

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2021



SHAKOPEE PUBLIC SCHOOLS
INDEPENDENT SCHOOL
DISTRICT 720

SHAKOPEE.K12.MN.US

1200 SHAKOPEE TOWN SQUARE
SHAKOPEE, MN 55379
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ANNUAL COMPREHENSIVE FINANCIAL REPORT

OF THE

SHAKOPEE PUBLIC SCHOOLS

INDEPENDENT SCHOOL DISTRICT NO. 720

SHAKOPEE, MINNESOTA

For the Year Ended

June 30, 2021

Prepared by

THE FINANCE DEPARTMENT

William Menozzi

Director of Finance and Operations

SHAKOPEE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 720
1200 Town Square
Shakopee, Minnesota 55379

Independent School District No. 720
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Independent School District No. 720
Board of Education and Administration
June 30, 2021

<u>Board of Education</u>	<u>Position</u>	<u>Term Expires</u>
Kristi Peterson	Chairperson	December 31, 2022
Judith Tomczik	Vice Chairperson	December 31, 2022
Tim Brophy	Clerk	December 31, 2024
Joe Aldrich	Treasurer	December 31, 2022
Ibrahim Mohamed	Director	December 31, 2024
Jeff Smith	Director	December 31, 2024
Paul Christiansen	Director	December 31, 2022
<u>Administration</u>		
Dr. Mike Redmond	Superintendent	
Dave Orlofsky	Assistant Superintendent	
Bill Menozzi	Director of Finance and Operations	
Julie Fred	Director of Special Services	
Bryan Drozd	Director of Instructional Technology	
Bob Greeley	Director of Community Education	
Keith Gray	Director of Human Resources	
Nancy Thul	Director of Teaching and Learning	

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November 22, 2021

To: Citizens of District 720 Shakopee Public Schools
Board of Education
Employees of the School District

INTRODUCTION

The Comprehensive Annual Financial Report (CAFR) of Independent School District No. 720, Shakopee, Minnesota (the District) for the fiscal year ended June 30, 2021 is presented for your information and review. The CAFR is intended to fully disclose the financial position of the District and the results of operations for the fiscal year. The District administration accepts full responsibility for the accuracy, completeness and fairness in presentation of the enclosed financial reports. Questions and comments are solicited and welcome.

REPORT FORMAT

This CAFR is presented in three main sections: introductory, financial, and statistical. In addition to information contained in this letter, the introductory section includes the District's organizational chart and a list of the District's principal officials. The financial section includes the independent auditor's report, Management's Discussion and Analysis (MD&A), basic financial statements, notes to basic financial statements, and detailed combining and individual fund statements and schedules. The statistical section includes selected financial and general information presented on a multi-year comparative basis. Where possible, historical data is presented for a 10-year period.

Accounting principles generally accepted in the United States of America require management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of an MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A of the District can be found immediately following the report of the independent auditors.

DISTRICT PROFILE/ORGANIZATION

Shakopee Public Schools serves more than 8,000 students in Shakopee, Savage, Prior Lake, and the Jackson, Louisville, and Sand Creek Townships. The district is located in one of the fastest growing suburbs in the Twin Cities. The Shakopee school district is proud to serve a very diverse population of students and families with more than 70 languages and dialects from around the world spoken in our schools.

DISTRICT PROFILE/ORGANIZATION (CONTINUED)

The District offers a wide variety of programming and activities for all students. At Shakopee High School, there are many opportunities for students to earn college credit and high school credit at the same time through our Advanced Placement courses; CAPS (Center for Advanced Professional Studies) program and CIS (College in the Schools). Other notable programs in the district include the pre-engineering program Project Lead the Way, Young Scholars which serves students in our elementary grades and our Excellence with Equity program.

The Shakopee School District is committed to providing the best opportunities for students and is dedicated to helping them excel and achieve their educational goals. Seven years ago, the district began to look at the curriculum, and together with the instructional staff, began re-imagining academics in the district. The secondary educational model was changed and a new vision for Shakopee High School, the Academies of Shakopee, was created to ensure a welcoming, inclusive environment within a large high school setting and to improve student success in post-secondary programs and career. There are six academies: Arts & Communication, Business & Entrepreneurship, Engineering & Manufacturing, Health Sciences, Human Services, Science & Technology and a Freshman Academy.

With over 1,100 total staff, Shakopee Public Schools is one of the major employers in the area. During 2020-2021, the District operated 11 buildings: one traditional high school, one alternative high school, two middle schools, five elementary schools, an early childhood center and the district administrative office. District buildings have an average age of 29 years and comprise over 1.6 million square feet in size. The District is currently organized by grade level with elementary schools serving students in kindergarten through grade 5, middle schools serving grades 6-8, and the high school serving grades 9-12.

Mission

Shakopee Schools, in partnership with our community, will educate lifelong learners to succeed in a diverse world.

Vision

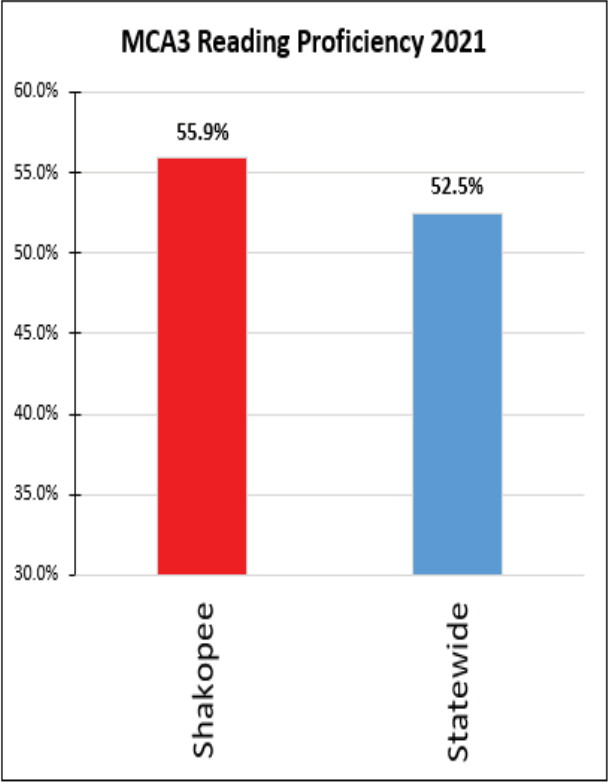
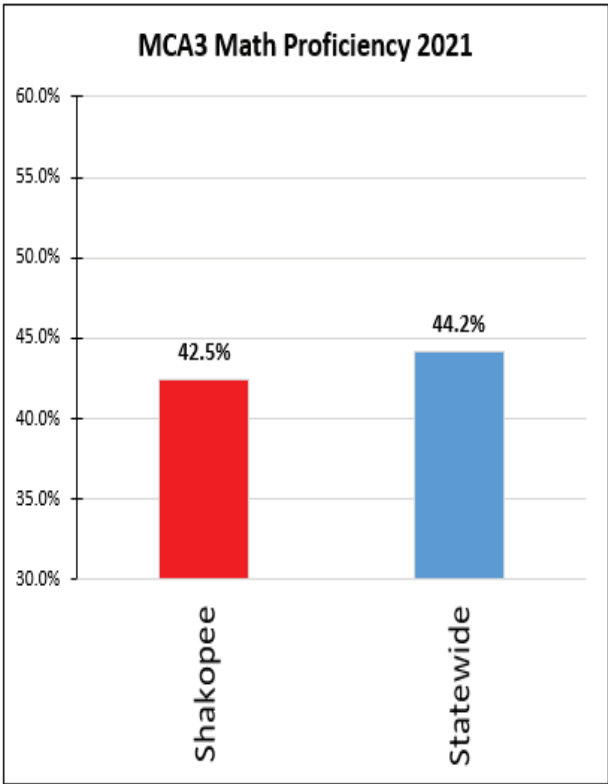
The Shakopee School District is committed to providing the best opportunities for our students. We are dedicated to helping them excel and achieve their educational goals and teaching them to be good citizens of our community, our nation and our world.

DISTRICT PROFILE/ORGANIZATION (CONTINUED)

Testing Data

The Minnesota Comprehensive Assessments (MCA's) are part of the state's school testing system and administered to students in the spring of each year. Students in grades 3-11 take assessments in Math, Reading and Science. The following graphs show district trends for proficiency rates compared to the state of Minnesota in the areas of Reading and Math.

MCA's were not taken during the spring of 2020 due to Covid_19. In 2021, testing rates/participation was inconsistent due to the ongoing pandemic. Inconsistent rates resulted in widespread discrepancy in both scores and participation in the MCA's. As such, 2021 Shakopee Schools results in both math and reading are compared to the state average in the following charts.



REPORTING ENTITY

Independent School District No. 720, also known as Shakopee Public Schools, is an instrumentality of the State of Minnesota established to function as an educational institution. The elected School Board is responsible for policy and governance and fiscal control of Shakopee Public Schools. The School Board is responsible for the legal level of budgetary control at the fund level. The Superintendent is appointed by the Board and is responsible for administrative control of the District. The District's financial statements include all funds, departments, agencies, boards, commissions, and other component units for which the District is considered to be financially accountable. Component units are legally separate entities for which the District (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading.

There are no organizations considered to be component units of the District.

FINANCIAL STATEMENTS

The financial statements contained in this report disclose the financial position of the District as of June 30, 2021, and the financial operations for the fiscal year then ended. The District's financial records and reports are maintained and prepared on a modified or full accrual basis of accounting in accordance with the Uniform Financial Accounting and Reporting System for Minnesota School Districts as well as the standards of the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. These records are audited annually by an independent certified public accountant as required by Minnesota law. The accounting firm of BerganKDV LTD performed the audit for the 2020-21 fiscal year. Their report is included in the financial section of this report. The auditor has given an unmodified opinion on the District's financial statements. An unmodified opinion means that, in the judgment of the auditor, the financial statements present fairly, in all material respects, the financial position of the District and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

FEDERAL SINGLE AUDIT AND STATE COMPLIANCE AUDIT

The independent audit of the financial statements of the District is part of a broader, federally mandated Single Audit designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The District is also required to undergo an annual Minnesota State Legal Compliance Audit under Minnesota Statute §6.65. These reports are available in a separate document.

ACCOUNTING AND BUDGETING

A major thrust of the District's accounting system is to provide adequate internal accounting controls. These controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits likely to be derived, and that the evaluation of the cost and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the District's internal accounting controls adequately safeguard assets and provide reasonable assurance for proper recording of financial transactions.

Budgetary control is maintained through an annual budget adopted by the School Board for all funds as required by state statutes and School Board policy. The adopted budget serves as the authorizing document for all expenditures, although the School Board approves all checks issued on a monthly basis. The Superintendent and Director of Finance & Operations are authorized to make financial commitments within budgetary guidelines. Additional expenditure controls are maintained by the Business Office in accordance with state statutes, i.e., the District cannot incur a negative unassigned balance in the General Fund in excess of 2.5% of the preceding year's expenditures.

The District has established a system of internal controls that provide reasonable assurance that assets are safeguarded from misuse or losses. Encumbrances, or open purchase orders, are used as a budgetary control tool and are charged against line item budgets when issued. Specific expenditure, revenue and detail transaction reports are available online or in hard copy for individuals with budget responsibilities. The reports can be viewed and printed either in the Business Office or in the administrative office in each building or department. Ongoing budget monitoring by program managers helps to ensure budget integrity and provides an opportunity to detect material budget variances before the end of the fiscal year.

The budget is adopted by the School Board in the spring of each year for the following fiscal year beginning July 1. If needed, the budget is revised based upon enrollment changes, effects of negotiated employee contracts, or other new information impacting revenues or expenditures in the fall, winter and spring. The revised budget is presented to the School Board for approval.

SIGNIFICANT EVENTS

The District's finances are largely dependent on student enrollment; with the state basic general education formula allowance at \$6,567 per student for the 2020-21 school year. Shakopee has experienced increasing enrollment from FY11 to FY21. During that time, 936 students joined the district, an increase of 13%.

However, in the five-year period from FY17 to FY21, the District has seen a decrease in enrollment of 149 students, a decrease of just under 2%.

FINANCIAL PROSPECTS FOR FUTURE YEARS

The voters supported the district and approved a Building Bond issue of \$102.5 million and a Capital Projects referenda of \$2.5 million in 2015. The Building Bond enabled the expansion of the high school and provided security improvements around the district as well as additional outdoor facilities. The Capital Projects money is utilized to support the Shakopee School District's technology needs for teachers and staff.

As the District continues with various academic program improvements, the District will need to access additional operating referendum authority. Currently, the District has Board approved referendum authority of \$724 per student, the lowest authority of its comparable districts. As previously mentioned, Shakopee Schools is experiencing pockets of growth in the taxing district, but overall growth K-12 has slowed.

In order to maintain high quality educational programs and experiences for students, the School Board passed a referendum resolution to seek voter approval on a general fund levy on November 2, 2021. Operating referendum authority is needed to sustain the high-quality programming in the District.

Like all public school districts in Minnesota, Shakopee Schools relies on student generated revenue for funding in the general fund. The ability to project enrollment accurately is an important part of budget building. During 2020-21, the revised budget enrollment projection was 8,075 average daily membership (ADM). Actual enrollment was 8,074 ADM. Enrollment projections for the 2021-22 adopted budget are 8,065 ADM.

ECONOMIC FACTORS

The District is located in Scott County, which is part of the seven-county metro area of Minneapolis/St. Paul. Residents are typically employed in professional vocations within the metropolitan area.

The taxable market value of property within the District continues to increase. Referendum market values increased by over \$1 billion from 2016 to 2020 due to new construction and valuation increases. The communities located within the District continue to develop areas for residential and commercial expansion and growth.

In recent sessions, the State of Minnesota's general education funding has been providing an annual 2% increase, the 2021 Legislative session provided a 2.45% annual increase in the general education formula allowance. While these nominal increases are helpful, they fall far short of meeting today's educational needs and will necessitate the district enhancing local operating revenue.

INITIATIVES

In August 2014, the district prepared a strategic plan to improve academic programming and increase student achievement results. The district has been on a steady mission to align curriculum and learning experiences with the heightened expectations of a more global, interconnected, and tech-savvy world. The strategic plan articulates expectations called deliverables for district officials and for schools to accomplish over the next five years. These deliverables are the district's benchmarks of progress and a means to assure all students are college and career ready.

Voters approved a bond and technology referendum in 2015 which includes:

- Expansion of the high school to accommodate 3,200 students in grades 9-12.
- Renovation or improvement of fields and stadiums
- 1:1 devices for all students in grades 3-12 and 2:1 devices for students K-2.
- Upgrade in security in a variety of buildings

The district has committed itself to our mission of college and career readiness for all students. In 2018, the district opened the Academies of Shakopee – the newly expanded high school houses six Career Academies. Ninth grade students will enter Freshman Academy surrounded by teams of teachers and staff to support their transition to high school. At registration time, they will choose a “home” career academy for their sophomore through senior year. These small learning communities will ensure they have a smooth transition to postsecondary and beyond.

Middle schools include grades 6-8 and truly fulfill the philosophy of middle schools to meet the unique needs of adolescent students. Middle schools provide a more personalized learning approach with a team of teachers to allow students more flexibility, student driven and self-paced learning.

The technology referendum fuels district efforts to ensure our students are ready for a global and interconnected world.

All of this work requires a significant investment of time and resources for training teachers to use a more personalized, student-driven, technology-rich learning environment.

INDEPENDENT AUDIT AND CERTIFICATE OF EXCELLENCE

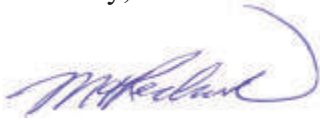
State statutes require an annual audit by independent certified public accountants. The accounting firm of BerganKDV LTD was selected by the School Board to conduct the annual audit.

This report has been prepared following the guidelines provided by the Association of School Business Officials International (ASBO) for their Certificate of Excellence in Financial Reporting Program. In 2020, the District received recognition from this program by receiving the Certificate of Excellence. Continuing to achieve recognition by this program is a goal of the District's Business Office and provides a clear indication of the District's high standards for financial reporting. The District plans to submit the 2020-2021 CAFR to the ASBO Certificate Program for consideration.

ACKNOWLEDGMENTS

The time, effort, and attention that go into the timely preparation of a CAFR require the commitment and cooperation of many people. We acknowledge the efforts of the Business Office staff in providing complete and accurate data for this Comprehensive Annual Financial Report, as well as for their dedication and to the School Board for their encouragement and leadership.

Sincerely,



Dr. Mike Redmond
Superintendent



Bill Menozzi
Director of Finance and Operations

**Independent School District No. 720
Certificate of Excellence in Financial Reporting**



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Shakopee Public School District

**for its Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2020.**

The district report meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, reading 'W. Edward Chabal'.

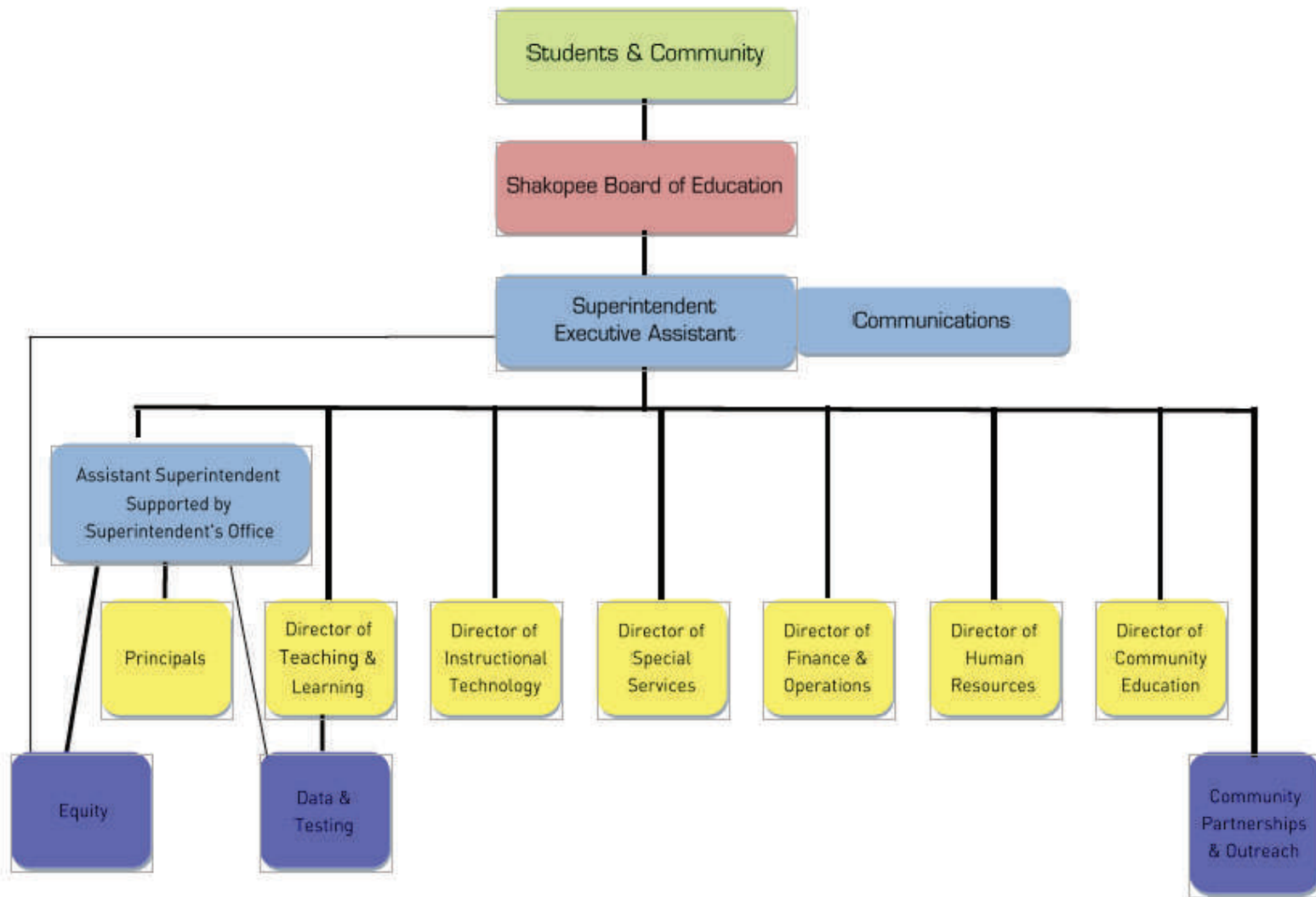
W. Edward Chabal
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
Executive Director

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Independent School District No. 720
Organizational Chart
As of June 30, 2021



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Independent Auditor's Report

To the School Board
Independent School District No. 720
Shakopee, Minnesota

Report on the Basic Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 720, Shakopee, Minnesota, as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise the District's financial statements as listed in the Table of Contents.

Management's Responsibility for the Basic Financial Statements

The management of Independent School District No. 720 is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the basic financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 720, Shakopee, Minnesota, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and the Required Supplementary Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), 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

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the District's basic financial statements. The Introductory and Statistical sections of this report and the accompanying supplementary information identified in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information identified in the Table of Contents is the responsibility of management and was derived from and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Matters (Continued)

Other Information (Continued)

The Introductory and Statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

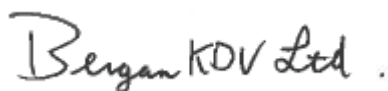
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

The basic financial statements include partial year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's basic financial statements for the year ended June 30, 2020, from which such partial information was derived.

We also have previously audited the District's 2020 basic financial statements and our report, dated November 16, 2020, expressed unmodified opinions on the respective basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited basic financial statements from which it has been derived.



Minneapolis, Minnesota
November 9, 2021

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Independent School District No. 720
Management's Discussion and Analysis
June 30, 2021

This section of Independent School District No. 720's (the "District") annual financial report presents Management's Discussion and Analysis (MD&A) of the District's financial performance during the fiscal year ended June 30, 2021. Please read it in conjunction with the other components of the District's annual financial report.

Overview of the Financial Statements

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

- Independent Auditor's Report,
- Management's Discussion and Analysis,
- Basic financial statements, including the government-wide financial statements, fund financial statements, and notes to financial statements,
- Required supplementary information, and
- Combining and individual fund statements and schedules.

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

Government-Wide Statements

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

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

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

In the government-wide financial statements, the District's activities are all shown in one category titled "governmental activities." These activities, including regular and special education, transportation, administration, food services, and community education, are primarily financed with state aids and property taxes.

Independent School District No. 720
Management's Discussion and Analysis
June 30, 2021

Overview of the Financial Statements (Continued)

Fund Financial Statements

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

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

For Minnesota schools, funds are established in the Uniform Financial Accounting and Reporting System (UFARS) in accordance with statutory requirements and accounting principles generally accepted in the United States of America.

The District maintains the following three kinds of funds:

Governmental Funds – The District's basic services are included in governmental funds, which generally focus on: 1) how cash and other financial assets that can readily be converted to cash flow in and out and 2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or less financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information (reconciliation schedules) immediately following the governmental fund statements that explain the relationship (or differences) between these two types of financial statement presentations.

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

Proprietary Funds – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements. The District uses internal service funds to report activities that provide supplies and services for its other programs and activities. The District currently has two internal service funds; the Self-Insured Dental Fund and Self-Insured Medical Fund.

