes for the Year:			
Service Cost	494,260	-	494,260
Interest Cost	319,905	-	319,905
Change in Benefit Terms	-	-	-
Assumption Changes	150,792	-	150,792
Differences Between Expected and Actual Experience	(170,623)	-	(170,623)
Contributions-Employer	-	-	-
Net Investment income	-	(99,069)	99,069
Benefit Payments	(685,175)	(685,175)	-
Administrative Expense	-	-	-
Net Changes	<u>109,159</u>	<u>(784,244)</u>	<u>893,403</u>
Balances at June 30, 2023	<u>\$ 8,610,910</u>	<u>\$ 5,491,114</u>	<u>\$ 3,119,796</u>

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 one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (2.70)%	Discount Rate (3.70)%	1% Increase (4.70)%
Net OPEB Liability	\$ 3,645,057	\$ 3,119,796	\$ 2,623,595

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

E. Changes in the Net OPEB Liability (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% point lower (5.50% decreasing to 4.00%, then 3.00%) or 1% point higher (7.50% decreasing to 6.00%, then 5.00%) than the current healthcare cost trend rates:

	Healthcare Cost		
	1% Decrease (5.50% Decreasing to 4.00%, then 3.00%)	Current Trend Rates (6.50% Decreasing to 5.00%, then 4.00%)	1% Increase (7.50% Decreasing to 6.00%, then 5.00%)
Net OPEB Liability	\$ 2,335,265	\$ 3,119,796	\$ 4,030,708

For the year ended June 30, 2023, the District recognized OPEB expense of \$1,055,798. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 11,334	\$ 136,498
Change of Assumptions	232,024	380,141
Net Difference Between Projected and Actual Investment Earnings	667,645	-
Contributions Between Measurement Date and Reporting Date	N/A	N/A
Total	\$ 911,003	\$ 516,639

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,	Future Recognition
2024	\$ 99,632
2025	170,112
2026	128,596
2027	(3,976)
2028	-
Thereafter	-
Total	\$ 394,364

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 FLEXIBLE BENEFIT PLAN

The District has a flexible benefit plan which is classified as a “cafeteria plan” under Section 125 of the Internal Revenue Code. 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 pre-tax dollars withheld from payroll checks to the plan for health care and dependent care benefits.

Before the beginning of the plan year, which is July 1 to June 30, each participant designates a total amount of pre-tax 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.

All assets of the plan are administered by a third-party administrator and held with a trustee according to a trust agreement established between the plan administrator and the trustee. Payments are made by the third-party administrator to participating employees upon submitting a request for reimbursement of eligible expenses incurred by the participant.

NOTE 10 INTERFUND BALANCES

The District had the following interfund receivables and payables at June 30, 2023:

	Due from Other Fund	Due to Other Fund
General Fund	\$ 803,643	\$ -
Special Revenue Funds:		
Food Service Fund	13,475	-
Community Service Fund	17,880	-
Capital Projects Fund	-	149,823
Other Postemployment Benefits Trust	-	685,175
Total	\$ 834,998	\$ 834,998

The purpose of these interfund balances is as follows:

The Other Postemployment Benefits Trust owes the General Fund, Food Service Fund, and Community Service Fund for OPEB payments made by those funds. The capital projects fund owes the General Fund for capital project expenditures paid out of the General Fund.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11 COMMITMENTS AND CONTINGENCIES

A. Federal and State Programs

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

B. Contingencies

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

C. Commitments

The District has remaining construction contract commitments at June 30, 2023 on ongoing projects of \$11,256,804

NOTE 12 DENTAL SELF-INSURANCE PLAN

The District established a self-insured plan for dental benefits for District employees effective July 1, 2011, and an Internal Service Fund was created to record related revenues and expenditures. The plan is administered by a third party. Total premiums paid in the year ended June 30, 2023 were \$940,251 while total claims payments and administration fees were \$949,380 and \$50,262, respectively.

Participants in the program make premium payments to the fund based on the insurance premium. The excess amount received above current year claims is used to establish a reserve for future claims. At June 30, 2023, there is a reserve of \$581,184.

District 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 such complex factors 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. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 12 DENTAL SELF-INSURANCE PLAN (CONTINUED)

There were no liabilities in excess of claims paid at June 30, 2023. There is a possibility for loss if claims are in excess of the premiums collected. The District does not believe this occurrence would have a material financial effect on the District. The District held \$641,709 in cash and investments at June 30, 2023 for payment of claims. Schedule of changes in claims liability is as follows:

	2023	2022
Beginning of Fiscal Year Liability - July 1	\$ 19,762	\$ 18,716
Current Year Claims, Changes in Estimates, and Other Charges	949,380	885,910
Payments on Claims	(952,671)	(884,864)
End of Fiscal Year Liability - June 30	\$ 16,471	\$ 19,762

NOTE 13 GYMNASTICS GYMNASIUM AGREEMENT

In 1996, the City of Roseville paid \$920,000 to the District to construct a gymnastics gymnasium. Under the terms of the agreement, the City will allow the District to utilize the gymnasium in turn for the City's ability to use the High School. The agreement is cancelable by either party with 90 days' written notice. In the event of termination, the City will be entitled to the depreciated value of its investment, based on a 50-year life depreciated on a straight-line basis.

NOTE 14 PRIOR PERIOD RESTATEMENT

In 2023, the District restated beginning net position to correct for construction in progress balances which had previously been overstated. The effects of this restatement on net position are as follows:

	Governmental
	Activities
Beginning Net Position	\$ (42,665,912)
Prior Period Restatement to Adjust Capital Assets and Related Accumulated Depreciation	(14,273,439)
Beginning Net Position, as Restated	\$ (56,939,351)

REQUIRED SUPPLEMENTARY INFORMATION

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
MAJOR GENERAL FUND
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 31,624,949	\$ 31,624,949	\$ 30,428,557	\$ (1,196,392)
Earnings and Investments	10,000	10,000	433,667	423,667
Other	1,165,510	1,346,810	3,240,025	1,893,215
State Sources	80,953,582	82,712,921	83,532,204	819,283
Federal Sources	12,210,607	14,670,568	12,134,018	(2,536,550)
Total Revenues	<u>125,964,648</u>	<u>130,365,248</u>	<u>129,768,471</u>	<u>(596,777)</u>
EXPENDITURES				
Current:				
Administration	5,540,379	5,484,506	5,362,306	(122,200)
District Support Services	4,445,497	4,586,148	4,856,676	270,528
Elementary and Secondary Regular Instruction	48,175,473	48,077,764	46,776,118	(1,301,646)
Vocational Education Instruction	2,064,376	2,088,926	2,086,618	(2,308)
Special Education Instruction	26,130,850	25,718,264	24,552,863	(1,165,401)
Community Education and Services	13,200	13,200	-	(13,200)
Instructional Support Services	10,217,972	11,725,662	10,976,310	(749,352)
Pupil Support Services	12,762,062	14,258,827	14,753,727	494,900
Sites and Buildings	7,120,890	7,871,085	9,066,000	1,194,915
Fiscal and Other Fixed Cost Programs	515,000	515,000	572,450	57,450
Capital Outlay	1,565,352	1,672,650	3,142,823	1,470,173
Debt Service:				
Principal	860,000	860,000	455,843	(404,157)
Interest and Fiscal Charges	688,700	688,700	11,907	(676,793)
Total Expenditures	<u>120,099,751</u>	<u>123,560,732</u>	<u>122,613,641</u>	<u>(947,091)</u>
EXCESS OF REVENUES OVER EXPENDITURES	5,864,897	6,804,516	7,154,830	350,314
OTHER FINANCING SOURCES				
Financed Purchases	-	-	40,554	40,554
NET CHANGE IN FUND BALANCE	<u>\$ 5,864,897</u>	<u>\$ 6,804,516</u>	7,195,384	<u>\$ 390,868</u>
FUND BALANCE				
Beginning of Year			<u>5,319,927</u>	
End of Year			<u>\$ 12,515,311</u>	

See accompanying Notes to Required Supplementary Information.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
MAJOR FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Other - Primarily Meal Sales	\$ 1,180,114	\$ 1,180,114	\$ 1,246,602	\$ 66,488
State Sources	178,230	178,230	201,471	23,241
Federal Sources	3,166,769	3,296,406	3,878,958	582,552
Total Revenues	<u>4,525,113</u>	<u>4,654,750</u>	<u>5,327,031</u>	<u>672,281</u>
EXPENDITURES				
Current:				
Food Service	4,353,012	4,482,649	5,046,701	564,052
Capital Outlay	138,246	138,246	194,552	56,306
Debt Service:				
Principal	-	-	1,251	1,251
Interest	-	-	475	475
Total Expenditures	<u>4,491,258</u>	<u>4,620,895</u>	<u>5,242,979</u>	<u>622,084</u>
NET CHANGE IN FUND BALANCE	<u>\$ 33,855</u>	<u>\$ 33,855</u>	84,052	<u>\$ 50,197</u>
FUND BALANCE				
Beginning of Year			<u>3,557,074</u>	
End of Year			<u>\$ 3,641,126</u>	

See accompanying Notes to Required Supplementary Information.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
MAJOR COMMUNITY SERVICE FUND
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 1,104,707	\$ 1,105,926	\$ 1,082,775	\$ (23,151)
Other - Primarily Tuition and Fees	5,069,197	5,513,278	5,449,351	(63,927)
State Sources	1,204,193	1,243,601	1,179,343	(64,258)
Federal Sources	751,884	756,338	848,126	91,788
Total Revenues	8,129,981	8,619,143	8,559,595	(59,548)
EXPENDITURES				
Current:				
Community Service	7,837,351	8,210,322	7,948,510	(261,812)
Capital Outlay	46,550	90,351	53,006	(37,345)
Debt Service:				
Principal	-	-	2,079	2,079
Interest	-	-	546	546
Total Expenditures	7,883,901	8,300,673	8,004,141	(296,532)
NET CHANGE IN FUND BALANCE	\$ 246,080	\$ 318,470	555,454	\$ 236,984
FUND BALANCE				
Beginning of Year			1,716,080	
End of Year			\$ 2,271,534	

See accompanying Notes to Required Supplementary Information.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
LAST SEVEN FISCAL YEARS**

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service Cost	\$ 494,260	\$ 500,722	\$ 585,700	\$ 543,390	\$ 491,646	\$ 350,169	\$ 305,193
Interest	319,905	214,430	278,055	312,793	366,477	407,579	415,532
Changes of Benefit Terms	-	-	-	-	23,877	-	-
Differences Between Expected and Actual Experience	(170,623)	-	28,341	-	379,117	-	-
Changes of Assumptions	150,792	(633,572)	26,147	235,612	(69,751)	313,178	-
Benefit Payments	(685,175)	(811,138)	(734,023)	(869,053)	(787,884)	(892,054)	(956,705)
Net Change in Total OPEB Liability	109,159	(729,558)	184,220	222,742	403,482	178,872	(235,980)
Total OPEB Liability - Beginning	8,501,751	9,231,309	9,047,089	8,824,347	8,420,865	8,241,993	8,477,973
Total OPEB Liability - Ending (a)	<u>\$ 8,610,910</u>	<u>\$ 8,501,751</u>	<u>\$ 9,231,309</u>	<u>\$ 9,047,089</u>	<u>\$ 8,824,347</u>	<u>\$ 8,420,865</u>	<u>\$ 8,241,993</u>
Plan Fiduciary Net Position							
Employer Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Member Contributions	-	-	-	-	-	-	-
Net Investment Income	(99,069)	(881,134)	113,102	792,417	730,983	(35,777)	91,284
Benefits Paid	(685,175)	(811,138)	(734,023)	(869,053)	(787,884)	(892,054)	(956,705)
Administrative Expense	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	(784,244)	(1,692,272)	(620,921)	(76,636)	(56,901)	(927,831)	(865,421)
Plan Fiduciary Net Position - Beginning	6,275,358	7,967,630	8,588,551	8,665,187	8,722,088	9,649,919	10,515,340
Plan Fiduciary Net Position - Ending (b)	<u>\$ 5,491,114</u>	<u>\$ 6,275,358</u>	<u>\$ 7,967,630</u>	<u>\$ 8,588,551</u>	<u>\$ 8,665,187</u>	<u>\$ 8,722,088</u>	<u>\$ 9,649,919</u>
District's Net OPEB Liability (Asset) - Ending (a) - (b)	<u>\$ 3,119,796</u>	<u>\$ 2,226,393</u>	<u>\$ 1,263,679</u>	<u>\$ 458,538</u>	<u>\$ 159,160</u>	<u>\$ (301,223)</u>	<u>\$ (1,407,926)</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	63.77%	73.81%	86.31%	94.93%	98.20%	103.58%	117.08%
Covered-Employee Payroll	\$ 67,628,152	\$ 65,063,201	\$ 63,168,156	\$ 61,218,059	\$ 59,435,009	\$ 52,665,303	\$ 51,131,362
District's Net OPEB Liability as a Percentage of Covered-Employee Payroll	4.61%	3.42%	2.00%	0.75%	0.27%	-0.57%	-2.75%

*The District implemented GASB Statement Nos. 74 and 75 in the fiscal year 2017, and the above tables will be expanded to 10 years of information as the information becomes available.

