APPENDIX

APPENDIX A – State Auditor's Report

Saint Paul Teachers' Retirement Fund Association Saint Paul, Minnesota

Annual Financial Report and Management and Compliance Report

Year Ended June 30, 2025

Audit Practice Division

STATE OF MINNESOTA
OFFICE OF THE STATE AUDITOR
State Auditor Julie Blaha

(651) 296-2551 | State.Auditor@osa.state.mn.us | www.osa.state.mn.us

Saint Paul Teachers' Retirement Fund Association
Saint Paul, Minnesota

Table of Contents

Introductory Section

Saint Paul Teachers' Retirement Fund Association
Saint Paul, Minnesota

Board of Trustees

June 30, 2025

Financial Section

STATE OF MINNESOTA

Julie Blaha
State Auditor

Office of the State Auditor

Suite 500
525 Park Street
Saint Paul, MN 55103

Independent Auditor's Report

Board of Trustees
Saint Paul Teachers' Retirement Fund Association
Saint Paul, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Saint Paul Teachers' Retirement Fund Association as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Saint Paul Teachers' Retirement Fund Association as of June 30, 2025, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Saint Paul Teachers' Retirement Fund Association, 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 opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement

Main: (651) 296-2551 • Fax: (651) 296-4755 • TTY: (800) 627-3529 • State.Auditor@osa.state.mn.us • www.osa.state.mn.us
An equal opportunity employer

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 auditing standards generally accepted in the United States of America, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Employer and Non-Employer Contributions, Schedule of Investment Returns, and Notes to the Required Supplementary Information 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the Annual Financial Report. The other information comprises the Introductory Section but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does 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.

/s/Julie Blaha

Julie Blaha
State Auditor

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

February 24, 2026

Management’s Discussion and Analysis

Saint Paul Teachers' Retirement Fund Association
Saint Paul, Minnesota

Management's Discussion and Analysis
June 30, 2025
(Unaudited)

The following Management's Discussion and Analysis provides an overview of the financial performance and actuarial status of the Saint Paul Teachers' Retirement Fund Association (hereinafter SPTRFA, Plan, System, or Fund) for the fiscal year ended June 30, 2025. It is intended to assist the reader in understanding the Plan's financial statements and financial activities during the year.

Overview

SPTRFA is a nonprofit organization formed in 1909, incorporated under Minn. Stat. ch. 317A. Under the oversight of a ten-member Board of Trustees, SPTRFA staff manages two tax-qualified, defined benefit pension programs, a Basic Plan and a Coordinated Plan. The plans cover licensed personnel, the majority of whom are employed by Independent School District No. 625 (SPPS), the central administrative body for public schools within the City of Saint Paul.

Basic Plan members do not participate in Social Security through their employment with SPPS. The Coordinated Plan, which commenced in 1978, provides retirement benefits for members who simultaneously participate in Social Security. While there are annuitants receiving benefits under the Basic Plan provisions, there are no Basic Plan members remaining in active status.

Under State law, annual payroll contributions to the Fund are a direct operating obligation of the school district and members. While SPTRFA provides an employment-based benefit, the terms are not collectively negotiated, are not administered through SPPS, and SPTRFA is not a component unit of SPPS. Historically, the Fund's assets and liabilities were not included in the SPPS financial statements. However, Governmental Accounting Standards Board (GASB) statements now require SPPS to reflect their portion of the Fund's net pension liabilities beginning with their 2015 financial statements. Notwithstanding this reporting requirement, SPPS remains liable only for its statutorily mandated contributions and not the Fund's net pension liabilities.

The financial section of this report consists of four parts: (1) the Independent Auditor's Report; (2) the Management's Discussion and Analysis (this section); (3) the Basic Financial Statements, which include the Statement of Fiduciary Net Position, the Statement of Changes in Fiduciary Net Position, and their accompanying notes; and (4) the Required Supplementary Information, which consists of various schedules and accompanying notes.

Financial Section Overview

1. Independent Auditor's Report

   The Independent Auditor's Report is an official opinion issued by the Office of the State Auditor (OSA) regarding the accuracy of SPTRFA's financial statements. It serves as a primary communication tool between the OSA and users of SPTRFA's financial statements, providing assurance to stakeholders about the reliability of the financial information presented.

2. Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) offers an objective and reader-friendly analysis of the Plan's financial activities, comparing the current and prior years. The report includes an overview of the financial statements, a financial summary, a detailed analysis of the financial activities, and identifies any known facts, decisions, or conditions that may significantly impact the Plan, primarily through a summary of the actuarial and market valuation.

3. Basic Financial Statements

a) The Statement of Fiduciary Net Position presents information about assets and liabilities, the difference of which being the net position restricted for pensions. The level of net position reflects the resources available to pay member benefits when due. Over time, increases and decreases in this metric assist in measuring SPTRFA's financial condition.

b) The Statement of Changes in Fiduciary Net Position presents the results of Fund operations during the year and the additions or deductions from plan net position. It provides more detail to support the net change that has occurred to the prior year's net position value on the Statement of Fiduciary Net Position.

c) The Notes to the Financial Statements provide additional information essential to gain a full understanding of SPTRFA's accounting policies, benefit plans, deposits and investments, securities lending, contributions, risk management, funded status/progress, and finally, a narrative description of the actuarial measurement process.

4. Required Supplementary Information

a) The Required Supplementary Information schedules provide historic financial data to allow for a comparison of key data over time. These schedules contain results for the most recent ten fiscal years:

- Schedule of Changes in Net Pension Liability and Related Ratios
- Schedule of Employer and Non-Employer Contributions
- Schedule of Investment Returns

b) The Notes to the Required Supplementary Information provide actuarial assumptions and changes to significant plan provisions and actuarial methods/assumptions.

Other Pension Information Section Overview

The Other Pension Information Section follows the financial section. The Other Pension Information Section consists of additional schedules and accompanying notes as prescribed by GASB Statement 67. These additional schedules are comprised of additional financial data such as net pension liability, deferred outflows and inflows of resources, and pension income or expenses for each contributing entity. Participating employer units are required to report this information in their financial statements.

Financial Summary

Statement of Net Fiduciary Position

The Statement of Fiduciary Net Position provides a snapshot of the financial position of the Plan at the end of fiscal year. The statement details the Plan's total assets, total liabilities, and resulting net position, the difference between total assets and total liabilities as of the last day of the fiscal year, June 30.

The following table, Condensed Statement of Fiduciary Net Position, provides condensed information from the basic financial statements. The figure compares the asset, liability, and net position amounts from the current year to the previous year. The table shows the amount and percentage each category increased or decreased from the previous year.

Condensed Statement of Fiduciary Net Position
As of June 30, 2025, and 2024
(Dollars in thousands)

Condensed Statement of Fiduciary Net Position	2025	2024	Change	Percentage Change (%)
Assets				
Cash	$ 5,808	$ 13,085	$ (7,277)	(55.6)
Receivables	15,347	16,792	(1,445)	(8.6)
Investments at fair value	1,451,130	1,329,353	121,777	9.2
Securities lending collateral	957	673	284	42.2
Total Assets	$ 1,473,242	$ 1,359,903	$ 113,339	8.3
Liabilities				
Accounts payable	$ 848	$ 728	$ 120	16.5
Security purchases payable	37,501	23,465	14,036	59.8
Securities lending collateral	957	673	284	42.2
Total Liabilities	$ 39,306	$ 24,866	$ 14,440	58.1
Net Position Restricted for Pensions	$ 1,433,936	$ 1,335,037	$ 98,899	7.4

Total assets are generally comprised of cash, receivables, investments at fair value, and securities lending collateral. Total assets at the end of fiscal year 2025 were $1,473.2 million, an increase of $113.3 million, or 8.3 percent. Total liabilities include accounts payable, security purchases payable, and securities lending collateral. Total liabilities at the end of fiscal year 2025 were $39.3 million, an increase of $14.4 million, or 58.1 percent.

The securities lending collateral represents cash on deposit to cover the value of securities loaned to brokerage firms for which they pay a fee to the Fund's custodian. These firms are obligated to return such securities at a future point in time. The Fund and custodian share the lending proceeds. This strategy, commonly employed by institutions, provides the Fund with a source of additional income to offset the Plan's annual cost of custodial bank services. The collateral is shown as both an asset and a liability.

The net position restricted for pensions (net position) is the difference between the total assets and total liabilities. The net position measures the amount of funds that are available, to pay current and future pension benefits, which is the only obligation these funds can be used to meet. The net position increased from $1,335.0 million as of June 30, 2024, to $1,433.9 million as of June 30, 2025. This was an increase of $98.9 million, or 7.4 percent.

Statement of Changes in Fiduciary Net Position

The Statement of Changes in Fiduciary Net Position provides a summary of the changes in the net position for the Plan over the course of the fiscal year. The statement highlights how the net position has been affected by various additions and deductions to the financial position of the Association.

The following table, Condensed Statement of Changes in Fiduciary Net Position, summarizes the additions and deductions to net position. The table reflects a fiscal year 2025 increase in the Plan's net position of $98.9 million, or a 7.4 percent increase, in the net position from the previous year.

Condensed Statement of Changes in Fiduciary Net Position
For Fiscal Year Ended June 30, 2025, and 2024
(Dollars in thousands)

Condensed Statement of Changes in Fiduciary Net Position	2025	2024	Change	Percentage Change (%)
Additions				
Employer and employee contributions	$ 67,577	$ 67,645	$ (68)	(0.1)
State of Minnesota aid	17,203	31,412	(14,209)	(45.2)
Net investment activity	141,807	147,279	(5,472)	(3.7)
Net securities lending income	45	64	(19)	(29.7)
Total Additions	$ 226,632	$ 246,400	$ (19,768)	(8.0)
Deductions				
Benefits and Refunds	$ 126,715	$ 127,305	$ (590)	(0.5)
Administrative Expenses	1,018	811	207	25.5
Total Deductions	$ 127,733	$ 128,116	$ (383)	(0.3)
Net Increase (Decrease) in Net Position Restricted for Pensions	$ 98,899	$ 118,284	$ (19,385)	(16.4)
Net Position Restricted for Pensions – Beginning of Year	1,335,037	1,216,753	118,284	9.7
Net Position Restricted for Pensions – End of Year	$ 1,433,936	$ 1,335,037	$ 98,899	7.4

Additions to the plan are received from two primary sources, contributions and investment income. Deductions from the plan are due to benefit payments and refunds as well as administrative expenses. If Plan additions are more than deductions, there is an increase to the net position. If Plan deductions are more than additions, there will be a decrease to the net position.