Independent School District No. 720
Management's Discussion and Analysis
June 30, 2021

Financial Analysis of the District as A Whole

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

Table 1
Summary Statement of Net Position
as of June 30, 2021 and 2020

	2021	2020
Assets and Deferred Outflows		
Current and other assets	\$ 153,354,933	\$ 69,374,107
Capital assets, net of depreciation	257,285,857	248,473,232
Total assets	<u>410,640,790</u>	<u>317,847,339</u>
Deferred outflows of resources	<u>31,655,311</u>	<u>53,536,440</u>
Total assets and deferred outflows of resources	<u><u>\$ 442,296,101</u></u>	<u><u>\$ 371,383,779</u></u>
Liabilities and Deferred Inflows		
Current and other liabilities	\$ 17,879,061	\$ 17,730,465
Long-term liabilities, including due within one year	335,555,758	250,615,460
Total liabilities	<u>353,434,819</u>	<u>268,345,925</u>
Deferred inflows of resources	<u>97,204,334</u>	<u>125,528,687</u>
Net Position		
Net investment in capital assets	\$ 82,755,741	\$ 67,663,806
Restricted	10,079,420	7,194,893
Unrestricted	(101,178,213)	(97,349,532)
Total net position	<u>(8,343,052)</u>	<u>(22,490,833)</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 442,296,101</u></u>	<u><u>\$ 371,383,779</u></u>

The District's financial position is the product of many factors. For example, the determination of the District's investment in capital assets, net of related debt involves many assumptions and estimates, such as current and accumulated depreciation amounts. A conservative versus liberal approach to depreciation estimates, as well as capitalization policies, will produce a significant difference in the calculated amounts.

The financial position of the District improved this year as measured by total net position. For the year ended June 30, 2021, total net position increased by \$14,147,781. Net investment in capital assets increased by \$15,091,935 and unrestricted decreased by \$3,828,681.

Independent School District No. 720
Management's Discussion and Analysis
June 30, 2021

Financial Analysis of the District as A Whole (Continued)

Table 2 is a summarized view of the District's Statement of Activities:

Table 2
Summary Statement of Activities
for the Years Ended June 30, 2021 and 2020

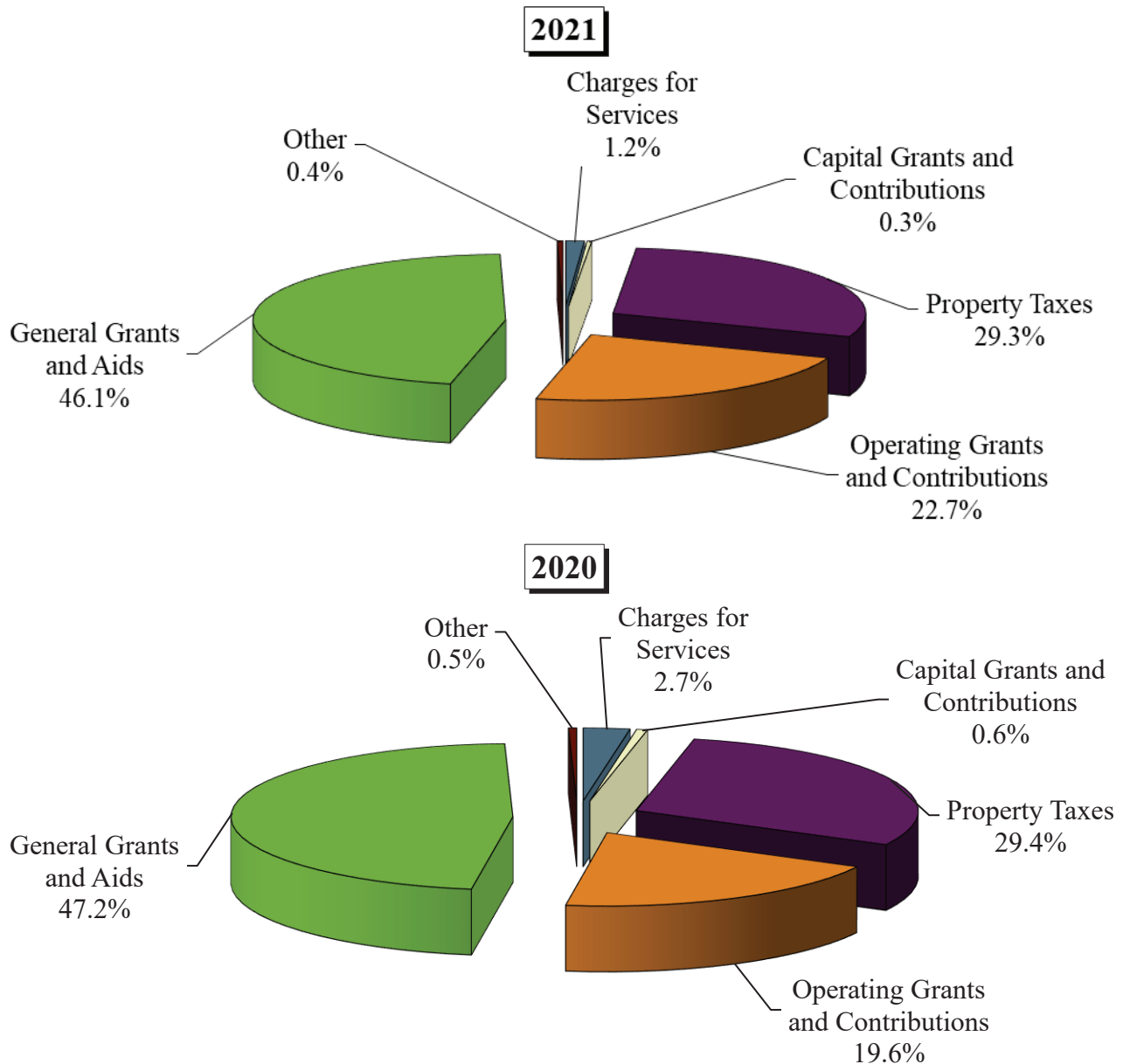
	2021	2020
Revenues		
Program revenues		
Charges for services	\$ 1,587,904	\$ 3,482,707
Operating grants and contributions	30,503,605	25,548,851
Capital grants and contributions	396,516	807,794
General revenues		
Property taxes	39,476,955	38,339,603
General grants and aids	62,073,034	61,464,606
Other	488,308	612,095
Total revenues	<u>134,526,322</u>	<u>130,255,656</u>
Expenses		
Administration	5,720,333	5,843,792
District support services	2,640,387	2,599,179
Elementary and secondary regular instruction	50,659,122	49,786,185
Vocational education instruction	1,031,568	1,000,405
Special education instruction	20,660,274	20,164,692
Instructional support services	7,628,921	9,380,581
Pupil support services	8,576,605	8,882,170
Sites and buildings	6,935,247	4,347,902
Fiscal and other fixed cost programs	174,026	353,795
Food service	3,397,836	4,261,487
Community service	2,815,962	2,993,523
Depreciation not allocated to other functions	3,509,260	5,803,460
Interest and fiscal charges	6,629,000	5,252,402
Total expenses	<u>120,378,541</u>	<u>120,669,573</u>
Change in net position	14,147,781	9,586,083
Net position - beginning, as restated	<u>(22,490,833)</u>	<u>(32,076,916)</u>
Net position - ending	<u>\$ (8,343,052)</u>	<u>\$ (22,490,833)</u>

The table summarizes all of the governmental activities of the District and is presented on the accrual basis of accounting. Program revenues are allocated to specific programs and general revenues are shown separately and not allocated. Depreciation expense is included in expenses, but capital asset purchase costs, debt proceeds, and the repayment of debt principal are excluded.

**Independent School District No. 720
Management's Discussion and Analysis
June 30, 2021**

Financial Analysis of the District as A Whole (Continued)

Figure A – Sources of Revenue for Fiscal Years 2021 and 2020



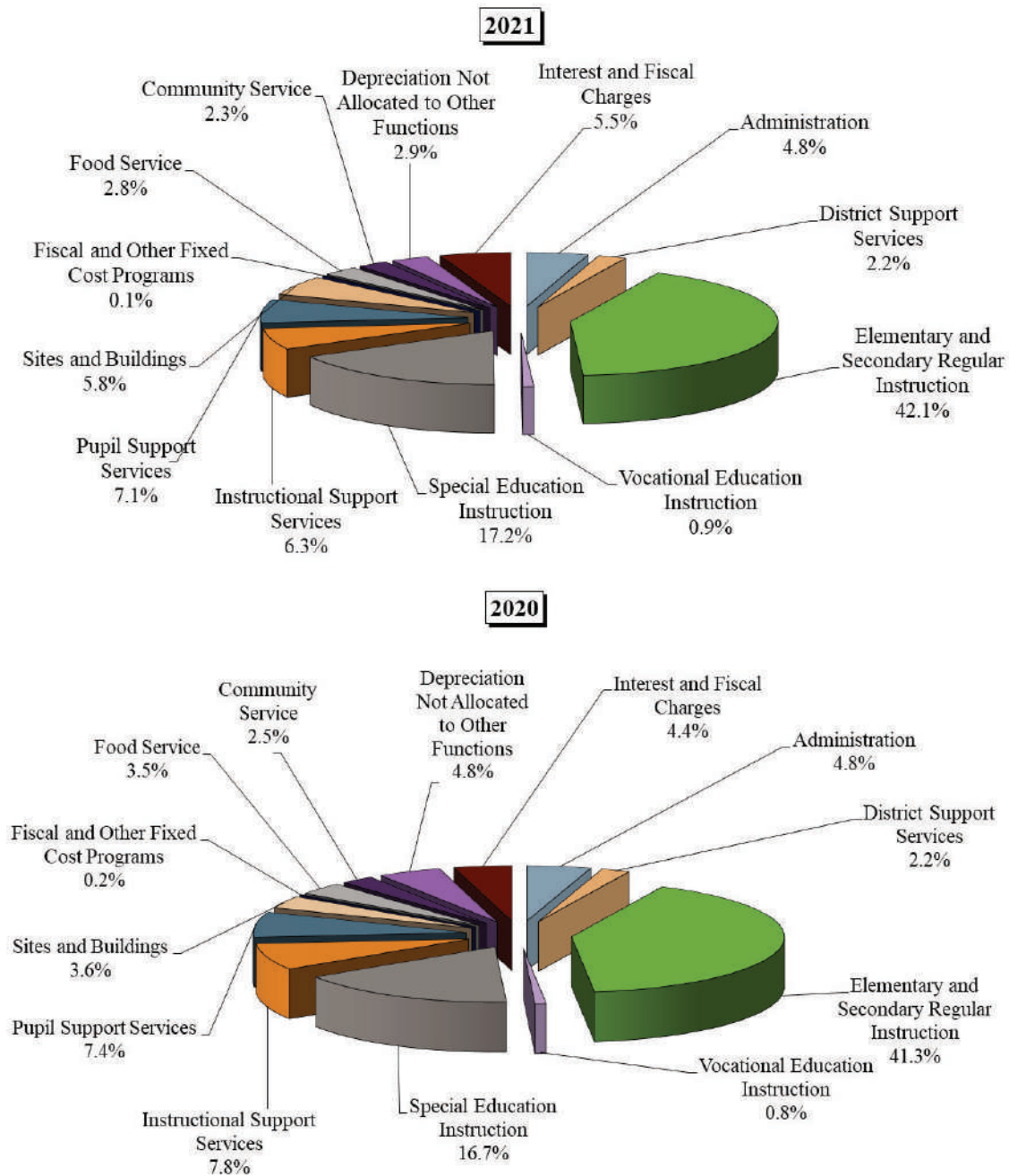
The largest share of the District's revenue is received from the state, which includes General Education Aid and most of the operating grants. Consequently, the District's funding depends significantly on the state's financial fluctuations.

Property taxes are generally the next largest source of funding. The level of property tax revenue is largely dependent on taxpayers of the District by way of operating and building referenda.

**Independent School District No. 720
Management's Discussion and Analysis
June 30, 2021**

Financial Analysis of the District as A Whole (Continued)

Figure B – Expenses for Fiscal Years 2021 and 2020



The District's expenses are predominately related to educating students. The majority of the District's expenses were in categories directly related to providing instruction, which includes: elementary and secondary regular instruction, vocational education instruction, special education instruction, and instructional support services.

**Independent School District No. 720
Management's Discussion and Analysis
June 30, 2021**

Financial Analysis of the District's Funds

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

**Table 3
Governmental Fund Balances
As of June 30, 2021 and 2020**

	2021	2020	Increase (Decrease)
Governmental Funds			
Major funds			
General	\$ 10,893,068	\$ 8,478,517	\$ 2,414,551
Capital projects – building construction	10,896,629	1,428,258	9,468,371
Debt service	80,568,831	4,478,006	76,090,825
Nonmajor funds			
Special revenue funds			
Food service	494,312	512,576	(18,264)
Community service	216,573	252,523	(35,950)
Total governmental funds	<u>\$ 103,069,413</u>	<u>\$ 15,149,880</u>	<u>\$ 87,919,533</u>

Analysis of the General Fund

The District is required to adopt an operating budget prior to the beginning of its fiscal year, referred to as the original budget. During the year, the District may change the budget for known significant changes in circumstances, such as updated enrollment, legislative changes, additional funding received from grants or other local sources, staffing changes, employee contract settlements, health insurance premium increases, special education tuition changes or utility rate changes. During the year, the District reviewed operating results and amended the original budget.

**Independent School District No. 720
Management's Discussion and Analysis
June 30, 2021**

Analysis of the General Fund (Continued)

Table 4 summarizes the operating results of the General Fund:

**Table 4
General Fund Operating Results**

	2021 Actual	Over (Under) Final Budget		Over (Under) Prior Year	
		Amount	Percent	Amount	Percent
Revenue and other financing sources	\$ 103,466,350	\$ 1,043,847	1.0%	\$ 1,670,732	1.6%
Expenditures	<u>101,051,799</u>	(3,097,374)	(3.1%)	2,354,431	2.4%
Net change in fund balances	<u>\$ 2,414,551</u>				

Actual expenditures were under budget largely due to conservative budgeting in the general fund to account for possible contingencies. Additionally, expenses were lower than budget in several areas as a continued result of operations during the COVID-19 pandemic.

Analysis of Remaining Major Funds

The District's activity in the Capital Projects – Building Construction Fund is related to projects financed with general obligation (G.O.) building bonds. Voters approved a \$102.5 million building project in the spring of 2015. The money for the project was received in fiscal year 2016. A majority of the money was spent in fiscal years 2017 and 2018. The main component of the project increased the size of the current high school by over 300,000 square feet. The District also used the Capital Projects fund to improve security at several locations, make improvements at some outdoor facilities, and address energy efficiency and deferred maintenance projects in accordance with the facilities task force recommendations on long term facilities maintenance (LTFM). In November 2020, the District issued the 2020C G.O. Facilities Maintenance Bonds for \$24,068,822 to fund additional building maintenance projects.

Activity of the Debt Service Fund is largely controlled in accordance with each outstanding debt issue's amortization plan. In 2021, The District issued bonds to refund future maturities of the 2012A G.O. School Building Crossover Refunding Bonds, 2013A G.O. School Building Crossover Refunding Bonds, 2015A G.O. School Building Bonds, and the 2015B G.O. School Building Bonds. The 2020D G.O. School Building Refunding Bonds for \$14,860,000 were issued in November 2020 and the 2021A Taxable G.O. School Building Refunding Bonds for \$76,470,000 were issued in March 2021. The Debt Service Fund has approximately \$80.6 million of year-end fund balance to help finance future debt obligations.

Independent School District No. 720
Management's Discussion and Analysis
June 30, 2021

Capital Assets and Long-Term Liabilities

Capital Assets

Table 5 shows the District's capital assets, together with changes from the previous year. The table also shows the total depreciation expense for fiscal years ending June 30, 2021 and 2020:

Table 5
Capital Assets

	2021	2020	Increase (Decrease)
Land	\$ 13,475,173	\$ 13,475,173	\$ -
Construction in progress	34,005,959	19,457,829	14,548,130
Capital assets, net of accumulated depreciation			
Site improvements	8,239,653	8,489,471	(249,818)
Buildings	193,326,903	198,805,583	(5,478,680)
Furniture and equipment	8,238,169	8,245,176	(7,007)
Total	<u>\$ 257,285,857</u>	<u>\$ 248,473,232</u>	<u>\$ 8,812,625</u>
Accumulated depreciation	<u>\$ (99,161,926)</u>	<u>\$ (91,064,988)</u>	<u>\$ (8,096,938)</u>
Depreciation expense	<u>\$ 8,096,938</u>	<u>\$ 10,845,759</u>	<u>\$ (2,748,821)</u>

**Independent School District No. 720
Management's Discussion and Analysis
June 30, 2021**

Capital Assets and Long-Term Liabilities (Continued)

Long-Term Liabilities

Table 6 illustrates the components of the District's long-term liabilities, together with the change from the prior year:

**Table 6
Outstanding Long-Term Liabilities**

	2021	2020	Increase (Decrease)
G.O. Bonds payable, net of premium	\$ 247,435,121	\$ 169,481,564	\$ 77,953,557
Certificates of participation payable, net of premium	9,220,601	9,855,653	(635,052)
Capital leases payable	3,397,078	3,514,599	(117,521)
Compensated absences payable	446,388	479,570	(33,182)
Total	<u>\$ 260,499,188</u>	<u>\$ 183,331,386</u>	<u>\$ 77,167,802</u>

Scheduled payments resulted in the decrease of the Certificates of Participation payable. The District is leasing MacBooks and iPads from Apple as part of a district-wide technology initiative and entered into new lease agreements during the current year.

**Independent School District No. 720
Management's Discussion and Analysis
June 30, 2021**

Capital Assets and Long-Term Liabilities (Continued)

Long-Term Liabilities (Continued)

The state limits the amount of G.O. debt the District can issue to 15% of the market value of all taxable property within the District's corporate limits. (See Table 7.)

**Table 7
Limitations on Debt**

District's market value	\$6,182,812,000
Limit rate	<u>15.0%</u>
Legal debt limit	<u><u>\$ 927,421,800</u></u>

Additional details of the District's capital assets and long-term debt activity can be found in the Notes to the Financial Statements.

Factors Bearing on the District's Future

The general education program is the method by which school districts receive the majority of their financial support. This source of funding is primarily state aid and, as such, school districts rely heavily on the State of Minnesota for educational resources. The basic general education formula amount for all Minnesota school districts increased 2% to \$6,567 in 2021. An improving economy has reduced some of the challenges in funding education for Minnesota schools in recent years.

Shakopee Public Schools will need to continue to look at possible ways to increase other non-state revenue and continue to identify efficiencies to control expenses for fiscal year 2021-22 and beyond. The District utilizes a financial planning model that incorporates anticipated revenue and expenditure increases to more closely monitor the finances of the District on a long-range basis. The model is intended to show the total amount of reductions necessary for the District to adhere to its fund balance policy, while striving to maintain its commitment to academic excellence and educational opportunity for students.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. More detailed information can be found in the other sections of this financial report. If you have questions about this report or need additional financial information, contact the Business Office, Independent School District No. 720, 1200 Shakopee Town Square, Shakopee, Minnesota 55379.

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BASIC FINANCIAL STATEMENTS

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Independent School District No. 720
Statement of Net Position
June 30, 2021
(with Comparative Totals as of June 30, 2020)

	Governmental Activities	
	2021	2020
Assets		
Cash and investments	\$ 125,348,510	\$ 39,608,160
Current property taxes receivable	16,795,983	20,020,961
Delinquent property taxes receivable	135,057	87,372
Accounts receivable	19,601	911
Due from Department of Education	8,373,745	7,998,893
Due from Federal Government through Department of Education	1,588,707	1,223,625
Due from Federal Government	-	38,178
Due from other Minnesota school districts	16,740	133,820
Due from other governmental units	9	181,333
Inventory	65,125	54,038
Prepaid items	1,011,456	26,816
Capital assets not being depreciated		
Land	13,475,173	13,475,173
Construction in progress	34,005,959	19,457,829
Capital assets, net of accumulated depreciation		
Site improvements	8,239,653	8,489,471
Buildings	193,326,903	198,805,583
Furniture and equipment	8,238,169	8,245,176
Total assets	<u>410,640,790</u>	<u>317,847,339</u>
Deferred Outflows of Resources		
Deferred outflows of resources related to pensions	31,308,183	53,145,920
Deferred outflows of resources related to OPEB	347,128	390,520
Total deferred outflows of resources	<u>31,655,311</u>	<u>53,536,440</u>
Total assets and deferred outflows of resources	<u>\$ 442,296,101</u>	<u>\$ 371,383,779</u>
Liabilities		
Accounts payable	\$ 1,855,672	\$ 1,857,503
Contracts payable	4,619,980	4,945,945
Salaries and benefits payable	7,471,876	7,494,888
Interest payable	3,078,705	2,763,500
Due to other Minnesota school districts	427,698	298,557
Due to other governmental units	60,320	137,509
Unearned revenue	364,810	232,563
Bonds payable, net		
Payable within one year	13,150,000	18,915,000
Payable after one year	234,285,121	150,566,564
Certificates of participation payable, net		
Payable within one year	655,000	625,000
Payable after one year	8,565,601	9,230,653
Capital lease payable		
Payable within one year	1,439,248	1,545,957
Payable after one year	1,957,830	1,968,642
Compensated absences payable		
Payable within one year	446,388	479,570
Net other post employment benefit (OPEB) liability	5,664,736	6,207,766
Net pension liability	69,391,834	61,076,308
Total liabilities	<u>353,434,819</u>	<u>268,345,925</u>
Deferred Inflows of Resources		
Property taxes levied for subsequent year's expenditures	33,773,064	38,435,117
Deferred amount on refunding	1,912,387	347,619
Deferred inflows of resources related to pensions	57,599,300	83,429,788
Deferred inflows of resources related to OPEB	3,919,583	3,316,163
Total deferred inflows of resources	<u>97,204,334</u>	<u>125,528,687</u>
Net Position		
Net investment in capital assets	82,755,741	67,663,806
Restricted		
Debt service	1,031,328	1,771,718
Food service	494,312	508,426
Community service	358,360	416,162
Other purposes	8,195,420	4,498,587
Unrestricted	(101,178,213)	(97,349,532)
Total net position	<u>(8,343,052)</u>	<u>(22,490,833)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 442,296,101</u>	<u>\$ 371,383,779</u>

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Independent School District No. 720
Statement of Activities
Year Ended June 30, 2021
(with Comparative Totals for the Year Ended June 30, 2020)

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expense) and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
					2021	2020
Governmental activities						
Administration	\$ 5,720,333	\$ -	\$ 601,166	\$ -	\$ (5,119,167)	\$ (5,840,634)
District support services	2,640,387	30,696	22,624	-	(2,587,067)	(1,486,107)
Elementary and secondary regular instruction	50,659,122	331,052	9,049,929	-	(41,278,141)	(40,764,840)
Vocational education instruction	1,031,568	136	24,968	-	(1,006,464)	(954,651)
Special education instruction	20,660,274	-	13,179,127	-	(7,481,147)	(9,179,896)
Instructional support services	7,628,921	92,810	2,268,728	-	(5,267,383)	(8,021,894)
Pupil support services	8,576,605	58,403	647,401	-	(7,870,801)	(8,560,796)
Sites and buildings	6,935,247	2,300	400,000	396,516	(6,136,431)	(3,476,001)
Fiscal and other fixed cost programs	174,026	-	-	-	(174,026)	(353,795)
Food service	3,397,836	87,173	3,281,783	-	(28,880)	(186,527)
Community education and services	2,815,962	985,334	1,027,879	-	(802,749)	(949,218)
Depreciation not allocated to other functions	3,509,260	-	-	-	(3,509,260)	(5,803,460)
Interest and fiscal charges on long-term debt	6,629,000	-	-	-	(6,629,000)	(5,252,402)
Total governmental activities	\$ 120,378,541	\$ 1,587,904	\$ 30,503,605	\$ 396,516	(87,890,516)	(90,830,221)
General revenues						
Taxes						
Property taxes, levied for general purposes					14,911,733	15,441,415
Property taxes, levied for community service					617,670	601,809
Property taxes, levied for debt service					23,947,552	22,296,379
State aid-formula grants					62,073,034	61,464,606
Other general revenues					46,576	40,382
Investment income					27,838	368,966
Gain on sale of capital assets					413,894	202,747
Total general revenues					102,038,297	100,416,304
Change in net position					14,147,781	9,586,083
Net position - beginning, as previously stated					(22,490,833)	(32,621,008)
Change in accounting principle (Note 9)					-	544,092
Net position - beginning, as restated					(22,490,833)	(32,076,916)
Net position - ending					<u>\$ (8,343,052)</u>	<u>\$ (22,490,833)</u>

See notes to basic financial statements.