See accompanying Notes to Required Supplementary Information.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN ON PLAN ASSETS – OPEB
YEAR ENDED JUNE 30, 2023**

Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2017	5.60%
2018	5.00%
2019	8.40%
2020	8.40%
2021	1.30%
2022	1.30%
2023	1.30%

*The District implemented GASB Statement Nos. 74 and 75 in the fiscal year 2017, and the above tables will be expanded to 10 years of information as the information becomes available.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST NINE MEASUREMENT DATES**

**PERA Schedule of the District's
Proportionate Share of the
Net Pension Liability**

	Measurement Date June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.2382%	0.2396%	0.2404%	0.2300%	0.2385%	0.2451%	0.2488%	0.2535%	0.2717%
District's Proportionate Share of the Net Pension Liability	\$ 18,865,519	\$ 10,231,993	\$ 14,413,079	\$ 12,716,185	\$ 13,231,002	\$ 15,647,022	\$ 20,201,326	\$ 13,137,686	\$ 12,763,105
State's Proportionate Share of the Net Pension Liability Associated with District	553,118	312,443	444,425	395,231	433,960	196,782	263,785	-	-
Total	<u>\$ 19,418,637</u>	<u>\$ 10,544,436</u>	<u>\$ 14,857,504</u>	<u>\$ 13,111,416</u>	<u>\$ 13,664,962</u>	<u>\$ 15,843,804</u>	<u>\$ 20,465,111</u>	<u>\$ 13,137,686</u>	<u>\$ 12,763,105</u>
District's Covered Payroll	\$ 17,857,667	\$ 17,292,720	\$ 17,144,333	\$ 16,012,200	\$ 16,000,773	\$ 15,790,987	\$ 15,459,267	\$ 14,916,610	\$ 14,186,372
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	108.74%	60.98%	86.66%	81.88%	85.40%	100.33%	132.38%	88.07%	89.97%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.67%	87.00%	79.10%	80.23%	79.50%	75.90%	68.90%	78.20%	78.70%

**TRA Schedule of the District's
Proportionate Share of the
Net Pension Liability**

	Measurement Date June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.8406%	0.8291%	0.8277%	0.8408%	0.8493%	0.8589%	0.8565%	0.8650%	0.8650%
District's Proportionate Share of the Net Pension Liability	\$ 67,310,801	\$ 36,283,895	\$ 61,151,585	\$ 53,592,769	\$ 53,344,444	\$ 171,452,020	\$ 204,295,686	\$ 53,508,805	\$ 41,287,030
State's Proportionate Share of the Net Pension Liability Associated with District	4,991,692	3,060,054	5,124,887	4,742,755	5,011,862	16,573,240	20,506,603	6,563,362	2,904,390
Total	<u>\$ 72,302,493</u>	<u>\$ 39,343,949</u>	<u>\$ 66,276,472</u>	<u>\$ 58,335,524</u>	<u>\$ 58,356,306</u>	<u>\$ 188,025,260</u>	<u>\$ 224,802,289</u>	<u>\$ 60,072,167</u>	<u>\$ 44,191,420</u>
District's Covered Payroll	\$ 52,270,480	\$ 49,878,868	\$ 48,154,646	\$ 46,366,263	\$ 45,589,624	\$ 46,142,533	\$ 44,692,867	\$ 44,031,293	\$ 44,031,293
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	128.77%	72.74%	126.99%	115.59%	117.01%	371.57%	457.11%	121.52%	93.77%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.17%	86.63%	75.48%	78.21%	78.07%	51.57%	44.88%	76.80%	81.50%

*The District implemented GASB Statement Nos. 68 in the fiscal year 2015, and the above tables will be expanded to 10 years of information as the information becomes available.

See accompanying Notes to Required Supplementary Information.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
LAST NINE FISCAL YEARS**

PERA Schedule of District Contributions

	Fiscal Year Ended June 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 1,329,151	\$ 1,339,325	\$ 1,296,954	\$ 1,285,825	\$ 1,200,915	\$ 1,200,058	\$ 1,184,324	\$ 1,159,445	\$ 1,100,100
Contributions in Relation to the Statutorily Required Contribution	(1,329,151)	(1,339,325)	(1,296,954)	(1,285,825)	(1,200,915)	(1,200,058)	(1,184,324)	(1,159,445)	(1,100,100)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 17,722,013	\$ 17,857,667	\$ 17,292,720	\$ 17,144,333	\$ 16,012,200	\$ 16,000,773	\$ 15,790,987	\$ 15,459,267	\$ 14,916,610
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.375%

TRA Schedule of District Contributions

	Fiscal Year Ended June 30,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 4,656,307	\$ 4,359,358	\$ 4,055,152	\$ 3,813,848	\$ 3,672,208	\$ 3,514,960	\$ 3,460,690	\$ 3,351,965	\$ 3,302,347
Contributions in Relation to the Statutorily Required Contribution	(4,656,307)	(4,359,358)	(4,055,152)	(3,813,848)	(3,672,208)	(3,514,960)	(3,460,690)	(3,351,965)	(3,302,347)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 54,459,731	\$ 52,270,480	\$ 49,878,868	\$ 48,154,646	\$ 46,366,263	\$ 45,589,624	\$ 46,142,533	\$ 44,692,867	\$ 44,031,293
Contributions as a Percentage of Covered Payroll	8.55%	8.34%	8.13%	7.92%	7.92%	7.71%	7.50%	7.50%	7.50%

*The District implemented GASB Statement Nos. 68 in the fiscal year 2015, and the above tables will be expanded to 10 years of information as the information becomes available.

See accompanying Notes to Required Supplementary Information.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

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

General Employees Fund

2022

Changes in Actuarial Assumptions

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

2021

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2020

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

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

General Employees Fund (Continued)

2020 (Continued)

- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.
- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019

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

2018

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed postretirement benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

2017

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

2016

- The assumed postretirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

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

Coordinated Plan

2022

No changes.

2021

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020

- Assumed termination rates were changed to more closely reflect actual experience.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses MP-2015 scale.
- Generational projection uses the MP-2015 scale. Assumed form of annuity election proportions were changed to more closely reflect actual experience for female retirees.

2019

No changes.

2018

- The cost of living adjustment (COLA) was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in 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 2.5% if the funded ratio was at least 90% 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 0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

Coordinated Plan (Continued)

2018 (Continued)

- The employer contribution rate is increased each July 1 over the next four years, (7.92% in 2019, 8.13% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.
- The single discount rate was changed from 5.12% to 7.5%

2017

- The COLA was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- The COLA was not assumed to increase to 2.5%, but remain at 2.0% for all future years.
- The investment return assumption was changed from 8.0% to 7.5%.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for ten years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.
- The single discount rate was changed from 4.66% to 5.12%

2016

- There was a change in actuarial assumptions that affected the measurement of the total liability since the prior measurement date.
- Post-retirement benefit adjustments are now assumed to stay level at 2.0% annually.
- The single discount rate was changed from 8.0% to 4.66%.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

The following changes were reflected in the valuation performed on behalf of the District's Postemployment Benefits Plan for the year ended June 30:

2022

- The discount rate was changed from 2.30% to 3.70%.

2021

- The health care 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-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and contract group.
- The expected long-term investment return was changed from 4.30% to 3.10%.

- The discount rate was changed from 3.00% to 2.30%.

2020

- The discount rate was changed from 3.50% to 3.00%.

2019

- The health care 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-2017 Generational Improvement Scale.
- Pre-age 55 employees on long-term disability (LTD) are assumed to continue on one of the District's medical plans for five years. Previously, they were assumed to continue until age 65.
- The expected long-term investment return was changed from 5.00% to 4.30%.
- The discount rate was changed from 4.30% to 3.50%.

2018

- The expected long-term investment return was changed from 5.60% to 5.00%.
- The discount rate was changed from 5.00% to 4.30%.

SUPPLEMENTARY INFORMATION

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
BALANCE SHEET
GENERAL FUND
JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and Investments	\$ 9,914,409	\$ 871,967
Receivables:		
Current Taxes	16,264,323	16,442,051
Delinquent Taxes	764,423	154,144
Accounts and Interest Receivable	109,497	142,393
Due from Other Minnesota School Districts	18,405	75,255
Due from Minnesota Department of Education	8,710,862	7,491,895
Due from Federal Through the Minnesota Department of Education	6,087,313	9,771,395
Due from Other Governmental Units	620,224	783,959
Due from Other Funds	803,643	1,037,915
Prepays	<u>1,190,862</u>	<u>395,436</u>
 Total Assets	 <u><u>\$ 44,483,961</u></u>	 <u><u>\$ 37,166,410</u></u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 310,551	\$ 348,879
Accounts and Contracts Payable	2,180,524	2,412,846
Due to Other Minnesota School Districts	1,452,371	1,565,392
Due to Other Governmental Units	81,492	30,516
Unearned Revenue	-	51,350
Total Liabilities	<u>4,024,938</u>	<u>4,408,983</u>
 Deferred Inflows of Resources:		
Unavailable Revenue - Property Taxes Levied for Subsequent Year	27,208,999	27,283,356
Unavailable Revenue - Delinquent Taxes	734,713	154,144
Total Deferred Inflows of Resources	<u>27,943,712</u>	<u>27,437,500</u>
 Fund Balance:		
Nonspendable:		
Prepays	1,190,862	395,436
Restricted for:		
Student Activities	136,246	156,621
Operating Capital	370,619	778,506
Long Term Facilities Maintenance	908,794	-
Other Purposes	-	79,881
Assigned for Extracurricular Activities	679,910	620,504
Unassigned	<u>9,228,880</u>	<u>3,288,979</u>
Total Fund Balance	<u>12,515,311</u>	<u>5,319,927</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 <u><u>\$ 44,483,961</u></u>	 <u><u>\$ 37,166,410</u></u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

	2023		Over (Under) Final Budget	2022
	Final Budget	Actual Amounts		Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 31,624,949	\$ 30,428,557	\$ (1,196,392)	\$ 24,015,176
Earnings and Investments	10,000	433,667	423,667	4,123
Other	1,346,810	3,240,025	1,893,215	2,883,007
State Sources	82,712,921	83,532,204	819,283	80,276,980
Federal Sources	14,670,568	12,134,018	(2,536,550)	11,366,054
Total Revenues	130,365,248	129,768,471	(596,777)	118,545,340
EXPENDITURES				
Current:				
Administration:				
Salaries	3,901,355	3,899,123	(2,232)	3,781,009
Employee Benefits	1,349,327	1,355,306	5,979	1,338,986
Purchased Services	128,174	38,822	(89,352)	60,168
Supplies and Materials	7,750	10,510	2,760	6,734
Other Expenditures	97,900	58,545	(39,355)	64,824
Total Administration	5,484,506	5,362,306	(122,200)	5,251,721
District Support Services:				
Salaries	1,977,081	2,441,873	464,792	2,248,354
Employee Benefits	813,663	896,730	83,067	842,948
Purchased Services	352,312	368,227	15,915	338,858
Supplies and Materials	1,463,592	1,107,883	(355,709)	1,400,488
Other Expenditures	(20,500)	41,963	62,463	(99,934)
Total District Support Services	4,586,148	4,856,676	270,528	4,730,714
Elementary and Secondary Regular Instruction:				
Salaries	33,332,912	31,174,449	(2,158,463)	30,831,868
Employee Benefits	11,521,801	10,920,772	(601,029)	10,948,579
Purchased Services	2,220,291	2,885,414	665,123	2,021,134
Supplies and Materials	954,188	1,478,861	524,673	1,373,058
Other Expenditures	48,572	316,622	268,050	364,740
Total Elementary and Secondary Regular Instruction	48,077,764	46,776,118	(1,301,646)	45,539,379

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

	2023			2022
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
EXPENDITURES (CONTINUED)				
Current (Continued):				
Vocational Education Instruction:				
Salaries	\$ 1,133,385	\$ 1,193,504	\$ 60,119	\$ 1,038,536
Employee Benefits	458,746	471,914	13,168	409,081
Purchased Services	485,620	381,746	(103,874)	381,430
Supplies and Materials	11,175	33,821	22,646	23,817
Other Expenditures	-	5,633	5,633	5,432
Total Vocational Education Instruction	<u>2,088,926</u>	<u>2,086,618</u>	<u>(2,308)</u>	<u>1,858,296</u>
Special Education Instruction:				
Salaries	15,944,095	15,554,042	(390,053)	14,902,495
Employee Benefits	6,576,091	6,291,013	(285,078)	6,266,757
Purchased Services	2,987,769	2,533,791	(453,978)	2,295,170
Supplies and Materials	203,009	170,025	(32,984)	105,265
Other Expenditures	7,300	3,992	(3,308)	6,870
Total Special Education Instruction	<u>25,718,264</u>	<u>24,552,863</u>	<u>(1,165,401)</u>	<u>23,576,557</u>
Community Education and Services:				
Purchased Services	13,200	-	(13,200)	-
Instructional Support Services:				
Salaries	7,669,558	7,037,803	(631,755)	6,763,565
Employee Benefits	2,696,125	2,616,690	(79,435)	2,584,551
Purchased Services	350,569	209,389	(141,180)	237,657
Supplies and Materials	979,810	1,033,191	53,381	469,031
Other Expenditures	29,600	79,237	49,637	87,769
Total Instructional Support Services	<u>11,725,662</u>	<u>10,976,310</u>	<u>(749,352)</u>	<u>10,142,573</u>
Pupil Support Services:				
Salaries	2,743,112	2,802,311	59,199	2,602,895
Employee Benefits	1,099,654	1,067,091	(32,563)	1,016,920
Purchased Services	1,095,640	942,991	(152,649)	553,855
Supplies and Materials	36,185	44,614	8,429	75,361
Other Expenditures	175	12,309	12,134	11,704
Total Pupil Support Services	<u>4,974,766</u>	<u>4,869,316</u>	<u>(105,450)</u>	<u>4,260,735</u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