Contributions into the Plan include total employer and employee contributions of $67.6 million. Total employer and employee contributions decreased by $68 thousand, or 0.1 percent. In addition to ongoing amortization aid payments of $15.7 million, the State of Minnesota made a one-time supplemental contribution of $1.5 million, which was $14.2 million, or 45.2 percent, less than the one-time contribution received in the previous fiscal year.

Investment activity, which fluctuates based on market returns, experienced net gains of $141.8 million. This was $5.5 million, or 3.7 percent, less than was earned the previous year. This return did exceed the assumed rate of return of 7.0 percent. Investment returns provide a meaningful source of benefit funding over the long term but may be volatile from year to year.

Deductions primarily include annuity benefit payments. To a lesser extent, refund payments are paid to members who terminated their employment with SPPS and elect to receive a refund of their contributions, with statutory interest. These payments together totaled $126.7 million. Total benefit and refund payments decreased from $127.3 million in fiscal year 2024 to $126.7 million, or a 0.5 percent decrease.

Administrative expenses are the cost to administer the Plan. Administrative expenses consist of employee salary and benefits, professional services, and other expenses necessary to operate the Plan. These expenses increased by $207 thousand, or 25.5 percent.

The net increase in net position restricted for pensions increased by $98.9 million. This increase improved the net position of the Plan from $1,335.0 million on June 30, 2024, to an ending net position on June 30, 2025, of $1,433.9 million.

Detailed Analysis of the Basic Financial Statements

SPTRFA's financial condition is affected by four primary components: contributions, investments income, benefit payments, and administrative expenses. The formula C + I = B + E is commonly used in pension fund accounting and actuarial calculations to describe this relationship, with the variables defined as:

C: Contributions – The money paid into the pension fund by employers, employees, and the State.
I: Investment Income – The returns generated from investing the pension fund's assets.
B: Benefit Payments – The payments made to retirees or beneficiaries from the pension fund.
E: Expenses – The administrative and operational costs of managing the pension fund.

Contributions and investment income are shown on the Changes in Fiduciary Net Position statement as additions. Benefit payments and expenses are shown as deductions. If there are more additions each year, there will be a Net Increase in the net position restricted for pensions, and assets will be greater than the prior year. More deductions than additions result in a net decrease in the net position restricted for pensions, and assets will be less than the prior year.

Contributions

Contributions that are received from employers and employees are a function of both the applicable statutory contribution rates in effect and the total amount of covered payroll subject to those rates. Consistent and adequate employer and employee contributions are critically important to the long-term health of the Plan. Pension rates are set by the Minnesota legislature. Additional information on contributions can be found in the Notes to the Financial Statements Note 4 – Contribution Requirements.

For fiscal year 2025, the Coordinated Plan contribution rates for members increased by 0.25 percent while the employer contribution rate remained unchanged. Union contracts conveyed a 4.0 percent increase in the 2024-25 school year for active teachers. The result was an increase in licensed teacher earnings of about $3.0 million. The reduction in contribution rates and increased earnings resulted in a net reduction in employee and employer contributions of approximately $68 thousand.

In addition to employer and employee contributions, the Plan has benefited from continued supplemental funding from the State of Minnesota that is intended to address, in part, historic underfunding of employer contributions. Minnesota Statutes, Section 354A.12, provide for annual contributions in the amount of $14.8 million until either the Plan is 100 percent funded or June 30, 2048, whichever occurs earlier. Minnesota Statutes, Section 423A.02, provides for an annual supplemental contribution in the amount of $838 thousand until either the Plan is 100 percent funded or June 30, 2048, whichever occurs earlier. Minnesota 2024 Session Laws also provided for an additional one-time state aid payment of $1.5 million to be paid in October 2024, that was made to offset the decrease in employee contribution rates. This one-time contribution was less than a $15.7 million one-time contribution authorized by Minnesota 2023 Session Laws resulting in a net reduction in total State aid received during the year of $14.2 million.

Although the current trend for SPTRFA contributions is positive, the adequacy of contributions as a source of funding is critically important and must be monitored closely. Changes in demographics or other factors that may result in a reduction in the number of active members contributing would have a negative impact on the financial stability of the Plan. At the same time, an increase in the number of contributing teachers or higher contribution rates would have a positive impact on the Plan.

Investment Income

Investment income is a historically significant contributor to the Plan's overall funding. A defined benefit plan accumulates assets in advance of benefit obligations, covering those obligations primarily through contributions and prudent investment growth. The level of supportable benefits and long-term financial health of the Fund depend on the efficient and prudent investment of contributions from members, employers, and certain funds received from the State.

Investment returns are dependent on market conditions and, therefore, are variable from year to year. In fiscal year 2025, SPTRFA's investment portfolio returned approximately 10.5 percent (net of fees). The plan assumes that long-term investment returns will be 7.0 percent. The portfolio's investment performance impacts the Fund's overall funded ratio in any given year – returns more than 7.0 percent contribute to an improvement in the Plan's funding ratio, while returns below 7.0 percent contribute to a decline in the Plan's funding ratio.

Cyclical, economic, market-driven, and tactical risks associated with investing plan assets in the capital markets are inherent. SPTRFA is a conservative, long-term investor, seeking attractive risk-adjusted returns over a full market cycle, with an emphasis on appropriate diversification and long-term capital preservation. The following chart reflects the Fund's current asset allocation model.

Current Asset Allocation Model

Asset Class	Target Allocation (%)
Domestic Equity	30
Fixed Income	30
International Equity	20
Real Assets	10
Private Equity & Alternatives	10
Total	100

Beginning in fiscal year 2023, the Plan's statutory investment return target was moved to 7.0 percent. Investment returns will vary over time and return targets may or may not be achieved in any given year, particularly in periods of market turmoil. Investment returns, both negative and positive, typically vary from the statutory investment return assumption in a given year. Maintaining a focus on the long-term is critical, as this is the relevant time frame in which pension systems operate for the benefit of their members. As such, the Plan's 3-year, 5-year, and 10-year rate of returns are indicators in the ability of the Plan to pay future benefits. Total portfolio returns (net of fees) for the 3-year, 5-year, and 10-year periods were 10.80 percent, 10.34 percent, and 8.05 percent respectively.

Loaned securities generate gross revenue as interest paid by the security borrower. The Plan holds collateral from the borrower while the security is on loan and incurs an interest cost payable to the borrower. The Changes in Fiduciary Net Position shows the net difference between the interest earned from the borrower and interest paid on the collateral, which resulted in securities lending income of $45 thousand. As a risk control measure, the SPTRFA Board of Trustees affirmatively limits the amount of the Fund's securities that can be on loan at any given time to no more than 35 percent of Fund assets.

For additional information on investment activity, please refer to Notes to the Financial Statements Note 3 – Deposits and Investment Risk Disclosures.

Benefit Payments

Plan deductions primarily include annuity benefit payments, which make up 99.0 percent of all benefit payments. Total expenditures for annuity benefits (not including refunds) decreased from $126.2 million to $125.5 million during fiscal year 2025, or 0.6 percent.

The net decrease in annuity benefit payments was from three primary sources. First, the one-time post-retirement increase for annuitants paid on January 1, 2024, was not renewed for the current year. The one-time payment had resulted in an additional $2.7 million payment for fiscal year 2024. Second, annuitants were granted a 1.0 percent post-retirement annual increase beginning January 2025. Finally, total participants receiving benefits under the Fund, including disabled retirees, beneficiaries, and alternate payees, increased 0.7 percent during fiscal year 2025 from 4,378 to 4,411.

For additional information on benefit provisions, please refer to Notes to the Financial Statements Note 1 – Plan Description.

Administrative Expenses

Administrative expenses refer to the costs incurred that are not directly related to benefit payments. These expenses are necessary for the overall administration and smooth operation of the Plan. Common examples include professional services, salaries and benefits of administrative staff, and other expenses necessary to operate the Plan.

Administrative expenses are significantly less than benefit payments, making up 0.8 percent of all deductions. Administrative expenses increased by $207 thousand, or 25.5 percent, over the previous year. Most of the increase was due to the increase in employee compensation paid during the year. Compensation costs increased as the result of one additional full-time staff bringing the total staff to seven full-time employees. The remaining increase was the result of the purchase of a new accounting software package to replace the older system that was no longer supported.

Other Known Facts, Decisions, or Conditions

Actuarial and Market Valuation Summary

The actuarial valuation results (which attempts to mitigate the impact of market volatility by smoothing results over five years) provide an important element in understanding the long-term health of the Plan. The table below provides metrics commonly used to assess the ability of the Fund to meet its obligations. A table reflecting results on a market value basis, which does not reflect any actuarial smoothing of results, is provided for comparative purposes as well.

The actuarial funded ratio of the Plan compares the actuarial value of assets (smoothed over a rolling five-year period) against the actuarially accrued liability. The actuarial funded ratio increased from 67.2 percent as of June 30, 2024, to 69.7 percent as of June 30, 2025. The Plan's funded ratio on a market value basis, which does not involve any smoothing factor, increased from 69.1 percent as of June 30, 2024, to 72.2 percent as of June 30, 2025. Currently, the funded status of the Plan is expected to be 100 percent or greater within its statutory amortization period ending June 30, 2048.

Below are summary comparative statistics from July 1, 2025, and July 1, 2024, valuations:

Summary

Actuarial Valuation Results	2025	2024
Covered payroll	$ 321,336,000	$ 319,667,000
Statutory contributions (ch. 354A)	26.98%	25.67%
Required (ch. 356)	22.48%	23.52%
Sufficiency/(Deficiency)	**4.50%**	**2.15%**
Market value of assets	1,433,936,000	1,335,037,000
Actuarial value of assets	1,384,185,000	1,299,643,000
Actuarial accrued liability	1,986,406,000	1,933,107,000
Unfunded liability	**602,201,000**	**633,464,000**
Funded ratio	**69.68%**	**67.24%**

Summary

Market Value Results	2025	2024
Covered payroll	$ 321,336,000	$ 319,667,000
Statutory contributions (ch. 354A)	26.98%	25.67%
Required (ch. 356)	21.12%	22.78%
Sufficiency/(Deficiency)	**5.86%**	**2.89%**
Market value of assets	1,433,936,000	1,335,037,000
Actuarial value of assets	1,384,185,000	1,299,643,000
Actuarial accrued liability	1,986,406,000	1,933,107,000
Unfunded liability	**552,470,000**	**598,070,000**
Funded ratio	**72.19%**	**69.06%**

An experience analysis provides a comparison of actual experience to projected experience based on the actuarial assumptions over the past year. Overall, the Fund had an experience gain of $32.6 million.