Independent School District No. 720
Balance Sheet - Governmental Funds
June 30, 2021
(with Comparative Totals as of June 30, 2020)

	General	Debt Service	Capital Projects	Nonmajor Funds
Assets				
Cash and investments	\$ 16,242,278	\$ 90,193,169	\$ 15,361,125	\$ 1,165,236
Current property taxes receivable	7,407,996	9,094,864	-	293,123
Delinquent property taxes receivable	53,267	79,644	-	2,146
Accounts receivable	3,235	-	-	16,366
Due from Department of Education	8,046,315	235,061	-	92,369
Due from Federal Government through Department of Education	1,320,953	-	-	267,754
Due from Federal Government	-	-	-	-
Due from other Minnesota school districts	16,662	-	-	78
Due from other governmental units	9	-	-	-
Inventory	-	-	-	65,125
Prepaid items	1,011,456	-	-	-
Total assets	<u>\$ 34,102,171</u>	<u>\$ 99,602,738</u>	<u>\$ 15,361,125</u>	<u>\$ 1,902,197</u>
Liabilities				
Accounts payable	\$ 937,865	\$ -	\$ 22,701	\$ 87,028
Contracts payable	178,185	-	4,441,795	-
Salaries and benefits payable	7,251,375	-	-	218,920
Due to other Minnesota school districts	427,698	-	-	-
Due to other governmental units	60,320	-	-	-
Unearned revenue	97,497	-	-	267,313
Total liabilities	<u>8,952,940</u>	<u>-</u>	<u>4,464,496</u>	<u>573,261</u>
Deferred Inflows of Resources				
Property taxes levied for subsequent year's expenditures	14,202,896	18,954,263	-	615,905
Unavailable revenue - delinquent property taxes	53,267	79,644	-	2,146
Total deferred inflows of resources	<u>14,256,163</u>	<u>19,033,907</u>	<u>-</u>	<u>618,051</u>
Fund Balances				
Nonspendable	1,011,456	-	-	65,125
Restricted	8,195,420	80,568,831	10,896,629	785,401
Assigned	235,383	-	-	-
Unassigned	1,450,809	-	-	(139,641)
Total fund balances	<u>10,893,068</u>	<u>80,568,831</u>	<u>10,896,629</u>	<u>710,885</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 34,102,171</u>	<u>\$ 99,602,738</u>	<u>\$ 15,361,125</u>	<u>\$ 1,902,197</u>

Total Governmental Funds	
2021	2020
\$ 122,961,808	\$ 38,183,176
16,795,983	20,020,961
135,057	87,372
19,601	911
8,373,745	7,998,893
1,588,707	1,223,625
-	38,178
16,740	133,820
9	181,333
65,125	54,038
1,011,456	26,816
<u>\$ 150,968,231</u>	<u>\$ 67,949,123</u>
\$ 1,047,594	\$ 1,167,292
4,619,980	4,945,945
7,470,295	7,494,888
427,698	298,557
60,320	137,509
364,810	232,563
<u>13,990,697</u>	<u>14,276,754</u>
33,773,064	38,435,117
135,057	87,372
<u>33,908,121</u>	<u>38,522,489</u>
1,076,581	80,854
100,446,281	12,262,107
235,383	210,065
1,311,168	2,596,854
<u>103,069,413</u>	<u>15,149,880</u>
<u>\$ 150,968,231</u>	<u>\$ 67,949,123</u>

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Independent School District No. 720
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
June 30, 2021
(with Comparative Totals as of June 30, 2020)

	2021	2020
Total fund balances - governmental funds	\$ 103,069,413	\$ 15,149,880
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.		
Cost of capital assets	356,447,783	339,538,220
Less accumulated depreciation	(99,161,926)	(91,064,988)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term liabilities at year-end consist of:		
Bond principal payable	(234,938,009)	(155,385,000)
Certificates of participation payable	(9,105,000)	(9,730,000)
Premium on bonds and certificates of participation payable	(12,612,713)	(14,222,217)
Deferred amount on refunding	(1,912,387)	(347,619)
Capital lease payable	(3,397,078)	(3,514,599)
Compensated absences payable	(446,388)	(479,570)
Net OPEB liability	(5,664,736)	(6,207,766)
Net pension liability	(69,391,834)	(61,076,308)
Deferred outflows of resources and deferred inflows of resources are created as a result of differences related to pensions and OPEB that are not recognized in the governmental funds.		
Deferred outflows of resources related to pensions	31,308,183	53,145,920
Deferred inflows of resources related to pensions	(57,599,300)	(83,429,788)
Deferred outflows of resources related to OPEB	347,128	390,520
Deferred inflows of resources related to OPEB	(3,919,583)	(3,316,163)
Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	135,057	87,372
The self-insured Health and Dental Internal Service Funds are used by management to charge the costs of the self-insured plans. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position and interfund activity is removed.	1,577,043	734,773
Governmental funds do not report a liability for accrued interest on bonds and certificates of participation until due and payable.	(3,078,705)	(2,763,500)
Total net position - governmental activities	<u>\$ (8,343,052)</u>	<u>\$ (22,490,833)</u>

Independent School District No. 720
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2021
(with Comparative Totals for the Year Ended June 30, 2020)

	General	Debt Service	Capital Projects	Nonmajor Funds
Revenues				
Local property taxes	\$ 14,886,386	\$ 23,925,120	\$ -	\$ 617,764
Other local and county revenues	1,183,957	4,401	16,682	990,384
Revenue from state sources	80,282,650	2,350,601	-	930,310
Revenue from federal sources	5,167,821	-	-	3,374,673
Sales and other conversion of assets	103,206	-	-	87,173
Total revenues	<u>101,624,020</u>	<u>26,280,122</u>	<u>16,682</u>	<u>6,000,304</u>
Expenditures				
Current				
Administration	5,701,132	-	-	-
District support services	2,680,469	-	-	-
Elementary and secondary regular instruction	44,166,870	-	-	-
Vocational education instruction	929,024	-	-	-
Special education instruction	19,869,550	-	-	-
Instructional support services	7,507,241	-	-	-
Pupil support services	8,419,183	-	-	-
Sites and buildings	6,140,042	-	-	-
Fiscal and other fixed cost programs	174,026	-	-	-
Food service	-	-	-	3,346,695
Community education and services	-	-	-	2,660,404
Capital outlay				
Administration	64,059	-	-	-
District support services	6,949	-	-	-
Elementary and secondary regular instruction	312,802	-	-	-
Vocational education instruction	3,353	-	-	-
Special education instruction	6,473	-	-	-
Instructional support services	1,550,858	-	-	-
Pupil support services	167	-	-	-
Sites and buildings	905,818	-	14,374,912	-
Food service	-	-	-	40,676
Community education and services	-	-	-	6,743
Debt service				
Principal	2,170,957	19,374,255	-	-
Interest and fiscal charges	442,826	7,418,428	242,221	-
Total expenditures	<u>101,051,799</u>	<u>26,792,683</u>	<u>14,617,133</u>	<u>6,054,518</u>
Excess of revenues over (under) expenditures	572,221	(512,561)	(14,600,451)	(54,214)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	413,894	-	-	-
Bond issuance	-	91,330,000	24,068,822	-
Bond premium	-	1,813,386	-	-
Issuance of capital leases	1,428,436	-	-	-
Payment of refunded bonds	-	(16,540,000)	-	-
Total other financing sources (uses)	<u>1,842,330</u>	<u>76,603,386</u>	<u>24,068,822</u>	<u>-</u>
Net change in fund balances	2,414,551	76,090,825	9,468,371	(54,214)
Fund Balances				
Beginning of year, as previously stated	8,478,517	4,478,006	1,428,258	765,099
Change in accounting principle	-	-	-	-
Beginning of year, as restated	<u>8,478,517</u>	<u>4,478,006</u>	<u>1,428,258</u>	<u>765,099</u>
End of year	<u>\$ 10,893,068</u>	<u>\$ 80,568,831</u>	<u>\$ 10,896,629</u>	<u>\$ 710,885</u>

Total Governmental Funds	
2021	2020
\$ 39,429,270	\$ 38,337,767
2,195,424	3,419,569
83,563,561	81,943,845
8,542,494	4,362,307
190,379	1,950,047
<u>133,921,128</u>	<u>130,013,535</u>
5,701,132	5,240,795
2,680,469	2,512,734
44,166,870	42,509,914
929,024	914,384
19,869,550	19,003,712
7,507,241	8,060,941
8,419,183	8,688,459
6,140,042	5,981,313
174,026	353,795
3,346,695	4,187,792
2,660,404	2,764,912
64,059	85,177
6,949	31,365
312,802	172,557
3,353	7,514
6,473	15,777
1,550,858	2,447,675
167	73
15,280,730	18,602,805
40,676	144,041
6,743	4,295
21,545,212	18,492,943
8,103,475	7,261,294
<u>148,516,133</u>	<u>147,484,267</u>
(14,595,005)	(17,470,732)
413,894	1,266,100
115,398,822	16,325,000
1,813,386	1,905,067
1,428,436	1,362,995
(16,540,000)	-
<u>102,514,538</u>	<u>20,859,162</u>
87,919,533	3,388,430
15,149,880	11,217,358
-	544,092
<u>15,149,880</u>	<u>11,761,450</u>
<u>\$ 103,069,413</u>	<u>\$ 15,149,880</u>

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Independent School District No. 720
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to
the Statement of Activities - Governmental Funds
Year Ended June 30, 2021
(with Comparative Totals for the Year Ended June 30, 2020)

	2021	2020
Net change in fund balances - total governmental funds	\$ 87,919,533	\$ 3,388,430
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.		
Capital outlays	16,909,563	22,996,702
Depreciation expense	(8,096,938)	(10,845,759)
Book value of disposed capital assets	-	(1,172,915)
Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	33,182	(99,401)
Governmental funds recognize OPEB contributions as expenditures at the time of payment whereas the Statement of Activities recognizes when the expenses are incurred.	(103,782)	(442,680)
Principal payments on long-term debt are recognized as expenditures or other financing uses in the governmental funds but has no impact on net position in the Statement of Activities.	38,085,212	18,492,943
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	(315,205)	119,926
The accreted value of capital appreciation bonds is reported in the statement of net position but does not require the use of current financial resources.	(68,442)	-
Governmental funds report the effect of bond premiums when the debt is first issued as an other financing source, whereas these amounts are deferred and amortized in the Statement of Activities. Deferred amounts on refundings do not effect current financial resources.	44,736	(16,101)
Issuance of bonds and leases are recognized as other financing sources in the governmental funds increasing fund balance but having no effect on net position in the Statement of Activities.	(116,827,258)	(17,687,995)
Governmental funds recognize pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.		
Pension expense	(4,322,775)	(6,382,472)
The self-insured Health and Dental Internal Service Funds are used by management to charge the costs of the self-insured plans. The increase in net position is reported within the governmental activities in the Statement of Activities	842,270	1,233,569
Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	47,685	1,836
Change in net position - governmental activities	<u>\$ 14,147,781</u>	<u>\$ 9,586,083</u>

Independent School District No. 720
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended June 30, 2021
(with Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021		
	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues			
Local property taxes	\$ 13,737,213	\$ 15,280,151	\$ 14,886,386
Other local and county revenues	2,227,118	1,704,618	1,183,957
Revenue from state sources	81,105,634	79,124,191	80,282,650
Revenue from federal sources	2,500,000	5,062,504	5,167,821
Sales and other conversion of assets	156,039	156,039	103,206
Total revenues	99,726,004	101,327,503	101,624,020
Expenditures			
Current			
Administration	5,662,057	5,724,443	5,701,132
District support services	2,529,205	2,797,169	2,680,469
Elementary and secondary regular instruction	46,280,537	45,021,077	44,166,870
Vocational education instruction	1,033,119	1,043,845	929,024
Special education instruction	19,529,884	19,821,250	19,869,550
Instructional support services	8,481,455	9,132,645	7,507,241
Pupil support services	8,620,189	9,138,058	8,419,183
Sites and buildings	5,837,125	6,225,560	6,140,042
Fiscal and other fixed cost programs	193,800	233,500	174,026
Capital outlay			
Administration	64,190	64,190	64,059
District support services	4,590	4,590	6,949
Elementary and secondary regular instruction	260,572	260,572	312,802
Vocational education instruction	1,530	1,530	3,353
Special education instruction	1,530	1,530	6,473
Instructional support services	2,059,525	1,972,965	1,550,858
Pupil support services	-	-	167
Sites and buildings	63,420	63,420	905,818
Debt service			
Principal	1,759,652	2,205,714	2,170,957
Interest and fiscal charges	480,894	437,115	442,826
Total expenditures	102,863,274	104,149,173	101,051,799
Excess of revenues over (under) expenditures	(3,137,270)	(2,821,670)	572,221
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	75,000	75,000	413,894
Issuance of capital leases	1,020,000	1,020,000	1,428,436
Transfers out	(500,000)	-	-
Total other financing sources (uses)	595,000	1,095,000	1,842,330
Net change in fund balance	\$ (2,542,270)	\$ (1,726,670)	2,414,551
Fund Balance			
Beginning of year, as previously stated			8,478,517
Change in accounting principle			-
Beginning of year, as restated			8,478,517
End of year			\$ 10,893,068

See notes to basic financial statements.

2021	2020
Variance with Final Budget - Over (Under)	Actual Amounts
\$ (393,765)	\$ 15,449,305
(520,661)	2,063,169
1,158,459	79,187,028
105,317	2,268,115
(52,833)	198,906
<u>296,517</u>	<u>99,166,523</u>

(23,311)	5,240,795
(116,700)	2,512,734
(854,207)	42,509,914
(114,821)	914,384
48,300	19,003,712
(1,625,404)	8,060,941
(718,875)	8,688,459
(85,518)	5,770,721
(59,474)	353,795

(131)	85,177
2,359	31,365
52,230	172,557
1,823	7,514
4,943	15,777
(422,107)	2,447,675
167	73
842,398	189,263

(34,757)	2,237,943
5,711	454,569
<u>(3,097,374)</u>	<u>98,697,368</u>

3,393,891	469,155
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338,894	1,266,100
408,436	1,362,995

-	-
<u>747,330</u>	<u>2,629,095</u>

<u>\$ 4,141,221</u>	3,098,250
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4,836,175
544,092
<u>5,380,267</u>
<u>\$ 8,478,517</u>

Independent School District No. 720
Statement of Net Position - Proprietary Funds
As of June 30, 2021

	Governmental Activities - Internal Service Funds
Assets	
Current	
Cash and cash equivalents	<u>\$ 2,386,702</u>
Liabilities	
Current	
Incurred but not reported claims	\$ 808,078
Salaries and benefits payable	<u>1,581</u>
Total liabilities	<u>809,659</u>
Net Position	
Unrestricted	<u>1,577,043</u>
Total liabilities and net position	<u>\$ 2,386,702</u>

Independent School District No. 720
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended June 30, 2021

	Governmental Activities - Internal Service Funds
Operating Revenue	
Charges for services	<u>\$ 10,051,625</u>
Operating Expenses	
Insurance	9,151,593
Salaries	52,872
Benefits	<u>5,059</u>
Total operating expenses	<u>9,209,524</u>
Operating income	842,101
Nonoperating Revenue	
Investment income	<u>169</u>
Change in net position	842,270
Net Position	
Beginning of year	<u>734,773</u>
End of year	<u><u>\$ 1,577,043</u></u>

Independent School District No. 720
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2021

	Governmental Activities - Internal Service Funds
Cash Flows - Operating Activities	
Receipts from District contributions	\$ 10,051,625
Employee claims paid	(9,033,726)
Payments to employees	(56,350)
Net cash flows - operating activities	<u>961,549</u>
Cash Flows - Investing Activities	
Interest received	<u>169</u>
Net change in cash and cash equivalents	961,718
Cash and Cash Equivalents	
Beginning of year	<u>1,424,984</u>
End of year	<u><u>\$ 2,386,702</u></u>
Reconciliation of Operating Income to Net Cash Flows - Operating Activities	
Operating income	\$ 842,101
Adjustments to reconcile operating loss to net cash flows - operating activities	
Incurred but not reported claims	117,867
Salaries and benefits payable	1,581
Net adjustments	<u>119,448</u>
Net cash flows - operating activities	<u><u>\$ 961,549</u></u>

Independent School District No. 720
Statement of Fiduciary Net Position
June 30, 2021

	OPEB Trust Fund	Custodial Fund
Assets		
Cash and cash equivalents	\$ -	\$ 24,171
Investments		
Brokered money markets	20,776	-
Mutual funds - fixed income	2,478,897	-
Mutual funds - equity	3,587,601	-
Total assets	<u>6,087,274</u>	<u>24,171</u>
Liabilities		
Accounts payable	<u>-</u>	<u>\$ 10,720</u>
Net Position		
Held in trust for OPEB	6,087,274	-
Held in trust for scholarships	<u>-</u>	<u>13,451</u>
Total net position held in trust	<u><u>\$ 6,087,274</u></u>	<u><u>\$ 13,451</u></u>

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2021

	OPEB Trust Fund	Custodial Fund
Additions		
Contributions	\$ -	\$ 11,055
Investment income	1,114,472	7
Total additions	<u>1,114,472</u>	<u>11,062</u>
Deductions		
Scholarships	<u>-</u>	<u>13,200</u>
Change in net position	1,114,472	(2,138)
Net Position		
Beginning of year	<u>4,972,802</u>	<u>15,589</u>
End of year	<u><u>\$ 6,087,274</u></u>	<u><u>\$ 13,451</u></u>

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Independent School District No. 720
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District operates under a school board form of government for the purpose of providing educational services to individuals within the District areas. The governing body consists of a seven member board elected by the voters of the District to serve four-year terms.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies.

A. Reporting Entity

The basic financial statements present the District and its component units. The District includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the District are financially accountable and are included within the basic financial statements of the District because of the significance of their operational or financial relationships with the District.

The District is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of services performed or provided by the organization, or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the District.

As a result of applying the component unit definition criteria above, it has been determined the District has no component units.

The student activity accounts of the District are under board control and are not reported separately.

B. Basic Financial Statement Information

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items are not included among program revenues; instead, they are properly reported as general revenues.

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statement Information (Continued)

Depreciation expense that can be specifically identified by function is included in the direct expenses of that function. Depreciation expense relating to assets that serve multiple functions is presented as unallocated depreciation in the Statement of Activities. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. The effect of interfund activity has been removed from these statements.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The OPEB Trust Fund and the Custodial Fund are presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the District, these funds are not incorporated into the government-wide statements.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting transactions are recorded in the following manner.

1. Revenue Recognition

Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to *Minnesota Statutes* and accounting principles generally accepted in the United States of America. *Minnesota Statutes* include state aid funding formulas for specific years. Federal revenue is recorded in the year in which the related expenditure is made. Other revenue is considered available if collected within 60 days.

2. Recording of Expenditures

Expenditures are generally recorded when a liability is incurred. The exceptions to this general rule are that interest and principal expenditures in the Debt Service Fund, compensated absences, and claims and judgments are recognized when payment is due.

The District applies restricted resources first when an expenditure is incurred for a purpose for which both restricted and unrestricted fund balances are available. Further, the District applies unrestricted funds in this order if various levels of unrestricted fund balances exist: committed, assigned, and unassigned.

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service funds are charges to customers for services. Operating expenses for internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Description of Funds:

Major Funds:

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

Debt Service Fund – This fund is used to account for the accumulation of resources for, and payment of, general obligation (G.O.) bond principal, interest, and related costs.

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

Nonmajor Funds:

Food Service Special Revenue Fund – This fund is used to account for food service revenues and expenditures. Local, state, and federal revenues are received in this fund to specifically support the Food Service Program.

Community Service Special Revenue Fund – This fund is used to account for services provided to residents in the areas of community education, school readiness, early childhood and family education, or other similar services. The District receipts property tax and local and state revenues in this Fund that were received for these specific purposes.

Proprietary Funds:

Health Insurance Internal Service Fund – This fund is used to account for self-insured employee health costs and related stop loss insurance.

Dental Insurance Internal Service Fund – This fund is used to account for self-insured employee dental costs and related stop loss insurance.

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Description of Funds (Continued):

Fiduciary Funds:

OPEB Trust Fund – This fund is used for reporting resources set aside and held in an irrevocable trust arrangement for OPEB.

Custodial Fund – The Custodial Fund is used to account for resources received and held by the District in a trustee capacity to be used in making scholarship awards.

D. Cash and Investments

The District's total deposits and investments are comprised of two major components, each with its own set of legal and contractual provisions as described on the following pages.

The District's cash and cash equivalents are considered to be demand deposits and short term investments with original maturities of three months or less from the date of acquisition.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments held by investment pools are measured at amortized cost.

District Funds Other than OPEB Trust Fund

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances. The investments of the capital projects building construction funds are not pooled and earnings on these investments are allocated directly to that fund. The state and local government securities of the debt service fund are not pooled and earnings on these investments are allocated directly to that fund.

Cash and investments at June 30, 2021, were comprised of deposits and shares in the Minnesota School District Liquid Asset Fund (MSDLAF), shares in MNTrust Term Series, brokered money markets, and state and local government securities. MSDLAf and MNTrust securities are valued at amortized cost, which approximates fair value.

Minnesota Statutes requires all deposits be protected by federal deposit insurance, corporate surety bonds, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by Federal Deposit Insurance Corporation (FDIC) insurance or corporate surety bonds. *Minnesota Statutes* authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days.

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Investments (Continued)

District Funds Other than OPEB Trust Fund (Continued)

In accordance with GASB Statement No. 79, the various MSDLAF and MNTrust securities are valued at amortized costs, which approximates fair value. There are no restrictions or limitations on withdrawals from the MSDLAF Liquid Class. Investments in the MSDLAF MAX must be deposited for a minimum of 14 calendar days with the exception of direct investments of funds distributed by the State of Minnesota. Withdrawals prior to the 14-day restriction period may be subject to a penalty and there is a 24 hour hold on all requests for redemptions. Seven days' notice of redemption is required for withdrawals of investments in the MNTrust Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption.

OPEB Trust Fund

These funds represent investments administered by the District's OPEB Fund Investment Managers. As of June 30, 2021, they were comprised of brokered money market and mutual funds. The District's investment policy extends to the OPEB Trust Fund investments.

Minnesota Statutes authorize the OPEB Trust Fund to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, corporate bonds, common stock and foreign stock of the highest quality, mutual funds, repurchase and reverse agreements, commercial paper of the highest quality with a maturity no longer than 270 days and in the State Board of Investments. Investments are stated at fair value.

E. Property Tax Receivable

Current property taxes receivable are recorded for taxes certified the previous December and collectible in the current calendar year, which have not been received by the District. Delinquent property taxes receivable represents uncollected taxes for the past six years, and are deferred and included in the deferred inflows of resources section of the fund financial statements as unavailable revenue because they are not available to finance the operations of the District in the current year.

F. Property Taxes Levied for Subsequent Year's Expenditures

Property taxes levied for subsequent year's expenditures consist principally of property taxes levied in the current year which will be collected and recognized as revenue in the District's following year to properly match those revenues with the budgeted expenditures for which they were levied. This amount is equal to the amount levied by the School Board in December 2020, less various components and their related adjustments as mandated by the state. These portions of that levy were recognized as revenue in fiscal year 2021. The remaining portion of the levy will be recognized when measurable and available.