	2023		Over (Under) Final Budget	2022
	Final Budget	Actual Amounts		Actual Amounts
EXPENDITURES (CONTINUED)				
Current (Continued):				
Sites and Buildings:				
Salaries	\$ 3,147,677	\$ 3,165,967	\$ 18,290	\$ 2,957,680
Employee Benefits	1,421,946	1,395,129	(26,817)	1,357,864
Purchased Services	1,959,162	3,031,909	1,072,747	2,773,675
Supplies and Materials	1,339,500	1,466,592	127,092	1,422,500
Other Expenditures	2,800	6,403	3,603	6,582
Total Sites and Buildings	<u>7,871,085</u>	<u>9,066,000</u>	<u>1,194,915</u>	<u>8,518,301</u>
Fiscal and Other Fixed Costs:				
Employee Benefits	40,000	-	(40,000)	143,236
Purchased Services	475,000	572,450	97,450	504,477
Total Fiscal and Other Fixed Costs	<u>515,000</u>	<u>572,450</u>	<u>57,450</u>	<u>647,713</u>
Transportation:				
Salaries	104,322	72,080	(32,242)	81,263
Employee Benefits	42,939	15,840	(27,099)	39,314
Purchased Services	9,135,300	9,754,630	619,330	7,678,032
Supplies and Materials	1,000	41,861	40,861	405
Other Expenditures	500	-	(500)	496
Total Transportation	<u>9,284,061</u>	<u>9,884,411</u>	<u>600,350</u>	<u>7,799,510</u>
Capital Outlay:				
Administration	5,000	-	(5,000)	15,468
District Support Services	270,758	455,473	184,715	576,120
Regular Instruction	186,722	187,798	1,076	91,742
Vocational Education Instruction	3,000	-	(3,000)	16,486
Special Education Instruction	17,000	-	(17,000)	6,206
Instructional Support Services	118,000	172,270	54,270	236,471
Pupil Support Services	157,170	30,057	(127,113)	38,833
Sites and Buildings	915,000	2,297,225	1,382,225	1,900,468
Total Capital Outlay	<u>1,672,650</u>	<u>3,142,823</u>	<u>1,470,173</u>	<u>2,881,794</u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

	2023		2022	
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
EXPENDITURES (CONTINUED)				
Debt Service:				
Principal	\$ 860,000	\$ 455,843	\$ (404,157)	\$ 1,299,876
Interest and Fiscal Charges	688,700	11,907	(676,793)	799,051
Total Debt Service	<u>1,548,700</u>	<u>467,750</u>	<u>(1,080,950)</u>	<u>2,098,927</u>
 Total Expenditures	 <u>123,547,532</u>	 <u>122,613,641</u>	 <u>(947,091)</u>	 <u>117,306,220</u>
 EXCESS OF REVENUES OVER EXPENDITURES	 6,817,716	 7,154,830	 350,314	 1,239,120
 OTHER FINANCING SOURCES				
Financed Purchases	<u>-</u>	<u>40,554</u>	<u>40,554</u>	<u>359,925</u>
 NET CHANGE IN FUND BALANCE	 <u><u>\$ 6,817,716</u></u>	 7,195,384	 <u><u>\$ 390,868</u></u>	 1,599,045
 FUND BALANCE				
Beginning of Year		<u>5,319,927</u>		<u>3,720,882</u>
End of Year		<u><u>\$ 12,515,311</u></u>		<u><u>\$ 5,319,927</u></u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
BALANCE SHEET
FOOD SERVICE SPECIAL REVENUE FUND
JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

	2023	2022
ASSETS		
Cash and Investments	\$ 3,373,692	\$ 3,633,913
Receivables:		
Accounts and Interest Receivable	117,308	754
Due from Other Minnesota School Districts	23,072	24,922
Due from Minnesota Department of Education	5,829	471
Due from Federal Through the Minnesota Department of Education	131,729	103,698
Due from Other Governmental Units	-	20,604
Due from Other Funds	13,475	12,968
Inventory	124,069	84,491
Prepays	8,895	1,754
	\$ 3,798,069	\$ 3,883,575
LIABILITIES AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 16,702	\$ 12,994
Payroll Deductions and Employer Contributions Payable	62	53
Accounts and Contracts Payable	41,538	203,616
Unearned Revenue	98,641	109,838
Total Liabilities	156,943	326,501
Fund Balance:		
Nonspendable:		
Inventory	124,069	84,491
Prepays	8,895	1,754
Restricted for:		
Other Purposes	3,508,162	3,470,829
Total Fund Balance	3,641,126	3,557,074
	\$ 3,798,069	\$ 3,883,575

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
FOOD SERVICE SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

	2023			2022
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Other - Primarily Meal Sales	\$ 1,180,114	\$ 1,246,602	\$ 66,488	\$ 127,898
State Sources	178,230	201,471	23,241	205,560
Federal Sources	3,296,406	3,878,958	582,552	6,264,845
Total Revenues	<u>4,654,750</u>	<u>5,327,031</u>	<u>672,281</u>	<u>6,598,303</u>
EXPENDITURES				
Current:				
Salaries	1,516,587	1,730,704	214,117	1,649,366
Employee Benefits	721,075	717,503	(3,572)	729,709
Purchased Services	107,782	85,943	(21,839)	72,380
Supplies and Materials	2,129,345	2,503,749	374,404	2,385,296
Other Expenditures	7,860	8,802	942	7,336
Capital Outlay	138,246	194,552	56,306	744
Debt Service:				
Principal	-	1,251	1,251	732
Interest	-	475	475	251
Total Expenditures	<u>4,620,895</u>	<u>5,242,979</u>	<u>622,084</u>	<u>4,845,814</u>
NET CHANGE IN FUND BALANCE	<u>\$ 33,855</u>	84,052	<u>\$ 50,197</u>	1,752,489
FUND BALANCE				
Beginning of Year		<u>3,557,074</u>		<u>1,804,585</u>
End of Year		<u>\$ 3,641,126</u>		<u>\$ 3,557,074</u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
BALANCE SHEET
COMMUNITY SERVICE SPECIAL REVENUE FUND
JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and Investments	\$ 2,228,149	\$ 1,304,168
Receivables:		
Current Taxes	605,472	590,726
Delinquent Taxes	27,973	6,242
Accounts and Interest Receivable	29,787	43,373
Due from Other Minnesota School Districts	583,169	657,861
Due from Minnesota Department of Education	115,571	121,245
Due from Federal Through the Minnesota Department of Education	166,641	290,056
Due from Other Governmental Units	66,555	73,300
Due from Other Funds	17,880	67,790
Prepays	<u>4,629</u>	<u>9,020</u>
 Total Assets	 <u>\$ 3,845,826</u>	 <u>\$ 3,163,781</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 84,743	\$ 105,160
Payroll Deductions and Employer Contributions Payable	263	-
Accounts and Contracts Payable	110,576	128,943
Due to Other Minnesota School Districts	13,820	42,249
Due to Other Governmental Units	-	5,074
Unearned Revenue	<u>204,804</u>	<u>52,161</u>
Total Liabilities	414,206	333,587
 Deferred Inflows of Resources:		
Property Taxes Levied for Subsequent Year	1,133,220	1,107,872
Unavailable Revenue - Delinquent Taxes	<u>26,866</u>	<u>6,242</u>
Total Deferred Inflows of Resources	1,160,086	1,114,114
 Fund Balance:		
Nonspendable:		
Prepays	4,629	9,020
Restricted for:		
Community Education	1,164,094	832,504
Early Childhood and Family Education	342,863	321,171
School Readiness	182,263	145,355
Adult Basic Education	620,092	411,233
Committed for:		
Unassigned	<u>(42,407)</u>	<u>(3,203)</u>
Total Fund Balance	<u>2,271,534</u>	<u>1,716,080</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 <u>\$ 3,845,826</u>	 <u>\$ 3,163,781</u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
COMMUNITY SERVICE SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

	2023		Over (Under) Final Budget	2022
	Final Budget	Actual Amounts		Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 1,105,926	\$ 1,082,775	\$ (23,151)	\$ 1,015,770
Other - Primarily Tuition and Fees	5,513,278	5,449,351	(63,927)	4,695,775
State Sources	1,243,601	1,179,343	(64,258)	1,083,709
Federal Sources	756,338	848,126	91,788	1,200,178
Total Revenues	<u>8,619,143</u>	<u>8,559,595</u>	<u>(59,548)</u>	<u>7,995,432</u>
EXPENDITURES				
Current:				
Salaries	4,880,037	4,656,766	(223,271)	4,465,974
Employee Benefits	1,564,914	1,550,610	(14,304)	1,466,830
Purchased Services	1,367,392	1,399,905	32,513	1,116,007
Supplies and Materials	366,843	325,555	(41,288)	322,432
Other Expenditures	31,136	15,674	(15,462)	12,725
Capital Outlay	90,351	53,006	(37,345)	137,371
Debt Service:				
Principal	-	2,079	2,079	2,244
Interest	-	546	546	549
Total Expenditures	<u>8,300,673</u>	<u>8,004,141</u>	<u>(296,532)</u>	<u>7,524,132</u>
NET CHANGE IN FUND BALANCE	<u>\$ 318,470</u>	555,454	<u>\$ 236,984</u>	471,300
FUND BALANCE				
Beginning of Year		<u>1,716,080</u>		<u>1,244,780</u>
End of Year		<u>\$ 2,271,534</u>		<u>\$ 1,716,080</u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
BALANCE SHEET
CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND
JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

	2023	2022
ASSETS		
Cash and Investments	\$ 10,302,181	\$ 24,596,180
Cash with Fiscal Agent	4,570,029	5,274,589
Receivables:		
Accounts and Interest Receivable	15,791	22,300
Total Assets	\$ 14,888,001	\$ 29,893,069
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts and Contracts Payable	\$ 3,269,216	\$ 3,294,207
Due to Other Funds	149,823	319,029
Total Liabilities	3,419,039	3,613,236
Fund Balance:		
Restricted for:		
Long Term Facilities Maintenance	2,117,920	14,059,737
Restricted for Other Purposes	9,351,042	12,220,096
Total Fund Balance	11,468,962	26,279,833
Total Liabilities and Fund Balance	\$ 14,888,001	\$ 29,893,069

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

	2023		2022	
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ -	\$ -	\$ -	\$ 3,208,558
Earnings and Investments	30,000	430,279	400,279	27,063
Other	-	-	-	312,773
Total Revenues	<u>30,000</u>	<u>430,279</u>	<u>400,279</u>	<u>3,548,394</u>
EXPENDITURES				
Current:				
Salaries	-	105,000	105,000	99,021
Employee Benefits	-	44,823	44,823	42,214
Purchased Services	1,000,000	156,800	(843,200)	1,520,198
Supplies and Materials	-	-	-	17,307
Capital Outlay	11,050,000	14,934,527	3,884,527	11,577,049
Debt Service:				
Interest and Fiscal Charges	-	-	-	347,274
Total Expenditures	<u>12,050,000</u>	<u>15,241,150</u>	<u>3,191,150</u>	<u>13,603,063</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(12,020,000)	(14,810,871)	(2,790,871)	(10,054,669)
OTHER FINANCING SOURCES				
Issuance of Bonds	-	-	-	13,250,000
Bond Premium	-	-	-	409,079
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,659,079</u>
NET CHANGE IN FUND BALANCE	<u>\$ (12,020,000)</u>	(14,810,871)	<u>\$ (2,790,871)</u>	3,604,410
FUND BALANCE				
Beginning of Year		<u>26,279,833</u>		<u>22,675,423</u>
End of Year		<u>\$ 11,468,962</u>		<u>\$ 26,279,833</u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
BALANCE SHEET
DEBT SERVICE FUND
JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

	Regular Debt Service	OPEB Debt Service	Totals	
			2023	2022
ASSETS				
Cash and Investments	\$ 6,490,780	\$ 1,027,738	\$ 7,518,518	\$ 9,020,174
Receivables:				
Current Taxes	6,573,514	951,081	7,524,595	7,453,792
Delinquent Taxes	321,817	29,486	351,303	67,750
Due from Minnesota Department of Education	8,253	-	8,253	10,040
Due from Other Governmental Units	-	-	-	42,297
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 13,394,364</u>	<u>\$ 2,008,305</u>	<u>\$ 15,402,669</u>	<u>\$ 16,594,053</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
Liabilities:				
Accounts and Contracts Payable	\$ -	\$ -	\$ -	\$ 3,800
Deferred Inflows of Resources:				
Property Taxes Levied for Subsequent Year	12,302,191	1,780,074	14,082,265	13,979,003
Unavailable Revenue - Delinquent Taxes	309,797	27,747	337,544	67,750
Total Deferred Inflows of Resources	<u>12,611,988</u>	<u>1,807,821</u>	<u>14,419,809</u>	<u>14,046,753</u>
Fund Balance:				
Restricted for:				
Debt Service	<u>782,376</u>	<u>200,484</u>	<u>982,860</u>	<u>2,543,500</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 13,394,364</u>	<u>\$ 2,008,305</u>	<u>\$ 15,402,669</u>	<u>\$ 16,594,053</u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