The Fund had an experience gain due to investments. The investment return on a market value of assets basis was 10.5 percent (net of fees) for the year ended June 30, 2025, more than the 7.0 percent assumption. However, only one-fifth of this asset gain was recognized in the actuarial value of assets, due to smoothing. Investment gains and losses from previous years were also recognized this year. The net result is a gain of $37.9 million on the actuarial value of assets. The investment return on an actuarial value of assets basis was 10.0 percent for the year ended June 30, 2025.

The actuarial accrued liability increased more than expected. Salaries increased more than expected for continuing active members, resulting in an actuarial loss of $11.5 million. Other demographic experience produced an additional gain of $10.5 million, and retirement experience produced an actuarial loss of $4.3 million.

Basic Financial Statements

Exhibit 1

Saint Paul Teachers' Retirement Fund Association
Saint Paul, Minnesota

Statement of Fiduciary Net Position
June 30, 2025

Assets		
Cash	**$**	**5,808,008**
Receivables		
Accounts receivable	$	1,758,687
Investment activity receivables		13,588,197
Total receivables	**$**	**15,346,884**
Investments, at fair value		
Cash and cash equivalents	$	108,261,951
Domestic equity		
Domestic equity		161,350,890
Preferred equity		152,222
Commingled		227,830,419
Mutual fund		10,965,440
Fixed income		
U.S. Government issues		115,421,399
Foreign issues		12,786,050
Corporate issues		92,161,698
Municipal issues		1,980,902
Commingled		75,132,757
Mutual fund		101,219,475
Global equity		
Foreign		20,441,485
Commingled		188,866,343
Mutual fund		93,835,925
Real assets		73,073,182
Alternatives		167,650,268
Total investments, at fair value	**$**	**1,451,130,406**
Invested securities lending collateral	**$**	**956,410**
Total Assets	**$**	**1,473,241,708**
Liabilities		
Accounts payable	$	375,149
Investment fees payables		472,688
Security purchase payables		37,501,057
Securities lending collateral		956,410
Total Liabilities	**$**	**39,305,304**
Net Position Restricted for Pensions	**$**	**1,433,936,404**

The notes to the financial statements are an integral part of this statement.

Exhibit 2

Saint Paul Teachers' Retirement Fund Association
Saint Paul, Minnesota

Statement of Changes in Fiduciary Net Position
For the Years Ended June 30, 2025

Additions		
Contributions		
Employer	$	42,980,183
Members		24,596,788
State of Minnesota		17,202,607
Total contributions	**$**	**84,779,578**
Investment income (loss)		
From investing activity		
Net appreciation (depreciation) in fair value of investments	$	127,558,986
Interest		11,851,445
Dividends		5,236,300
Less investment expense		(2,839,395)
Total investing activity income (loss)	**$**	**141,807,336**
From securities lending activity		
Securities lending income	$	1,806,300
Less borrower rebates		(1,742,904)
Less management fees		(18,622)
Total securities lending activity income (loss)	**$**	**44,774**
Net investment income (loss)	**$**	**141,852,110**
Total Additions	**$**	**226,631,688**
Deductions		
Benefits and refunds		
Retirement	$	112,056,405
Survivor		12,911,964
Disability		507,540
Refunds		1,239,031
Total benefits and refunds	**$**	**126,714,940**
Administrative expenses		
Staff compensation	$	610,075
Professional services		269,600
Office administrative expenses		138,045
Total administrative expenses	**$**	**1,017,720**
Total Deductions	**$**	**127,732,660**
Net Increase (Decrease) in Net Position	**$**	**98,899,028**
Net Position Restricted for Pensions – Beginning of Year		**1,335,037,376**
Net Position Restricted for Pensions – End of Year	**$**	**1,433,936,404**

The notes to the financial statements are an integral part of this statement.

Note 1 – Plan Description

Organization

Plan Administration

The Saint Paul Teachers' Retirement Fund Association (SPTRFA or the Association) is the administrator of a multiple-employer, cost-sharing, defined benefit plan pension fund (the Fund), with two benefit structures known as the Basic Plan and the Coordinated Plan (the Plans). Originally established in 1909, the Association is a non-profit corporation organized pursuant to the provisions of Minn. Stat. ch. 317A and governed by Minn. Stat. chs. 354A, 356, and 356A, as well as the Association's bylaws.

Governance

Management of the SPTRFA is vested in a ten-member Board of Trustees (the Board). Nine trustees are elected by and from the Association's membership and serve rotating three-year terms. The Board of Independent School District Number 625, Saint Paul Public Schools (SPPS), annually appoints the tenth trustee, who serves as an ex-officio member of the Board.

Participating Members and Employers

The SPTRFA membership consists of licensed teachers employed by SPPS, certain licensed teachers employed by Saint Paul College (SPC), certain licensed teachers previously employed by charter schools within the City of Saint Paul, and the SPTRFA staff.

Figure 1. Plan Membership
As of June 30, 2025

Composition of Plan Membership	Number of Members
Retirees and beneficiaries currently receiving benefits	4,411
Terminated employees entitled to but not yet receiving benefits	2,664
Terminated, non-vested employees	3,138
Current active plan members (including members on leave)	3,482
Total Membership	13,695

Currently, SPPS and SPC are the two active participating employers who contribute to the Fund. In addition, the State of Minnesota makes statutorily required payments to the Fund and is, therefore, classified as a non-employer contributing entity.

Until its merger into the Minnesota State Colleges and Universities (MnSCU) system on July 1, 1995, all SPC teachers were contributing members of the Fund. As part of the merger process, the SPTRFA-covered SPC teachers were given the option to remain active members of the Fund or, if choosing other retirement coverage, converting to deferred status with the SPTRFA.

Until July 1, 2002, teachers employed by charter schools within the City of Saint Paul were contributing members of the SPTRFA, after which time, all Minnesota charter schoolteachers converted to Minnesota Teachers' Retirement Association membership for future coverage. Contributions paid and service credits accrued with respect to charter schools prior to this transition remain with the SPTRFA. Presently in deferred status with the SPTRFA, these individuals may collect a benefit based on eligibility at retirement.

Description of the Plans

The following brief description of the Plans is provided for general information purposes only. More complete information can be found in the specific plan agreements. The SPTRFA's defined benefit plans are tax qualified under Section 401(a) of the Internal Revenue Code. Additionally, the Plans are not subject to the Employee Retirement Income Security Act of 1974 (ERISA).

The Association administers two defined benefit plan structures:

Basic Plan

Members hired prior to July 1, 1978, are participants in the SPTRFA's Basic Plan. These members do not participate in Social Security through their employment. As a result, members in the Basic Plan were subject to higher contribution rates and receive higher benefit payments than members in the Coordinated Plan. No Basic Plan members currently remain in active status.

Coordinated Plan

The Coordinated Plan provides retirement benefits to members who simultaneously participate in Social Security. Effective July 1, 1978, new members were covered by the Coordinated Plan, with contributions and benefits designed to supplement contributions to, and benefits from, the Social Security system. Currently, all active members are Coordinated Plan members.

Benefits Provisions

Pension Benefits Overview

The SPTRFA provides retirement and disability benefits to those members satisfying length-of-service and minimum age requirements. Depending on plan coverage, survivor benefits and family benefits may also be available.

The benefit paid to eligible members is formulaic. The formula components are final average salary, service credits earned, and accrual rate. If retiring prior to their Normal Retirement Age, a reduction for early retirement will apply, unless eligible for an unreduced benefit. Members qualify for an unreduced benefit with Rule of 90 (Tier I) or at age 62 with 30 years of service credit (Tier II). Service credit is determined by the number of days worked each fiscal year (July 1 through the following June 30).

Basic Plan

Basic Plan members must have five years of service credit to be vested for a future lifetime pension benefit with eligibility for a reduced benefit as early as age 55. The benefit that a member is entitled to receive is the greater of the pension amount computed using the applicable Tier I or Tier II formulas.

Under the Basic Plan, final average salary includes the highest five years of salary earned during the last ten years employed. The Tier I formula accrual rate is 2.0 percent of the final average salary for each year of service credit. The benefit is subject to a maximum of 40 years, with a 0.25 percent reduction for each month the member draws their benefit prior to their normal retirement age of 65. If the member has 25 service credit years, the reduction is applied only if the member is less than 60 years old. No reduction is applied if age plus service credit years total at least 90.

The Tier II formula accrual rate is 2.5 percent of the final average salary for each year of service credit. This benefit is subject to a maximum of 40 years, reduced for each month the member is under the normal retirement age of 65, using statutory early retirement reduction tables.

Coordinated Plan

Coordinated Plan members must have three years of service credit to be vested for a future lifetime pension benefit and are eligible to retire with a reduced benefit at age 55, or earlier with 30 years of service credit.

Under the Coordinated Plan, final average salary includes the average of the highest five successive years of salary earned during employment.

Members hired before July 1, 1989, are eligible for the greater of Tier I or Tier II benefits. Members hired on or after July 1, 1989, are eligible solely for Tier II benefits.

The Tier I formula multiplies the final average salary times the retirement service credit years earned at the following rates:

Tier I Formula Rates

For Service Rendered	Prior to July 1, 2015	On or After July 1, 2015
First ten years	1.20 percent	1.40 percent
Subsequent years	1.70 percent	1.90 percent

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

The Tier II formula multiplies the final average salary times the retirement service credit years earned at 1.70 percent for service rendered before July 1, 2015, and 1.90 percent for each year of service rendered after June 30, 2015. This benefit is reduced for each month the member draws their benefit prior to their normal retirement age of 65 or 66, based on statutory early retirement tables. Members in enrolled status on or after May 23, 2023; had a retirement date on or after July 1, 2023; and were aged 62 with 30 or more years of retirement service credit, are eligible for an unreduced benefit.

Disability

Active members who become totally and permanently disabled and satisfy length-of-service requirements are entitled to receive monthly disability benefits as calculated under each Plan.

Refund of Contributions

Vested members who terminate employment may receive a refund or a rollover of their contributions, with statutory accumulated interest in lieu of a lifetime benefit. Non-vested members who terminate employment may only receive a refund or a rollover of their contributions, with statutory accumulated interest.

Post-Retirement Adjustment

Post-retirement adjustments are provided under Minnesota statutes, which may be amended from time to time. SPTRFA provided a 1.0 percent post-retirement adjustment for all qualified members on January 1, 2025. Beginning July 1, 2024, reduced pensions do not receive a post-retirement adjustment until normal retirement age is reached.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The accompanying financial statements were prepared and presented to conform with the accounting principles generally accepted in the United States of America (GAAP) that apply to governmental accounting for fiduciary funds, including those set forth by the Governmental Accounting Standards Board (GASB).