G. Inventories

Inventories of commodities donated directly by the U.S. Department of Agriculture are recorded at market value. Other inventories are stated at cost as determined on a first-in, first-out (FIFO) basis. Inventory is recorded as expenditures when consumed rather than when purchased.

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as an expenditure at the time of consumption.

I. Property Taxes

The District levies its property tax during the month of December. December 28 is the last day the District can certify a tax levy to the County Auditor. Such taxes become a lien on January 1. The property tax is recorded as revenue when it becomes measurable and available. Scott County is the collecting agency for the levy and remits the collections to the District three times a year. The tax levy notice is mailed in March with the first half of the payment due on May 15 and the second half due on October 15. Delinquent collections for November and December are received the following January.

A portion of property taxes levied is paid by the State of Minnesota through various tax credits, which are included in revenue from state sources in the basic financial statements.

J. Capital Assets

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements.

Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 with an estimated useful life in excess of five years, including all computer equipment regardless of the value. Such assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at its acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purpose. Useful lives vary from 10 to 60 years for site improvements and buildings and 5 to 30 years for furniture and equipment.

Capital assets not being depreciated include land and construction in progress. The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has two items that qualify for reporting in this category. A deferred outflow of resources related to pension activity is recorded for various estimate differences that will be amortized and recognized over future years and is reported in the government-wide Statement of Net Position. A deferred outflow of resources related to OPEB activity is recorded in the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the Statement of Net Position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has five types of items which qualify for reporting in this category. The first item, unavailable revenue from property taxes, arises under a modified accrual basis of accounting and is reported only in the Governmental Funds Balance Sheet. Delinquent property taxes not collected within 60 days of year-end are deferred and recognized as an inflow of resources in the governmental funds in the period the amounts become available. The second item is property taxes levied for subsequent years, which represent property taxes received or reported as a receivable before the period for which the taxes are levied and is reported as a deferred inflow of resources in both the government-wide Statement of Net Position and the Governmental Funds Balance Sheet. Property taxes levied for subsequent years are deferred and recognized as an inflow of resources in the government-wide financial statements in the year for which they are levied and in the governmental fund financial statements during the year for which they are levied, if available. The third item is deferred inflows related to pension activity and is recorded on the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years. The fourth item is a deferred charge on refunding that results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The fifth item is a deferred inflows of resources related to OPEB and is recorded in the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years.

L. Long-Term Obligations

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

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

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Compensated Absences

Under the terms of collectively bargained contracts, eligible employees accrue vacation and sick leave at varying rates as specified by contract, portions of which may be carried over to future years. Employees are reimbursed for any unused, accrued vacation upon termination. Compensated absence benefits are paid by the General Fund and Special Revenue Funds. Unused vacation is accrued as it is earned in the government-wide financial statements.

N. Post Employment Severance and Health Benefits

Severance and health benefits consist of lump sum retirement payments and post employment health care benefits.

Under the terms of certain collectively bargained employment contracts, the District is required to contribute health insurance premiums or to a health savings account for certain retired employees. The amount to be paid is limited as specified by contract.

Additional details for post employment health benefits can be found in Note 7.

O. Pensions

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

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

P. Postemployment Benefits Other than Pensions (OPEB)

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

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to employees for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in the District's insurance coverage during the year ended June 30, 2021.

R. Fund Equity

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

- **Nonspendable Fund Balances** – These are amounts that cannot be spent because they are not in spendable form as they are legally or contractually required to be maintained intact and include amounts set aside for inventory and prepaid items.
- **Restricted Fund Balances** – These amounts are subject to externally enforceable legal restrictions by either a) creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through enabling legislation.
- **Committed Fund Balances** – These amounts are comprised of unrestricted funds used for specific purposes pursuant to constraints imposed by formal action of the School Board and that remain binding unless removed by the School Board by subsequent formal action. The formal action to commit a fund balance must occur prior to year-end; however, the specific amounts actually committed can be determined in the subsequent year.
- **Assigned Fund Balances** – The School Board may vote to assign fund balances but also delegates the power to assign fund balances to the Director of Finance and Operations. Amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed are classified as assigned fund balances.
- **Unassigned Fund Balances** – These are amounts that have not been restricted, committed, or assigned to a specific purpose in the General Fund. Other funds may also report a negative unassigned fund balance if the total nonspendable, restricted, and committed fund balances exceed the total net resources of that fund.

The District's fund balance policy includes a target unassigned General Fund balance goal of between 8% and 12% of the annual budget.

S. Net Position

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

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

U. Comparative Data/Reclassifications

Comparative total data for the prior year has been presented by fund types and in total in the fund basic financial statements and government-wide statements in order to provide an understanding of the changes in financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with this year's presentation.

V. Budgetary Information

The District follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. Prior to July 1, the Director of Finance and Operations submits to the School Board a proposed operating budget for the year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. The Director of Finance and Operations is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the School Board.
3. Formal budgetary integration is employed as a management control device during the year for the General, Food Service, Community Service, Capital Projects, and Debt Service Funds.
4. Budgets for the General, Food Service, Community Service, Capital Projects, and Debt Service Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. Budgets are as originally adopted or as amended by the School Board. Budgeted expenditure appropriations lapse at year-end.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits

District Funds and OPEB Trust Fund

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

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

District Funds and OPEB Trust Fund (Continued)

Custodial Credit Risk – Deposits: For a deposit, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a deposit policy that requires the District's deposits be collateralized as required by *Minnesota Statutes* for an amount exceeding federal deposit coverage. *Minnesota Statutes* require all deposits be protected by federal depository insurance, corporate surety bonds or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by Federal Deposit Insurance Corporation (FDIC) insurance or corporate surety bonds. As of June 30, 2021, the District's bank balances were not exposed to custodial credit risk because they were insured by FDIC insurance or fully collateralized.

As of June 30, 2021, the District had the following deposits:

Checking accounts	\$ 2,801,742
MNTrust Certificates of Deposit - District funds other than trust funds	<u>2,245,000</u>
Total Deposits	<u><u>\$ 5,046,742</u></u>

B. Investments

District Funds Other than OPEB Trust Fund

As of June 30, 2021, the District had the following investments:

Investment Type	Investment Maturities			S&P/Moody's Rating
	Fair Value	Less than 1 Year	1-5 Years	
Brokered Money Markets	\$ 33,368,353	\$ 33,368,353	\$ -	N/A
State & Local Government Securities	75,508,563	802,030	74,706,533	AAA
MNTrust Term Series	10,000,000	10,000,000	-	AAAf
MSDLAF+ Liquid Class	1,441,808	1,441,808	-	AAAm
MSDLAF+ MAX Class	<u>7,215</u>	<u>7,215</u>	<u>-</u>	AAAm
Total investments	<u><u>\$120,325,939</u></u>	<u><u>\$ 45,619,406</u></u>	<u><u>\$ 74,706,533</u></u>	

Interest Rate Risk: This is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates. The District's investment policy states the portfolio shall be managed in a manner to attain a market rate of return through budgetary and economic cycles while preserving and protecting capital in the investment portfolio and taking into account constraints on risk and cash flow requirements.

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

District Funds Other than OPEB Trust Fund (Continued)

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. *Minnesota Statutes* 118A.04 and 118A.05 limit investments to those in the top two ratings issued by nationally recognized statistical rating organizations. The District's investment policy refers to *Minnesota Statutes* 118A.01 through 118A.06. The District will minimize credit risk by limiting investments to those allowed by statutory constraints.

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. The District's investment policy places no limit on the amount the District may invest in any one issuer, though it does state the District shall diversify its investments to avoid incurring unreasonable risks inherent in overinvesting in specific instruments, individual financial institutions, or maturities. The District's investments were not exposed to concentration of credit risk at June 30, 2021, as no investments represented more than 5% of total investments.

Custodial Credit Risk – Investments: For an investment, this is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy states all investment securities purchased by the District shall be held in third-party safekeeping by an institution designated as custodial agent. The institution or dealer shall issue a safekeeping receipt to the school district listing pertinent investment information.

The District has the following recurring fair value measurements as of June 30, 2021:

- \$75,508,563 are valued using quoted market prices (Level 1 inputs)
- \$44,817,379 are not valued under Level 1 or 2, as they are not applicable to those fair value measurements

OPEB Trust Fund

As of June 30, 2021, the District's OPEB Trust Fund had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>S&P Rating</u>
Brokered money markets	\$ 20,776	N/A
Mutual funds - fixed income	2,478,897	N/A
Mutual funds - equity	3,587,601	N/A
Total investments	<u>\$ 6,087,274</u>	

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

OPEB Trust Fund (Continued)

The District's OPEB Trust Fund investments have the following recurring fair value measurements as of June 30, 2021:

- \$6,066,498 are valued using quoted market prices (Level 1 inputs)
- \$20,776 are not valued under Level 1 or 2 as they are not applicable to those fair value measurements

C. Deposits and Investments

The following is a summary of total deposits and investments:

District funds other than trust funds	
Deposits (Note 2.A.)	\$ 5,046,742
Investments (Note 2.B.)	120,325,939
OPEB Trust Fund	
Investments (Note 2.B.)	<u>6,087,274</u>
Total deposits and investments	<u><u>\$ 131,459,955</u></u>

Deposits and investments are presented in the June 30, 2021 basic financial statements as follows:

Statement of Net Position	
Cash and investments	\$ 125,348,510
Statement of Fiduciary Net Position	
Custodial Fund	24,171
OPEB Trust Fund	<u>6,087,274</u>
Total deposits and investments	<u><u>\$ 131,459,955</u></u>

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 13,475,173	\$ -	\$ -	\$ 13,475,173
Construction in progress	19,457,829	15,004,166	456,036	34,005,959
Total capital assets not being depreciated	32,933,002	15,004,166	456,036	47,481,132
Capital assets Being depreciated				
Site improvements	14,784,928	306,916	-	15,091,844
Buildings	267,056,265	147,880	-	267,204,145
Furniture and equipment	24,764,025	1,906,637	-	26,670,662
Total capital assets being depreciated	306,605,218	2,361,433	-	308,966,651
Less accumulated depreciation for				
Site improvements	6,295,457	556,734	-	6,852,191
Buildings	68,250,682	5,626,560	-	73,877,242
Furniture and equipment	16,518,849	1,913,644	-	18,432,493
Total accumulated depreciation	91,064,988	8,096,938	-	99,161,926
Total capital assets being depreciated, net	215,540,230	(5,735,505)	-	209,804,725
Governmental activities capital assets, net	<u>\$ 248,473,232</u>	<u>\$ 9,268,661</u>	<u>\$ 456,036</u>	<u>\$ 257,285,857</u>

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 3 – CAPITAL ASSETS (CONTINUED)

Depreciation expense for the year ended June 30, 2021, was charged to the following governmental functions.

Administration	\$ 576
District support services	27,612
Elementary and secondary regular instruction	3,472,811
Special education instruction	701
Instructional support services	14,303
Pupil support	54,388
Sites and buildings	869,577
Food service	59,617
Community service	88,093
Unallocated	<u>3,509,260</u>
Total depreciation expense	<u><u>\$ 8,096,938</u></u>

NOTE 4 – LONG-TERM DEBT

A. Components of Long-Term Liabilities

	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding	Due Within One year
Long-term liabilities						
G.O. bonds, including refunding bonds						
2013A Crossover Refunding Bonds	02/21/13	3.00%-5.00%	\$ 38,325,000	02/01/26	\$ 22,140,000	\$ 3,430,000
2014A Crossover Refunding Bonds	12/16/14	3.00%-5.00%	12,055,000	02/01/22	1,160,000	1,160,000
2015A School Building Bonds	07/20/15	3.00%-5.00%	85,030,000	02/01/34	56,190,000	3,205,000
2015B School Building Bonds	07/20/15	3.65%-3.75%	12,130,000	02/01/36	12,130,000	-
2016A Crossover Refunding Bonds	05/04/16	3.00%-5.00%	15,025,000	02/01/26	12,760,000	830,000
2020A Capital Facilities	02/20/20	2.00%-5.00%	4,990,000	02/01/35	4,860,000	140,000
2020B Facilities Maintenance	03/26/20	2.00%-5.00%	11,335,000	02/01/35	10,690,000	565,000
2020C Facilities Maintenance	11/24/20	0.87%-1.78%	24,068,822	02/01/30	23,609,567	-
Accretion on 2020C Bonds					68,442	-
2020D School Building Refunding Bond	11/24/20	5.00%	14,860,000	02/01/25	14,860,000	3,820,000
2021A School Building Refunding Bond	03/09/21	0.43%-2.09%	76,470,000	02/01/36	76,470,000	-
Total G.O. bonds					<u>234,938,009</u>	<u>13,150,000</u>
Certificates of participation						
2013B certificates of participation	12/30/13	2.00-4.50%	13,175,000	02/01/33	9,105,000	655,000
Unamortized bond premium/discount					12,612,713	-
Capital lease payable					3,397,078	1,439,248
Compensated absences payable					<u>446,388</u>	<u>446,388</u>
Total all long-term liabilities					<u><u>\$ 260,499,188</u></u>	<u><u>\$ 15,690,636</u></u>

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 4 – LONG-TERM DEBT (CONTINUED)

A. Components of Long-Term Liabilities (Continued)

The long-term bond liabilities listed above were issued to finance acquisition and construction of capital facilities and to refinance (refund) previous bond issues. G.O. bonds are liquidated from the Debt Service Fund while certificates of participation and capital leases are liquidated from the General Fund. Other long-term liabilities, such as compensated absences, are also typically liquidated through the General Fund.

The District issued the \$14,860,000 School Building Refunding Bonds, Series 2020D for the current refunding of the February 1, 2022 through the February 1, 2025 maturities of the School Building Refunding Bonds, Series 2012A. The refunding was undertaken to reduce total debt service payments by \$1,351,669 and resulted in a net present value benefit of \$1,334,094.

The District issued the \$76,470,000 School Building Refunding Bonds, Series 2021A for the crossover advance refunding of the February 1, 2024 through the February 1, 2026 maturities of the School Building Refunding Bonds, Series 2013A, the February 1, 2025 through the February 1, 2034 maturities of the School Building Bonds, Series 2015A, and the February 1, 2035 through the February 1, 2036 maturities of the School Building Bonds, Series 2015B. The proceeds of the 2021A issuance were placed in an escrow account. The refunding was undertaken to reduce total debt service payments by \$5,438,442 and resulted in a net present value benefit of \$4,781,669.

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 4 – LONG-TERM DEBT (CONTINUED)

B. Minimum Debt Payments for Bonds and Certificate of Participation

Minimum annual principal and interest payments required to retire bond and certificate of participation liabilities:

Year Ending June 30,	G.O. Bonds		
	Principal	Interest	Total
2022	\$ 13,150,000	\$ 6,591,064	\$ 19,741,064
2023	28,405,000	5,678,581	34,083,581
2024	72,760,000	4,738,581	77,498,581
2025	15,900,000	2,019,816	17,919,816
2026	17,240,000	1,642,423	18,882,423
2027-2031	55,674,567	8,088,832	63,763,399
2032-2036	31,740,000	1,970,349	33,710,349
Total	234,869,567	<u>\$ 30,729,646</u>	<u>\$ 265,599,213</u>
Accretion on Capital Appreciation Bonds	68,442		
	<u>\$ 234,938,009</u>		

Year Ending June 30,	Certificates of Participation		
	Principal	Interest	Total
2022	\$ 655,000	\$ 383,069	\$ 1,038,069
2023	680,000	356,868	1,036,868
2024	660,000	329,669	989,669
2025	685,000	303,269	988,269
2026	715,000	275,869	990,869
2027-2031	3,950,000	914,812	4,864,812
2032-2033	1,760,000	118,800	1,878,800
Total	<u>\$ 9,105,000</u>	<u>\$ 2,682,356</u>	<u>\$ 11,787,356</u>

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 4 – LONG-TERM DEBT (CONTINUED)

C. Changes in Long-Term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance
Long-term liabilities				
G.O. bonds	\$ 155,385,000	\$ 115,467,264	\$ 35,914,255	\$ 234,938,009
Certificates of participation	9,730,000	-	625,000	9,105,000
Premium/discount	14,222,217	1,813,386	3,422,890	12,612,713
Capital leases payable	3,514,599	1,428,436	1,545,957	3,397,078
Compensated absences payable	479,570	689,041	722,223	446,388
	<u>\$ 183,331,386</u>	<u>\$ 119,398,127</u>	<u>\$ 42,230,325</u>	<u>\$ 260,499,188</u>
Total long-term liabilities	<u>\$ 183,331,386</u>	<u>\$ 119,398,127</u>	<u>\$ 42,230,325</u>	<u>\$ 260,499,188</u>

D. Capital Lease Obligations

The District entered into two lease purchase option agreements on April 12, 2017, with Apple Inc. for computers. The capital lease obligations totaled \$1,436,110. The capital lease agreements include annual principal and interest payments of \$199,906 and \$165,807 through July 15, 2020. The book value of the computer equipment was \$143,611 at June 30, 2021.

The District entered into a lease purchase option agreement on June 11, 2018, with Apple Inc. for computers. The capital lease obligations totaled \$417,480. The capital lease agreement includes annual principal and interest payments of \$141,425 through July 15, 2020. The book value of the computer equipment was \$125,244 at June 30, 2021.

The District entered into a lease purchase option agreement on July 15, 2018, with Apple Inc. for computers. The capital lease obligations totaled \$546,000. The capital lease agreement includes annual principal and interest payments of \$139,543 through July 15, 2021. The book value of the computer equipment was \$273,000 at June 30, 2021.

The District entered into a lease purchase option agreement on March 15, 2019, with Apple Inc. for iPads and Apple TV's. The capital lease obligations totaled \$742,700. The capital lease agreement includes annual principal and interest payments of \$252,488 through July 15, 2021. The book value of the equipment was \$371,350 at June 30, 2021.

The District entered into a lease purchase option agreement on June 15, 2019, with Apple Inc. for computers. The capital lease obligations totaled \$1,185,600. The capital lease agreement includes annual principal and interest payments of \$303,379 through July 15, 2022. The book value of the computer equipment was \$592,800 at June 30, 2021.

The District entered into a new lease purchase option agreement on March 1, 2020, with Apple Inc. for iPads. The capital lease obligations totaled \$346,800. The capital lease agreement includes annual principal and interest payments of \$117,860 through July 10, 2022. The book value of the computer equipment was \$173,400 at June 30, 2021.

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 4 – LONG-TERM DEBT (CONTINUED)

D. Capital Lease Obligations (Continued)

The District entered into a new lease purchase option agreement on May 16, 2020, with Apple Inc. for computers. The capital lease obligations totaled \$1,016,195. The capital lease agreement include annual principal and interest payments of \$260,306 through July 10, 2023. The book value of the computer equipment was \$635,122 at June 30, 2021.

The District entered into a new lease purchase option agreement on April 1, 2021 with Apple Inc. for computers. The capital lease obligations totaled \$974,896. The capital lease agreement includes annual principal and interest payments of \$243,724 through July 15, 2024. The book value of the equipment was \$913,965 at June 30, 2021.

The District entered into a new lease purchase option agreement on May 15, 2021 with Apple Inc. for iPads. The capital lease obligations totaled \$453,540. The capital lease agreement includes annual principal and interest payments of \$151,180 through July 15, 2023. The book value of the equipment was \$415,745 at June 30, 2021.

The future minimum lease obligations and the net present value of these minimum lease payments are listed below.

Year Ending June 30,	
2022	\$ 1,468,480
2023	1,076,449
2024	655,210
2025	243,724
Total minimum lease payments	<u>3,443,863</u>
Less amount representing interest	<u>(46,785)</u>
Present value of minimum lease payments	<u><u>\$ 3,397,078</u></u>

E. Operating Lease Obligations

The District leases space for the Area Learning Center and is classified as an operating lease. The original lease expired in 2019, however, the District has options after the lease expired on July 31, 2019. A lease amendment extended the lease term to July 31, 2025 including monthly base rent of \$6,175.50. Total lease expenditures for 2021 were \$139,064.

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 4 – LONG-TERM DEBT (CONTINUED)

E. Operating Lease Obligations (Continued)

Beginning on November 1, 2014, the District began leasing space for the District Office and is classified as an operating lease. The original lease expired, however, the District also has two three-year options after the lease expires on October 31, 2019. A lease amendment extended the lease term to October 31, 2023 including monthly base rent of \$12,176.50. Total lease expenditures for 2021 were \$239,312.

Beginning December 1, 2016, the District has an agreement with the City of Shakopee for use of the ice rink and it is classified as an operating lease, which expires March 31, 2027. Total lease expenditures for 2021 were \$125,000.

Minimum future rental payments under the non-cancelable operating leases are:

Year Ending June 30,	
2022	\$ 351,704
2023	351,704
2024	249,972
2025	199,106
2026	131,176
2027	<u>125,000</u>
Total	<u><u>\$ 1,408,662</u></u>

NOTE 5 – FUND BALANCES/NET POSITION

Certain portions of fund balance are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities or as required by other outside parties.

A. Fund Balances

Fund balances are classified as shown on the following page to reflect the limitations and restrictions of the respective funds.

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)

A. Fund Balances (Continued)

	General Fund	Debt Service	Capital Projects	Nonmajor Funds	Total
Nonspendable					
Inventory	\$ -	\$ -	\$ -	\$ 65,125	\$ 65,125
Prepaid items	1,011,456	-	-	-	1,011,456
Total nonspendable	<u>1,011,456</u>	<u>-</u>	<u>-</u>	<u>65,125</u>	<u>1,076,581</u>
Restricted for					
Student Activities	192,502			-	192,502
Operating Capital	2,009,460	-	-	-	2,009,460
Safe Schools Levy	504,170	-	-	-	504,170
Learning and Development	912,377	-	-	-	912,377
Long Term Facilities Maintenance	3,581,499	-	-	-	3,581,499
Capital Projects Levy	995,412	-	-	-	995,412
Early Childhood and Family Education	-	-	-	266,009	266,009
School Readiness	-	-	-	90,205	90,205
Debt Service	-	80,568,831	-	-	80,568,831
Capital Projects	-	-	10,896,629	-	10,896,629
Food Service	-	-	-	429,187	429,187
Total restricted	<u>8,195,420</u>	<u>80,568,831</u>	<u>10,896,629</u>	<u>785,401</u>	<u>100,446,281</u>
Assigned for					
One-to-One Insurance	<u>235,383</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>235,383</u>
Unassigned	<u>1,450,809</u>	<u>-</u>	<u>-</u>	<u>(139,641)</u>	<u>1,311,168</u>
Total fund balance	<u>\$ 10,893,068</u>	<u>\$ 80,568,831</u>	<u>\$ 10,896,629</u>	<u>\$ 710,885</u>	<u>\$ 103,069,413</u>

Nonspendable for Inventory – This balance represents a portion of the fund balance that is not available since the amounts have already been spent on inventory.

Nonspendable for Prepaid Items – This balance represents a portion of the fund balance that is not available since the amounts have already been spent by the District on expenses for the next year.

Restricted/Reserved for Student Activities – This balance represents available resources to be used for the extracurricular activity funds raised by the students.

Restricted/Reserved for Operating Capital – This balance represents available resources in the General Fund to be used to purchase equipment and facilities.

Restricted/Reserved for Safe Schools Levy – The unspent resources available from the safe schools levy must be restricted in this account for future use.

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)

A. Fund Balances (Continued)

Restricted/Reserved for Learning and Development – Learning and development is funded by general education revenue. This reserve represents available general education revenues for learning and development, which is mainly for reducing the pupil to staff ratio.

Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) – This balance represents available resources to be used for LTFM projects in accordance with the 10-year plan (*Minnesota Statutes* 123B.595, subd. 12).

Restricted/Reserved for Capital Projects Levy – This balance represents available resources from the capital projects levy to be used for building construction and other projects under *Minnesota Statutes* 126C.10, subd. 14. All interest income attributable to the capital projects levy must be credited to this account.

Restricted for Early Childhood and Family Education – This balance represents the resources available to provide for services for early childhood and family education programming.

Restricted for School Readiness – This balance represents the resources available to provide for services for school readiness programs (*Minnesota Statutes* 124D.16).

Restricted for Community Education – This balance represents the resources available to provide programming such as: nonvocational, recreational and leisure time activities, programs for adults with disabilities, noncredit summer programs, adult basic education programs, youth development and youth service programming, and extended day programs. The balance as of June 30, 2021, is a deficit (negative) \$139,641, which is presented within unassigned fund balance for the purposes of reporting in accordance with generally accepted accounting principles.

Restricted for Debt Service – This balance represents the balance of the Debt Service Fund available for future debt principal and interest payments.

Restricted for Capital Projects – This balance represents the balance of the Capital Projects Fund available for future capital purchases.

Restricted for Food Service – This balance represents the balance of the Food Service Fund that is available for future food service expenditures.

Assigned for One-to-One Insurance – This balance represents resources set aside for repairs/replacement of one-to-one devices.

B. Net Position

Net Investment in Capital Assets – This amount represents the net book value of the District's capital assets less the balance of outstanding debt used to acquire them.

Restricted net position is comprised of the total positive General Fund restricted fund balance plus the positive fund balances of the Food Service, Community Service, Debt Service, and Capital Projects Funds.

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

The District participates in various pension plans. Total pension expense for the year ended June 30, 2021, was \$9,535,617. The components of pension expense are noted in the following plan summaries.

The General Fund typically liquidates the liability related to the pensions.

Teachers' Retirement Association

A. Plan Description

The Teachers Retirement Association (TRA) is an administrator of a multiple employer, cost-sharing, defined benefit retirement fund. TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with *Minnesota Statutes*, Chapters 354 and 356. TRA is a separate statutory entity and administered by a Board of Trustees. The Board consists of four active members, one retired member, and three statutory officials.

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

B. Benefits Provided

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

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

Tier I Benefits

<u>Tier I</u>	<u>Step Rate Formula</u>	<u>Percentage</u>
Basic	First ten years of service	2.2% per year
	All years after	2.7% per year
Coordinated	First ten years if service years are up to July 1, 2006	1.2% per year
	First ten years if service years are July 1, 2006, or after	1.4% per year
	All other years of service if service years are up to July 1, 2006	1.7% per year
	All other years of service if service years are July 1, 2006, or after	1.9% per year

Independent School District No. 720
Notes to Basic Financial Statements

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

Teachers' Retirement Association (Continued)

B. Benefits Provided (Continued)

Tier I Benefits (Continued)

With these provisions:

- Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- 3% per year early retirement reduction factor for all years under normal retirement age.
- Unreduced benefits for early retirement under a Rule of 90 (age plus allowable service equals 90 or more).

Tier II Benefits

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

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

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

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

Independent School District No. 720
Notes to Basic Financial Statements

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

Teachers' Retirement Association (Continued)

C. Contribution Rate

Per *Minnesota Statutes*, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year ended June 30, 2019, June 30, 2020, and June 30, 2021, were:

	June 30, 2019		June 30, 2020		June 30, 2021	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic	11.00%	11.71%	11.00%	11.92%	11.00%	12.13%
Coordinated	7.50%	7.71%	7.50%	7.92%	7.50%	8.13%

The following is a reconciliation of employer contributions in TRA's CAFR "Statement of Changes in Fiduciary Net Position" to the employer contributions used in Schedule of Employer and Non-Employer Pension Allocations. Amounts are reported in thousands.

Employer contributions reported in TRA's CAFR Statement of Changes in Fiduciary Net Position	\$ 425,223
Deduct employer contributions not related to future contribution efforts	(56)
Deduct TRA's contributions not included in allocation	(508)
Total employer contributions	424,659
Total non-employer contributions	35,587
Total contributions reported in <i>Schedule of Employer and Non-Employer Allocations</i>	\$ 460,246

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

Independent School District No. 720
Notes to Basic Financial Statements

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

Teachers' Retirement Association (Continued)

D. Actuarial Assumptions

The total pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information

Valuation date	July 1, 2020
Experience study	June 5, 2015
	November 6, 2017 (economic assumptions)
Actuarial cost method	Entry Age Normal
Actuarial assumptions	
Investment rate of return	7.50%
Price inflation	2.50%
Wage growth rate	2.85% before July 1, 2028, and 3.25% after June 30, 2028
Projected salary increase	2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% after June 30, 2028
Cost of living adjustment	1.0% for January 2020 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

Mortality Assumptions

Pre-retirement	RP 2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP 2015 scale.
Post-retirement	RP 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projections uses the MP 2015 scale.
Post-disability	RP 2014 disabled retiree mortality table, without adjustment.

Independent School District No. 720
Notes to Basic Financial Statements

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

Teachers' Retirement Association (Continued)

D. Actuarial Assumptions (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	35.5 %	5.10 %
International equity	17.5	5.30
Private markets	25.0	5.90
Fixed income	20.0	0.75
Unallocated cash	2.0	0.00
Total	100 %	

The TRA actuary has determined the average of the expected remaining services lives of all members for fiscal year 2016 is six years. The "Difference Between Expected and Actual Experience," "Changes of Assumptions," and "Changes in Proportion" use the amortization period of six years in the schedule presented. The amortization period for "Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments" is over a period of five years as required by GASB 68.

Changes in actuarial assumptions and methods for the July 1, 2020, valuation:

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

Independent School District No. 720
Notes to Basic Financial Statements

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

Teachers' Retirement Association (Continued)

E. Discount Rate

The discount rate used to measure the total pension liability was 7.5%. There was no change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal 2020 contribution rate, contributions from school Districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in determination of the Single Equivalent Interest Rate (SEIR).

F. Net Pension Liability

On June 30, 2021, the District reported a liability of \$58,683,948 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis, and Minneapolis School District. District proportionate share was 0.7943% at the end of the measurement period and 0.8065% for the beginning of the year.

The pension liability amount reflected a reduction due to direct aid provided to TRA. The amount recognized by the District as its proportionate share of the net pension liability, the direct aid and total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of net pension liability	\$ 58,683,948
State's proportionate share of the net pension liability associated with the District	4,918,087

For the year ended June 30, 2021, the District recognized pension expense of \$9,328,742. Included in this amount, the District recognized \$450,530 as pension expense for the support provided by direct aid.

Independent School District No. 720
Notes to Basic Financial Statements

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

Teachers' Retirement Association (Continued)

F. Net Pension Liability (Continued)

On June 30, 2021, the District had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,176,851	\$ 931,018
Net difference between projected and actual earnings on plan investments	688,695	-
Changes of assumptions	22,055,753	51,274,710
Changes in proportion	2,268,799	4,576,242
Contributions to TRA subsequent to the measurement date	3,824,655	-
	<u>\$ 30,014,753</u>	<u>\$ 56,781,970</u>
Total		

The \$3,824,655 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

Other amounts reported as deferred outflows of resources and (deferred inflows of resources) will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense Amount
2022	\$ 1,199,103
2023	(19,039,725)
2024	(13,906,552)
2025	1,040,701
2026	114,601
	<u>\$ (30,591,872)</u>
Total	

Independent School District No. 720
Notes to Basic Financial Statements

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

Teachers' Retirement Association (Continued)

G. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percent lower (6.5%) and 1 percent higher (8.5%) than the current rate.

District proportionate share of NPL		
1% decrease in Discount Rate (6.50%)	Current Discount Rate (7.50%)	1% increase in Discount Rate (8.50%)
\$ 89,844,504	\$ 58,683,948	\$ 33,009,226

The District's proportion of the net pension liability was based on the employer contributions to TRA in relation to TRA's total employer contributions including direct aid contributions from the State of Minnesota, City of Minneapolis, and Minneapolis School District.

H. Pension Plan Fiduciary Net Position

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

Public Employees' Retirement Association

A. Plan Description

The District participates in the following cost-sharing multiple-employer defined benefit pension plan administered by PERA. PERA's defined benefit pension plan is established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356. PERA's defined benefit pension plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan

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

B. Benefits Provided

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

Independent School District No. 720
Notes to Basic Financial Statements

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

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

General Employees Plan Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1.0% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2021 and the District was required to contribute 7.5% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2021, were \$908,921. The District's contributions were equal to the required contributions as set by state statute.

Independent School District No. 720
Notes to Basic Financial Statements

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

Public Employees' Retirement Association (Continued)

D. Pension Costs

General Employees Fund Pension Costs

At June 30, 2021, the District reported a liability of \$10,707,886 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled \$330,180. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.1786% at the end of the measurement period and 0.1749% for the beginning of the period.

District's proportionate share of net pension liability	\$ 10,707,886
State of Minnesota's proportionate share of the net pension liability associated with the District	<u>330,180</u>
Total	<u><u>\$ 11,038,066</u></u>

For the year ended June 30, 2021, the District recognized pension expense of \$206,875 for its proportionate share of the General Employees Plan's pension expense. Included in this amount, the District recognized \$28,736 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

Independent School District No. 720
Notes to Basic Financial Statements

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

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

At June 30, 2021, the District reported its proportionate share of deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 95,825	\$ 40,514
Changes in actuarial assumptions	-	398,889
Difference between projected and actual investments earnings	135,261	-
Change in proportion	153,423	377,927
Contributions paid to PERA subsequent to the measurement date	908,921	-
	<u>908,921</u>	<u>-</u>
Total	<u>\$ 1,293,430</u>	<u>\$ 817,330</u>

The \$908,921 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense
2022	\$ (840,879)
2023	(105,039)
2024	254,392
2025	258,705
	<u>258,705</u>
Total	<u>\$ (432,821)</u>

Independent School District No. 720
Notes to Basic Financial Statements

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

Public Employees' Retirement Association (Continued)

E. Actuarial Assumptions

The total pension liability in the June 30, 2020, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.50 % Per year
Active member payroll growth	3.00 % Per year
Investment rate of return	7.50 %

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on the Pub-2010 General Employee Mortality table. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year.

Actuarial assumptions used in the June 30, 2020, valuation was based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020, actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2020:

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changes as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was change from two years older for females to one year older.

Independent School District No. 720
Notes to Basic Financial Statements

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

Public Employees' Retirement Association (Continued)

E. Actuarial Assumptions (Continued)

Changes in Actuarial Assumptions (Continued)

- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

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

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

Asset Class	Final Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	35.5 %	5.10 %
International stocks	17.5	5.30
Bonds (fixed income)	20.0	0.75
Alternative assets (private markets)	25.0	5.90
Cash	2.0	0.00
Total	100 %	

F. Discount Rates

The discount rate used to measure the total pension liability in 2020 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Independent School District No. 720
Notes to Basic Financial Statements

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

Public Employees' Retirement Association (Continued)

G. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate (6.5%)	Current Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
District's proportionate share of the PERA net pension liability	\$ 17,161,027	\$ 10,707,886	\$ 5,384,563

H. Pension Plan Fiduciary Net Position

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

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description

The District provides post-employment insurance benefits to certain eligible employees through its Other Post Employment Benefits (OPEB) Plan, a single-employer defined benefit plan administered by the District. All post employment benefits are based on contractual agreements with employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements.

The OPEB plan is included in the report of the District. A separate financial report is not issued.

B. Benefits Provided

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

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN

C. Members

As of July 1, 2020, the following were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	10
Active employees	<u>1,038</u>
Total	<u><u>1,048</u></u>

D. Contributions

Retirees and their families have access to the health care plan at the same premium rate as District employees. This results in the retirees receiving an implicit rate subsidy. The premiums are based on the contract terms. The required contributions are on projected pay-as-you-go financing requirements. For fiscal year 2021, the District contributed \$250,292 to the plan.

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability	
Discount rate	2.30%
Investment rate of return	4.30%, net of investment expense
Salary increases	Service graded
Inflation	2.50%
Healthcare cost trend increases	6.5% decreasing to 5.00% over 6 years, then to 4.00% over the next 48 years
Mortality Assumption	Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2019 Generational Improvement Scale

The following are changes to actuarial assumptions since the prior valuation:

- The health care trend rates, mortality tables, and salary scale assumptions were updated.
- The discount rate was changed from 2.6% to 2.3%.

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

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

E. Actuarial Assumptions (Continued)

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed income	50.00 %	3.40 %
Domestic equity	33.00	5.20
International equity	17.00	5.20
Total	100.00 %	

The details of the investments and the investment policy are described in Note 2. of the District's basic financial statements. For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 22.4%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

F. Discount Rate

The discount rate used to measure the total OPEB liability was 2.3%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

G. Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at July 1, 2020	\$ 11,180,568	\$ 4,972,802	\$ 6,207,766
Changes for the year			
Service cost	915,182	-	915,182
Interest	311,257	-	311,257
Assumption changes	(365,431)	-	(365,431)
Differences between expected and actual economic experience	(39,274)	900,642	(939,916)
Employer contributions	-	250,292	(250,292)
Projected investment return	-	213,830	(213,830)
Benefit payments	(250,292)	(250,292)	-
Net changes	571,442	1,114,472	(543,030)
Balances at June 30, 2021	\$ 11,752,010	\$ 6,087,274	\$ 5,664,736

Plan fiduciary net position as a percentage of the total OPEB liability 51.80%

H. OPEB Liability Sensitivity

The following presents the District's net OPEB liability calculated using the discount rate of 2.6% as well as the liability measured using 1 percent lower and 1 percent higher than the current discount rate.

	1% decrease in Discount Rate (1.3%)	Current Discount Rate (2.3%)	1% increase in Discount Rate (3.3%)
Net OPEB liability	\$ 6,463,629	\$ 5,664,736	\$ 4,881,535

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

H. OPEB Liability Sensitivity (Continued)

The total on the following page presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower and 1% higher than the current healthcare cost trend rates.

	1% decrease (5.5% decreasing to 4.0%, then 3.0%)	Current (6.5% decreasing to 5.0%, then 4.0%)	1% increase (7.5% decreasing to 6.0%, then 5.0%)
Net OPEB liability	\$ 4,197,985	\$ 5,664,736	\$ 7,391,113

**I. OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB**

For the year ended June 30, 2021, the District recognized OPEB expense of \$354,074. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ 826,449
Liability losses/gains	-	2,094,105
Changes of assumptions	347,128	999,029
Total	<u>\$ 347,128</u>	<u>\$ 3,919,583</u>

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

**I. OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB (Continued)**

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

Year Ending June 30,	Total
2022	\$ (641,484)
2023	(620,838)
2024	(601,793)
2025	(586,058)
2026	(405,927)
Thereafter	(716,355)
Total	<u><u>\$ (3,572,455)</u></u>

NOTE 8 – COMMITMENTS

As of June 30, 2021, the District had construction commitments totaling \$43,322,266.

NOTE 9 – SUBSEQUENT EVENT

On November 1, 2021, the School Board approved the issuance of the Refunding Certificates of Participation, Series 2021B in the amount of \$13,175,000.

NOTE 9 – GASB STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 87, Leases establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement will be effective for the year ending June 30, 2022.

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REQUIRED SUPPLEMENTARY INFORMATION

Independent School District No. 720
Schedule of Changes in Net OPEB Liability
and Related Ratios

	June 30, 2017	June 30, 2018	June 30, 2019
Total OPEB Liability			
Service cost	\$ 1,026,321	\$ 958,236	\$ 661,857
Interest	369,801	430,395	489,794
Differenced between expected and actual experience	-	-	(2,941,709)
Changes of assumptions	(335,006)	(300,738)	(466,086)
Plan changes	-	-	(1,054,865)
Benefit payments	(299,365)	(290,672)	(203,286)
Net change in total OPEB liability	<u>761,751</u>	<u>797,221</u>	<u>(3,514,295)</u>
Beginning of year	<u>11,874,048</u>	<u>12,635,799</u>	<u>13,433,020</u>
End of year	<u>\$ 12,635,799</u>	<u>\$ 13,433,020</u>	<u>\$ 9,918,725</u>
Plan Fiduciary Net Pension (FNP)			
Employer contributions	\$ 126,365	\$ 106,667	\$ -
Net investment income	180,697	202,898	208,337
Differences between expected and actual experience	85,258	103,230	95,205
Benefit payments	(299,365)	(290,672)	(203,286)
Administrative expense	-	(3,291)	(3,000)
Net change in plan fiduciary net position	<u>92,955</u>	<u>118,832</u>	<u>97,256</u>
Beginning of year	<u>4,633,266</u>	<u>4,726,221</u>	<u>4,845,053</u>
End of year	<u>\$ 4,726,221</u>	<u>\$ 4,845,053</u>	<u>\$ 4,942,309</u>
Net OPEB liability	<u>\$ 7,909,578</u>	<u>\$ 8,587,967</u>	<u>\$ 4,976,416</u>
Plan FNP as a percentage of the total OPEB liability	37.40%	36.07%	49.83%
Covered-employee payroll	\$ 55,218,930	\$ 56,875,498	\$ 54,323,169
Net OPEB liability as a percentage of covered-employee payroll	14.32%	15.10%	9.16%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

<u>June 30, 2020</u>	<u>June 30, 2021</u>
\$ 751,335	\$ 915,182
337,303	311,257
-	(39,274)
433,912	(365,431)
-	-
(260,707)	(250,292)
<u>1,261,843</u>	<u>571,442</u>
 9,918,725	 11,180,568
<u><u>\$ 11,180,568</u></u>	<u><u>\$ 11,752,010</u></u>
 \$ -	 \$ 250,292
212,519	213,830
78,681	900,642
(260,707)	(250,292)
-	-
<u>30,493</u>	<u>1,114,472</u>
 4,942,309	 4,972,802
<u><u>\$ 4,972,802</u></u>	<u><u>\$ 6,087,274</u></u>
<u><u>\$ 6,207,766</u></u>	<u><u>\$ 5,664,736</u></u>
 44.48%	 51.80%
\$ 55,952,864	\$ 59,163,976
 11.09%	 9.57%

Independent School District No. 720
Schedule of Investment Returns

	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>
Annual money-weighted rate of return, net of investment expense	5.70%	6.50%	6.30%	5.90%	22.40%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

Independent School District No. 720
Schedule of District's and Non-Employer Proportionate Share
of Net Pension Liability - General Employees Retirement Fund
Last Ten Years*

For Plan's Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionated Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.1966%	\$ 9,235,283	\$ -	\$ 9,235,283	\$ 10,320,166	89.49%	78.75%
2015	0.1839%	9,530,652	-	9,530,652	10,626,680	89.69%	78.19%
2016	0.1931%	15,678,762	204,852	15,883,614	11,984,533	130.82%	68.91%
2017	0.1912%	12,206,082	153,497	12,359,579	12,318,853	99.08%	75.90%
2018	0.1849%	10,257,494	336,349	10,593,843	12,426,720	82.54%	79.53%
2019	0.1749%	9,669,829	300,487	9,970,316	12,174,187	79.43%	80.23%
2020	0.1786%	10,707,886	330,180	11,038,066	12,739,760	84.05%	79.06%

* These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

Schedule of District's and Non-Employer Proportionate Share
of Net Pension Liability - TRA Retirement Fund
Last Ten Years*

For Plan's Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionated Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Share of the Net Pension of Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.8067%	\$ 37,172,155	\$ 2,615,162	\$ 39,787,317	\$ 36,823,971	100.9%	81.50%
2015	0.7817%	48,355,876	5,931,424	54,287,300	39,672,933	121.9%	76.77%
2016	0.8321%	198,475,704	19,921,322	218,397,026	43,284,507	458.5%	44.88%
2017	0.8541%	170,493,853	16,481,743	186,975,596	45,978,120	370.8%	51.57%
2018	0.8207%	51,547,642	4,843,020	56,390,662	45,343,640	113.7%	78.07%
2019	0.8065%	51,406,479	4,549,459	55,955,938	46,052,918	111.6%	78.21%
2020	0.7943%	58,683,948	4,918,087	63,602,035	46,159,078	127.1%	75.48%

* These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

Independent School District No. 720
Schedule of District Contributions -
General Employees Retirement Fund
Last Ten Years*

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 748,212	\$ 748,212	\$ -	\$ 10,320,166	7.25%
2015	797,001	797,001	-	10,626,680	7.50%
2016	898,840	898,840	-	11,984,533	7.50%
2017	923,914	923,914	-	12,318,853	7.50%
2018	932,004	932,004	-	12,426,720	7.50%
2019	913,064	913,064	-	12,174,187	7.50%
2020	955,482	955,482	-	12,739,760	7.50%
2021	908,921	908,921	-	12,118,947	7.50%

* These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

Schedule of District Contributions -
TRA Retirement Fund
Last Ten Years*

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 2,577,678	\$ 2,577,678	\$ -	\$ 36,823,971	7.00%
2015	2,975,470	2,975,470	-	39,672,933	7.50%
2016	3,246,338	3,246,338	-	43,284,507	7.50%
2017	3,448,359	3,448,359	-	45,978,120	7.50%
2018	3,400,773	3,400,773	-	45,343,640	7.50%
2019	3,550,680	3,550,680	-	46,052,918	7.71%
2020	3,655,799	3,655,799	-	46,159,078	7.92%
2021	3,824,655	3,824,655	-	47,043,727	8.13%

* These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

Independent School District No. 720
Notes to the Required Supplementary Information

TRA Retirement Fund

2020 Changes

Changes in Actuarial Assumptions

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

2019 Changes

Changes in Actuarial Assumptions

- None

2018 Changes

Changes in Actuarial Assumptions

- The discount rate was increased to 7.5% from 5.12%.
- The cost of living adjustment (COLA) was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% on January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019, and ending July 1, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to 0.0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers was reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next six years (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

2017 Changes

Changes in Actuarial Assumptions

- The discount rate was increased to 5.12% from 4.66%.
- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- The COLA was not assumed to increase to 2.5% but remain at 2.0% for all future years.

Independent School District No. 720
Notes to the Required Supplementary Information

TRA Retirement Fund (Continued)

2017 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- Adjustments were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the non-vested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 2.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for ten years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

2016 Changes

Changes in Actuarial Assumptions

- The discount rate was decreased to 4.66% from 8.0%
- The COLA was not assumed to increase for funding or the GASB calculation. It remained at 2% for all future years.
- The price inflation assumption was lowered from 3% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes as some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP 2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP 2015 scale.
- The post-retirement mortality assumption was changed to the RP 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP 2015 scale.
- The post-disability mortality assumption was changed to the RP 2014 disabled retiree mortality table, without adjustment.
- Separate retirement assumptions for members hired before or after July 1, 1989, were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional form of annuity payment at retirement were made.

2015 Changes

Changes of Benefit Terms

- The DTRFA was merged into TRA on June 30, 2015.

Independent School District No. 720
Notes to the Required Supplementary Information

TRA Retirement Fund (Continued)

2015 Changes (Continued)

Changes in Actuarial Assumptions

- The annual COLA for the June 30, 2015, valuation assumed 2%. The prior year valuation used 2% with an increase to 2.5% commencing in 2034. The discount rate used to measure the total pension liability was 8.0%. This is a decrease from the discount rate at the prior measurement date of 8.25%.

Independent School District No. 720
Notes to the Required Supplementary Information

General Employees Fund

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreasing from \$31 million to \$21 million per year. The State's special funding contribution was changed prospectively, requiring \$16 million due per year through 2031.