	2023				2022	
	Final Budgeted Amounts	Regular Debt Service	Actual		Over (Under) Final Budget	Actual Amounts
			OPEB Debt Service	Total Actual Amounts		
REVENUES						
Local Sources:						
Property Taxes	\$ 13,978,826	\$ 12,495,033	\$ 1,187,597	\$ 13,682,630	\$ (296,196)	\$ 13,715,070
State Sources	-	70,324	-	70,324	70,324	100,555
Total Revenues	<u>13,978,826</u>	<u>12,565,357</u>	<u>1,187,597</u>	<u>13,752,954</u>	<u>(225,872)</u>	<u>13,815,625</u>
EXPENDITURES						
Debt Service:						
Bond Principal	5,390,000	7,095,000	690,000	7,785,000	2,395,000	9,360,000
Bond Interest	6,433,021	7,034,106	491,163	7,525,269	1,092,248	6,735,929
Paying Agent Fees and Other	10,500	2,851	474	3,325	-	62,004
Total Expenditures	<u>11,833,521</u>	<u>14,131,957</u>	<u>1,181,637</u>	<u>15,313,594</u>	<u>3,487,248</u>	<u>16,157,933</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,145,305	(1,566,600)	5,960	(1,560,640)	(3,713,120)	(2,342,308)
OTHER FINANCING SOURCES						
Sale of Bonds	-	-	-	-	-	2,425,000
Bond Premium	-	-	-	-	-	305,303
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,730,303</u>
NET CHANGE IN FUND BALANCE	<u>\$ 2,145,305</u>	<u>(1,566,600)</u>	<u>5,960</u>	<u>(1,560,640)</u>	<u>\$ (3,713,120)</u>	<u>387,995</u>
FUND BALANCE						
Beginning of Year		<u>2,348,976</u>	<u>194,524</u>	<u>2,543,500</u>		<u>2,155,505</u>
End of Year		<u>\$ 782,376</u>	<u>\$ 200,484</u>	<u>\$ 982,860</u>		<u>\$ 2,543,500</u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
UNIFORM FINANCIAL ACCOUNTING AND
REPORTING STANDARDS COMPLIANCE TABLE
JUNE 30, 2023**

	AUDIT	UFARS	DIFFERENCE
01 GENERAL FUND			
Total Revenue	\$ 129,768,471	\$ 128,384,913	\$ 1,383,558
Total Expenditures	122,613,641	122,603,245	10,396
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	1,190,862	1,188,378	2,484
<i>Restricted:</i>			
401 Student Activities	136,246	136,246	-
402 Scholarships	-	-	-
403 Staff Development	-	-	-
407 Capital Project Levy	-	-	-
408 Cooperative Programs	-	-	-
413 Projects Funded by COP	-	-	-
414 Operating Debt	-	-	-
416 Levy Reduction	-	-	-
417 Taconite Building Maintenance	-	-	-
424 Operating Capital	370,619	370,600	19
426 \$25 Taconite	-	-	-
427 Disabled Accessibility	-	-	-
428 Learning and Development	-	-	-
434 Area Learning Center	-	-	-
435 Contracted Alternative Programs	-	-	-
436 State-Approved Alternative Programs	-	-	-
438 Gifted and Talented	-	-	-
440 Teacher Development and Evaluations	-	-	-
441 Basic Skills Programs	-	-	-
448 Achievement and Integration	-	-	-
449 Safe Schools Crime Levy	-	-	-
451 QZAB Payments	-	-	-
452 OPEB Liability Not Held in Trust	-	-	-
453 Unfunded Severance & Retirement Levy	-	-	-
459 Basic Skills Extended Time	-	-	-
467 Long Term Facilities Maintenance	908,794	908,794	-
472 Medical Assistance	-	-	-
464 Restricted Fund Balance	-	35,939	(35,939)
475 Title VII Impact Aid	-	-	-
476 Payments in Lieu of Taxes	-	-	-
<i>Committed:</i>			
418 Committed for Separation	-	-	-
461 Committed Fund Balance	-	-	-
<i>Assigned:</i>			
462 Assigned Fund Balance	679,910	679,910	-
<i>Unassigned:</i>			
422 Unassigned Fund Balance	9,228,880	7,823,792	1,405,088
02 FOOD SERVICE			
Total Revenue	5,327,031	5,363,166	(36,135)
Total Expenditures	5,242,979	5,209,143	33,836
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	132,964	132,964	-
<i>Restricted:</i>			
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	3,508,162	3,544,771	(36,609)
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
04 COMMUNITY SERVICE			
Total Revenue	8,559,595	8,537,950	21,645
Total Expenditures	8,004,141	7,978,996	25,145
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	4,629	237	4,392
<i>Restricted:</i>			
426 \$25 Taconite	-	-	-
431 Community Education	1,164,094	1,093,713	70,381
432 E.C.F.E.	342,863	342,861	2
440 Teacher Development and Evaluations	-	-	-
444 School Readiness	182,263	151,177	31,086
447 Adult Basic Education	620,092	405,353	214,739
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	(42,407)	281,687	(324,094)
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-

*Adjustments were posted after the UFARS compliance deadline.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
UNIFORM FINANCIAL ACCOUNTING AND
REPORTING STANDARDS COMPLIANCE TABLE (CONTINUED)
JUNE 30, 2023**

	AUDIT	UFARS	DIFFERENCE
06 BUILDING CONSTRUCTION			
Total Revenue	\$ 430,279	\$ 430,279	\$ -
Total Expenditures	15,241,150	15,241,151	(1)
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
407 Capital Projects Levy	-	-	-
409 Alternative Facility Program	-	-	-
413 Projects Funded by COP	-	-	-
467 Long Term Facilities Maintenance	2,117,920	2,209,879	(91,959)
464 Restricted Fund Balance	9,351,042	9,259,083	91,959
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
07 DEBT SERVICE			
Total Revenue	12,565,357	12,674,185	(108,828)
Total Expenditures	14,131,957	14,131,956	1
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
425 Bond Refunding	-	-	-
451 QZAB and QSCB Payments	-	-	-
464 Restricted Fund Balance	782,376	891,204	(108,828)
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
08 TRUST			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Net Position:</i>			
422 Net Position	-	-	-
18 CUSTODIAL			
Total Revenue	851,658	851,657	1
Total Expenditures	1,156,131	1,156,131	-
<i>Restricted/Reserved:</i>			
401 Student Activities	-	-	-
402 Scholarships	-	-	-
448 Achievement and Integration	1,014,279	1,014,279	-
20 INTERNAL SERVICE			
Total Revenue	940,251	940,251	-
Total Expenditures	999,642	999,641	1
<i>Net Position:</i>			
422 Net Position	581,184	581,184	-
25 OPEB REVOCABLE TRUST			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Net Position:</i>			
422 Net Position	-	-	-
45 OPEB IRREVOCABLE TRUST			
Total Revenue	(99,069)	(66,251)	(32,818)
Total Expenditures	685,175	696,675	(11,500)
<i>Net Position:</i>			
422 Net Position	5,491,114	5,512,433	(21,319)
47 OPEB DEBT SERVICE			
Total Revenue	1,187,597	1,200,360	(12,763)
Total Expenditures	1,181,637	1,181,638	(1)
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
425 Bond Refunding	-	-	-
464 Restricted Fund Balance	200,484	213,246	(12,762)
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-

*Adjustments were posted after the UFARS compliance deadline.

STATISTICAL SECTION (UNAUDITED)

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
STATISTICAL SECTION
(UNAUDITED)**

This part of Roseville Area Schools' Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	113
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	119
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	123
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	127
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report related to services The District provides and the activities it performs.	128

Source: Unless otherwise note, the information in these tables is derived from the comprehensive financial reports for the relevant year.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
Net Investment in Capital Assets	\$ 26,165,652	\$ 29,454,388	\$ 29,788,218	\$ 31,082,118	\$ 20,772,076	\$ 24,551,012	\$ 35,487,015	\$ 46,807,538	\$ 39,991,157	\$ 38,623,832
Restricted	1,497,091	12,897,412	14,755,133	4,595,020	154,103,599	8,718,947	6,099,942	15,202,918	27,454,489	17,406,311
Unrestricted	(3,729,980)	(74,933,447)	(73,654,824)	(101,604,940)	(272,898,615)	(100,347,122)	(91,611,628)	(117,130,771)	(110,111,558)	(86,117,832)
Total Governmental										
Activities Net Position	\$ 23,932,763	\$ (32,581,647)	\$ (29,111,473)	\$ (65,927,802)	\$ (98,022,940)	\$ (67,077,163)	\$ (50,024,671)	\$ (55,120,315)	\$ (42,665,912)	\$ (30,087,689)

Source: District's financial records.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
EXPENSES										
Governmental Activities:										
Administration	\$ 4,331,253	\$ 4,926,467	\$ 5,302,720	\$ 6,722,609	\$ 6,220,212	\$ 3,482,502	\$ 5,948,248	\$ 5,280,207	\$ 5,021,711	\$ 4,475,940
District Support Services	2,817,125	3,537,993	3,101,677	3,353,697	3,775,704	4,208,383	4,347,348	4,681,295	5,009,915	5,739,189
Regular Instruction	43,259,223	44,469,287	46,210,131	62,326,785	61,376,632	31,908,065	48,407,934	50,300,028	51,258,248	41,574,631
Vocational Education Instruction	1,388,308	1,157,265	1,229,949	2,159,314	2,314,266	1,339,143	2,187,037	2,015,161	1,799,637	1,728,657
Special Education Instruction	17,297,056	18,486,701	18,513,528	25,951,953	25,045,146	14,632,985	21,823,100	22,434,079	22,510,599	20,389,089
Instructional Support Services	6,550,718	8,453,869	9,216,623	12,155,864	11,859,599	6,820,861	9,723,062	10,994,308	9,789,363	9,721,651
Pupil Support Services	8,676,305	9,076,026	8,943,604	10,843,988	11,099,498	9,546,883	10,808,725	9,583,128	11,988,862	14,406,797
Sites and Buildings	7,871,563	7,058,049	7,458,334	9,700,258	12,288,900	14,613,380	263,203	16,073,597	11,074,452	13,633,906
Fiscal and Other Fixed										
Cost Programs	213,642	227,700	231,433	131,630	246,882	270,532	288,494	453,063	647,713	572,450
Food Service	3,759,035	4,362,884	4,937,762	4,593,511	4,500,950	4,595,988	4,156,549	4,783,454	4,839,758	5,070,713
Community Service	6,552,021	6,598,502	7,064,253	8,388,465	8,625,757	7,002,228	7,534,582	6,878,034	7,062,164	7,473,513
Interest on Long-Term Debt	1,835,857	1,964,096	1,960,336	1,833,746	5,440,437	6,907,002	6,440,655	4,928,594	6,094,197	5,516,961
Total Governmental Activities Expenses	<u>\$ 104,552,106</u>	<u>\$ 110,318,839</u>	<u>\$ 114,170,350</u>	<u>\$ 148,161,820</u>	<u>\$ 152,793,983</u>	<u>\$ 105,327,952</u>	<u>\$ 121,928,937</u>	<u>\$ 138,404,948</u>	<u>\$ 137,096,619</u>	<u>\$ 130,303,497</u>
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
Administration	\$ -	\$ -	\$ -	\$ 15,783	\$ 15,215	\$ 15,512	\$ -	\$ -	\$ 250	\$ -
District Support Services	1,207	205	75	25,356	29,533	76,847	47,113	10,734	24,080	21,799
Regular Instruction	4,051,031	969,210	1,004,708	984,464	989,088	922,188	644,160	601,190	745,999	791,289
Vocational Education Instruction	1,110	-	-	-	-	-	-	-	-	-
Special Education Instruction	1,104,224	643,797	651,906	676,517	744,332	726,628	376,011	261,323	330,259	335,410
Instructional Support Services	17,284	20,513	3,803	9,759	12,087	10,768	2,734	7,428	32,295	25,431
Pupil Support Services	61,775	49,199	54,892	47,477	47,520	45,864	23,451	6,537	41,880	39,546
Sites and Buildings	137,281	171,413	7,724	63,825	57,390	27,197	5,559	-	2,786	-
Food Service	1,566,787	1,483,473	1,401,588	1,344,572	1,318,093	1,407,903	1,113,318	195,381	127,898	1,246,602
Community Service	4,187,507	3,996,088	4,250,797	4,418,110	4,732,671	4,942,040	3,971,509	2,727,655	3,971,901	4,789,367
Operating Grants and Contributions	16,867,030	18,621,151	21,306,839	31,494,304	33,432,300	34,386,287	35,629,136	43,545,473	48,915,606	48,950,038
Capital Grants and Contributions	1,806,308	1,806,308	1,931,813	995,835	1,225,343	1,291,198	1,184,933	1,132,180	990,875	891,440
Total Governmental Activities Program Revenue	<u>\$ 29,801,544</u>	<u>\$ 27,761,357</u>	<u>\$ 30,614,145</u>	<u>\$ 40,076,002</u>	<u>\$ 42,603,572</u>	<u>\$ 43,852,432</u>	<u>\$ 42,997,924</u>	<u>\$ 48,487,901</u>	<u>\$ 55,183,829</u>	<u>\$ 57,090,922</u>