The SPTRFA’s financial statements are prepared using the full accrual basis of accounting. Under this method, and in accordance with Minn. Stat. § 354A.12, contributions are recognized as revenues when due, benefits and refunds are recognized when due and payable, and expenses are recorded when corresponding liabilities are incurred, regardless of the timing of cash flow.

Investment Policies and Valuation Methodology

Investment Policy

The Association is authorized to invest the assets of the Fund under Minn. Stat. ch. 356A and Association bylaws. The SPTRFA investments are governed by Minn. Stat. § 356A.06, subds. 6 and 7, as well as the Association’s bylaws and investment policy. Under these rules, permissible investments include, but are not limited to, government and corporate bonds, non-U.S. and domestic common stock, real property, private equity investments, derivatives, options, and notes.

The SPTRFA Board of Trustees is responsible for the adoption, implementation, and monitoring of the investment policy. Pursuant to the Association’s Investment Policy, the Fund seeks to achieve the preservation and long-term appreciation of the Fund’s assets through appropriate diversification and risk management.

Figure 2. SPTRFA's Target Asset Allocation vs. Actual Allocation

Asset Class	Target Allocation (%)	Actual Allocation (%)
Domestic Equity	30	32.39
International Equity	20	20.54
Fixed Income	30	28.28
Real Assets	10	5.12
Private Equity and Alternatives	10	10.82
Other (Cash and Equivalents)	-	2.85
Total	100	100

Method Used to Value Investments

SPTRFA investments are stated at fair value. SPTRFA categorizes the fair value measurements of its investments in accordance with generally accepted accounting principles. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is established for investments. The hierarchy is based on valuation inputs, categorized at three levels, dependent on whether the inputs to those valuations are observable or unobservable in the marketplace. Interest income is recognized when earned on an accrual basis. Dividend income is recorded on the date that the funds are earned, and a receivable is recorded for the dividend at the time of the dividend announcement.

Rate of Return

The Association's money-weighted rate of return for the year ending June 30, 2025, was 10.48 percent, net of fees. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the actual cash flow that took place during the performance period.

Note 3 – Deposits and Investment Risk Disclosures

Fair Value Reporting

Assets and liabilities measured at fair value and inputs relative to their fair value measurements are classified and reported in one of the following categories:

- Level 1 – Investments' fair values based on prices quoted in active markets for identical assets.

- Level 2 – Investments' fair values based on observable inputs for the assets either directly or indirectly, other than those considered Level 1 inputs, which may include quoted prices for identical assets in markets that are not considered to be active, and quoted prices of similar assets in active or inactive markets.

- Level 3 – Investments are based on valuation methodologies including pricing models, discounted cash flow models, and similar techniques in which one or more significant inputs are unobservable. Level 3 valuations incorporate subjective judgments and consider assumptions including capitalization rates, discount rates, cash flow, and other factors that are not observable in the market.

The categorization of investments within the hierarchy in Figure 3 is based solely upon the objectivity of the inputs used in the measurement of fair value of the investments and does not reflect the level of risk associated with the investments.

Investments classified in Level 1 of the fair value hierarchy are valued from predetermined external pricing vendors or primary dealers who source quoted prices in active markets which are readily attainable exit values of these securities. Investments classified in Level 2 are subject to alternative pricing sources, such as matrix pricing, and include a combination of price sources, descriptive data, and pricing models based on attributes such as spread data, sector, quality, duration, and prepayment characteristics.

Investment instruments classified as Level 2 are also valued using market approaches that consider benchmark interest rates or foreign exchange rates. The values are supplied by advisors or general partners who hold the investments or similar assets in investment vehicles that they oversee. These pricing sources may or may not be indicative of realizable exit value attainable for the assets.

Figure 3. SPTRFA's Investments Measured at Fair Value

Investments by Fair Value Level	As of June 30, 2025	Level 1	Level 2	Level 3
Equity securities				
Domestic equity	$ 161,503,113	$ 161,350,890	$ 152,223	$ -
International equity	20,441,485	20,441,485	-	-
Equity funds	104,801,365	-	104,801,365	-
Total equity securities	$ 286,745,963	$ 181,792,375	$ 104,953,588	$ -
Fixed income securities				
U.S. Government issues	$ 115,421,399	$ 37,520,775	$ 77,900,624	$ -
Municipal issues	1,980,902	-	1,980,902	-
Foreign issues	12,786,050	-	12,786,050	-
Corporate issues	43,334,136	-	43,334,136	-
Asset-backed securities	35,990,231	-	35,990,231	-
Mortgage-backed securities	12,297,805	-	12,297,805	-
Fixed income funds	101,219,475	-	101,219,475	-
Total fixed income securities	$ 323,029,998	$ 37,520,775	$ 285,509,223	$ -
Real estate securities				
Real estate	$ 46,009,851	$ 46,009,851	$ -	$ -
Total Investments by Fair Value Level	$ 655,785,812	$ 265,323,001	$ 390,462,811	$ -

Investments Measured at NAV	As of June 30, 2025
Private equity	$ 160,200,021
Private real asset funds	9,096,991
Alternative investments	7,450,247
Commingled domestic equity funds	20,848,470
Commingled global fixed income funds	75,132,757
Commingled global equity funds	60,798,189
Commingled real estate funds	17,966,340
Money market funds	108,261,950
Unsecured notes	539,527
Total Investments Measured at NAV	$ 460,294,492

Net Asset Value (NAV): The fair value of investments in entities that calculate a net asset value per share are determined using that NAV in lieu of the leveling methodology previously described.

External Investment Pools

On June 30, 2025, the Fund holds $335,050,102 with the Minnesota State Board of Investment (MNSBI), an external investment pool. Comprised of international and domestic equity, the portfolios are identified as MNSBI International Equity ($128,068,154) and MNSBI Domestic Equity ($206,981,948).

The Fund invests in this pool due to its cost-efficient fees for services provided. The fair value of the investment is the fair value per share of the underlying portfolio. Redemptions are available with five days notice.

Description of Significant Investment Strategies Using NAV

It is the Association's policy to optimize total return on the Fund's portfolio through a policy of diversified investments to achieve maximum rates of return for a given amount of risk. The Association invests in various types of securities described below to achieve this policy. The investments measured at NAV can be found in Figure 4.

Private equity consists of a broadly diversified private equity portfolio of investments that provide diversification by industry type, size, stage of corporate development, and location, through limited partnership structures. The fair values of the investments of this type have been determined using the NAV per share of the Plan's ownership interest in partners' capital. These funds are not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which can occur following an investment period of five to ten years.

Private real asset funds consist of investments in commingled funds that invest primarily in U.S. commercial real estate using a limited partnership capital call structure and one limited partnership that invests primarily in energy infrastructure assets. The fair value of investments is determined by using the NAV per share of the Plan's ownership interest in partners' capital. These funds are not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which can occur following an investment period of five to ten years.

Alternative investments include a variety of investment strategies that are intended to provide attractive risk-adjusted returns and portfolio diversification. These investments are reflected in commingled investment vehicles and include equity co-investments and hedged equity structures. The fair value of investments is determined by using the NAV per share of the Plan's ownership interest in partners' capital.

Commingled domestic equity consists of commingled investment vehicles that invest primarily in publicly traded domestic equity securities. The funds are valued at the NAV of units held at the end of the period based upon the NAV per share of underlying investments.

Commingled global fixed income consists of commingled investment vehicles. One fund is a collective trust that invests primarily in publicly traded global fixed income securities. One fund is a limited partnership capital call structure that invests in privately issued credit instruments. Both investments are valued at the NAV of units held at the end of the period based upon the NAV per share of the underlying investments.

Commingled global equity consists of commingled investment vehicles that primarily invest in publicly traded global equity securities. The funds are valued at the NAV of units held at the end of the period based upon the NAV per share of underlying investments.

Commingled real estate consists of a commingled investment vehicle that invests primarily in U.S. commercial real estate, focused on a growth and income strategy. The fair value of investments is determined by using the NAV per share of the Plan's ownership interest in partners' capital.

Money market funds are short-term investment funds that include cash equivalents, bank notes, corporate notes, government bills, money market funds, and various short-term debt instruments. These types of funds are used to provide a temporary investment prior to expenditure or allocation to another investment opportunity.

Figure 4. SPTRFA's Investments Measured at NAV

Investments Measured at NAV	As of June 30, 2025	Unfunded Commitments
Private equity		
GSEW Stock Holdings LLC	$ 84,352	None
Guggenheim Partners	751,295	None
SP/FP Private Equity Fund, L.P.	156,570,662	$ 63,121,118
Venture Investment Associates	2,793,712	800,000
Private real assets funds		
Dune Real Estate Partners L.P. Fund III	900,921	None
Dune Real Estate Partners L.P. 2022 Fund III	1,884,998	None
Dune Real Estate Partners L.P. Fund IV	4,416,960	None
Kimmeridge Energy Engagement Partners L.P.	1,894,112	3,706,668
Alternative investments		
Entrust Special Op Fund III, LTD.	5,479,271	None
TCW DL LLC	1,970,976	2,234,911
Commingled domestic equity funds		
Blackrock S&P 500 Equity Index	20,848,470	None
Commingled global fixed income funds		
Pioneer Multisector Fixed Income	68,392,888	None
Ares Senior Direct Lending III	6,739,869	18,934,401
Commingled global equity funds		
JPMCB Global Focus Fund	93,289	None
ABS Emerging Markets	60,704,900	None
Commingled real estate fund		
UBS Trumbull Property Fund	17,966,340	None
Money market funds and miscellaneous assets		
Money market funds	108,261,950	None
Unsecured notes	539,527	None
Total Investments Measured at NAV	$ 460,294,492	

Investments Measured at NAV with Redemption Options Available	Redemption Frequency	Redemption Notice Period
Entrust Special Op Fund III, LTD.	Quarterly	95 days
JPMCB Global Focus Fund	Daily	None
Blackrock S&P 500 Equity Index	Daily	1 day
ABS Emerging Markets	Monthly	60 days
Pioneer Multisector Fixed Income	Daily	5 days
UBS Trumbull Property Fund	Quarterly, subject to available capital liquidity	60 days
Money market funds	Unlimited	None
Unsecured notes	Unlimited	None

Remaining funds are not eligible for redemption. Distributions are received as underlying investments are liquidated.

Securities Lending

The Association participates in a securities lending program. The Association's custodian, U.S. Bank, is the Association's securities lending agent. In accordance with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, investment collateral under the program is listed as both an asset and a liability. On June 30, 2025, 11.8 percent of the Fund's securities available for lending were on loan.