2018 Changes

Changes in Actuarial Assumptions

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

Independent School District No. 720
Notes to the Required Supplementary Information

General Employees Fund (Continued)

2018 Changes (Continued)

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.0% to 3.0%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.0%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.0% per year with a provision to increase to 2.5% upon attainment of 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.5%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age. Does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

- The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

Changes in Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The State's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

Independent School District No. 720
Notes to the Required Supplementary Information

General Employees Fund (Continued)

2015 Changes

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.

Independent School District No. 720
Notes to the Required Supplementary Information

Post Employment Health Care Plan

2021 Changes

Changes in Actuarial Assumptions

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and contract group.
- The discount rate was changed from 2.6% to 2.3%.

2020 Changes

Changes in Actuarial Assumptions

- The discount rate was changed from 3.20% to 2.60%.

2019 Changes

Benefit Changes

- For the fiscal year ending June 30, 2019, the teacher's post-employment subsidized benefit changed from the full single premium for the \$1,200 deductible plan to the same annual contribution toward single coverage as active employee.

Changes in Actuarial Assumptions

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The percent of administration and teachers not eligible for a post-employment medical subsidy assumed to elect coverage at retirement was lowered from 70% to 50%.
- The discount rate was changed from 3.50% to 3.20%

2018 Changes

Changes in Actuarial Assumptions

- The discount rate was changed from 2.90% to 3.50%.

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SUPPLEMENTARY INFORMATION

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GOVERNMENTAL FUNDS

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Independent School District No. 720
Combining Balance Sheet -
Nonmajor Governmental Funds
June 30, 2021

		Special Revenue	
		Food Service	Community Service
			Total
Assets			
Cash and investments	\$ 536,232	\$ 629,004	\$ 1,165,236
Current property taxes receivable	-	293,123	293,123
Delinquent property taxes receivable	-	2,146	2,146
Accounts receivable	-	16,366	16,366
Due from Department of Education	-	92,369	92,369
Due from other Minnesota school districts	-	78	78
Due from Federal Government through Department of Education	267,754	-	267,754
Inventory	65,125	-	65,125
Total assets	<u>\$ 869,111</u>	<u>\$ 1,033,086</u>	<u>\$ 1,902,197</u>
Liabilities			
Accounts payable	\$ 41,100	\$ 45,928	\$ 87,028
Salaries and benefits payable	69,627	149,293	218,920
Unearned revenue	264,072	3,241	267,313
Total liabilities	<u>374,799</u>	<u>198,462</u>	<u>573,261</u>
Deferred Inflows of Resources			
Property taxes levied for subsequent year's expenditures	-	615,905	615,905
Unavailable revenue - delinquent property taxes	-	2,146	2,146
Total deferred inflows of resources	<u>-</u>	<u>618,051</u>	<u>618,051</u>
Fund Balances			
Nonspendable	65,125	-	65,125
Restricted for			
Early Childhood and Family Education Programs	-	266,009	266,009
School Readiness	-	90,205	90,205
Food Service	429,187	-	429,187
Unassigned	-	(139,641)	(139,641)
Total fund balances	<u>494,312</u>	<u>216,573</u>	<u>710,885</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 869,111</u>	<u>\$ 1,033,086</u>	<u>\$ 1,902,197</u>

Independent School District No. 720
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended June 30, 2021

	Special Revenue		
	Food Service	Community Service	Total
Revenues			
Local property taxes	\$ -	\$ 617,764	\$ 617,764
Other local and county revenues	151	990,233	990,384
Revenue from state sources	-	930,310	930,310
Revenue from federal sources	3,281,783	92,890	3,374,673
Sales and other conversion of assets	87,173	-	87,173
Total revenues	3,369,107	2,631,197	6,000,304
Expenditures			
Current			
Food service	3,346,695	-	3,346,695
Community education and services	-	2,660,404	2,660,404
Capital outlay			
Food service	40,676	-	40,676
Community education and services	-	6,743	6,743
Total expenditures	3,387,371	2,667,147	6,054,518
Excess of revenues (under) expenditures	(18,264)	(35,950)	(54,214)
Fund Balances			
Beginning of year	512,576	252,523	765,099
End of year	\$ 494,312	\$ 216,573	\$ 710,885

Independent School District No. 720
Balance Sheet - General Fund
June 30, 2021
(with Comparative Totals as of June 30, 2020)

	2021	2020
Assets		
Cash and investments	\$ 16,242,278	\$ 14,063,710
Current property taxes receivable	7,407,996	7,635,941
Delinquent property taxes receivable	53,267	27,920
Accounts receivable	3,235	861
Due from Department of Education	8,046,315	7,706,966
Due from Federal Government through Department of Education	1,320,953	1,103,675
Due from Federal Government	-	38,178
Due from other Minnesota school districts	16,662	133,820
Due from other governmental units	9	181,333
Prepaid items	1,011,456	26,816
Total assets	<u>\$ 34,102,171</u>	<u>\$ 30,919,220</u>
Liabilities		
Accounts payable	\$ 937,865	\$ 1,129,151
Contracts payable	178,185	4,135
Salaries and benefits payable	7,251,375	7,166,996
Due to other Minnesota school districts	427,698	298,557
Due to other governmental units	60,320	136,891
Unearned revenue	97,497	-
Total liabilities	<u>8,952,940</u>	<u>8,735,730</u>
Deferred Inflows of Resources		
Property taxes levied for subsequent year's expenditures	14,202,896	13,677,053
Unavailable revenue - delinquent property taxes	53,267	27,920
Total deferred inflows of resources	<u>14,256,163</u>	<u>13,704,973</u>
Fund Balance		
Nonspendable	1,011,456	26,816
Restricted	8,195,420	4,498,587
Assigned	235,383	210,065
Unassigned	1,450,809	3,743,049
Total fund balance	<u>10,893,068</u>	<u>8,478,517</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 34,102,171</u>	<u>\$ 30,919,220</u>

Independent School District No. 720
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended June 30, 2021
(with Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021		
	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues			
Local property taxes	\$ 13,737,213	\$ 15,280,151	\$ 14,886,386
Other local and county revenues	2,227,118	1,704,618	1,183,957
Revenue from state sources	81,105,634	79,124,191	80,282,650
Revenue from federal sources	2,500,000	5,062,504	5,167,821
Sales and other conversion of assets	156,039	156,039	103,206
Total revenues	99,726,004	101,327,503	101,624,020
Expenditures			
Current			
Administration	5,662,057	5,724,443	5,701,132
District support services	2,529,205	2,797,169	2,680,469
Elementary and secondary regular instruction	46,280,537	45,021,077	44,166,870
Vocational education instruction	1,033,119	1,043,845	929,024
Special education instruction	19,529,884	19,821,250	19,869,550
Instructional support services	8,481,455	9,132,645	7,507,241
Pupil support services	8,620,189	9,138,058	8,419,183
Sites and buildings	5,837,125	6,225,560	6,140,042
Fiscal and other fixed cost programs	193,800	233,500	174,026
Capital outlay			
Administration	64,190	64,190	64,059
District support services	4,590	4,590	6,949
Elementary and secondary regular instruction	260,572	260,572	312,802
Vocational education instruction	1,530	1,530	3,353
Special education instruction	1,530	1,530	6,473
Instructional support services	2,059,525	1,972,965	1,550,858
Pupil support services	-	-	167
Sites and buildings	63,420	63,420	905,818
Debt service			
Principal	1,759,652	2,205,714	2,170,957
Interest and fiscal charges	480,894	437,115	442,826
Total expenditures	102,863,274	104,149,173	101,051,799
Excess of revenues over (under) expenditures	(3,137,270)	(2,821,670)	572,221
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	75,000	75,000	413,894
Issuance of capital leases	1,020,000	1,020,000	1,428,436
Transfers out	(500,000)	-	-
Total other financing sources (uses)	595,000	1,095,000	1,842,330
Net change in fund balance	\$ (2,542,270)	\$ (1,726,670)	2,414,551
Fund Balance			
Beginning of year, as previously stated			8,478,517
Change in accounting principle			-
Beginning of year, as restated			8,478,517
End of year			\$ 10,893,068

2021	2020
Variance with Final Budget - Over (Under)	Actual Amounts
\$ (393,765)	\$ 15,449,305
(520,661)	2,063,169
1,158,459	79,187,028
105,317	2,268,115
(52,833)	198,906
296,517	99,166,523

(23,311)	5,240,795
(116,700)	2,512,734
(854,207)	42,509,914
(114,821)	914,384
48,300	19,003,712
(1,625,404)	8,060,941
(718,875)	8,688,459
(85,518)	5,770,721
(59,474)	353,795

(131)	85,177
2,359	31,365
52,230	172,557
1,823	7,514
4,943	15,777
(422,107)	2,447,675
167	73
842,398	189,263

(34,757)	2,237,943
5,711	454,569
(3,097,374)	98,697,368

3,393,891	469,155
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338,894	1,266,100
408,436	1,362,995
-	-
747,330	2,629,095

\$ 4,141,221	3,098,250
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4,836,175
544,092
5,380,267
\$ 8,478,517

Independent School District No. 720
Balance Sheet - Food Service Fund
June 30, 2021
(with Comparative Totals as of June 30, 2020)

	2021	2020
Assets		
Cash and investments	\$ 536,232	\$ 674,375
Due from Department of Education	-	37,748
Due from Federal Government through Department of Education	267,754	119,950
Inventory	<u>65,125</u>	<u>54,038</u>
Total assets	<u><u>\$ 869,111</u></u>	<u><u>\$ 886,111</u></u>
Liabilities		
Accounts payable	\$ 41,100	\$ 26,386
Salaries and benefits payable	69,627	127,192
Unearned revenue	<u>264,072</u>	<u>219,957</u>
Total liabilities	<u>374,799</u>	<u>373,535</u>
Fund Balance		
Nonspendable	65,125	54,038
Restricted	<u>429,187</u>	<u>458,538</u>
Total fund balance	<u>494,312</u>	<u>512,576</u>
Total liabilities and fund balance	<u><u>\$ 869,111</u></u>	<u><u>\$ 886,111</u></u>

Independent School District No. 720
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Food Service Fund
Year Ended June 30, 2021
(with Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021				2020
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)	Actual Amounts
	Original	Final			
Revenues					
Other local and county revenues	\$ 11,330	\$ 20,240	\$ 151	\$ (20,089)	\$ 36,799
Revenue from state sources	245,347	212,894	-	(212,894)	205,245
Revenue from federal sources	2,067,607	2,215,417	3,281,783	1,066,366	2,094,192
Sales and other conversion of assets	2,357,668	1,935,319	87,173	(1,848,146)	1,751,141
Total revenues	<u>4,681,952</u>	<u>4,383,870</u>	<u>3,369,107</u>	<u>(1,014,763)</u>	<u>4,087,377</u>
Expenditures					
Current					
Food service	4,623,314	4,550,143	3,346,695	(1,203,448)	4,187,792
Capital outlay					
Food service	50,000	50,000	40,676	(9,324)	144,041
Total expenditures	<u>4,673,314</u>	<u>4,600,143</u>	<u>3,387,371</u>	<u>(1,212,772)</u>	<u>4,331,833</u>
Net change in fund balance	<u>\$ 8,638</u>	<u>\$ (216,273)</u>	(18,264)	<u>\$ 198,009</u>	(244,456)
Fund Balance					
Beginning of year			<u>512,576</u>		<u>757,032</u>
End of year			<u>\$ 494,312</u>		<u>\$ 512,576</u>

Independent School District No. 720
Balance Sheet - Community Service Fund
June 30, 2021
(with Comparative Totals as of June 30, 2020)

	2021	2020
Assets		
Cash and investments	\$ 629,004	\$ 688,651
Current property taxes receivable	293,123	305,978
Delinquent property taxes receivable	2,146	2,240
Accounts receivable	16,366	50
Due from Department of Education	92,369	95,307
Due from other Minnesota school districts	78	-
	<hr/>	<hr/>
Total assets	\$ 1,033,086	\$ 1,092,226
	<hr/>	<hr/>
Liabilities		
Accounts payable	\$ 45,928	\$ 5,591
Salaries and benefits payable	149,293	200,700
Due to other governmental units	-	618
Unearned revenue	3,241	12,606
Total liabilities	<hr/> 198,462	<hr/> 219,515
	<hr/>	<hr/>
Deferred Inflows of Resources		
Property taxes levied for subsequent year's expenditures	615,905	617,948
Unavailable revenue - delinquent property taxes	2,146	2,240
Total deferred inflows of resources	<hr/> 618,051	<hr/> 620,188
	<hr/>	<hr/>
Fund Balance		
Restricted for		
Early Childhood and Family Education Programs	266,009	158,623
School Readiness	90,205	278,344
Unassigned	(139,641)	(184,444)
Total fund balance	<hr/> 216,573	<hr/> 252,523
	<hr/>	<hr/>
Total liabilities, deferred inflows of resources, and fund balance	\$ 1,033,086	\$ 1,092,226
	<hr/>	<hr/>

Independent School District No. 720
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Community Service Fund
Year Ended June 30, 2021
(with Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021				2020
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)	Actual Amounts
	Original	Final			
Revenues					
Local property taxes	\$ 678,858	\$ 613,278	\$ 617,764	\$ 4,486	\$ 592,864
Other local and county revenues	1,478,690	1,162,837	990,233	(172,604)	1,118,132
Revenue from state sources	902,333	931,000	930,310	(690)	933,157
Revenue from federal sources	20,000	-	92,890	92,890	-
Total revenues	<u>3,079,881</u>	<u>2,707,115</u>	<u>2,631,197</u>	<u>(75,918)</u>	<u>2,644,153</u>
Expenditures					
Current					
Community education and services	2,945,719	2,814,022	2,660,404	(153,618)	2,764,912
Capital outlay					
Community education and services	6,250	4,468	6,743	2,275	4,295
Total expenditures	<u>2,951,969</u>	<u>2,818,490</u>	<u>2,667,147</u>	<u>(151,343)</u>	<u>2,769,207</u>
Net change in fund balance	<u>\$ 127,912</u>	<u>\$ (111,375)</u>	(35,950)	<u>\$ 75,425</u>	(125,054)
Fund Balance					
Beginning of year			<u>252,523</u>		<u>377,577</u>
End of year			<u>\$ 216,573</u>		<u>\$ 252,523</u>

Independent School District No. 720
Balance Sheet - Debt Service Fund
June 30, 2021
(with Comparative Totals as of June 30, 2020)

	<u>2021</u>	<u>2020</u>
Assets		
Cash and investments	\$ 90,193,169	\$ 16,381,558
Current property taxes receivable	9,094,864	12,079,042
Delinquent property taxes receivable	79,644	57,212
Due from Department of Education	<u>235,061</u>	<u>158,872</u>
Total assets	<u><u>\$ 99,602,738</u></u>	<u><u>\$ 28,676,684</u></u>
Liabilities		
Accounts Payable	<u>\$ -</u>	<u>\$ 1,350</u>
Deferred Inflows of Resources		
Property taxes levied for subsequent year's expenditures	\$ 18,954,263	\$ 24,140,116
Unavailable revenue - delinquent property taxes	<u>79,644</u>	<u>57,212</u>
Total deferred inflows of resources	<u><u>19,033,907</u></u>	<u><u>24,197,328</u></u>
Fund Balance		
Restricted	<u>80,568,831</u>	<u>4,478,006</u>
Total deferred inflows of resources and fund balance	<u><u>\$ 99,602,738</u></u>	<u><u>\$ 28,676,684</u></u>

Independent School District No. 720
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Debt Service Fund
Year Ended June 30, 2021
(with Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021			2020
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Over (Under)
				Actual
				Amounts
Revenues				
Local property taxes	\$ 23,116,035	\$ 23,116,035	\$ 23,925,120	\$ 809,085
Other local and county revenues	25,000	25,000	4,401	(20,599)
Revenue from state sources	1,305,000	1,435,000	2,350,601	915,601
Total revenues	24,446,035	24,576,035	26,280,122	1,704,087
Expenditures				
Debt service				
Principal	19,368,555	19,374,255	19,374,255	-
Interest and fiscal charges	6,342,306	6,331,782	7,418,428	1,086,646
Total expenditures	25,710,861	25,706,037	26,792,683	1,086,646
Excess of revenues over (under) expenditures	(1,264,826)	(1,130,002)	(512,561)	617,441
Other Financing Sources (Uses)				
Bond issuance	-	-	91,330,000	91,330,000
Bond premium	-	-	1,813,386	1,813,386
Payment of refunded bonds	-	-	(16,540,000)	(16,540,000)
Total other financing sources (uses)	-	-	76,603,386	76,603,386
Net change in fund balance	\$ (1,264,826)	\$ (1,130,002)	76,090,825	\$ 77,220,827
Fund Balance				
Beginning of year			4,478,006	3,223,859
End of year			\$ 80,568,831	\$ 4,478,006

Independent School District No. 720
Balance Sheet - Capital Projects Fund
June 30, 2021
(with Comparative Totals as of June 30, 2020)

	<u>2021</u>	<u>2020</u>
Assets		
Cash and investments	<u>\$ 15,361,125</u>	<u>\$ 6,374,882</u>
Total assets	<u><u>\$ 15,361,125</u></u>	<u><u>\$ 6,374,882</u></u>
Liabilities		
Accounts payable	\$ 22,701	\$ 4,814
Contracts payable	<u>4,441,795</u>	<u>4,941,810</u>
Total liabilities	<u>4,464,496</u>	<u>4,946,624</u>
Fund Balance		
Restricted	10,896,629	2,390,009
Unassigned	<u>-</u>	<u>(961,751)</u>
Total fund balance	<u>10,896,629</u>	<u>1,428,258</u>
Total liabilities and fund balance	<u><u>\$ 15,361,125</u></u>	<u><u>\$ 6,374,882</u></u>

Independent School District No. 720
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Capital Projects Fund
Year Ended June 30, 2021
(with Comparative Actual Amounts for the Year Ended June 30, 2020)

	2021			2020
	Budgeted Amounts		Variance with	Actual
	Original	Final	Final Budget -	Amounts
			Over (Under)	
Revenues				
Local Property Taxes	\$ -	\$ 1,504,792	\$ (1,504,792)	\$ -
Other local and county revenues	-	90,000	(73,318)	86,220
Total revenues	-	1,594,792	(1,578,110)	86,220
Expenditures				
Current				
Sites and buildings	-	277,941	(277,941)	210,592
Capital outlay				
Sites and buildings	-	25,439,531	(11,064,619)	18,413,542
Debt service				
Interest and fiscal charges	29,380,000	286,610	(44,389)	286,610
Total expenditures	29,380,000	26,004,082	(11,386,949)	18,910,744
Excess of revenues over under expenditures	(29,380,000)	(24,409,290)	9,808,839	(18,824,524)
Other Financing Sources				
Bond issuance	24,823,000	23,948,535	120,287	16,325,000
Bond premium	-	-	-	1,905,067
Total other financing sources	24,823,000	23,948,535	120,287	18,230,067
Net change in fund balance	\$ (4,557,000)	\$ (460,755)	\$ 9,929,126	(594,457)
Fund Balance				
Beginning of year			1,428,258	2,022,715
End of year			\$ 10,896,629	\$ 1,428,258

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INTERNAL SERVICE FUNDS

Independent School District No. 720
Combining Statement of
Net Position - Internal Service Funds
As of June 30, 2021

	Internal Service Funds		
	Health Insurance	Dental Insurance	Total
Assets			
Current			
Cash and cash equivalents	\$ 2,155,479	\$ 231,223	\$ 2,386,702
Liabilities			
Current			
Incurred but not reported claims	\$ 775,103	\$ 32,975	\$ 808,078
Salaries and benefits payable	1,581	-	1,581
Total liabilities	776,684	32,975	809,659
Net Position			
Unrestricted	1,378,795	198,248	1,577,043
Total liabilities and net position	\$ 2,155,479	\$ 231,223	\$ 2,386,702

Independent School District No. 720
Combining Statement of Revenues, Expenses, and Changes
in Fund Net Position - Internal Service Funds
Year Ended June 30, 2021

	Internal Service Funds		
	Health Insurance	Dental Insurance	Total
Operating Revenue			
Charges for services	\$ 9,246,159	\$ 805,466	\$ 10,051,625
Operating Expenses			
Insurance	8,345,176	806,417	9,151,593
Salaries	52,872	-	52,872
Benefits	5,059	-	5,059
Total Operating Expenses	8,403,107	806,417	9,209,524
Operating income	843,052	(951)	842,101
Nonoperating Revenues			
Investment income	160	9	169
Change in net position	843,212	(942)	842,270
Net Position			
Beginning of year	535,583	199,190	734,773
End of year	\$ 1,378,795	\$ 198,248	\$ 1,577,043

**Combining Statement of Cash Flows -
Internal Service Funds
Year Ended June 30, 2021**

	Internal Service Funds		
	Health Insurance	Dental Insurance	Total
Cash Flows - Operating Activities			
Receipts from District contributions	\$ 9,246,159	\$ 805,466	\$ 10,051,625
Employee claims paid	(8,228,597)	(805,129)	(9,033,726)
Payments to employees	(56,350)	-	(56,350)
Net cash flows - operating activities	961,212	337	961,549
Cash Flows - Investing Activities			
Interest received	160	9	169
Net change in cash and cash equivalents	961,372	346	961,718
Cash and Cash Equivalents			
Beginning of year	1,194,107	230,877	1,424,984
End of year	<u>\$ 2,155,479</u>	<u>\$ 231,223</u>	<u>\$ 2,386,702</u>
Reconciliation of Operating Income to Net Cash Flows - Operating Activities			
Operating income	\$ 843,052	\$ (951)	\$ 842,101
Adjustments to reconcile operating income to net cash flows - operating activities			
Incurred but not reported claims	116,579	1,288	117,867
Salaries and benefits payable	1,581	-	1,581
Net adjustments	118,160	1,288	119,448
Net cash flows - operating activities	<u>\$ 961,212</u>	<u>\$ 337</u>	<u>\$ 961,549</u>

UFARS COMPLIANCE TABLE

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Independent School District No. 720
Uniform Financial Accounting and Reporting Standards
Compliance Table
Year Ended June 30, 2021