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
NET EXPENSE										
Governmental Activities	\$ (74,750,562)	\$ (82,557,482)	\$ (83,556,205)	\$ (108,085,818)	\$ (110,190,411)	\$ (61,475,520)	\$ (78,931,013)	\$ (89,917,047)	\$ (81,912,790)	\$ (73,212,575)
GENERAL REVENUES AND OTHER										
Governmental Activities:										
Property Taxes:										
General Purposes and Capital Projects	\$ 11,749,696	\$ 18,359,024	\$ 20,648,918	\$ 20,492,568	\$ 19,987,128	\$ 24,839,630	\$ 26,827,077	\$ 26,355,031	\$ 26,967,041	\$ 31,009,126
Community Service	420,050	907,044	958,531	966,329	927,889	933,720	1,068,872	961,380	1,005,917	1,103,399
Debt Service	4,337,948	4,341,458	4,161,665	4,427,647	4,313,325	12,433,541	12,493,115	12,857,016	13,592,540	13,952,424
Unrestricted Grants and Contributions	55,742,398	57,049,466	57,322,680	53,320,699	52,091,085	49,254,050	53,533,726	52,498,407	52,457,736	53,135,342
Unrestricted Investment Earnings	7,150	4,052	6,310	7,375	587,862	4,860,105	2,015,558	288,861	31,186	863,946
Miscellaneous	1,449,359	3,528,872	3,928,275	571,429	187,984	99,935	45,157	59,152	312,773	-
Gain on Sale of Capital Assets	-	-	-	-	-	316	-	31,347	-	-
Total Governmental Activities	\$ 73,706,601	\$ 84,189,916	\$ 87,026,379	\$ 79,786,047	\$ 78,095,273	\$ 92,421,297	\$ 95,983,505	\$ 93,051,194	\$ 94,367,193	\$ 100,064,237
CHANGE IN NET POSITION	\$ (1,043,961)	\$ 1,632,434	\$ 3,470,174	\$ (28,299,771)	\$ (32,095,138)	\$ 30,945,777	\$ 17,052,492	\$ 3,134,147	\$ 12,454,403	\$ 26,851,662
Net Position - Beginning of Year	24,976,724	23,932,763	(32,581,647)	(29,111,473)	(65,927,802)	(98,022,940)	(67,077,163)	(50,024,671)	(55,120,315)	(42,665,912)
Change in Accounting Principle	-	(58,146,844)	-	(8,516,558)	-	-	-	-	-	-
Prior Period Restatement	-	-	-	-	-	-	-	(8,229,791)	-	(14,273,439)
NET POSITION - END OF YEAR	\$ 23,932,763	\$ (32,581,647)	\$ (29,111,473)	\$ (65,927,802)	\$ (98,022,940)	\$ (67,077,163)	\$ (50,024,671)	\$ (55,120,315)	\$ (42,665,912)	\$ (30,087,689)

Source: District's financial records.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
GENERAL FUND										
Nonspendable	\$ 231,631	\$ 541,338	\$ 734,087	\$ 869,406	\$ 792,020	\$ 749,779	\$ 655,323	\$ 591,417	\$ 395,436	\$ 1,190,862
Restricted	(7,362)	(881,704)	2,472,900	1,645,357	1,199,824	1,146,771	1,571,140	1,894,878	1,015,008	1,415,659
Assigned	-	-	-	-	-	-	-	-	620,504	679,910
Unassigned	2,704,376	1,051,272	2,055,938	2,285,861	2,225,462	2,853,523	6,624,473	1,234,587	3,288,979	9,228,880
Total General Fund	2,928,645	710,906	5,262,925	4,800,624	4,217,306	4,750,073	8,850,936	3,720,882	5,319,927	12,515,311
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable	59,343	86,394	68,270	54,514	68,904	489,947	59,408	71,423	95,265	137,593
Restricted, Reported in:										
Food Service Fund	560,849	475,029	362,728	266,283	165,934	279,768	321,823	1,746,032	3,470,829	3,508,162
Community Service Fund	1,012,157	1,098,652	1,281,314	1,218,168	851,698	981,048	739,233	1,231,910	1,710,263	2,309,312
Capital Projects Fund	123,970	120,057	115,743	115,743	151,504,112	127,096,599	61,051,083	22,675,423	26,279,833	11,468,962
Debt Service Funds	687,524	760,474	714,080	936,447	18,638,594	1,432,542	1,729,188	2,155,505	2,543,500	982,860
Unassigned, Reported in:										
Community Service Fund	-	-	-	-	-	-	-	-	(3,203)	(42,407)
All Other Governmental Funds	2,443,843	2,540,606	2,542,135	2,591,155	171,229,242	130,279,904	63,900,735	27,880,293	34,096,487	18,364,482
Total All Funds	\$ 5,372,488	\$ 3,251,512	\$ 7,805,060	\$ 7,391,779	\$ 175,446,548	\$ 135,029,977	\$ 72,751,671	\$ 31,601,175	\$ 39,416,414	\$ 30,879,793

Source: District's financial records

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
REVENUES										
Local Sources:										
Property Taxes	\$ 16,518,719	\$ 23,424,439	\$ 25,958,825	\$ 26,014,153	\$ 25,198,641	\$ 38,038,250	\$ 40,378,926	\$ 40,051,675	\$ 41,954,574	\$ 45,193,962
Earnings on Investments	7,150	4,052	6,310	7,375	587,862	4,860,105	2,015,558	288,861	31,186	863,946
Other	12,585,990	8,921,401	8,893,649	9,042,739	9,656,164	9,503,264	8,356,860	6,156,762	8,019,453	9,935,978
State Sources	69,163,769	71,227,671	74,731,949	74,631,015	77,762,409	79,415,571	80,591,905	80,537,973	81,666,804	84,983,342
Federal Sources	5,251,967	6,249,254	5,829,383	6,780,960	6,952,531	7,584,384	7,192,776	14,205,588	18,831,077	16,861,102
Total Revenues	103,527,595	109,826,817	115,420,116	116,476,242	120,157,607	139,401,574	138,536,025	141,240,859	150,503,094	157,838,330
EXPENDITURES										
Current:										
Administration	4,491,136	4,876,865	5,176,243	5,046,403	4,877,844	4,733,506	5,545,225	5,224,686	5,251,721	5,362,306
District Support Services	2,609,928	3,034,400	3,048,934	3,013,071	3,406,152	4,149,811	4,351,885	4,651,153	4,730,714	4,856,676
Regular Instruction	41,102,939	42,288,193	42,727,091	43,190,679	42,655,871	44,047,533	42,565,307	43,592,426	45,539,379	46,776,118
Vocational Education Instruction	1,362,393	1,116,633	1,214,382	1,646,034	1,782,455	1,822,857	2,039,215	1,897,445	1,858,296	2,086,618
Special Education Instruction	16,997,532	18,414,938	18,397,284	19,390,490	19,470,686	19,933,088	20,359,525	21,372,548	23,576,557	24,552,863
Instructional Support Services	6,050,378	8,159,483	8,501,344	8,746,361	8,745,629	9,002,818	9,392,968	10,540,032	10,142,573	10,976,310
Pupil Support Services	8,553,768	8,939,811	8,897,544	9,457,968	10,007,799	10,151,062	10,424,327	9,338,604	12,060,245	14,753,727
Sites and Buildings	6,708,539	6,678,180	6,686,092	7,426,505	11,342,637	19,863,670	19,740,705	16,826,839	10,197,041	9,372,623
Fiscal and Other Fixed										
Cost Programs	213,642	227,700	231,433	131,630	246,882	270,532	288,494	453,063	647,713	572,450
Food Service	4,015,452	4,366,088	4,564,590	4,589,410	4,498,018	4,535,517	4,106,629	4,694,952	4,844,087	5,046,701
Community Service Fund	6,463,018	6,392,397	6,933,921	7,413,838	7,997,568	7,871,819	7,436,971	6,937,502	7,383,968	7,948,510
Capital Outlay	2,180,649	3,225,049	2,588,834	3,175,365	5,618,572	23,530,946	70,386,757	65,134,479	14,596,958	18,324,908
Debt Service:										
Principal	2,095,000	2,115,000	2,215,000	2,275,000	2,760,000	4,790,000	5,245,000	5,450,000	10,662,852	8,244,173
Interest and Fiscal Charges	2,254,784	2,118,759	2,096,785	1,958,198	3,164,107	8,425,237	7,327,353	7,157,142	7,945,058	7,541,522
Total Expenditures	105,099,158	111,953,496	113,279,477	117,460,952	126,574,220	163,128,396	209,210,361	203,270,871	159,437,162	166,415,505
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,571,563)	(2,126,679)	2,140,639	(984,710)	(6,416,613)	(23,726,822)	(70,674,336)	(62,030,012)	(8,934,068)	(8,577,175)

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (CONTINUED)
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

OTHER FINANCING SOURCES (USES)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Proceeds from Sale of Equipment	\$ -	\$ -	\$ 2,790	\$ -	\$ -	\$ 316	\$ -	\$ 7,495	\$ -	\$ -
Proceeds from Sale of Real Property	-	-	2,393,240	-	-	-	-	23,852	-	-
Insurance Recovery	2,303	5,703	16,879	571,429	187,984	99,935	45,157	59,152	-	-
Bonds/COPs Issued	6,850,000	-	-	-	158,460,000	-	14,795,000	17,510,000	15,675,000	-
Bond/COP Premium (Discount)	381,104	-	-	-	15,823,398	-	750,873	-	714,382	-
Payment to Refunded Bond Escrow	(7,185,000)	-	-	-	-	(16,790,000)	(7,195,000)	3,279,017	359,925	40,554
Transfers In	-	-	-	-	-	-	-	5,918,000	-	-
Transfers Out	-	-	-	-	-	-	-	(5,918,000)	-	-
Total Other Financing Sources (Uses)	<u>48,407</u>	<u>5,703</u>	<u>2,412,909</u>	<u>571,429</u>	<u>174,471,382</u>	<u>(16,689,749)</u>	<u>8,396,030</u>	<u>20,879,516</u>	<u>16,749,307</u>	<u>40,554</u>
NET CHANGES IN FUND BALANCES	(1,523,156)	(2,120,976)	4,553,548	(413,281)	168,054,769	(40,416,571)	(62,278,306)	(41,150,496)	7,815,239	(8,536,621)
Fund Balance - Beginning of Year	6,895,644	5,372,488	3,251,512	7,805,060	7,391,779	175,446,548	135,029,977	72,751,671	31,601,175	39,416,414
FUND BALANCE - END OF YEAR	<u>\$ 5,372,488</u>	<u>\$ 3,251,512</u>	<u>\$ 7,805,060</u>	<u>\$ 7,391,779</u>	<u>\$ 175,446,548</u>	<u>\$ 135,029,977</u>	<u>\$ 72,751,671</u>	<u>\$ 31,601,175</u>	<u>\$ 39,416,414</u>	<u>\$ 30,879,793</u>
Debt Service as a Percentage of Noncapital Expenditures	10.00%	12.40%	10.10%	8.20%	4.82%	4.82%	10.60%	9.17%	12.74%	10.33%

Sources: District's financial records

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)**

Tax Capacity Valuation									
For Taxes Collectible			Fiscal Disparities		Tax Increment	Total Taxable	Taxable Market Value	Tax Capacity as a Percentage of Market Value	
	Agricultural	Nonagricultural	Contribution	Distribution					
2014	\$	2,219	\$ 60,319,379	\$ (8,056,622)	\$ 6,513,595	\$ (1,628,353)	\$ 57,150,218	\$ 5,013,905,800	1.14%
2015		1,456	63,716,481	(8,141,263)	6,569,476	(1,720,772)	60,425,378	5,333,812,300	1.13
2016		1,456	64,655,443	(7,894,090)	6,670,314	(1,413,807)	62,019,316	5,423,990,600	1.14
2017		2,716	67,191,992	(7,954,475)	7,349,115	(1,430,888)	65,158,460	5,705,909,900	1.14
2018		2,903	72,611,117	(8,649,546)	8,032,789	(1,027,494)	70,969,769	6,033,507,500	1.18
2019		2,995	77,362,316	(9,168,590)	8,319,736	(1,004,278)	75,512,179	6,431,234,700	1.17
2020		3,191	81,645,627	(9,729,174)	8,886,632	(1,072,923)	79,733,353	6,800,952,800	1.17
2021		3,287	88,362,570	(9,818,134)	9,446,851	(1,344,635)	86,649,939	7,279,489,500	1.19
2022		1,768	90,218,020	(11,018,513)	10,299,114	(1,346,783)	88,153,606	7,466,211,400	1.18
2023		13,133	100,957,224	(10,895,823)	9,800,455	(1,665,188)	98,209,801	8,369,964,518	1.17

Source: School Tax Report issued by the Minnesota Department of Education and Ramsey County