The Association is permitted to enter in securities lending transactions under Minn. Stat. § 356A.06, subd. 7a, provided collateral with a market value of at least 100 percent of the value of the loaned securities is received at the time of the loan agreement. The Association's agreement with U.S. Bank requires all securities lending transactions to be collateralized with 102 percent of the market value of the loaned securities at loan inception, with a simultaneous agreement to return the collateral for the same securities in the future. Requiring collateral more than the value of loaned securities protects the Association from loss in the event of failure by the borrowing party to deliver the loaned securities. The Association's contract with U.S. Bank also specifies that U.S. Bank will indemnify the Association for any "fails," or loss of securities by failure of borrowers to return securities.

Such loans are permitted to be made solely to pre-approved borrowers. Qualifications of borrowers and the fiscal status of such entities are monitored by the securities lending agent on a continuing basis. Loaned investments are marked to market daily.

If the collateral provided by the borrower falls below 100 percent of the market value of the loaned investment, the borrower is required to provide additional collateral to bring the collateral value to 102 percent. Collateral may be provided in securities or cash. On June 30, 2025, the market value of collateral was 102.2 percent of the market value of loaned securities.

As of June 30, 2025, the fair value of cash collateral received was $956,410, which is included in the Statement of Fiduciary Net Position both as an asset and offsetting liability. The cash collateral, with a weighted average maturity of three days on June 30, 2025, was invested entirely in the Mount Vernon Liquid Assets Portfolio. The Association has no credit risk exposure to borrowers because the amounts the Association owes borrowers exceeds amounts borrowers owe the Association. All securities loans may be terminated on demand by either the Association or the borrower.

As an additional step to mitigate risk, the Board of Trustees affirmatively limits the amount of the Fund's securities that may be on loan at any given time to 35 percent of Fund assets. As of June 30, 2025, 3.1 percent of the Fund's assets were on loan.

Custodial Credit Risk

Custodial credit risk for cash deposits and investments is generally the risk that, in the event of a bank or custodial failure, the SPTRFA would not be able to recover the value of its investments or collateral securities. Generally, all marketable securities purchased by the Association are held by a third-party custodian. The Association is also authorized by Minn. Stat. § 356A.06 to deposit its cash in financial institutions designated by the Board of Trustees. Cash on deposit at U.S. Bank was secured by a Letter of Credit from the Federal Home Loan Bank in Cincinnati.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. The Association participates in fixed income markets, which are traditionally viewed as having the highest sensitivity to interest rate movements, through the external managers listed below.

Figure 5. Interest Rate Risk
As of June 30, 2025

Fixed Income Mandate	Account	Market Value
Active Core Plus Fixed Income	Guggenheim	$ 153,083,861
Active Core Fixed Income	Payden & Rygel	69,266,188
Global Multi-Sector Fixed Income	Victory Pioneer Multisector	68,392,888
Global Unconstrained Fixed Income	Blackrock Strategic	101,219,475

In accordance with its investment policy, the Association has a 30 percent target allocation to fixed income assets. Each external manager that is hired by the Association monitors and manages the interest rate risk associated with its underlying portfolio. A key component of interest rate sensitivity is a debt instrument's weighted average of future cash flows, or duration. The following table shows weighted overall durations of each investment account and the associated benchmark as of June 30, 2025.

Figure 6. Duration Risk
As of June 30, 2025

Account	Average Duration in Years	Average Duration of Benchmark
Guggenheim	6.40	6.06
Payden & Rygel	6.29	6.06
Victory Pioneer Multisector	6.05	5.83
Blackrock Strategic	3.74	6.06
U.S Bank – Securities Lending Cash Collateral	0.01	None

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the holder of the investment. The Fund's credit risk exposure is statutorily restricted, under Minn. Stat. § 356A.06, subd. 7. The statute codifies credit rating requirements and concentration limits. It is the Association's policy to follow this statute regarding credit risk.

The Association invests in debt securities through investment managers and through its custodian, U.S. Bank. For the investment manager Blackrock, amounts totaling $101,219,475 were invested on June 30, 2025, in the Blackrock Strategic Income Fund. The quality distribution of the portfolio on June 30, 2025, had a weighted average Standard and Poor's or equivalent credit risk rate for the fund of A.

For the investment manager Victory Capital Management (formerly Amundi Asset Management), amounts totaling $68,392,888 were invested on June 30, 2025, in the Victory Pioneer Multisector Fixed Income Fund. The quality distribution of the portfolio on June 30, 2025, had a weighted average Standard and Poor's or equivalent credit risk rate for the fund of A.

As of June 30, 2025, fixed income securities held in custody and managed by Guggenheim totaled $153,083,861 and Payden & Rygel totaled $69,266,188. The credit risk for the securities required to be presented is broken out in the following table:

Figure 7. Credit Risk
As of June 30, 2025

Debt Security Types	Credit Quality Ratings Standard and Poor's or Equivalent	Market Value	Percent of Total Investments (%)
U.S. Treasuries	AA	$ 51,789,734	
U.S. Agencies	AA	63,554,286	
U.S. Agencies	A	77,379	
Total U.S. Government		**$ 115,421,399**	**7.95**
Municipal bonds	AAA	$ 350,497	
Municipal bonds	AA	1,405,405	
Municipal bonds	BBB	225,000	
Total municipal bonds		**$ 1,980,902**	**0.14**
Foreign issues	AA	$ 1,022,506	
Foreign issues	A	6,460,650	
Foreign issues	BBB	3,997,932	
Foreign issues	BB	1,122,192	
Foreign issues	B	182,770	
Total foreign issues		**$ 12,786,050**	**0.88**
Corporate bonds	AAA	$ 1,593,419	
Corporate bonds	AA	592,880	
Corporate bonds	A	11,459,876	
Corporate bonds	BBB	25,840,688	
Corporate bonds	BB	2,685,040	
Corporate bonds	B	1,021,131	
Corporate bonds	CCC	141,102	
Total corporate bonds		**$ 43,334,136**	**2.99**
Asset-backed securities	AAA	$ 15,111,633	
Asset-backed securities	AA	7,812,870	
Asset- backed securities	A	18,077,570	
Asset-backed securities	BBB	7,825,489	
Total asset-backed securities		**$ 48,827,562**	**3.36**
Total Debt Securities		**$ 222,350,049**	**15.32%**

In the absence of a Standard and Poor's credit quality rating, other nationally recognized rating agencies were used. For reporting clarity, all ratings are displayed using comparable Standard and Poor's ratings.

Derivative Investments

As provided by Minn. Stat. § 356A.06, any agreement for put and call options and futures contracts may be entered into only with a fully offsetting amount of cash or securities. Upon entering a futures contract, each party is required to deposit with the broker an amount, referred to as the initial margin, equal to a percentage of the purchase price indicated by the futures contract. In lieu of a cash initial margin, certain investments are held for the broker as collateral. As of June 30, 2025, the Association had futures contracts through its cash overlay program with Parametric.

Subsequent deposits, referred to as variation margins, are received or paid each day by each party equal to the daily fluctuations in the fair value of the contract. These amounts are recorded by each party as unrealized gains or losses. When a contract is closed, each party records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

Futures contracts involve, to varying degrees, credit and market risks. The Association may enter contracts only on exchanges or boards of trade where the exchange or board of trade acts as the counterparty to the transactions. Thus, credit risk on such transactions is limited to the failure of the exchange or board of trade. Losses in value may arise from changes in the value of the underlying instruments or if there is an illiquid secondary market for the contracts.

The futures contracts held by the Association on June 30, 2025, had maturity dates of September 19, 2025, to September 30, 2025. As of June 30, 2025, the Fund's cash overlay account associated with the futures contracts had no money market funds. The futures contract change in fair value during the reporting period was a gain of $1,428,377, which is not reported as an asset or liability because, upon maturity of the contract, an exchange does not take place, but instead the gain or loss is settled in cash.

The following are risks associated generally with futures contracts, which are mitigated by the practice of the money manager settling the futures contracts each business day:

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Losses in value may arise from changes in the value of the underlying instruments or if there is an illiquid secondary market for the contracts.

Interest Rate Risk – Interest rate risk for investments consists of assessing the potential for adverse effects on the fair value of debt securities held because of interest rate changes.

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates of foreign currencies relative to the U.S. dollar adversely affect the fair value of an investment or a deposit.

Market Risk – Market risk is the possibility that a change in market prices or currency rates will cause the value of a financial instrument to decrease or become more costly to settle.

Concentration Risk

Concentration risk relates to the adequacy of policy and practice in limiting the risk of loss due to insufficient diversification of holdings measured from several different aspects, such as asset class, region, sector, industry, or company size.

As specified in Minn. Stat. § 356A.06, subd. 7, equity investment holdings may not exceed 5.0 percent of any one corporation's outstanding shares. For June 30, 2025, the Fund's largest ownership of any one corporation's shares was 0.07 percent.

Association policy limits exposure to any one company's securities to no more than 1.5 percent of the total fund. As of June 30, 2025, the Fund's largest aggregate total in any one company was 0.31 percent.

Association policy further provides that no more than 15.00 percent of the Fund's assets may be invested in any one industry sector and that the maximum allocation to any single active investment manager is limited to no more than 15.00 percent of the total fund. As of June 30, 2025, the Fund met these requirements at 3.77 percent and 10.82 percent, respectively.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates of foreign currencies relative to the U.S. dollar may adversely affect the fair value of an investment or a deposit.

The Fund has exposure to certain foreign currency risks through its external investment managers who invest in global equity and fixed income markets. This exposure is detailed in the following chart:

Figure 8. Foreign Currency Risk
Assets Held in Non-U.S. Securities by Currency
As of June 30, 2025

Country/Region	Currency	Value
Australia	Australian Dollar	$ 4,990,851
Bahamas	Bahamian Dollar	484,731
Bermuda	Bermudian Dollar	2,539,239
Brazil	Brazilian Real	3,613,592
Canada	Canadian Dollar	10,825,535
Cayman Islands	Cayman Islands Dollar	3,158,206
Chile	Chilean Peso	90,178
China	Yuan Renminbi	16,188,349
Colombia	Colombian Peso	12,261
Czech Republic	Czech Koruna	52,855
Denmark	Danish Krone	1,876,599
Egypt	Egyptian Pound	7,600
European Union	Euro Currency	49,478,298
Great Britain	Pound Sterling	21,125,903
Hong Kong	Hong Kong Dollar	8,380,498
Hungary	Hungarian Forint	349,813
India	Indian Rupee	13,665,751
Indonesia	Indonesian Rupiah	409,738
Israel	New Israeli Sheqel	372,037
Japan	Japanese Yen	17,586,160
Jersey	Jersey Pound	1,596,041
Kuwait	Kuwaiti Dinar	81,589
Malaysia	Malaysian Ringgit	249,946
Mexico	Mexican Peso	2,124,431
New Zealand	New Zealand Dollar	117,394
Norway	Norwegian Krone	688,711
Philippines	Philippine Peso	48,510
Poland	Polish Zloty	364,646
Qatar	Qatari Riyal	83,587
Romania	Romanian Leu	31,647
Saudi Arabia	Saudi Riyal	727,321
Singapore	Singapore Dollar	1,823,859
South Africa	South African Rand	2,753,603
South Korea	South Korean Won	9,952,670
Sweden	Swedish Krona	2,303,515
Switzerland	Swiss Franc	7,300,047
Taiwan	New Taiwan Dollar	17,015,971
Thailand	Thailand Baht	405,642
Turkey	Turkish Lira	166,975
United Arab Emirates	UAE Dirham	235,851
Asia	Various Currencies	1,899,929
Southeast Asia	Various Currencies	2,174,235
Latin America	Various Currencies	882,406
Middle East	Various Currencies	4,715,029
Frontier Markets	Various Currencies	1,070,122
Totals		$ 214,021,871

Note 4 – Contribution Requirements

Funding and contribution provisions are established by state law and may be amended only by the State of Minnesota Legislature. Provisions regarding funding status and contribution rates are set forth in Minn. Stat. §§ 356.215 and 354A.12, subds. 1 and 2a, respectively.