	Audit	UFARS	Audit-UFARS		Audit	UFARS	Audit-UFARS
01 GENERAL FUND				06 BUILDING CONSTRUCTION FUND			
Total revenue	\$ 101,624,020	\$ 101,624,019	\$ 1	Total revenue	\$ 16,682	\$ 16,682	\$ -
Total expenditures	101,051,799	101,051,801	(2)	Total expenditures	14,617,133	14,617,134	(1)
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
4.60 Nonspendable fund balance	1,011,456	1,011,456	-	4.60 Nonspendable fund balance	-	-	-
<i>Restricted/reserved:</i>				<i>Restricted/reserved:</i>			
4.01 Student Activities	192,502	192,502	-	4.07 Capital Projects Levy	-	-	-
4.02 Scholarships	-	-	-	4.13 Building Projects Funded by COP/LP	-	-	-
4.03 Staff Development	-	-	-	4.67 Long-term Facilities Maintenance	10,288,755	10,288,755	-
4.07 Capital Projects Levy	995,412	995,412	-	<i>Restricted:</i>			
4.08 Cooperative Programs	-	-	-	4.64 Restricted fund balance	607,874	607,874	-
4.13 Building Projects Funded by COP	-	-	-	<i>Unassigned:</i>			
4.14 Operating Debt	-	-	-	4.63 Unassigned fund balance	-	-	-
4.16 Levy Reduction	-	-	-				
4.17 Taconite Building Maintenance	-	-	-	07 DEBT SERVICE FUND			
4.24 Operating Capital	2,009,460	2,009,460	-	Total revenue	\$ 26,280,122	\$ 26,280,123	(1)
4.26 \$25 Taconite	-	-	-	Total expenditures	43,332,683	43,332,684	(1)
4.27 Disabled Accessibility	-	-	-	<i>Nonspendable:</i>			
4.28 Learning and Development	912,377	912,377	-	4.60 Nonspendable fund balance	-	-	-
4.34 Area Learning Center	-	-	-	<i>Restricted/reserved:</i>			
4.35 Contracted Alternative Programs	-	-	-	4.25 Bond refundings	75,508,563	75,508,563	-
4.36 State Approved Alternative Program	-	-	-	4.33 Maximum Effort Loan	-	-	-
4.38 Gifted and Talented	-	-	-	4.51 QZAB payments	-	-	-
4.40 Teacher Development and Evaluation	-	-	-	4.67 LTFM	803,839	803,839	-
4.41 Basic Skills Programs	-	-	-	<i>Restricted:</i>			
4.48 Achievement and Integration Revenue	-	-	-	4.64 Restricted fund balance	4,256,429	4,256,429	-
4.49 Safe Schools Levy	504,170	504,170	-	<i>Unassigned:</i>			
4.51 QZAB Payments	-	-	-	4.63 Unassigned fund balance	-	-	-
4.52 OPEB Liabilities not Held in Trust	-	-	-				
4.53 Unfunded Severance and Retirement Levy	-	-	-	08 TRUST FUND			
4.59 Basic Skills Extended Time	-	-	-	Total revenue	\$ -	\$ -	\$ -
4.67 Long-term Facilities Maintenance	3,581,499	3,581,499	-	Total expenditures	-	-	-
4.72 Medical Assistance	-	-	-	<i>Unrestricted:</i>			
4.73 PPP Loans	-	-	-	4.01 Student Activities	-	-	-
4.74 EIDL Loans	-	-	-	4.02 Scholarships	-	-	-
<i>Restricted:</i>				4.22 Net position	-	-	-
4.64 Restricted fund balance	-	-	-	18 CUSTODIAL			
4.75 Title VII - Impact Aid	-	-	-	Total revenue	\$ 11,062	\$ 11,062	\$ -
4.76 Payments in Lieu of Taxes	-	-	-	Total expenditures	13,200	13,200	-
<i>Committed:</i>				<i>Restricted/reserved:</i>			
4.18 Committed for separation	-	-	-	4.01 Student Activities	-	-	-
4.61 Committed	-	-	-	4.02 Scholarships	13,451	13,451	-
<i>Assigned:</i>				4.48 Achievement and Integration	-	-	-
4.62 Assigned fund balance	235,383	235,383	-	4.64 Restricted	-	-	-
<i>Unassigned:</i>							
4.22 Unassigned fund balance	1,450,809	1,450,808	1	20 INTERNAL SERVICE FUND			
02 FOOD SERVICES FUND				Total revenue	\$ 10,051,794	\$ 10,051,793	\$ 1
Total revenue	\$ 3,369,107	\$ 3,369,108	(1)	Total expenditures	9,209,524	9,209,524	-
Total expenditures	3,387,371	3,387,370	1	<i>Unrestricted:</i>			
<i>Nonspendable:</i>				4.22 Net position	1,577,043	1,577,043	-
4.60 Nonspendable fund balance	65,125	65,125	-	25 OPEB REVOCABLE TRUST			
<i>Restricted/reserved:</i>				Total revenue	\$ -	\$ -	\$ -
4.52 OPEB liabilities not held in trust	-	-	-	Total expenditures	-	-	-
4.74 EIDL Loans	-	-	-	<i>Unrestricted:</i>			
<i>Restricted:</i>				4.22 Net position	-	-	-
4.64 Restricted fund balance	429,187	429,188	(1)	45 OPEB IRREVOCABLE TRUST			
<i>Unassigned:</i>				Total revenue	\$ 1,114,472	\$ 1,114,473	(1)
4.63 Unassigned fund balance	-	-	-	Total expenditures	-	-	-
04 COMMUNITY SERVICE FUND				<i>Unrestricted:</i>			
Total revenue	\$ 2,631,197	\$ 2,631,195	\$ 2	4.22 Net position	6,087,274	6,087,275	(1)
Total expenditures	2,667,147	2,667,146	1	47 OPEB DEBT SERVICE			
<i>Nonspendable:</i>				Total revenue	\$ -	\$ -	\$ -
4.60 Nonspendable fund balance	-	-	-	Total expenditures	-	-	-
<i>Restricted/reserved:</i>				<i>Nonspendable:</i>			
4.26 \$25 Taconite	-	-	-	4.60 Nonspendable fund balance	-	-	-
4.31 Community Education	(139,641)	(139,641)	-	<i>Restricted:</i>			
4.32 ECFE	266,009	266,009	-	4.25 Bond refundings	-	-	-
4.40 Teacher Development and Evaluations	-	-	-	4.64 Restricted fund balance	-	-	-
4.44 School Readiness	90,205	90,203	2	<i>Unassigned:</i>			
4.47 Adult Basic Education	-	-	-	4.63 Unassigned fund balance	-	-	-
4.52 OPEB Liabilities not Held in Trust	-	-	-				
4.73 PPP Loans	-	-	-				
4.74 EIDL Loans	-	-	-				
<i>Restricted:</i>							
4.64 Restricted fund balance	-	-	-				
<i>Unassigned:</i>							
4.63 Unassigned fund balance	-	-	-				

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STATISTICAL SECTION

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Independent School District No. 720
Statistical Section (Unaudited)
June 30, 2021

III. Statistical Section (Unaudited)

This part of the Independent School District No. 720's comprehensive annual financial report presents detailed information as a context for understanding what the information in the basic financial statements, note disclosures, and required supplementary information says about the District's overall financial health. The statistical section includes information related to these five sections:

<u>Contents</u>	<u>Page</u>
Financial Trends	
This section contains trend information to help the reader understand how the District's financial performance and well-being have changed over time.	136
Revenue Capacity	
This section contains information to help the reader assess the District's most significant local revenue source, property taxes.	145
Debt Capacity	
This section presents information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	152
Demographic and Economic Information	
This section contains demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	156
Operating Information	
This section contains service and infrastructure data to help the reader understand how the information in the District's financial report relates to services provided and activities performed.	158

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports for the relevant year.

Independent School District No. 720
Shakopee Public Schools
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2012	2013	2014	2015
Governmental Activities				
Net investment in capital assets	\$ 18,615,135	\$ 21,509,142	\$ 21,840,189	\$ 23,041,568
Restricted	2,470,265	2,103,662	2,411,568	3,150,431
Unrestricted	12,968,400	10,655,933	8,100,912	(45,145,697)
Total governmental activities net position	<u>\$ 34,053,800</u>	<u>\$ 34,268,737</u>	<u>\$ 32,352,669</u>	<u>\$ (18,953,698)</u>

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 26,336,717	\$ 35,186,072	\$ 45,526,236	\$ 55,529,637	\$ 67,663,806	\$ 82,755,741
1,241,034	-	1,970,243	2,446,033	7,194,893	10,079,420
(51,864,194)	(85,542,839)	(114,835,656)	(90,596,678)	(97,349,532)	(101,178,213)
<u>\$ (24,286,443)</u>	<u>\$ (50,356,767)</u>	<u>\$ (67,339,177)</u>	<u>\$ (32,621,008)</u>	<u>\$ (22,490,833)</u>	<u>\$ (8,343,052)</u>

Independent School District No. 720
Shakopee Public Schools
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2012	2013	2014	2015
Expenses				
Governmental activities				
Administration	\$ 3,320,105	\$ 4,196,548	\$ 4,623,140	\$ 5,547,166
District support services	1,123,052	1,293,572	1,471,090	1,912,672
Regular instruction	35,835,287	37,728,992	40,000,664	42,847,228
Vocational education instruction	491,687	458,572	725,118	703,295
Special education instruction	13,004,305	14,503,636	15,085,785	15,515,994
Instructional support services	3,785,454	4,731,832	4,921,635	6,047,476
Pupil support services	5,653,320	5,768,903	6,213,364	6,905,267
Sites and buildings	4,503,714	5,785,361	6,880,602	7,807,706
Fiscal and other fixed cost programs	125,742	130,635	181,473	215,914
Food service	3,215,446	3,458,450	3,470,807	3,794,772
Community service	1,829,186	1,891,348	1,838,544	2,056,634
Depreciation not allocated to other functions	184,101	279,962	517,536	628,829
Interest and fiscal charges on long-term debt	6,520,580	7,523,483	7,146,210	5,254,492
Total governmental activities expenses	79,591,979	87,751,294	93,075,968	99,237,445
Program Revenues				
Governmental activities				
Charges for services				
Administration	23,308	26,300	23,151	23,040
District support services	5,684	8,246	8,568	35,897
Regular instruction	816,793	852,858	981,266	448,664
Vocational education instruction	1,916	-	175	300
Special education instruction	12,198	24,748	1,810	228,614
Instructional support services	773	696	128	614
Pupil support services	8,023	8,634	10,859	29,502
Sites and buildings	40,013	17,300	17,900	13
Food service	1,637,500	1,642,702	1,747,412	1,958,315
Community service	704,736	718,063	733,494	787,156
Operating grants and contributions	18,311,523	19,506,678	20,373,579	21,935,044
Capital grants and contributions	30,552	5,000	38,845	-
Total governmental activities program revenues	21,593,019	22,811,225	23,937,187	25,447,159
Total governmental activities net expense	(57,998,960)	(64,940,069)	(69,138,781)	(73,790,286)
General Revenues and Other Changes in Net Position				
Governmental activities				
Property taxes				
General purpose	7,385,811	8,666,535	5,445,658	9,264,493
Community service	468,015	504,862	259,610	523,173
Debt service	12,356,247	13,906,651	12,933,157	12,470,062
General grants and aids	41,236,447	41,587,955	47,608,165	51,064,387
Investment earnings	103,512	344,424	331,125	119,007
Gain on sale of capital assets	4,000	200	119,370	13,580
Other general revenues	1,578,643	614,821	525,628	33,402
Total governmental activities	63,132,675	65,625,448	67,222,713	73,488,104
Total Net (Expense) Revenue	5,133,715	685,379	(1,916,068)	(302,182)
Net position - beginning, as previously stated	28,920,085	34,053,800	34,268,737	32,352,669
Change in accounting principle	-	(470,442)	-	(51,004,185)
Net position - beginning, as restated	28,920,085	33,583,358	34,268,737	(18,651,516)
Net position - ending	\$ 34,053,800	\$ 34,268,737	\$ 32,352,669	\$ (18,953,698)

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 5,955,670	\$ 7,523,283	\$ 7,340,382	\$ 3,607,620	\$ 5,843,792	\$ 5,720,333
2,122,209	2,456,591	2,106,366	2,374,571	2,599,179	2,640,387
45,554,644	63,959,236	63,492,106	30,458,137	49,786,185	50,659,122
726,293	1,286,927	945,260	528,644	1,000,405	1,031,568
17,425,823	25,091,784	24,552,734	12,698,736	20,164,692	20,660,274
7,548,519	10,762,588	9,547,642	6,601,313	9,380,581	7,628,921
7,377,729	8,401,426	8,625,780	7,691,554	8,882,170	8,576,605
7,337,340	6,929,012	8,170,286	11,550,383	4,347,902	6,935,247
211,184	191,091	199,020	172,683	353,795	174,026
4,158,297	4,724,099	4,480,777	4,173,484	4,261,487	3,397,836
2,322,011	3,286,539	3,303,658	2,282,557	2,993,523	2,815,962
787,506	1,265,819	1,589,799	1,713,784	5,803,460	3,509,260
8,055,214	7,322,643	6,559,035	5,533,037	5,252,402	6,629,000
109,582,439	143,201,038	140,912,845	89,386,503	120,669,573	120,378,541
14,225	12,993	13,376	9,477	1,200	-
35,292	25,189	25,579	55,730	87,978	30,696
474,275	438,789	528,522	544,335	422,253	331,052
37	140	328	527	2,353	136
179,203	200,061	3,361	1,844	-	-
562	243	68	-	-	92,810
107,857	221,004	228,447	235,796	64,931	58,403
59	32,413	61,245	61,668	59,874	2,300
2,035,210	2,084,558	2,038,572	2,110,636	1,751,141	87,173
1,016,566	1,229,308	1,265,406	1,333,572	1,092,977	985,334
24,000,053	25,885,369	23,511,826	23,702,928	25,548,851	30,503,605
-	470,297	979,803	965,654	807,794	396,516
27,863,339	30,600,364	28,656,533	29,022,167	29,839,352	32,488,025
(81,719,100)	(112,600,674)	(112,256,312)	(60,364,336)	(90,830,221)	(87,890,516)
9,114,215	13,310,119	13,953,937	15,759,624	15,441,415	14,911,733
517,493	542,360	580,326	586,578	601,809	617,670
12,620,244	18,735,124	18,817,481	19,994,879	22,296,379	23,947,552
53,137,665	59,536,734	60,765,061	57,877,841	61,464,606	62,073,034
938,932	657,661	750,641	639,236	368,966	27,838
21,600	4,022	304,669	188,238	202,747	413,894
36,206	78,576	101,787	36,109	40,382	46,576
76,386,355	92,864,596	95,273,902	95,082,505	100,416,304	102,038,297
(5,332,745)	(19,736,078)	(16,982,410)	34,718,169	9,586,083	14,147,781
(18,953,698)	(24,286,443)	(50,356,767)	(67,339,177)	(32,621,008)	(22,490,833)
-	(6,334,246)	-	-	544,092	-
(18,953,698)	(30,620,689)	(50,356,767)	(67,339,177)	(32,076,916)	(22,490,833)
\$ (24,286,443)	\$ (50,356,767)	\$ (67,339,177)	\$ (32,621,008)	\$ (22,490,833)	\$ (8,343,052)

Independent School District No. 720
Shakopee Public Schools
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year			
	2012	2013	2014	2015
General Fund				
Nonspendable	\$ 24,214	\$ 350,000	\$ 96	\$ 68,261
Restricted	1,079,553	578,923	1,905,984	2,158,125
Assigned	-	-	-	-
Unassigned	12,251,872	11,555,217	8,530,840	5,548,137
Total general fund	<u>\$ 13,355,639</u>	<u>\$ 12,484,140</u>	<u>\$ 10,436,920</u>	<u>\$ 7,774,523</u>
All Other Governmental Funds				
Nonspendable				
Capital Project funds	\$ 222,856	\$ 139,501	\$ 139,501	\$ 117,702
Nonmajor funds	26,858	30,880	33,057	33,832
Restricted				
Capital project funds	19,209,028	14,207,934	20,592,233	8,255,391
Debt service funds	46,487,037	90,039,936	45,763,302	2,937,288
Nonmajor funds	505,406	363,285	463,128	505,136
Unassigned reported in				
Capital project funds	-	-	-	-
Nonmajor funds	-	-	-	(75,851)
Total all other governmental funds	<u>\$ 66,451,185</u>	<u>\$ 104,781,536</u>	<u>\$ 66,991,221</u>	<u>\$ 11,773,498</u>
Total all funds	<u>\$ 79,806,824</u>	<u>\$ 117,265,676</u>	<u>\$ 77,428,141</u>	<u>\$ 19,548,021</u>

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 115,556	\$ 657,884	\$ 208,934	\$ 245,117	\$ 26,816	\$ 1,011,456
1,241,034	-	854,983	879,033	4,498,587	8,195,420
-	20,882	185,388	267,230	210,065	235,383
1,164,415	388,488	1,584,328	3,444,795	3,743,049	1,450,809
<u>\$ 2,521,005</u>	<u>\$ 1,067,254</u>	<u>\$ 2,833,633</u>	<u>\$ 4,836,175</u>	<u>\$ 8,478,517</u>	<u>\$ 10,893,068</u>
\$ 77,687	\$ -	\$ -	\$ -	\$ -	\$ -
29,846	49,221	45,582	48,294	54,038	65,125
100,430,142	53,366,000	11,214,101	2,022,715	2,390,009	10,896,629
20,079,253	20,670,744	2,988,464	3,223,859	4,478,006	80,568,831
762,437	946,735	1,086,759	1,131,535	895,505	785,401
-	-	-	-	(961,751)	-
(17,867)	(153,567)	(179,501)	(45,220)	(184,444)	(139,641)
<u>\$ 121,361,498</u>	<u>\$ 74,879,133</u>	<u>\$ 15,155,405</u>	<u>\$ 6,381,183</u>	<u>\$ 6,671,363</u>	<u>\$ 92,176,345</u>
<u>\$ 123,882,503</u>	<u>\$ 75,946,387</u>	<u>\$ 17,989,038</u>	<u>\$ 11,217,358</u>	<u>\$ 15,149,880</u>	<u>\$ 103,069,413</u>

Independent School District No. 720
Shakopee Public Schools
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year			
	2012	2013	2014	2015
Revenues				
Local sources				
Property taxes	\$ 20,531,670	\$ 23,015,692	\$ 18,718,986	\$ 22,314,253
Other	1,877,808	2,165,621	2,277,734	2,331,605
State sources	55,823,400	57,639,830	64,588,313	68,614,824
Federal sources	5,031,601	3,790,555	3,656,143	3,600,238
Sales and other conversion of assets	1,778,812	1,762,419	1,879,915	2,117,288
Total revenues	<u>85,043,291</u>	<u>88,374,117</u>	<u>91,121,091</u>	<u>98,978,208</u>
Expenditures				
Current				
Administration	3,195,735	4,059,643	4,521,361	5,437,582
District support services	1,034,206	1,178,509	1,348,643	1,780,294
Regular instruction	31,908,848	33,171,305	35,377,923	38,542,795
Vocational education instruction	490,161	457,254	718,252	683,688
Special education instruction	12,820,354	14,280,976	14,829,013	15,337,996
Instructional support services	3,282,279	4,583,789	4,544,911	5,405,273
Pupil support services	5,463,289	5,582,461	6,044,213	6,727,114
Sites and buildings	4,273,353	4,564,335	5,361,523	5,742,925
Fiscal and other fixed cost programs	125,742	130,635	181,473	215,914
Food service	3,187,982	3,392,964	3,421,835	3,740,537
Community service	1,742,213	1,795,498	1,746,124	1,974,288
Capital outlay	6,812,841	6,691,205	8,452,578	14,020,032
Debt service				
Principal	6,700,000	7,725,000	49,105,000	63,095,000
Interest and fiscal charges	6,494,170	7,737,467	8,791,140	7,222,016
Total expenditures	<u>87,531,173</u>	<u>95,351,041</u>	<u>144,443,989</u>	<u>169,925,454</u>
Excess (deficiency) of revenues over (under) expenditures	(2,487,882)	(6,976,924)	(53,322,898)	(70,947,246)
Other Financing Sources (Uses)				
Proceeds from sale of assets	4,000	200	119,370	13,580
Proceeds from bond issuance	39,000,000	38,325,000	-	12,055,000
Bond premium	5,423,519	6,110,576	-	998,546
Payment of refunding bonds	-	-	-	-
Bond discount	-	-	-	-
Proceeds from certificate of participation	-	-	13,175,000	-
Premium on certificate of participation	-	-	190,993	-
Capital lease proceeds	-	-	-	-
Total other financing sources (uses)	<u>44,427,519</u>	<u>44,435,776</u>	<u>13,485,363</u>	<u>13,067,126</u>
Net change in fund balances	<u>\$ 41,939,637</u>	<u>\$ 37,458,852</u>	<u>\$ (39,837,535)</u>	<u>\$ (57,880,120)</u>
Debt service as a percentage of noncapital expenditures	16.3%	17.4%	42.6%	45.1%

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 22,312,062	\$ 32,575,051	\$ 33,363,243	\$ 36,338,193	\$ 38,337,767	\$ 39,429,270
3,468,932	3,810,443	4,005,832	3,971,453	3,419,569	2,195,424
72,135,291	77,109,197	79,556,814	80,594,484	81,943,845	83,563,561
4,172,968	4,829,246	4,425,124	4,328,807	4,362,307	8,542,494
2,198,848	2,281,609	2,309,279	2,321,585	1,950,047	190,379
104,288,101	120,605,546	123,660,292	127,554,522	130,013,535	133,921,128
5,759,082	5,648,428	5,452,115	4,967,825	5,240,795	5,701,132
2,067,743	2,175,658	1,992,860	2,368,148	2,512,734	2,680,469
40,739,884	41,499,067	41,375,223	41,850,504	42,509,914	44,166,870
747,306	868,774	633,155	867,839	914,384	929,024
17,154,198	18,342,688	18,062,751	18,184,600	19,003,712	19,869,550
6,459,308	8,185,448	7,276,861	7,624,820	8,060,941	7,507,241
7,259,476	7,614,151	7,869,648	8,303,551	8,688,459	8,419,183
6,151,407	5,852,566	6,225,856	6,462,215	5,981,313	6,140,042
211,184	191,091	199,020	172,683	353,795	174,026
4,098,498	4,534,624	4,301,406	4,184,109	4,187,792	3,346,695
2,247,122	2,653,638	2,701,273	2,699,409	2,764,912	2,660,404
13,601,299	52,761,602	45,992,413	15,335,237	21,511,279	17,272,810
9,718,773	12,528,917	31,546,121	16,320,536	18,492,943	21,545,212
7,965,462	9,136,642	8,915,088	7,647,264	7,261,294	8,103,475
124,180,742	171,993,294	182,543,790	136,988,740	147,484,267	148,516,133
(19,892,641)	(51,387,748)	(58,883,498)	(9,434,218)	(17,470,732)	(14,595,005)
21,600	4,022	508,669	188,238	1,266,100	413,894
112,185,000	-	-	-	16,325,000	115,398,822
10,805,831	-	-	-	1,905,067	1,813,386
-	-	-	-	-	(16,540,000)
(24,812)	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,239,504	3,447,610	417,480	2,474,300	1,362,995	1,428,436
124,227,123	3,451,632	926,149	2,662,538	20,859,162	102,514,538
\$ 104,334,482	\$ (47,936,116)	\$ (57,957,349)	\$ (6,771,680)	\$ 3,388,430	\$ 87,919,533
16.0%	18.0%	29.3%	19.0%	20.7%	22.5%

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Independent School District No. 720
Shakopee Public Schools
Taxable Market Value of Properties
Last Ten Fiscal Years
(Unaudited)

Payable Year	(1) Residential Property	(2) Commercial Property	Total Assessed Value	Total Direct School Tax Rate
2012	\$ 3,044,731,900	\$ 800,998,000	\$ 3,845,729,900	35.512%
2013	2,739,797,200	796,576,600	3,536,373,800	39.715%
2014	2,841,717,800	844,413,500	3,686,131,300	36.963%
2015	3,252,532,100	897,436,700	4,149,968,800	35.577%
2016	3,423,877,400	949,275,900	4,373,153,300	53.484%
2017	3,473,072,500	1,099,461,700	4,572,534,200	49.282%
2018	3,703,806,500	1,153,737,200	4,857,543,700	52.141%
2019	3,900,645,000	1,258,375,800	5,159,020,800	52.930%
2020	4,080,936,100	1,564,066,801	5,645,002,901	50.558%
2021	4,743,669,103	1,439,142,897	6,182,812,000	37.372%

Notes:

- (1) Residential includes single family homes, townhomes and condominiums, and all other property including vacant land, farm, utilities, personal property and railroad property.
- (2) Commercial property above includes both commercial and industrial property.
- (3) The District has presented taxable market value, which is the best information available to represent estimated actual value of property, as the Counties do not provide this information to the District.