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(UNAUDITED)**

Rate	Tax Collection Calendar Fiscal Year	ISD No. 623	Overlapping Rates					Overlapping Rates					Total Roseville Resident		
			Municipalities					Municipalities						County	Misc
			Roseville	Maplewood	Shoreview	Little Canada	Arden Hills	Falcon Heights	Lauderdale	Ramsey	Other (1)				
Tax Capacity Rate	2014	0.16251	0.41743	0.48378	0.37835	0.31407	0.27950	0.24819	0.63735	0.63735	0.11447	1.33176			
Market Value Rate	2014	0.00258	0.00022	0.00020								0.00280			
Tax Capacity Rate	2015	0.17180	0.40471	0.46353	0.35196	0.30696	0.27294	0.23470	0.28856	0.58922	0.10742	1.27315			
Market Value Rate	2015	0.00259	0.00019	0.00009								0.00278			
Tax Capacity Rate	2016	0.20958	0.39324	0.48507	0.35689	0.30331	0.26539	0.25866	0.29042	0.58885	0.09052	1.28219			
Market Value Rate	2016	0.00210	0.00019	0.00009								0.00229			
Tax Capacity Rate	2017	0.18894	0.38552	0.47248	0.34627	0.28903	0.27211	0.26342	0.28678	0.55850	0.08669	1.21965			
Market Value Rate	2017	0.00193	0.00018	0.00008								0.00211			
Tax Capacity Rate	2018	0.34396	0.38177	0.45911	0.33935	0.26664	0.25532	0.31780	0.29919	0.53962	0.09086	1.35621			
Market Value Rate	2018	0.00220	0.00017	0.00007								0.00236			
Tax Capacity Rate	2019	0.31687	0.37422	0.44693	0.32960	0.26131	0.25555	0.37356	0.29347	0.48565	0.25210	1.42884			
Market Value Rate	2019	0.00253	0.01574	0.00657								0.01827			
Tax Capacity Rate	2020	0.30668	0.39201	0.44646	0.32626	0.25773	0.25414	0.35635	0.29330	0.52302	0.09270	1.31441			
Market Value Rate	2020	0.00198	0.09531	0.00633								0.09729			
Tax Capacity Rate	2021	0.31250	0.37071	0.41953	0.32331	0.23983	0.25089	0.36348	0.27733	0.47760	0.08938	1.25019			
Market Value Rate	2021	0.00169	0.00000	0.00000								0.00169			
Tax Capacity Rate	2022	0.26914	0.38483	0.43662	0.32961	0.25555	0.26543	0.38800	0.29596	0.48067	0.10919	1.24381			
Market Value Rate	2022	0.00269	0.00000	0.00000								0.00269			
Tax Capacity Rate	2023	0.25533	0.36083	0.40548	0.30258	0.25486	0.23632	0.35174	0.28159	0.44901	0.10347	1.16864			
Market Value Rate	2023	0.00214	0.00000	0.00000								0.00214			

Source: Ramsey County Department of Property Tax and Public Records

(1) The miscellaneous other levy includes Metropolitan Council, mosquito control, watershed district, and other metro services. These miscellaneous levies vary slightly between municipalities.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

Taxpayer	2023			2014		
	Net Tax Capacity	Rank	Percentage of Tax Capacity Value	Net Tax Capacity	Rank	Percentage of Tax Capacity Value
PPF RTL Rosedale Shopping Ctr LLC	\$ 2,598,942	1	2.94%	\$ 2,349,250	1	3.45%
Xcel Energy	1,299,879	2	1.47	1,187,502	2	1.74
St. Jude Medical Inc.	886,166	3	1.00	423,714	6	0.62
Gateway Washington Inc & Co	789,250	4	0.89	807,026	3	1.18
Wilcal Crossroads LLC	679,864	5	0.77	616,788	5	0.90
Arrow Lexington Apartments, LLC	615,473	6	0.70	-	N/A	-
PPF RTL Rosedale Shopping Ctr & C/O Morgan Stanley Re Advisor	561,412	7	0.64	699,250	4	3.45
Rosedale Commons LP	497,188	8	0.56	406,280	7	0.66
Rosedale Marketplace Associate & C/O Tanurb Developments Inc.	440,248	9	0.50	362,452	8	1.04
Roseville Properties	<u>387,534</u>	10	0.44	<u>347,202</u>	9	<u>0.66</u>
Total	<u>\$ 8,755,956</u>		<u>9.91%</u>	<u>\$ 7,199,464</u>		<u>13.70%</u>

Source: Current Property Valuations, Net Tax Capacity by Classification. Trend Valuations and Larger Taxpayers have been furnished by Ramsey County

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)**

For Taxes Collectible	Original Levy				First Year Levy Recognized		Collections Received in Subsequent Years	Total Collections to Date		Uncollected Taxes Receivable as of June 30, 2023	
	Local Spread	Fiscal Disparities	Property Tax Credits	Total Spread	Amount	Percentage of Levy		Percentage of		Delinquent	
								Amount	Levy	Amount	Percent
2014	\$ 21,177,786	\$ 2,601,943	\$ 270,074	\$ 24,049,803	\$ 23,220,186	96.6%	\$ 829,617	\$ 24,049,803	100.0%	\$ -	0.0%
2015	23,082,763	2,747,542	262,018	26,092,323	25,961,837	99.5	130,486	26,092,323	100.0	-	-
2016	23,014,487	2,858,884	243,935	26,117,306	26,013,744	99.6	103,562	26,117,306	100.0	-	-
2017	22,147,148	3,055,799	218,646	25,421,593	25,198,644	99.1	207,719	25,406,363	99.9	15,230	0.1
2018	34,891,855	3,026,465	200,048	38,118,368	38,127,149	100.0	(22,061)	38,105,088	100.0	13,280	0.0
2019	35,779,776	4,612,447	197,120	40,589,343	39,894,491	98.3	650,201	40,106,853	98.8	44,651	0.1
2020	35,204,430	4,732,099	213,160	40,149,689	39,821,716	99.2	277,776	40,099,492	99.9	50,197	0.1
2021	36,410,633	4,694,269	-	41,104,902	40,004,638	97.3	982,025	40,986,663	99.7	118,239	0.3
2022	41,065,541	4,857,279	176	45,922,996	45,020,894	98.0	-	45,020,894	98.0	902,102	2.0
2023	40,448,425	5,169,304	1,161	45,618,890	21,244,500	46.6	In process of collection	-	-	-	-
Total										<u>\$ 1,143,699</u>	

Note 1: A portion of the total spread levy is paid through various property tax credits which are paid through state aids and have been included in collections.

Note 2: Only a portion of calendar year 2023 taxes are collectible by June 30, 2023. A total of \$21,244,500 of 2023 taxes were collected by June 30, 2023.

Note 3: Delinquent taxes receivable are written off after seven years. The amount of collections has been adjusted to reflect the write off of delinquent taxes receivable.

Source: State of Minnesota School Tax Report

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Governmental Activities					Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Long-Term Leases and Subscriptions	Certificates of Participation	Financed Purchases				
2014	\$ 42,698,583	\$ -	\$ -	\$ -	\$ -	\$ 42,698,583	0.02%	\$ 748
2015	40,487,320	-	-	-	-	40,487,320	0.01	701
2016	38,176,006	-	-	-	-	38,176,006	0.01	643
2017	35,804,694	-	-	-	-	35,804,694	0.01	597
2018	206,883,978	-	-	-	-	206,883,978	0.07	654
2019	183,686,615	-	-	-	-	183,686,615	0.06	3,602
2020	164,845,000	-	-	-	-	164,845,000	0.05	3,204
2021	178,604,247	314,871	20,789,017	348,760		200,056,895	0.07	2,830
2022	184,156,431	216,374	19,445,665	414,330		204,232,800	0.07	3,435
2023	178,101,497	180,860	15,914,881	119,975		194,317,213	N/A	3,507

N/A - Not Available

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

Note: Details regarding the District's outstanding debt can be found in the notes to basic financial statements.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
JUNE 30, 2023
(UNAUDITED)**

Governmental Unit	2022/2023 Taxable Net Tax Capacity	Bonded Debt	Percent Allocable to ISD No. 623	Portion Allocable to ISD No. 623
Independent School District No. 623	\$ 86,649,939	\$ 184,156,431	100.00%	\$ 184,156,431
Overlapping Debt				
Ramsey County	718,083,757	219,798,850	12.0668	26,522,688
Arden Hills	15,412,509	2,415,000	3.6864	89,028
Falcon Heights	6,209,209	1,345,000	100.0000	1,345,000
Lauderdale	3,215,504	2,265,000	100.0000	2,265,000
Little Canada	14,797,744	3,380,000	90.3656	3,054,357
Maplewood	54,845,981	56,197,811	27.7930	15,619,058
Roseville	64,854,004	16,265,000	81.0795	13,187,581
Shoreview	41,617,039	18,775,000	7.4768	1,403,769
Metropolita Council	4,884,505,255	2,798,961,013	1.7740	49,653,568
Total Overlapping Debt				<u>113,140,049</u>
Total Direct and Overlapping Debt				<u><u>\$ 297,296,480</u></u>

Note (1): The above debt includes all outstanding general obligation debt supported by taxes of the Metropolitan Council. The Council also has general obligation sewer revenue, wastewater revenue, and radio revenue bonds and lease obligations outstanding all of which are supported entirely by revenues and have not been included in the Overlapping Debt or Debt Ratios.

Source: Ramsey County

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
RATIO OF NET GENERAL OBLIGATIONS BONDED DEBT TO TAX CAPACITY
AND NET OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Gross Bonded Debt	Less Debt Service Funds on Hand	Net Bonded Debt	Tax Capacity	Percent Net Debt to Tax Capacity	Percent of Estimated Actual Market Value of Property (1)	Estimated Population	Net Bonded Debt per Capita
2014	\$ 42,698,583	\$ 2,557,059	\$ 40,141,524	\$ 56,704,132	70.79%	0.80%	54,723	\$ 734
2015	40,487,320	2,738,124	37,749,196	57,150,218	66.05	0.71	54,723	690
2016	38,176,006	2,892,601	35,283,405	60,425,378	58.39	0.65	54,723	645
2017	35,804,694	2,892,697	32,911,997	62,019,316	53.07	0.58	54,723	601
2018	206,883,978	24,629,902	182,254,076	65,158,460	279.71	3.02	54,723	3,330
2019	169,100,000	7,229,222	161,870,778	70,969,769	228.08	2.52	57,443	2,818
2020	164,845,000	7,339,239	157,505,761	75,512,179	208.58	2.32	57,325	2,748
2021	161,090,000	8,424,043	152,665,957	79,733,353	191.47	2.10	58,239	2,621
2022	184,156,431	9,020,174	175,136,257	86,649,939	202.12	2.35	58,239	3,007
2023	178,101,497	7,518,518	170,582,979	88,153,606	193.51	2.04	58,239	2,929

(1) - See the Schedule of Tax Capacities and Market Value for information on the market value of the District's property.

Source: Annual school district census and U.S. census

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt Limit	\$ 752,085,870	\$ 800,071,845	\$ 814,498,590	\$ 855,886,485	\$ 905,026,125	\$ 964,685,205	\$ 1,020,142,920	\$ 1,091,923,425	\$ 950,347,636	\$ 1,086,413,355
Total Net Debt										
Applicable to Limit	40,141,524	37,749,196	35,283,405	32,911,997	182,254,076	182,254,076	176,457,393	178,604,247	169,584,074	169,081,323
Legal Debt Margin	<u>\$ 711,944,346</u>	<u>\$ 762,322,649</u>	<u>\$ 779,215,185</u>	<u>\$ 822,974,488</u>	<u>\$ 722,772,049</u>	<u>\$ 782,431,129</u>	<u>\$ 843,685,527</u>	<u>\$ 913,319,178</u>	<u>\$ 780,763,562</u>	<u>\$ 917,332,032</u>
Total Net Debt										
Applicable to the Limit										
as a Percentage										
of Debt Limit	5.34%	4.72%	4.33%	3.85%	20.14%	18.89%	17.30%	16.36%	17.84%	15.56%

Legal Debt Margin Calculation for Fiscal Year 2023

Market Value (1)	(1)	\$ 8,369,964,518
Debt Limit (15% of Market Value)		1,255,494,678
Debt Applicable to Limit:		
General Obligation Bonds		178,101,497
Less: Amount Set Aside for Repayment of		
General Obligation Debt		<u>(9,020,174)</u>
Total Net Debt Applicable to Limit		<u>169,081,323</u>
Legal Debt Margin		<u>\$ 1,086,413,355</u>

(1) Economic Market Value for School Districts. Assessment Year 2022 for taxes payable in 2023. Minnesota Department of Revenue.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Calendar Year	Population (1)	Estimated Personal Income (2)	Per Capita Personal Income (2)	Median Age	School Enrollment (3)	City of Roseville Unemployment Rate (4)
2014	54,723	\$ 2,546,206,467	\$ 46,529	41	7,271	3.2%
2015	54,723	2,573,020,737	47,019	41	7,500	3.0
2016	54,723	2,651,712,411	48,457	40	7,550	3.0
2017	54,723	2,723,384,555	49,767	40	7,615	3.0
2018	54,723	2,861,520,393	52,291	40	7,664	2.9
2019	57,443	2,937,060,590	51,130	38	7,580	3.0
2020	57,325	3,000,505,150	52,342	43	7,580	3.0
2021	58,239	2,968,849,503	50,977	44	7,299	2.3
2022	58,239	3,065,060,331	52,629	42	7,228	2.1
2023	58,239	N/A	N/A	N/A	N/A	N/A

Note 1: Student enrollment numbers are estimated for the most recent fiscal year.

Note 2: Annual average unemployment rates compiled by the Minnesota Department of Employment and Economic Development.

Sources:

- (1) MDE's Levy Limitation Reports
- (2) Estimated personal income is calculated by multiplying the per capital personal income by the estimated population per census
- (3) MDE's Levy Limitation Reports
- (4) United States Department of Agriculture/Economic Research Service

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

Employer	2023		2014	
	Employees	Rank	Employees	Rank
University of Minnesota (St. Paul Campus)	3,410	1	4,691	1
Minnesota State Fair (1)	2,594	2	2,670	2
Abbott-St. Jude Medical	1,159	3	1,126	3
ISD No 623 (Roseville Area Schools)	1,257	4	1,113	4
Minnesota Department of Transportation	800	5	700	5
Old Dutch Foods	600	6	400	7
Presbyterian Homes Housing	546	7	N/A	
TSI	400	8	N/A	
Lunds & Byerlys	377	9	N/A	
Hypro	375	10	N/A	
Pediatric Home Respiratory	339		N/A	
Minnesota Department of Education	N/A		500	6
Total	11,857		11,200	

Source: ReferenceUSA, written and telephone survey February 2023, and the Minnesota Department of Employment and Economic Development.