Contribution Rates

Statutory contributions are defined in Section 356 of Minnesota statutes as a fixed percentage of payroll, plus any supplemental contributions, and represent the amount that is actually contributed to the fund. Required contributions represent the amount needed to fully fund the plan and are defined as: (a) normal costs based on entry age normal cost methods, (b) a supplemental contribution for amortizing any unfunded actuarial accrued liability by the full funding date, and (c) an allowance for administrative expenses, and represent the amount needed to fully fund the plan by the full funding date established under Minn. Stat. § 356.215 of June 30, 2048. Required contribution rates for employer and employee contributions are shown below.

Figure 9. Statutory Schedule of Contribution Rates

On or After July 1	Basic Plan Employee	Basic Plan Employer Base	Basic Plan Employer Additional	Coordinated Plan Employee	Coordinated Plan Employer Base	Coordinated Plan Employer Additional
2022	10.00%	12.30%	3.64%	7.50%	8.80%	3.84%
2023	10.25%	12.50%	3.64%	7.75%	9.00%	3.84%
2024	10.00%	12.50%	3.64%	7.50%	9.00%	3.84%
2025	11.25%	13.25%	3.64%	8.75%	9.75%	3.84%
2026	11.50%	13.25%	3.64%	9.00%	9.75%	3.84%

Pursuant to Minn. Stat. § 423A.02, the SPPS contributed an additional $800,000 to the Fund in fiscal year 2025. The State of Minnesota contributed $14,827,000 to the Fund in fiscal year 2025, pursuant to Minn. Stat. § 354A.12. These contributions are scheduled to terminate at the Fund's full funding target date or when full funding is achieved, whichever occurs first. The State of Minnesota also made an additional one-time contribution of $1,538,000 pursuant to Minnesota 2024 Session Law Chapter 102, Article 13, Section 2(b).

The required contribution rate decreased, from 23.52 percent of payroll as of July 1, 2024, to 22.48 percent of payroll as of July 1, 2025, primarily due to the greater than expected investment return on plan assets.

The contribution sufficiency increased from 2.15 percent of payroll as of July 1, 2024, to 4.50 percent of payroll as of July 1, 2025. On a market value of assets basis, statutory contributions are sufficient by 5.86 percent of payroll as of July 1, 2025. Effective July 1, 2025, the member contribution rate increased from 7.50 percent to 8.75 percent of pay, and the employer base contribution rate increased from 9.00 percent to 9.75 percent of pay.

The contribution sufficiency referenced above is based on a current snapshot of statutory contributions as of July 1, 2025. Additional contribution increases are effective July 1, 2026, ultimately increasing the statutory contribution rate (and the contribution sufficiency) an additional 0.25 percent of pay.

Note 5 – Net Pension Liability

The components of the Net Pension Liability (NPL) for the Fund's participating employers and the State of Minnesota (a non-employer contributing entity) as of June 30, 2025, as calculated in accordance with GASB Statement Number 67 are shown in Figure 10.

Figure 10. Net Pension Liability Components
(Dollars in Thousands)

Net Pension Liability Components		As of June 30, 2025
Total Pension Liability (a)	$	1,986,406
Plan Fiduciary Net Position (b)		1,433,936
Net Pension Liability (a - b)	$	552,470
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b/a)		72.19%

Actuarial Methods and Assumptions

The actuarial valuation of the Fund involves estimates of the reported amounts and assumptions about the probability of the occurrence of events far into the future, including anticipated member mortality and salary increases. These assumptions are derived from the Fund's periodic experience study, performed by the Association's actuary.

Assumptions are based on an experience study for the five-year period of July 1, 2016, to June 30, 2021, as well as a legislated change to the investment return assumption effective July 1, 2023. Note that significant plan changes effective July 1, 2023, and July 1, 2025, may ultimately result in behavior changes not anticipated in the actuarial assumptions. The Allowance for Combined Service Annuity assumptions are based on an analysis completed by the Legislative Commission on Pensions and Retirement actuary and documented in a report dated February 2025. A brief summary of the assumptions is shown in Figure 11.

Figure 11. Key Methods and Assumptions Used in Valuation of Total Pension Liability

Valuation date	June 30, 2025
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Investment Return Rate	7.00 percent per year
Salary Increases	2.50 percent to 8.00 percent; service based
Wage Inflation Rate	2.50 percent per year
Mortality	1. Healthy and Disabled Annuitant Mortality: a. Male: Pub-2010 Male Healthy Teacher Retiree Mortality Table, adjusted for mortality improvements using projection scale MP-2021 from 2010. Rates are multiplied by a factor of 1.03. b. Female: Pub-2010 Female Healthy Teacher Retiree Mortality Table, adjusted for mortality improvements using projection scale MP-2021 from 2010. Rates are multiplied by a factor of 1.03. 2. Employee Mortality: a. Male: Pub-2010 Male Healthy Teacher Employee Mortality Table, adjusted for mortality improvements using projection scale MP-2021 from 2010. b. Female: Pub-2010 Female Healthy Teacher Employee Mortality Table, adjusted for mortality improvements using projection scale MP-2021 from 2010.

Long-Term Expected Rate of Return

The assumed long-term expected rate of return on pension plan investments used in the determination of the contribution rate is 7.00 for June 30, 2025. The assumed long-term expected rate of return is established by the Minnesota State Legislature.

This rate was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The Board of Trustees adopted estimated arithmetic real rates of returns after considering input from the Fund’s investment consultant and actuary. The best estimates for each major asset class included in the target asset allocation as of June 30, 2025, are summarized in Figure 12.

Figure 12. Long-Term Expected Real Rate of Return

Asset Class	Target Allocation (%)	Long-Term Expected Real Rate of Return (Arithmetic) (%)
Domestic Equity	30	6.55
International Equity	20	6.98
Fixed Income	30	3.45
Real Assets	10	3.90
Private Equity and Alternatives	10	7.47
Total	100	

For purposes of these calculations, the Association's assumed inflation rate is 2.50 percent.

Single Discount Rate

The single discount rate used to measure the total pension liability was 7.00 percent for June 30, 2025. The projection of cash flows used to determine this single discount rate assumed that plan members, employer, and State of Minnesota contributions will be made in accordance with rates set by Minnesota statutes. Based on these assumptions, SPTRFA's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. As a result, the single discount rate of 7.00 percent was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis

GASB Statement 67 requires the disclosure of the sensitivity of the net pension liability to changes in the current discount rate. Figure 13 presents the Fund's net pension liability, calculated using the discount rate of 7.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00 percent lower or 1.00 percent higher.

Figure 13.
Sensitivity of Net Pension Liability to the Single Discount Rate Assumptions
(Dollars in Thousands)

For the Year Ended	Net Pension Liability at a Discount Rate 1.00% Decrease to 6.00%	Net Pension Liability at the Current Discount Rate of 7.00%	Net Pension Liability at a Discount Rate 1.00% Increase to 8.00%
June 30, 2025	$ 803,830	$ 552,470	$ 344,779

Note 6 – Risk Management

The Association is exposed to various other risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; and natural disasters. To cover its liabilities, the Association purchases commercial insurance. There were no significant reductions in insurance coverage from the prior year. There were no claims filed on behalf of the Fund this year.

Required Supplementary Information

Exhibit A-1

Saint Paul Teachers' Retirement Fund Association
Saint Paul, Minnesota

Schedule of Changes in Net Pension Liability and Related Ratios
(Dollars in Thousands)

Fiscal Year Ending June 30	**2025**	**2024**	**2023**
Total Pension Liability			
Service cost	$ 32,231	$ 30,174	$ 28,846
Interest on the total pension liability	132,011	129,014	126,124
Benefit changes	-	-	50,908
Difference between expected and actual experience	5,013	9,607	(16,123)
Assumption changes	10,759	-	(23,547)
Benefit payments	(125,476)	(126,178)	(122,347)
Refunds	(1,239)	(1,127)	(1,539)
Net change in total pension liability	**$ 53,299**	**$ 41,490**	**$ 42,322**
Total Pension Liability – Beginning	**1,933,107**	**1,891,617**	**1,849,295**
Total Pension Liability – Ending (a)	**$ 1,986,406**	**$ 1,933,107**	**$ 1,891,617**
Plan Fiduciary Net Position			
Employer contributions	$ 42,980	$ 42,380	$ 39,023
Employee contributions	24,597	25,265	22,420
Non-employer contributions	17,203	31,412	15,665
Pension plan net investment income	141,852	147,343	110,297
Benefit payments	(125,476)	(126,178)	(122,347)
Refunds	(1,239)	(1,127)	(1,539)
Pension plan administrative expense	(1,018)	(811)	(1,193)
Net change in plan fiduciary net position	**$ 98,899**	**$ 118,284**	**$ 62,326**
Plan Fiduciary Net Position – Beginning	**1,335,037**	**1,216,753**	**1,154,427**
Plan Fiduciary Net Position – Ending (b)	**$ 1,433,936**	**$ 1,335,037**	**$ 1,216,753**
Net Pension Liability – Ending (a) - (b)	**$ 552,470**	**$ 598,070**	**$ 674,864**
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	**72.19%**	**69.06%**	**64.32%**
Covered Employee Payroll	**$ 321,336**	**$ 319,667**	**$ 296,674**
Net Position Liability as a Percentage of Covered Employee Payroll	**171.93%**	**187.09%**	**227.48%**

As of July 1, 2015, the COLA is assumed to increase from 1 percent to 2 percent on January 1, 2041; and from 2 percent to 2.5 percent on January 1, 2051.
As of July 1, 2016, the COLA is assumed to increase from 1 percent to 2 percent on January 1, 2055; and from 2 percent to 2.5 percent on January 1, 2066.
As of July 1, 2017, the COLA is assumed to increase from 1 percent to 2 percent on January 1, 2042; and from 2 percent to 2.5 percent on January 1, 2052.
COLA is 0 percent for January 2019 and 2020; then 1 percent each January thereafter.