Source: Scott County Department of Property Tax and Public Records

Independent School District No. 720
Shakopee Public Schools
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Unaudited)

Taxes Payable Year	ISD No. 720 Direct Rate					Overlapping Rates		
	RMV General Fund Rate	NTC General Fund Rate	NTC Community Service	NTC General Obligation Debt Service	NTC OPEB	Total Direct School Tax Rate	City of Shakopee	City of Savage
2012	0.125	3.410	1.129	30.973	-	35.512	36.655	51.123
2013	0.145	7.529	1.210	30.976	-	39.715	41.990	55.508
2014	0.128	7.694	1.181	28.088	-	36.963	41.437	55.278
2015	0.100	8.222	1.070	26.285	-	35.577	37.862	51.742
2016	0.123	14.369	1.104	38.011	-	53.484	37.902	49.905
2017	0.115	13.945	1.057	34.280	-	49.282	38.522	47.841
2018	0.128	15.228	1.042	35.870	-	52.140	37.212	47.117
2019	0.110	14.519	0.981	37.430	-	52.930	34.940	44.474
2020	0.102	13.868	0.937	35.753	-	50.558	33.965	42.357
2021	0.107	11.083	0.827	25.462	-	37.372	32.105	42.254

Notes:

- (1) Overlapping rates are those of local and county governments that apply to property owners within the District. Not all overlapping rates apply to all of the District's property owners (e.g., the rates for special districts apply only to the proportion of the District's property owners whose property is located within the geographic boundaries of the special district).

Sources: Overlapping Rate Data provided by the Scott County Department of Property Tax and Public Records School Tax Report from County Auditor's Office

Overlapping Rates

Prior Lake	Louisville Township	Jackson Township	Sand Creek Township	Metro Council	Metro Transit	Scott County	Total Direct and Overlapping Tax Rate City of Shakopee
29.740	4.810	13.212	18.660	0.959	1.647	38.802	113.58
31.887	4.896	12.207	18.864	1.017	1.744	40.674	125.14
30.736	4.507	12.719	18.717	1.034	1.624	39.720	120.78
31.988	4.641	11.162	18.059	0.959	1.524	36.628	112.55
31.953	4.959	10.843	17.476	0.921	1.485	36.175	129.97
32.685	5.004	12.129	17.761	0.850	1.407	35.896	125.96
33.039	4.918	12.681	17.837	0.853	1.410	35.896	127.51
33.020	4.589	10.636	16.583	0.679	1.560	33.841	123.95
32.496	4.494	10.436	17.737	0.609	1.401	32.718	119.25
30.265	4.134	8.495	17.111	0.634	1.249	31.025	102.39

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Independent School District No. 720
Shakopee Public Schools
Principal Property Taxpayers
Current Year and Nine Years Ago
(Unaudited)

Taxpayer	Property Classification	2021			2012		
		Tax Capacity	Percentage of Total Tax Capacity	Rank	Tax Capacity	Percentage of Total Tax Capacity	Rank
MCP Shakopee	Commercial	\$ 1,529,250	2.77%	1			
Northern States Power Co	Public Utility	1,038,484	1.88%	2	538,822	1.17%	1
Duke Realty Limited Partnership	Commercial	947,903	1.72%	3			
Rahr Malting Company	Commercial	874,598	1.58%	4	407,369	0.89%	2
GEP X Addison LLC	Rental	628,135	1.14%	5			
J & J Minneapolis LLC	Commercial	599,250	1.08%	6			
Lothenbach Properties	Commercial	599,250	1.08%	6			
Seagate Technology LLC	Commercial	599,250	1.08%	6	399,250	0.87%	3
Shakkin LLC	Commercial	599,250	1.08%	6			
Centerpoint Energy Resource	Public Utility	533,450		10			
Shakopee Mdewakanton Sioux	Commercial				398,369	0.87%	4
St. Francis Medical Center	Healthcare				358,500	0.78%	5
Ryan Companies	Property Management				333,450	0.73%	6
Canterbury Park	Commercial				324,236	0.71%	7
Inland Shakopee Valley Marketplace	Commercial				291,750	0.64%	8
Sears & Roebuck & Co	Commercial				263,250	0.57%	9
Valleyfair	Amusement Park				259,250	0.56%	10
		<u>\$ 7,948,820</u>	<u>13.42%</u>		<u>\$ 3,574,246</u>	<u>7.79%</u>	

Source: Scott County Department of Property Tax and Public Records

Independent School District No. 720
Shakopee Public Schools
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

	Taxes Levied for the Fiscal Year						
Fiscal Year	General Fund RMV Voter	General Fund RMV Other	General Fund Basic Levy	Community Service Levy	Debt Service Fund Levy	Total Tax Levy (1)	
2012	\$ 4,538,364	\$ 1,119,477	\$ 1,541,595	\$ 510,690	\$ 14,004,282	\$ 21,714,407	(2)
2013	4,538,113	1,385,315	3,145,294	505,382	12,940,079	22,514,181	(2)
2014	-	5,565,310	3,429,210	526,412	12,518,345	22,039,277	(2)
2015	-	4,854,563	4,042,762	526,061	12,922,978	22,346,365	(2)
2016	2,500,000	5,951,726	4,647,062	548,983	18,906,524	32,554,296	(2)
2017	3,011,717	5,991,217	4,719,435	586,043	19,004,667	33,313,079	(2)
2018	3,206,596	7,009,394	5,423,209	590,824	20,341,203	36,571,228	(2)
2019	3,329,346	6,558,426	5,432,890	591,469	22,576,016	38,488,147	(2)
2020	3,527,108	6,551,159	5,233,905	618,406	24,140,695	40,071,273	(2)
2021	3,850,865	7,318,714	4,399,692	615,905	18,954,263	35,139,439	(2)

Notes:

(1) State credits are included in the operating levy

(2) Original Gross Levy

Source: Scott County Department of Property Tax and Public Records - School Tax Report; State Auditor - Taxes Receivable Report

Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Percentage of Levy Outstanding
Current Tax Collection	Percentage of Levy		Total Tax Collection	Percentage of Levy		
\$ 10,941,966	50.4%	\$ 10,556,005	\$ 21,497,972	99.00%	\$ 216,435	1.01%
11,344,873	50.4%	10,890,518	22,235,391	98.76%	278,791	1.25%
11,191,649	50.8%	10,649,397	21,841,046	99.10%	198,230	0.91%
11,392,345	51.0%	10,812,315	22,204,660	99.37%	141,705	0.64%
17,026,255	52.3%	15,446,446	32,472,701	99.75%	81,595	0.25%
17,036,841	51.1%	16,182,091	33,218,933	99.72%	94,146	0.28%
19,099,575	52.2%	19,049,992	38,149,567	104.32%	82,647	0.22%
18,410,550	47.8%	18,561,974	36,972,524	96.06%	85,536	0.23%
20,020,961	50.0%	20,020,961	40,041,922	99.93%	87,372	0.22%
22,633,288	64.4%	16,795,983	39,429,271	112.21%	135,057	0.34%

Independent School District No. 720
Shakopee Public Schools
Outstanding Debt By Type
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Governmental Activities			Total Primary Government	Estimated Population	Per Capita	Assessed Value	Per Assessed Value
	General Obligation Bonds	Certificates of Participation	Capital Leases Payable					
2012	\$ 176,155,000	\$ -	\$ -	\$ 176,155,000	44,290	\$ 3,977	\$ 3,845,729,900	4.6%
2013	206,755,000	-	-	206,755,000	44,711	4,624	3,536,373,800	5.8%
2014	157,650,000	13,175,000	-	170,825,000	44,941	3,801	3,686,131,300	4.6%
2015	107,220,000	12,565,000	-	119,785,000	46,376	2,583	4,149,968,800	2.9%
2016	210,545,000	12,040,000	905,731	223,490,731	47,110	4,744	4,373,153,300	5.1%
2017	199,410,000	11,495,000	3,504,424	214,409,424	47,569	4,507	4,572,534,200	4.7%
2018	169,630,000	10,930,000	2,720,782	183,280,782	47,569	3,853	4,857,543,700	3.8%
2019	155,315,000	10,340,000	3,779,547	169,434,547	48,954	3,461	5,159,020,800	3.3%
2020	169,481,564	9,855,653	3,514,599	182,851,816	50,423	3,626	5,645,002,901	3.2%
2021	247,435,121	9,220,601	3,397,078	260,052,800	51,683	5,032	6,182,812,000	4.2%

Notes:

- (1) Details regarding the District's outstanding debt can be found in the notes to the financial statements.
- (2) Personal income information for residents living within the District is not available

Independent School District No. 720
Shakopee Public Schools
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	General Obligation Bonds	Less Amounts Available In Debt Service fund	Net Bonded Debt	Total Assessed Value	Percentage of Est Actual Value of Taxable Property	Estimated Population	Net Bonded Debt Per Capita
2012	\$ 176,155,000	\$ 2,309,255	\$ 173,845,745	\$ 3,845,729,900	4.52%	44,290	\$ 3,925
2013	206,755,000	2,903,984	203,851,016	3,536,373,800	5.76%	44,711	4,559
2014	157,650,000	2,981,462	154,668,538	3,686,131,300	4.20%	44,941	3,442
2015	107,220,000	2,937,288	104,282,712	4,149,968,800	2.51%	46,376	2,249
2016	210,545,000	20,079,253	190,465,747	4,373,153,300	4.77%	47,110	4,043
2017	199,410,000	20,670,744	178,739,256	4,572,534,200	4.29%	47,569	3,757
2018	169,630,000	2,988,464	166,641,536	4,857,543,700	3.43%	47,569	3,503
2019	155,315,000	3,223,859	152,091,141	5,159,020,800	2.95%	48,954	3,107
2020	169,481,564	4,478,007	165,003,557	5,645,002,901	2.92%	50,423	3,272
2021	247,435,121	80,568,831	166,866,290	6,182,812,000	2.70%	51,683	3,229

Notes:

(1) Details regarding the District's outstanding debt can be found in the notes to the financial statements.

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Independent School District #720
Shakopee Public Schools
Computation of Direct and Overlapping Bonded Debt
(Unaudited)

	Dec-20 Adjusted Taxable Net Tax Capacity	Dec-20 Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping				
Scott County	\$ 232,667,102	\$ 125,530,000	30.99%	\$ 38,906,236
Cities/Townships				
Shakopee	65,091,870	41,075,000	95.29%	39,139,854
Savage	46,284,615	47,920,000	7.01%	3,357,799
Prior Lake	45,055,487	35,290,000	2.95%	1,039,941
Total Overlapping				<u>82,443,830</u>
Direct				
Shakopee Public Schools ISD No. 720	71,899,365	247,435,121	100.00%	<u>247,435,121</u>
Total Direct and Overlapping Bonded Debt				<u><u>\$ 329,878,951</u></u>

Sources: Taxable value data used to estimate applicable percentages and Debt outstanding data provided by Scott County Taxpayer Services Department

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the district. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the district's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Independent School District No. 720
Shakopee Public Schools
Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Net Bonded Debt (1)	Net Tax Capacity (1)	Percent of Net Debt to Net Tax Capacity	Percent of Bonded Debt to Market Value
2012	\$ 176,155,000	\$ 42,339,285	416.06%	4.58%
2013	206,755,000	44,173,949	468.05%	5.85%
2014	157,650,000	48,960,266	322.00%	4.28%
2015	107,220,000	51,591,841	207.82%	2.58%
2016	210,545,000	54,930,192	383.30%	4.81%
2017	199,410,000	53,882,262	370.08%	4.36%
2018	169,630,000	57,032,951	297.42%	3.49%
2019	155,315,000	60,420,682	257.06%	3.01%
2020	169,481,564	65,966,758	256.92%	3.00%
2021	247,435,121	71,899,365	344.14%	4.00%

Notes:

- (1) Net Bonded Debt, Net Tax Capacity and Estimated Population data is taken from other schedules within this Statement.
- (2) The Indicated Market Value is calculated by dividing the taxable market value by the sales ratio.
- (3) The legal debt limit for a school district in Minnesota is 15% of the indicated market value of all taxable property within the district.
- (4) The legal debt margin is calculated by subtracting outstanding net bonded debt from the legal debt limit.

Estimated Population (1)	Net Debt per Capita	Indicated Market Value (2)	Legal Debt Limit (3)	Legal Debt Margin (4)	Percent Bonded Debt to Debt Limit
44,290	\$ 3,977	\$ 3,788,896,453	\$ 568,334,468	\$ 392,179,468	30.99%
44,711	4,624	3,515,282,107	527,292,316	320,537,316	39.21%
44,941	3,508	3,847,736,221	577,160,433	419,510,433	27.31%
46,376	2,312	4,386,859,197	658,028,880	550,808,880	16.29%
47,110	4,469	4,536,466,079	680,469,912	469,924,912	30.94%
47,569	4,192	4,906,152,575	735,922,886	536,512,886	27.10%
47,569	3,566	5,062,578,114	759,386,717	589,756,717	22.34%
48,954	3,173	5,059,941,354	758,991,203	603,676,203	20.46%
50,423	3,361	5,373,980,000	806,097,000	636,615,436	21.02%
51,683	4,788	6,576,682,189	986,502,328	739,067,207	25.08%

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Independent School District No. 720
Shakopee Public Schools
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Population (1)	Personal Income (<i>thousands of dollars</i>) (2)	Per Capita Personal Income (2)	Enrollment (3)	Scott Co. Unemployment Rate (4)
2012	44,290	-	-	7,297	5.1%
2013	44,711	-	-	7,405	4.7%
2014	44,941	-	-	7,593	3.7%
2015	46,376	-	-	7,791	3.2%
2016	47,110	-	-	8,012	3.4%
2017	47,569	-	-	8,153	3.2%
2018	47,569	-	-	8,265	3.0%
2019	48,954	-	-	8,184	2.3%
2020	50,423	-	-	8,190	8.4%
2021	51,683	-	-	8,074	3.0%

Sources:

- (1) Scott County Levy Documentation
- (2) Personal income information for residents living within the District is not available
- (3) MN Department of Education
- (4) MN Employment and Economic Development. The August 2021 rate is used.

Independent School District No. 720
Shakopee Public Schools
Principal Employers
Current Year and Nine Years Ago
(Unaudited)

Employer	Product/Service	2021		2012	
		Employees	Rank	Employees	Rank
Shakopee Mdewakanton Sioux Community	Entertainment	4,250	1		
Amazon	Distribution	1,500	2		
ISD 720, Shakopee Public Schools	Education	1,255	3	1,347	2
Cyberpower Systems	Manufacturing	1,160	4		
Emerson	Manufacturing	1,061	5		
St. Francis Regional Medical Center	Healthcare	999	6	804	5
Entrust Datacard	Manufacturing	800	7		
Scott County	Givernment	667	8	711	6
Imagine Print Solutions	Printing	600	9	652	7
CommScope	Manufacturing	600	10		
Valleyfair	Entertainment			1,743	1
Seagate	Manufacturing			1,200	3
Canterbury Park	Entertainment			1,100	4
Walmart	Retail			400	8
Anchor Glass	Manufacturing			271	9
Toro	Manufacturing			270	10
		<u>12,892</u>		<u>8,498</u>	

Source: Information provided by City and County Comprehensive Annual Financial Reports

Note: Total employment for the area served by Shakopee Public Schools is not available and, therefore, a percentage of total employment for each of the employers listed above is not included.

Independent School District No. 720
Shakopee Public Schools
Full-time-Equivalent District Licensed Employees by Type
Last Ten Fiscal Years
(Unaudited)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Administrative Staff										
Superintendent	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Principals	7.0	9.0	10.0	12.0	11.0	15.0	14.6	9.0	15.0	15.0
Administrative Assistants (Asst. Principals and Asst. Superintendent)	4.0	5.0	9.0	12.0	13.8	10.0	10.0	15.0	14.0	14.0
Supervisory Coordinator	1.0	0.0	2.0	4.0	4.0	3.0	3.8	4.8	6.0	7.0
Total Administrative Staff	13.0	15.0	22.0	29.0	29.8	29.0	29.4	29.8	36.0	37.0
Support Service Staff										
Other Non-Instructional Staff	41.0	40.7	21.9	48.4	43.9	46.4	62.3	62.3	62.3	82.2
Counselors/Deans	3.0	5.0	6.0	7.0	11.0	11.0	9.0	10.0	23.7	22.0
Media/Librarian	7.0	8.0	8.0	8.0	10.0	9.0	5.0	5.0	4.0	4.0
Nurse	3.0	4.7	5.0	5.6	6.3	4.8	5.8	5.8	5.9	5.4
Social Worker	6.0	6.0	9.0	10.0	9.8	12.0	11.7	11.7	9.6	9.6
Psychologists	4.8	6.8	7.0	7.0	7.0	8.0	8.0	8.0	6.7	6.5
Teacher on Sp Assignment	23.3	28.6	6.4	19.0	14.5	19.5	20.1	20.1	19.6	19.9
Total Support Service Staff	88.2	99.8	63.3	105.0	102.6	110.6	121.9	122.9	131.8	149.6
Special Education Teachers										
Speech Language	17.4	19.7	20.8	18.8	20.8	20.8	20.1	20.1	19.8	20.3
Other Special Education Teachers	68.8	71.4	79.6	79.4	94.9	86.4	85.4	86.4	98.9	110.1
Total Special Education Teachers	86.2	91.1	100.5	98.2	115.7	107.2	105.6	106.5	118.7	130.4
Classroom Teachers										
K-12 Teacher	328.2	347.4	397.1	394.7	426.3	414.8	394.1	397.0	397.4	423.8
Vocational Education Teacher	5.8	6.2	6.0	6.1	4.9	5.5	4.8	4.8	9.0	9.0
Pre-K, ECFE, and Other Teacher	10.5	10.4	9.0	8.8	11.2	8.9	9.0	9.0	10.3	9.8
Total Classroom Teachers	344.5	364.0	412.1	409.7	442.4	429.2	407.9	410.8	416.7	442.6
Total	531.9	570.0	597.9	641.9	690.4	676.0	664.8	670.1	703.2	759.6

Source: Minnesota Department of Education STARS data and District records for Licensed Staff.

Independent School District No. 720
Shakopee Public Schools
Operating Statistics
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Total Governmental Fund Expenditures</u>	<u>Cost per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil- Teacher Ratio</u>
2012	7,297	\$ 87,531,173	11,995	-6.35%	430.7	16.9
2013	7,405	95,351,041	12,876	7.34%	455.2	16.3
2014	7,593	144,443,989	19,024	47.75%	512.6	14.8
2015	7,791	169,925,454	21,809	14.64%	507.9	15.3
2016	8,012	124,180,742	15,499	-28.93%	558.0	14.4
2017	8,153	171,993,294	21,095	36.11%	536.4	15.2
2018	8,265	182,543,790	22,086	4.70%	513.4	16.1
2019	8,184	136,988,740	16,739	-24.21%	517.4	15.8
2020	8,190	147,484,267	18,008	7.58%	535.4	15.3
2021	8,074	148,516,133	18,394	2.15%	573.0	14.1

Source: District records and teaching staff numbers from the Minnesota Department of Education STARS data.

Independent School District No. 720
Shakopee Public Schools
School Building Information
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>School</u>										
Elementary										
Sweeney Elementary										
Square feet	84,171	84,171	84,171	94,914	94,914	94,914	94,914	94,914	94,914	94,914
Building Capacity	672	672	672	672	672	672	672	672	672	672
Program Capacity	672	672	672	672	672	672	672	672	672	672
Enrollment (1)	708	712	707	683	652	640	655	652	677	650
Sun Path Elementary										
Square feet	96,600	96,600	96,600	106,455	106,455	106,455	106,455	106,455	106,455	106,455
Building Capacity	764	764	764	764	764	764	764	764	764	764
Program Capacity	764	764	764	764	764	764	764	764	764	764
Enrollment (1)	770	768	745	728	730	675	654	610	606	582
Pearson Early Learning Center										
Square feet	87,235	87,235	87,235	87,235	87,235	87,235	87,235	87,235	87,235	87,235
Building Capacity	586	586	586	586	586	586	586	586	586	586
Program Capacity	586	586	586	586	586	586	586	586	586	586
Enrollment (1)	-	577	582	624	659	680	644	-	-	75
Red Oak Elementary										
Square feet	97,000	97,000	97,000	106,818	106,818	106,818	106,818	106,818	106,818	106,818
Building Capacity	764	764	764	764	764	764	764	764	764	764
Program Capacity	764	764	764	764	764	764	764	764	764	764
Enrollment (1)	812	731	715	717	689	644	610	564	558	525
Eagle Creek Elementary										
Square feet	100,185	100,185	100,185	110,088	110,088	110,088	110,088	110,088	110,088	110,088
Building Capacity	764	764	764	764	764	764	764	764	764	764
Program Capacity	764	764	764	764	764	764	764	764	764	764
Enrollment (1)	670	720	771	810	847	839	817	777	748	715
Jackson Elementary										
Square feet	109,068	109,068	109,068	109,068	109,068	109,068	109,068	109,068	109,068	109,068
Building Capacity	764	764	764	764	764	764	764	764	764	764
Program Capacity	764	764	764	764	764	764	764	764	764	764
Enrollment (1)	698	759	806	835	852	868	864	850	794	753

Independent School District No. 720
Shakopee Public Schools
School Building Information
Last Ten Fiscal Years
(Unaudited)

Continued

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Middle										
East Middle School										
Square feet	164,917	164,917	164,917	164,917	164,917	164,917	164,917	164,917	164,917	164,917
Building Capacity	985	985	985	985	985	985	985	985	985	985
Program Capacity	985	985	985	985	985	985	985	985	985	985
Enrollment (1)	1,143	726	806	798	841	851	883	844	743	860
West Middle School										
Square feet	207,941	207,941	207,941	207,941	207,941	207,941	207,941	207,941	207,941	207,941
Building Capacity	896	896	896	896	896	896	896	896	896	896
Program Capacity	896	896	896	896	896	896	896	896	896	896
Enrollment (1)	975	925	976	968	978	1,065	1,144	1,148	1,169	964
High School										
Shakopee High School										
Square feet	322,000	322,000	322,000	322,000	322,000	322,000	322,000	600,000	600,000	600,000
Building Capacity	1,612	1,612	1,612	1,612	1,612	1,612	1,612	3,000	3,000	3,000
Program Capacity	1,612	1,612	1,612	1,612	1,612	1,612	1,612	3,000	3,000	3,000
Enrollment (1)	1,451	1,381	1,379	1,494	1,611	1,719	1,728	2,479	2,629	2,780
Other										
Tokata Learning Center - ALC										
Square feet	-	12,351	12,351	12,351	12,351	12,351	12,351	12,351	12,351	12,351
Enrollment (1)	-	56	43	74	85	91	184	186	205	90
Central Family Center										
Square feet	64,197	64,197	64,197	64,197	64,197	64,197	64,197	64,197	64,197	64,197
Enrollment (1)	69	50	63	66	68	82	82	75	61	-
Total										
Square feet	1,333,314	1,345,665	1,345,665	1,385,984	1,385,984	1,385,984	1,385,984	1,663,984	1,663,984	1,663,984
Building Capacity	7,807	7,807	7,807	7,807	7,807	7,807	7,807	9,195	9,195	9,195
Program Capacity	7,807	7,807	7,807	7,807	7,807	7,807	7,807	9,195	9,195	9,195
Enrollment	7,297	7,405	7,593	7,796	8,012	8,153	8,265	8,185	8,190	7,994

Independent School District No. 720
Shakopee Public Schools
School Building Information
Last Ten Fiscal Years
(Unaudited)

Continued

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>Athletics</u>										
Football fields	1	1	1	1	1	1	1	1	1	1
Running tracks	1	1	1	1	1	1	1	1	1	1
Baseball/softball	23	23	23	23	23	23	23	23	23	23
Tennis courts	14	14	14	14	14	14	14	14	14	14
Multi-purpose fields (lacrosse, soccer)	11	11	11	11	11	11	11	11	11	11
Multi-purpose gyms	13	13	13	13	13	13	13	18	18	18
Swimming pools	2	2	2	2	2	2	2	2	2	2
Playgrounds	8	8	8	8	8	8	8	8	8	8

Notes:

(1) Enrollment reflects average daily membership served by site. Resident students served under tuition agreements are excluded from this enrollment data.