Note: Information regarding the percentage of total employment for each employer was not available.

(1) Includes Seasonal Employees

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
FULL-TIME EQUIVALENT DISTRICT EMPLOYEE BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)**

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Administrative Staff	19	22	23	22	26	27	28	28	29	29
Support Service Staff	79.85	91.78	90.76	85.05	85.20	86.10	86.30	71.30	88.10	96.00
Classroom Teachers	385.50	406.61	388.73	401.64	405.28	401.40	406.80	402.50	407.90	412.40
Special Education Teachers	70.60	75.84	74.49	78.41	72.09	73.60	70.80	68.80	76.30	84.70

Source: STAR reports

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SCHOOL BUILDING INFORMATION
(UNAUDITED)**

Facility	Use	Constructed	Acres	Additions	Square Footage	Enrollment ⁽¹⁾
Brimhall Elementary	School	1957	16.8	1957, 1958, 1959, 1972 1994, 2019 2023	101,342	565
Central Park Elementary	School	1966	9.4	1968, 1996, 2019	88,801	394
District Center	Administration	1968	5.0		16,952	
Edgerton Elementary	School	1952	13.0	1955, 1961 1967, 1969, 1996, 2004, 2019	86,880	446
Anpétu Téča Education Center	Community	2021	21.7		109,190	N/A
Falcon Heights Elementary	School	1951	8.8	1951, 1961, 1969, 1995, 1998, 2015 2020	74,081	491
Harambee Elementary	School	1996	27.3	2020	85,266	271
Little Canada Elementary	School	1968	16.0	1989, 1995, 2019	88,796	636
Williams Elementary	School	1963	13.6	1966, 1969, 1997, 2020	76,423	438
Parkview Center School	School	1967	26.3	1969, 1975, Renovated in 1997 2020	168,594	720
Roseville Area Middle School	School	1963	41.0	1963, 1966, 1970, 1972 1975, 1990 2004, 2020	260,232	832
Roseville Area High School	School	1952	40.0	1962, 1969, 1970, 1975, 1985, 1993-1996 2003, 2005, 2019-2023	527,990	2,185

N/A - Not Available

(1) Source: 2022-23 MN Department of Education School ADM Served Report

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
STANDARDIZED TESTING
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
STANDARDIZED TESTS										
MCA Reading (See Note 1)										
Grade 3	58.4%	57.3%	52.9%	51.4%	53.1%	47.8%	N/A	41.9%	48.0%	42.3%
Grade 5	65.1%	66.3%	64.1%	63.2%	61.6%	60.1%	N/A	55.6%	54.4%	54.7%
Grade 7	56.5%	46.2%	48.3%	51.2%	58.3%	60.6%	N/A	46.5%	50.5%	44.4%
Grade 10	59.8%	57.3%	54.8%	57.8%	53.1%	55.4%	N/A	69.1%	60.8%	52.4%
MCA Math (See Note 1)										
Grade 3	64.1%	66.1%	62.7%	62.6%	61.7%	57.1%	N/A	48.0%	53.3%	50.0%
Grade 5	61.2%	60.0%	50.8%	48.7%	48.0%	46.3%	N/A	28.4%	32.2%	33.7%
Grade 7	58.3%	46.5%	49.6%	47.3%	44.5%	52.8%	N/A	25.1%	34.4%	27.3%
Grade 11	47.1%	439.0%	38.8%	45.2%	45.1%	35.6%	N/A	39.6%	36.6%	39.1%
ACT										
Independent School										
District No. 623 Average										
Composite Score	23.3%	23.1%	20.6%	21.1%	20.8%	20.2%	N/A	24.3%	19.7%	19.0%
State Average Composite										
Score	22.9%	22.7%	21.1%	21.5%	21.3%	21.4%	N/A	21.6%	21.0%	20.8%

N/A - Not Available

Note 1: Percent of students scoring at or above proficiency on the Minnesota Comprehensive Assessment Test.

Note 2: MCAs were not administered in the 2019-2020 school year due to COVID-19 Pandemic

Note 3: Student participation in MCAs during the 2020-2021 school year was severely impacted due to the COVID-19 Pandemic

Note 4: Student participation in ACT during the 2020-21 school year was severely impacted due to the COVID-19 Pandemic

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SUMMARY OF MEALS SERVED
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Average Daily Attendance (1)	Total Lunches Served	Days	Average Daily Participation	Participation as a Percent of Average Daily Attendance	Free Lunch		Reduced Lunch	
						Number Served	Percent of Total	Number Served	Percent of Total
2014	6,798	792,227	173.0	4,579	67.36%	404,177	51.02%	75,399	9.52%
2015	7,012	854,397	173.0	4,939	70.43	430,054	50.33	69,909	8.18
2016	7,059	869,259	173.0	5,025	71.18	440,887	50.72	81,054	9.32
2017	7,120	868,930	173.0	5,023	70.54	430,019	49.49	84,893	9.77
2018	7,166	844,827	173.0	4,883	68.14	405,578	48.01	85,311	10.10
2019	7,087	820,170	170.0	4,825	68.07	374,353	45.64	102,462	12.49
2020	7,087	583,066	116.0	5,026	70.92	248,842	42.68	69,867	11.98
2021	N/A - All students fed through Summer Nutrition Program and/or CACFP per USDA guidance								
2022	N/A - All students fed through Summer Nutrition Program and/or CACFP per USDA guidance								
2023	6,730	735,651	168.0	4,379	65.07	374,743	50.94	67,311	9.15

(1) Based on State Food and Nutrition Department guidelines, attendance is deemed to be 93.5% of enrollment.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SCHEDULE OF INSURANCE COVERAGE
JUNE 30, 2023
(UNAUDITED)**

Type of Coverage	Amount of Coverage
PROPERTY COVERAGE	
Real and Personal Property (Blanketed)	\$ 349,374,486
Unscheduled Locations- Property in Open	Included in Blanket
Blanket Business Income	\$ 2,000,000
Blanket Extra Expense Including Equipment Breakdown	2,000,000
Blanket Flood Coverage	1,000,000
Interruption of Services Coverage	100,000
Course of Construction Specific Projects	100,000
Land Improvements	100,000
Mobile Equipment and Tools	4,828,500
PROPERTY EXTENSIONS	
Accounts Receivable	100,000
Arson Reward	25,000
Computer Virus and Denial of Access	25,000
Debris Removal Expense	500,000
Except for windblown debris	25,000
Deferred Payments	25,000
Fine Arts	100,000
Fungus Cleanup Expense	250,000
Installation of Personal Property or Property of Others	250,000
Lock and Key Replacement	25,000
Plants, Trees or Shrubs	100,000
Pollution Cleanup Expense	Applicable Limit of Liability
Professional Fees	\$ 50,000
EQUIPMENT BREAKDOWN EXTENSIONS	
Expediting Expenses Coverage	250,000
Hazardous Substances Coverage	250,000
Perishable Goods Coverage	250,000
Data Restoration	250,000
Water Damage Coverage	included
CFC Refrigerants	included
LIABILITY COVERAGES	
General:	
Each Occurrence	1,000,000
General Aggregate	2,000,000
Products/Completed Operations Aggregate	2,000,000
Personal/Advertising Injury Limit	1,000,000
Damage to Rented Premises	1,000,000
Medical Expense Limit - Excluding Students	15,000

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SCHEDULE OF INSURANCE COVERAGE (CONTINUED)
JUNE 30, 2023
(UNAUDITED)**

Type of Coverage	Amount of Coverage
LIABILITY COVERAGES (CONTINUED)	
Custom Select Educational Institutions:	
Animals	\$ 25,000
Classroom Chemical Spills, Per Occurrence	10,000
Crisis Event, Per Occurrence	50,000
Employee Dishonesty, Per Occurrence	25,000
Forgery or Alteration, Per Occurrence	25,000
Misc. School Property at School Sponsored Events	
Away from a Covered Location	50,000
Money and Securities, Per Occurrence	25,000
Money Orders and Counterfeit Currency, Per Occurrence	25,000
Personal Effects of Your Students, Per Occurrence	100,000
Employee Benefit Liability:	
Each Employee	1,000,000
Aggregate	3,000,000
Sexual Misconduct Liability	1,000,000
Aggregate	3,000,000
Umbrella Liability:	
Each Occurrence	2,000,000
Aggregate	2,000,000
Crime Coverage:	
Employee Dishonesty	500,000
Forgery or Alteration	50,000
Computer Fraud and Funds Transfer Fraud	250,000
Theft, Disappearance, and Destruction	100,000
Money Orders and Counterfeit Money	50,000
False Pretenses Coverage	25,000
Cyber Suite Annual Aggregate Limit	1,000,000
Business Automobile Coverage:	
Liability	1,000,000
Personal Injury Protection	Statutory
Uninsured Motorists	1,000,000
Underinsured Motorists	1,000,000
Hired and Non-Owned Liability	1,000,000
School Leaders Errors and Omissions	1,000,000
Aggregate Limit	1,000,000
Aggregate Defense Expense	500,000
Workers Compensation Coverage:	
Employers Liability:	
Each Accident	500,000
Disease - Policy Limit	500,000
Disease - Each Employee	500,000

FORM OF LEGAL OPINION

(See following pages)



150 South Fifth Street, Suite 700
Minneapolis, MN 55402
(612) 337-9300 telephone
(612) 337-9310 fax
www.kennedy-graven.com
Affirmative Action, Equal Opportunity Employer

§ _____
INDEPENDENT SCHOOL DISTRICT NO. 623
(ROSEVILLE AREA SCHOOLS)
RAMSEY COUNTY, MINNESOTA
GENERAL OBLIGATION FACILITIES MAINTENANCE BONDS
SERIES 2024A

We have acted as bond counsel to Independent School District No. 623 (Roseville Area Schools), Ramsey County, Minnesota (the “Issuer”), in connection with the issuance by the Issuer of its General Obligation Facilities Maintenance Bonds, Series 2024A (the “Bonds”), originally dated May __, 2024, and issued in the original aggregate principal amount of \$ _____. In such capacity and for the purpose of rendering this opinion we have examined certified copies of certain proceedings, certifications and other documents, and applicable laws as we have deemed necessary. Regarding questions of fact material to this opinion, we have relied on certified proceedings and other certifications of public officials and other documents furnished to us without undertaking to verify the same by independent investigation. Under existing laws, regulations, rulings, and decisions in effect on the date hereof, and based on the foregoing we are of the opinion that:

1. The Bonds have been duly authorized and executed and are valid and binding general obligations of the Issuer, enforceable in accordance with their terms.

2. The principal of and interest on the Bonds are payable from ad valorem taxes levied by the Issuer on all taxable property of the Issuer, but if necessary for the payment thereof, additional ad valorem taxes are required by law to be levied on all taxable property of the Issuer, which taxes are not subject to any limitation as to rate or amount.

3. Interest on the Bonds is excludable from gross income of the recipient for federal income tax purposes and, to the same extent, is excludable from taxable net income of individuals, trusts, and estates for Minnesota income tax purposes, and is not a preference item for purposes of the computation of the federal alternative minimum tax, or the computation of the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. However, such interest is included in determining the annual adjusted financial statement income (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”)) of applicable corporations (as defined in Section 59(k) of the Code) for purposes of computing the alternative minimum tax imposed on such applicable corporations, and is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. The opinion set forth in this paragraph is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes and from taxable net income for Minnesota income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes and taxable net income for Minnesota income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

4. The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

5. The resolution adopted by the School Board of the Issuer on September 26, 2023, obligates the Issuer to be bound by the provisions of Minnesota Statutes, Section 126C.55. We express no opinion as to the enforceability of the provisions of that law against the State of Minnesota (the "State") in the absence of appropriated and available funds to pay the obligations of the State thereunder.

We have not been asked and have not undertaken to review the accuracy, completeness, or sufficiency of the Official Statement or other offering material relating to the Bonds, and accordingly we express no opinion with respect thereto.

This opinion is given as of the date hereof and we assume no obligation to update, revise, or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Dated _____, 2024, at Minneapolis, Minnesota.

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the District or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

FORM OF CONTINUING DISCLOSURE CERTIFICATE

(See following pages)

§ _____
INDEPENDENT SCHOOL DISTRICT NO. 623
(ROSEVILLE AREA SCHOOLS)
RAMSEY COUNTY, MINNESOTA
GENERAL OBLIGATION FACILITIES MAINTENANCE BONDS
SERIES 2024A

CONTINUING DISCLOSURE CERTIFICATE

_____, 2024

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by Independent School District No. 623 (Roseville Area Schools), Ramsey County, Minnesota (the “District”), in connection with the issuance of its General Obligation Facilities Maintenance Bonds, Series 2024A (the “Bonds”), in the original aggregate principal amount of \$ _____. The Bonds are being issued pursuant to a resolution adopted by the School Board of the District (the “Resolution”). The Bonds are being delivered to _____ [as syndicate manager] (the “Purchaser”), on the date hereof. Pursuant to the Resolution, the District has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. The District hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders (as defined herein) of the Bonds in order to provide for the public availability of such information and assist the Participating Underwriter(s) (as defined herein) in complying with the Rule (as defined herein). This Disclosure Certificate, together with the Resolution, constitutes the written agreement or contract for the benefit of the Holders of the Bonds that is required by the Rule.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means any annual report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Audited Financial Statements” means annual financial statements of the District, prepared in accordance with GAAP as prescribed by GASB.