The notes to the required supplementary information are an integral part of this schedule.

2022	2021	2020	2019	2018	2017	2016
$ 24,863	$ 23,777	$ 23,120	$ 23,279	$ 25,087	$ 24,098	$ 25,596
126,096	123,262	123,300	122,197	125,256	123,820	124,294
-	-	-	-	(74,376)	-	-
(11,734)	20,339	(22,742)	(9,831)	(13,445)	7,106	(42,295)
102,005	(9,741)	(5,601)	(3,037)	118,561	(22,643)	-
(120,672)	(118,665)	(117,306)	(116,379)	(115,298)	(112,771)	(111,167)
(884)	(587)	(1,256)	(701)	(800)	(972)	(628)
$ 119,674	**$ 38,385**	**$ (485)**	**$ 15,528**	**$ 64,985**	**$ 18,638**	**$ (4,200)**
1,729,621	**1,691,236**	**1,691,721**	**1,676,193**	**1,611,208**	**1,592,570**	**1,596,770**
$ 1,849,295	**$ 1,729,621**	**$ 1,691,236**	**$ 1,691,721**	**$ 1,676,193**	**$ 1,611,208**	**$ 1,592,570**
$ 39,070	$ 35,251	$ 34,139	$ 31,316	$ 28,544	$ 27,685	$ 26,563
23,099	21,334	20,889	20,626	20,112	20,146	18,538
15,665	15,665	15,665	15,665	10,665	10,665	10,665
(95,988)	305,232	5,726	60,209	95,886	128,719	1,475
(120,672)	(118,665)	(117,306)	(116,379)	(115,298)	(112,771)	(111,167)
(884)	(587)	(1,256)	(701)	(800)	(972)	(628)
(927)	(779)	(788)	(764)	(786)	(889)	(749)
$ (140,637)	**$ 257,451**	**$ (42,931)**	**$ 9,972**	**$ 38,323**	**$ 72,583**	**$ (55,303)**
1,295,064	**1,037,613**	**1,080,544**	**1,070,572**	**1,032,249**	**959,666**	**1,014,969**
$ 1,154,427	**$ 1,295,064**	**$ 1,037,613**	**$ 1,080,544**	**$ 1,070,572**	**$ 1,032,249**	**$ 959,666**
$ 694,868	**$ 434,557**	**$ 653,623**	**$ 611,177**	**$ 605,621**	**$ 578,959**	**$ 632,904**
62.43%	**74.88%**	**61.35%**	**63.87%**	**63.87%**	**64.07%**	**60.26%**
$ 304,227	**$ 279,916**	**$ 274,667**	**$ 268,614**	**$ 263,122**	**$ 264,342**	**$ 258,787**
228.40%	**155.25%**	**237.97%**	**227.53%**	**230.17%**	**219.02%**	**244.57%**

Exhibit A-2

Saint Paul Teachers' Retirement Fund Association
Saint Paul, Minnesota

Schedule of Employer and Non-Employer Contributions
(Dollars in Thousands)

Fiscal Year Ending June 30	Actuarially Determined Contribution	Actual Non-Employer Contributions	Actual Employer Contributions	Total Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percent of Covered-Employee Payroll (%)
2025	$ 50,981	$ 17,203	$ 42,980	$ 60,183	$ (9,202)	$ 321,336	18.73
2024	53,053	31,412	42,380	73,792	(20,739)	319,667	23.08
2023	36,796	15,665	39,023	54,688	(17,892)	296,674	18.43
2022	39,298	15,665	39,070	54,735	(15,437)	304,227	17.99
2021	39,072	15,665	35,251	50,916	(11,844)	279,916	18.19
2020	39,181	15,665	34,139	49,804	(10,623)	274,667	18.13
2019	37,233	15,665	31,316	46,981	(9,748)	268,614	17.49
2018	38,196	10,665	28,544	39,209	(1,013)	263,122	14.90
2017	39,172	10,665	27,685	38,350	822	264,342	14.51
2016	39,155	10,665	26,563	37,228	1,927	258,787	14.39

The notes to the required supplementary information are an integral part of this schedule.

Exhibit A-3

Saint Paul Teachers' Retirement Fund Association
Saint Paul, Minnesota

Schedule of Investment Returns

Fiscal Year Ending June 30	Annual Return (%)
2025	10.48
2024	12.04
2023	9.43
2022	(9.37)
2021	32.65
2020	0.10
2019	5.73
2018	9.75
2017	13.93
2016	0.34

Annual money-weighted rate of return net of investment expense.

The notes to the required supplementary information are an integral part of this schedule.

Note 1 – Actuarial Methods and Assumptions

The information presented in the required supplementary schedules was used in the actuarial valuation for the purpose of determining the actuarially determined contribution rate. The assumptions and methods used for this actuarial valuation were recommended by the actuary and adopted by the Board. Additional information as of the latest actuarial valuation follows.

For Fiscal Year 2025

Valuation Date	June 30, 2025
Notes	Actuarially determined contribution rates are calculated as of June 30 and apply to this fiscal year beginning July 1.

Methods and Assumptions Used to Determine Contribution Rates

Funding Valuation Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	24 years
Asset Valuation Method	5-year smoothed market; no corridor
Assumed Inflation	2.50 percent
Salary Increases	2.50 percent to 8.00 percent; service based
Investment Rate of Return	7.00 percent
Retirement Age	Experienced-based table of rates that are specific to the type of eligibility condition. Last updated for the 2023 valuation pursuant to an experience study of the period 2016 - 2021.
Mortality	Pub-2010 Teacher Generational Mortality Table, projected with scale MP-2021 from a base year of 2010, multiplied by a factor of 1.03 for annuitants (no adjustment for employees).

Other Information

Notes	For actuarially determined contribution rate purposes, the plan is assumed to pay a 1.00 percent post-retirement benefit increase each January.

Note 2 – Changes in Actuarial Assumptions and Plan Provisions

2025 Actuarial Assumptions

- Layered amortization was implemented, effective with the July 1, 2025, valuation. This method change decreased the required contribution 0.28 percent of pay.

- The Combined Service Annuity (CSA) load was changed from 20.00 percent to 28.00 percent for vested terminated members, and from 9.00 percent to 58.00 percent for non-vested terminated members.

2025 Plan Provisions

- There were no plan provision changes since the prior valuation.

2024 Actuarial Assumptions

- There were no actuarial assumptions changes since the prior valuation.

2024 Plan Provisions

- Member contributions (Coordinated Plan) decreased from 7.75 percent of pay to 7.50 percent of pay effective July 1, 2024, and from 9.00 percent of pay to 8.75 percent of pay effective July 1, 2025. Effective July 1, 2026, the member contribution rate increases from 8.75 percent to 9.00 percent of pay.

- An additional one-time direct state aid contribution of $1.5 million will be contributed to the Plan by October 1, 2024.

- Annual supplemental contributions of $14,827,000 will continue until the earlier of the Plan achieving 100 percent funded ratio for three consecutive years, or June 30, 2048. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048, if earlier).

2023

As a result of the 2022 experience study as well as the Omnibus Pension and Retirement Bill, the following assumption and method changes are reflected in the actuarial funding valuation report:

- Statutory contribution rates for members and their employers are shown as a percent of pay:

Plan Contribution Rates: Basic/Coordinated

Contributions After June 30	Member (%)	Employer Regular (%)	Employer Additional (%)
2023	10.25/7.75	12.50/9.00	3.64/3.84
2024	10.25/7.75	12.50/9.00	3.64/3.84
2025	11.50/9.00	13.25/9.75	3.64/3.84

- The assumed investment return was lowered from 7.50 percent to 7.00 percent.

- The assumed wage inflation decreased from 3.00 percent to 2.50 percent.

- Salary increase rate ranges were updated from a range of 3.00 percent to 9.00 percent to a 2.50 percent to 8.00 percent range.

- Retirement, withdrawal, and disability rates were adjusted to better fit observed experience.

- The mortality table used is the Pub-2010 Teacher Mortality Table, adjusted for mortality improvements using projection scale MP-2021.

- A one-time, non-compounding benefit increase of 1.50 percent for coordinated members and 3.00 percent for basic members will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022

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

2021

- The mortality improvement scale was updated from MP-2019 to MP-2020.

2020

- The mortality improvement scale was updated from MP-2018 to MP-2019.

2019

- The mortality improvement scale was updated from MP-2017 to MP-2018.

2018

As a result of the 2018 experience study as well as the 2018 Omnibus Pension and Retirement Bill, the following assumption and method changes are reflected in the actuarial funding valuation report:

2018 Actuarial Assumptions

- The assumed investment return was lowered from 8.00 percent to 7.50 percent.

- The assumed wage inflation decreased from 4.00 percent to 3.00 percent.

- Salary increase rates were updated from an age-based table with a service-based component during the first 15 years, to a service-based table of rates.

- Retirement, withdrawal, and disability rates were adjusted to better fit observed experience.

- The mortality table was updated from the RP-2000 Mortality Table (with adjustments) projected with scale AA to 2020, to the RP-2014 Mortality Table, with white collar adjustment, set back two years for females, projected with scale MP-2017 from 2006.

- The statutory amortization period was changed from June 30, 2042, to June 30, 2048.

2018 Plan Provisions

- The annuity benefit increases changed to 0.00 percent for January 1, 2019 and 2020, with 1.00 percent payable thereafter. In addition, for retirements on or after July 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age (not applicable to Rule of 90 retirees, Rule of 62/30 retirees, disability benefit recipients, or survivors).

- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, prospectively, beginning July 1, 2018.

- Lower early retirement factors will be phased in over a 60-month period starting July 1, 2019.

- Deferred augmentation was changed to 0.00 percent, prospectively, effective July 1, 2019.

- Statutory contribution rates for members and their employers are shown as a percent of pay below:

Plan Contribution Rates: Basic/Coordinated

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

- Additional supplemental contributions of $5,000,000 will be made by the State of Minnesota annually beginning October 1, 2018.

- The plan's statutory amortization period was changed from June 30, 2042, to June 30, 2048.