“Bonds” means the General Obligation Facilities Maintenance Bonds, Series 2024A, issued by the District in the original aggregate principal amount of \$ _____.

“Disclosure Certificate” means this Continuing Disclosure Certificate.

“District” means Independent School District No. 623 (Roseville Area Schools), Ramsey County, Minnesota, which is the obligated person with respect to the Bonds.

“EMMA” means the Electronic Municipal Market Access system operated by the MSRB and designated as a nationally-recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule.

“Final Official Statement” means the Final Official Statement, dated _____, 2024, which constitutes the final official statement delivered in connection with the Bonds, which is available from the MSRB.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a Financial Obligation as described in clause (a) or (b). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means the fiscal year of the District.

“GAAP” means generally accepted accounting principles for governmental units as prescribed by GASB.

“GASB” means the Governmental Accounting Standards Board.

“Holder” means the person in whose name a Bond is registered or a beneficial owner of such a Bond.

“Material Event” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board located at 1300 I Street NW, Suite 1000, Washington, DC 20005.

“Participating Underwriter” means any of the original underwriter(s) of the Bonds (including the Purchaser) required to comply with the Rule in connection with the offering of the Bonds.

“Purchaser” means _____ [, as syndicate manager].

“Repository” means EMMA, or any successor thereto designated by the SEC.

“Rule” means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and including written interpretations thereof by the SEC.

“SEC” means Securities and Exchange Commission, and any successor thereto.

Section 3. Provision of Annual Financial Information and Audited Financial Statements.

(a) The District shall provide to the Repository not later than twelve (12) months after the end of the Fiscal Year commencing with the year that ends June 30, 2024, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate, provided that the Audited Financial Statements of the District may be submitted separately from the balance of the Annual Report.

(b) If the District is unable or fails to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a notice of that fact to the Repository and the MSRB.

(c) The District shall determine each year prior to the date for providing the Annual Report the name and address of each Repository.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following sections of the Final Official Statement:

1. Current Property Valuations
2. Direct Debt
3. Tax Levies and Collections
4. Student Body
5. Employment/Unemployment Data

In addition to the items listed above, the Annual Report shall include the most recent Audited Financial Statements submitted in accordance with Section 3 of this Disclosure Certificate.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the Repository or the SEC. If the document incorporated by reference is a final official statement, it must also be available from the MSRB. The District shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Material Events.

(a) This Section 5 shall govern the giving of notice of the occurrence of any of the following events ("Material Events") with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7. Modifications to rights of security holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the obligated person;

13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) The District shall file a notice of such occurrence with the Repository or with the MSRB within ten (10) business days of the occurrence of the Material Event.

(c) Unless otherwise required by law and subject to technical and economic feasibility, the District shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the District's information.

Section 6. EMMA. The SEC has designated EMMA as a nationally-recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule. Until the EMMA system is amended or altered by the MSRB and the SEC, the District shall make all filings required under this Disclosure Certificate solely with EMMA.

Section 7. Termination of Reporting Obligation. The District's obligations under the Resolution and this Disclosure Certificate shall terminate upon the redemption in full of all Bonds or payment in full of all Bonds.

Section 8. Agent. The District may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally-recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause a violation of the Rule. The provisions of the Resolution requiring continuing disclosure pursuant to the Rule and this Disclosure Certificate, or any provision hereof, shall be null and void in the event that the District delivers to the Repository an opinion of nationally-recognized bond counsel to the effect that those portions of the Rule which impose the continuing disclosure requirements of the Resolution and the execution and delivery of this Disclosure Certificate are invalid, have been repealed retroactively or otherwise do not apply to the Bonds. The provisions of the Resolution requiring continuing disclosure pursuant to the Rule and this Disclosure Certificate may be amended without the consent of the Holders of the Bonds, but only upon the delivery by the District to the Repository of the proposed amendment and an opinion of nationally-recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect compliance with the Rule.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the District to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Participating Underwriters, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, we have executed this Disclosure Certificate in our official capacities effective as of the date and year first written above.

**INDEPENDENT SCHOOL DISTRICT NO. 623
(ROSEVILLE AREA SCHOOLS), RAMSEY
COUNTY, MINNESOTA**

Board Chair

Clerk

TERMS OF PROPOSAL

**\$17,345,000* GENERAL OBLIGATION FACILITIES MAINTENANCE BONDS, SERIES 2024A
INDEPENDENT SCHOOL DISTRICT NO. 623 (ROSEVILLE AREA SCHOOLS), MINNESOTA**

Proposals for the purchase of \$17,345,000* General Obligation Facilities Maintenance Bonds, Series 2024A (the "Bonds") of Independent School District No. 623 (Roseville Area Schools), Minnesota (the "District") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the District, until 9:30 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via bondsale@ehlers-inc.com or **PARITY**, in the manner described below, until 9:30 A.M. Central Time, on April 23, 2024, at which time they will be opened, read and tabulated. The proposals will be presented to the School Board for consideration for award by resolution at a meeting to be held at 6:30 P.M., Central Time, on the same date. The proposal offering to purchase the Bonds upon the terms specified herein and most favorable to the District will be accepted unless all proposals are rejected.

AUTHORITY; PURPOSE; SECURITY

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475, as amended, including Section 123B.595, as amended, by the District, to provide funds for facility maintenance projects included in the District's ten-year facility plan approved by the Commissioner of Education. The Bonds will be general obligations of the District for which its full faith and credit and taxing powers are pledged.

DATES AND MATURITIES

The Bonds will be dated May 16, 2024, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2025	\$740,000	2029	\$1,260,000	2033	\$3,985,000
2026	2,005,000	2030	2,035,000	2034	1,875,000
2027	1,060,000	2031	1,530,000		
2028	1,265,000	2032	1,590,000		

ADJUSTMENT OPTION

The District reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BOND OPTION

Proposals for the Bonds may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

INTEREST PAYMENT DATES AND RATES

Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2025, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2025 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

Unless otherwise specified by the purchaser, the Bonds will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds.

PAYING AGENT

The District has selected Bond Trust Services Corporation, Roseville, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The District will pay the charges for Paying Agent services. The District reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the District, the Bonds maturing on or after February 1, 2033 shall be subject to optional redemption prior to maturity on February 1, 2032 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the District. If only part of the Bonds having a common maturity date are called for redemption, then the District or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

DELIVERY

On or about May 16, 2024, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the District will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the District, threatened. Payment for the Bonds must be received by the District at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

An opinion as to the validity of the Bonds and the exemption from taxation of the interest thereon will be furnished by Kennedy & Graven, Chartered, Minneapolis, Minnesota, Bond Counsel to the District ("Bond Counsel"), and will be available at the time of delivery of the Bonds. The legal opinion will state that the Bonds are valid and binding general obligations of the District; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). See "FORM OF LEGAL OPINION" found in Appendix B.

SUBMISSION OF PROPOSALS

Proposals must not be for less than \$17,345,000 plus accrued interest on the principal sum of \$17,345,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of proposals, interested parties may submit a proposal as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Electronically via **PARITY** in accordance with this Terms of Proposal until 9:30 A.M. Central Time, but no proposal will be received after the time for receiving proposals specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Terms of Proposal, the terms of this Terms of Proposal shall control. For further information about **PARITY**, potential bidders may contact IHS Markit (now part of S&P Global) at <https://ihsmarkit.com/products/municipal-issuance.html> or via telephone (844) 301-7334.

Proposals must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of proposals. Each proposal must be unconditional except as to legality. Neither the District nor Ehlers shall be responsible for any failure to receive a facsimile submission.

A good faith deposit ("Deposit") in the amount of \$346,900 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The District reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the District may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the District as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith.

The District and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the proposal is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the proposal is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No proposal can be withdrawn after the time set for receiving proposals unless the meeting of the District scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

AWARD

The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The District's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Bonds will be awarded by lot. The District reserves the right to reject any and all proposals and to waive any informality in any proposal.

BOND INSURANCE

If the Bonds are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the District requested and received a rating on the Bonds from a rating agency, the District will pay that rating fee. Any rating agency fees not requested by the District are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Bonds are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Bonds.

CUSIP NUMBERS

The District will assume no obligation for the assignment or printing of CUSIP numbers on the Bonds or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

NON-QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds shall not be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

CONTINUING DISCLOSURE

In order to assist the Underwriter (Syndicate Manager) in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the District will enter into an undertaking for the benefit of the holders of the Bonds. A description of the details and terms of the undertaking is set forth in Appendix D of the Preliminary Official Statement.

NEW ISSUE PRICING

The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Bonds pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate which will be provided by Bond Counsel upon request.

(a) The winning bidder shall assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District at closing an "issue price" or similar certificate satisfactory to Bond Counsel setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications. All actions to be taken by the District under this Terms of Proposal to establish the issue price of the Bonds may be taken on behalf of the District by the District's municipal advisor identified herein and any notice or report to be provided to the District may be provided to the District's municipal advisor.

(b) The District intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

- (1) The District shall disseminate this Terms of Proposal to potential underwriters in a manner that is

- reasonably designed to reach potential investors;
- (2) all bidders shall have an equal opportunity to bid;
 - (3) the District may receive proposals from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
 - (4) the District anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Terms of Proposal.

Any proposal submitted pursuant to this Terms of Proposal shall be considered a firm offer for the purchase of the Bonds, as specified in this proposal.

(c) If all of the requirements of a "competitive sale" are not satisfied, the District shall advise the winning bidder of such fact prior to the time of award of the sale of the Bonds to the winning bidder. In such event, any proposal submitted will not be subject to cancellation or withdrawal and the District agrees to use the rule selected by the winning bidder on its proposal form to determine the issue price for the Bonds. On its proposal form, each bidder must select one of the following two rules for determining the issue price of the Bonds: (1) the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity or (2) the initial offering price to the public as of the sale date as the issue price of each maturity of the Bonds (the "hold-the-offering-price rule").

(d) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the hold-the-offering-price rule, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the proposal submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder will advise the District promptly after the close of the fifth (5th) business day after the sale whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The District acknowledges that in making the representation set forth above, the winning bidder will rely on:

(i) the agreement of each underwriter to comply with requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires,

(ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and

(iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement

of each broker-dealer that is party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The District further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price rule of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Bonds.

(e) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the 10% test, the winning bidder agrees to promptly report to the District, Bond Counsel and Ehlers the prices at which the Bonds have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to each maturity of the Bonds, provided that, the winning bidder's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the District or bond counsel.

(f) By submitting a proposal, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is party to such third-party distribution agreement, as applicable, to:

(A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred until either all securities of that maturity allocated to it have been sold or it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the District or bond counsel.

(B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to:

(A) to promptly notify the winning bidder of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(B) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(g) Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each term being used as defined below) shall not constitute sales to the public for purposes of this Terms of Proposal. Further, for purposes of this Terms of Proposal:

(i) "public" means any person other than an underwriter or a related party,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the District (or

with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),

- (iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "sale date" means the date that the Bonds are awarded by the District to the winning bidder.

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Preliminary Official Statement relating to the Bonds prior to the proposal opening by request from Ehlers at www.ehlers-inc.com by connecting to the Bond Sales link. The Underwriter (Syndicate Manager) will be provided with an electronic copy of the Final Official Statement within seven business days of the proposal acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and proposal forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the School Board

Independent School District No. 623
(Roseville Area Schools), Minnesota

PROPOSAL FORM

The School Board
Independent School District No. 623 (Roseville Area Schools), Minnesota (the "District")

April 23, 2024

RE: \$17,345,000* General Obligation Facilities Maintenance Bonds, Series 2024A (the "Bonds")
DATED: May 16, 2024

For all or none of the above Bonds, in accordance with the Terms of Proposal and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$_____ (not less than \$17,345,000) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due	2025	_____ % due	2029	_____ % due	2033
_____ % due	2026	_____ % due	2030	_____ % due	2034
_____ % due	2027	_____ % due	2031		
_____ % due	2028	_____ % due	2032		

The District reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2025 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.) All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of \$346,900 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The District reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the District may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the District as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Terms of Proposal. This proposal is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Terms of Proposal. Delivery is anticipated to be on or about May 16, 2024.

This proposal is subject to the District's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for the Bonds.

We have received and reviewed the Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Underwriter (Syndicate Manager), we agree to provide the District with the reoffering price of the Bonds within 24 hours of the proposal acceptance.

This proposal is a firm offer for the purchase of the Bonds identified in the Terms of Proposal, on the terms set forth in this proposal form and the Terms of Proposal, and is not subject to any conditions, except as permitted by the Terms of Proposal.

By submitting this proposal, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: ___ NO: ___.

If the competitive sale requirements are not met, we elect to use either the: ___ 10% test, or the ___ hold-the-offering-price rule to determine the issue price of the Bonds.

Account Manager: _____ By: _____
Account Members: _____

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from May 16, 2024 of the above proposal is \$_____ and the true interest cost (TIC) is _____%.

The foregoing offer is hereby accepted by and on behalf of the School Board of Independent School District No. 623 (Roseville Area Schools), Minnesota, on April 23, 2024.

By: _____ By: _____
Title: _____ Title: _____