2017

- The Combined Service Annuity (CSA) loads on liabilities were changed as follows:

Combined Service Annuity Loads

Time Frame	Active Pre-89 (%)	Active Post-89 (%)	Vested Terminated (%)	Non-Vested Terminated (%)
Prior	7.0	2.0	30.0	30.0
Current	0.0	0.0	20.0	9.0

2016

- No significant changes.

Other Pension Information Section – Pension Schedules

STATE OF MINNESOTA

Julie Blaha
State Auditor

Office of the State Auditor

Suite 500
525 Park Street
Saint Paul, MN 55103

Independent Auditor's Report

Board of Trustees
Saint Paul Teachers' Retirement Fund Association
Saint Paul, Minnesota

Report on the Audit of the Schedules

Opinions

We have audited the accompanying Schedule of Employer and Non-Employer Allocations of the Saint Paul Teachers' Retirement Fund Association as of and for the year ended June 30, 2025, and the related notes. We have also audited the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense (specified column totals) included in the accompanying Schedule of Pension Amounts by Entity of the Saint Paul Teachers' Retirement Fund Association as of and for the year ended June 30, 2025, and the related notes.

In our opinion, the accompanying schedules referred to above present fairly, in all material respects, the employer and non-employer allocations and the net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense for the total of all participating entities of the Saint Paul Teachers' Retirement Fund Association as of and for the year ended June 30, 2025, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of the Saint Paul Teachers' Retirement Fund Association, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Schedules

Management is responsible for the preparation and fair presentation of these schedules 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 the schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Schedules

Our objectives are to obtain reasonable assurance about whether the Schedule of Employer and Non-Employer Allocations and the specified column totals included in the Schedule of Pension Amounts by Entity are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement

Main: (651) 296-2551 • Fax: (651) 296-4755 • TTY: (800) 627-3529 • State.Auditor@osa.state.mn.us • www.osa.state.mn.us
An equal opportunity employer

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 Schedule of Employer and Non-Employer Allocations and the specified column totals included in the Schedule of Pension Amounts by Entity.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- exercise professional judgment and maintain professional skepticism throughout the audit;

- identify and assess the risks of material misstatement of the Schedule of Employer and Non-Employer Allocations and the specified totals included in the Schedule of Pension Amounts by Entity, 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 Schedule of Employer and Non-Employer Allocations and the specified totals included in the Schedule of Pension Amounts by Entity and the related disclosures;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed; and

- 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 Schedule of Employer and Non-Employer Allocations and the specified totals included in the Schedule of Pension Amounts by Entity.

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.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the Saint Paul Teachers' Retirement Fund Association as of and for the year ended June 30, 2025, and our report thereon dated February 24, 2026, expressed an unmodified opinion on those financial statements.

Restriction on Use

Our report is intended solely for the information and use of Saint Paul Teachers' Retirement Fund Association management, the Board of Trustees, Saint Paul Teachers' Retirement Fund Association employers and non-employer entities, and their auditors, and is not intended to be and should not be used by anyone other than those specified parties.

/s/Julie Blaha	*/s/Chad Struss*
Julie Blaha State Auditor	Chad Struss, CPA Deputy State Auditor

February 24, 2026

Exhibit B-1

Saint Paul Teachers' Retirement Fund Association
Saint Paul, Minnesota

Schedule of Employer and Non-Employer Allocations
As of the Measurement Date of June 30, 2025

Entity	Actual Contributions	Allocation Percentage (%)
State of Minnesota	$ 15,664,607	26.946
Saint Paul College	20,150	0.035
Saint Paul Public Schools	42,447,078	73.019
Total	**$ 58,131,835**	**100.000**

The notes to the pension schedules are an integral part of this schedule.

Exhibit B-2

Saint Paul Teachers' Retirement Fund Association
Saint Paul, Minnesota

Schedule of Pension Amounts by Entity
As of and for the Year Ended June 30, 2025

Entity	Allocation Percentage (%)	Net Pension Liability	Deferred Outflows of Resources: Differences Between Expected and Actual Experience	Deferred Outflows of Resources: Changes of Assumptions	Deferred Outflows of Resources: Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Deferred Outflows of Resources: Changes in Proportion and Differences Between Entity Contributions and Proportionate Share of Contributions	Deferred Outflows of Resources: Total Deferred Outflows of Resources
State of Minnesota	26.946	$ 148,868,566	$ 1,763,616	$ 1,932,837	$ -	$ -	$ 3,696,453
Saint Paul College	0.035	193,365	2,291	2,511	-	35,884	40,686
Saint Paul Public Schools	73.019	403,408,069	4,779,093	5,237,652	-	5,136,447	15,153,192
Total	**100.000**	**$ 552,470,000**	**$ 6,545,000**	**$ 7,173,000**	**$ -**	**$ 5,172,331**	**$ 18,890,331**

The notes to the pension schedules are an integral part of this schedule.

Deferred Inflows of Resources					Pension Expense		
Differences Between Expected and Actual Experience	Changes of Assumptions	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes in Proportion and Differences Between Entity Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Plan Pension Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Entity Contributions and Proportionate Share of Contributions	Total Pension Expense
$ -	$ -	$ 14,015,692	$ 5,147,586	$ 19,163,278	$ 2,033,345	$ (4,178,720)	$ (2,145,375)
-	-	18,205	24,745	42,950	2,641	(1,244)	1,397
-	-	37,980,103	-	37,980,103	5,510,014	4,179,964	9,689,978
$ -	**$ -**	**$ 52,014,000**	**$ 5,172,331**	**$ 57,186,331**	**$ 7,546,000**	**$ -**	**$ 7,546,000**

Notes to the Pension Schedules

As of and for the Year Ended June 30, 2025

Note 1 – Summary

The Saint Paul Teachers' Retirement Fund Association (SPTRFA) is a cost-sharing multiple-employer defined benefit pension plan. As specified in Governmental Accounting Standards Board (GASB) Statement 68, employers that participate in the SPTRFA are required to recognize their proportionate share of the collective pension amounts for all benefits provided through the Fund. Pension amounts to be recognized by employers include the net pension liability, deferred outflows of resources related to pensions, deferred inflows of resources related to pensions, and pension expense. In addition, the effects of (1) a change in the employer's proportion of the collective net pension liability and (2) differences during the measurement period between the employer's contributions and its proportionate share of the total contributions from employers included in the collective net pension liability are required to be determined and recognized. The State of Minnesota is statutorily required to make contributions to the Fund; therefore, the State is classified as a non-employer contributor who will share in the liabilities and will also be required to recognize its share of the employer costs.

The basis of the allocation of collective pension amounts should be consistent with the manner in which contributions are paid to the plan. Since contributions to SPTRFA are collected as a percentage of payroll, covered employee payroll for the fiscal year ending June 30, 2025, is used as the proportionate share of allocation basis.

The State of Minnesota is required to contribute an annual contribution of $14,827,000 plus an annual amortization aid payment of $837,607. The required annual contributions made by the State of Minnesota were used to calculate its proportionate share. In addition, the State was required to contribute a one-time payment in October 2024 in the amount of $1,538,000. Since this is a one-time contribution, it was not included in the allocation. SPTRFA employees are covered by the plan and make contributions, however, they are excluded from the allocation of pension amounts.

Note 2 – Reconciliation of Financial Statement Employer Contributions to Total Employer Contributions Reported on the Schedule of Employer and Non-Employer Allocations

While GASB 68 allows the employer's proportionate share of the collective pension amounts to be based on historical employer contributions, it encourages the use of the employer's projected long-term contributions effort to the retirement plan. The following is a reconciliation of employer contributions presented in SPTRFA's Statement of Changes in Fiduciary Net Position to the employer contributions presented in the Schedule of Employer and Non-Employer Allocations.

Reconciliation of Employer Contributions
June 30, 2025

Contribution Components	Amount
Employer contributions reported in the Statement of Changes in Fiduciary Net Position	$ 42,980,183
Deduct employer contributions not related to future contribution efforts	(436,439)
Deduct SPTRFA's contributions not included in allocation	(76,516)
Total employer contributions	$ 42,467,228
Non-employer contributions	$ 17,202,607
Deduct non-employer one-time contributions	(1,538,000)
Total non-employer contributions	$ 15,664,607
Total Contributions Reported in Schedule of Employer and Non-Employer Allocations	$ 58,131,835

Note 3 – Actuarial Methods and Assumptions

The information presented in the Schedule of Employer and Non-Employer Allocations and the Schedule of Pension Amounts by Entity was based on the actuarial valuation for purposes of determining the net pension liability. The assumptions and methods used for this actuarial valuation were recommended by the actuary and adopted by the Board. Additional information as of the latest actuarial valuation follows.

Valuation Date	June 30, 2025
Measurement Date of the Net Pension Liability	June 30, 2025

Methods and Assumptions Used to Determine Net Pension Liability

Actuarial Cost Method	Entry Age Normal
Price Inflation	2.50 percent per annum
Wage Inflation	2.50 percent per annum
Salary Increases	2.50 percent to 8.00 percent; service based
Investment Rate of Return	7.00 percent per year
Annuitant Mortality	Pub-2010 Teacher Generational Mortality Table, projected with scale MP-2021 from a base year of 2010, multiplied by a factor of 1.03 for annuitants.
Changes in Actuarial Assumptions since the prior valuation	The Combined Service Annuity (CSA) load was changed from 20.00 percent to 28.00 percent for vested terminated members, and from 9.00 percent to 58.00 percent for non-vested terminated members.

Management and Compliance Section

STATE OF MINNESOTA

Julie Blaha
State Auditor

Office of the State Auditor

Suite 500
525 Park Street
Saint Paul, MN 55103

Independent Auditor's Report on Minnesota Legal Compliance

Board of Trustees
Saint Paul Teachers' Retirement Fund Association
Saint Paul, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the accompanying financial statements of the Saint Paul Teachers' Retirement Fund Association as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements, and have issued our report thereon dated February 24, 2026.

In connection with our audit, nothing came to our attention that caused us to believe that the Saint Paul Teachers' Retirement Fund Association failed to comply with the provisions of the depositories of public funds and public investments and relief associations sections, to the extent applicable to all public pension plans in the state, of the *Minnesota Legal Compliance Audit Guide for Relief Associations*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Association's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Board of Trustees and management of the Saint Paul Teachers' Retirement Fund Association and the State Auditor, and is not intended to be, and should not be, used by anyone other than these specified parties.

/s/Julie Blaha

Julie Blaha
State Auditor

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

February 24, 2026

Main: (651) 296-2551 • Fax: (651) 296-4755 • TTY: (800) 627-3529 • State.Auditor@osa.state.mn.us • www.osa.state.mn.us
An equal opportunity employer