

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED

JUNE 30, 2021

Owatonna Public Schools
Independent School District No. 761
515 West Bridge Street
Owatonna, MN 55060

The logo for Owatonna Public Schools features a stylized blue roofline above the word "OWATONNA" in a bold, black, sans-serif font. Below "OWATONNA" are the words "PUBLIC SCHOOLS" in a smaller, black, sans-serif font. At the bottom of the logo is the tagline "INSPIRING EXCELLENCE • EVERY LEARNER • EVERY DAY" in a very small, black, sans-serif font.

OWATONNA
PUBLIC SCHOOLS
INSPIRING EXCELLENCE • EVERY LEARNER • EVERY DAY

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
OWATONNA, MINNESOTA**

YEAR ENDED JUNE 30, 2021

**PREPARED BY:
DISTRICT BUSINESS OFFICE**

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INDEPENDENT SCHOOL DISTRICT NO. 761
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INTRODUCTORY SECTION

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**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
BOARD OF EDUCATION AND ADMINISTRATION
JUNE 30, 2021**

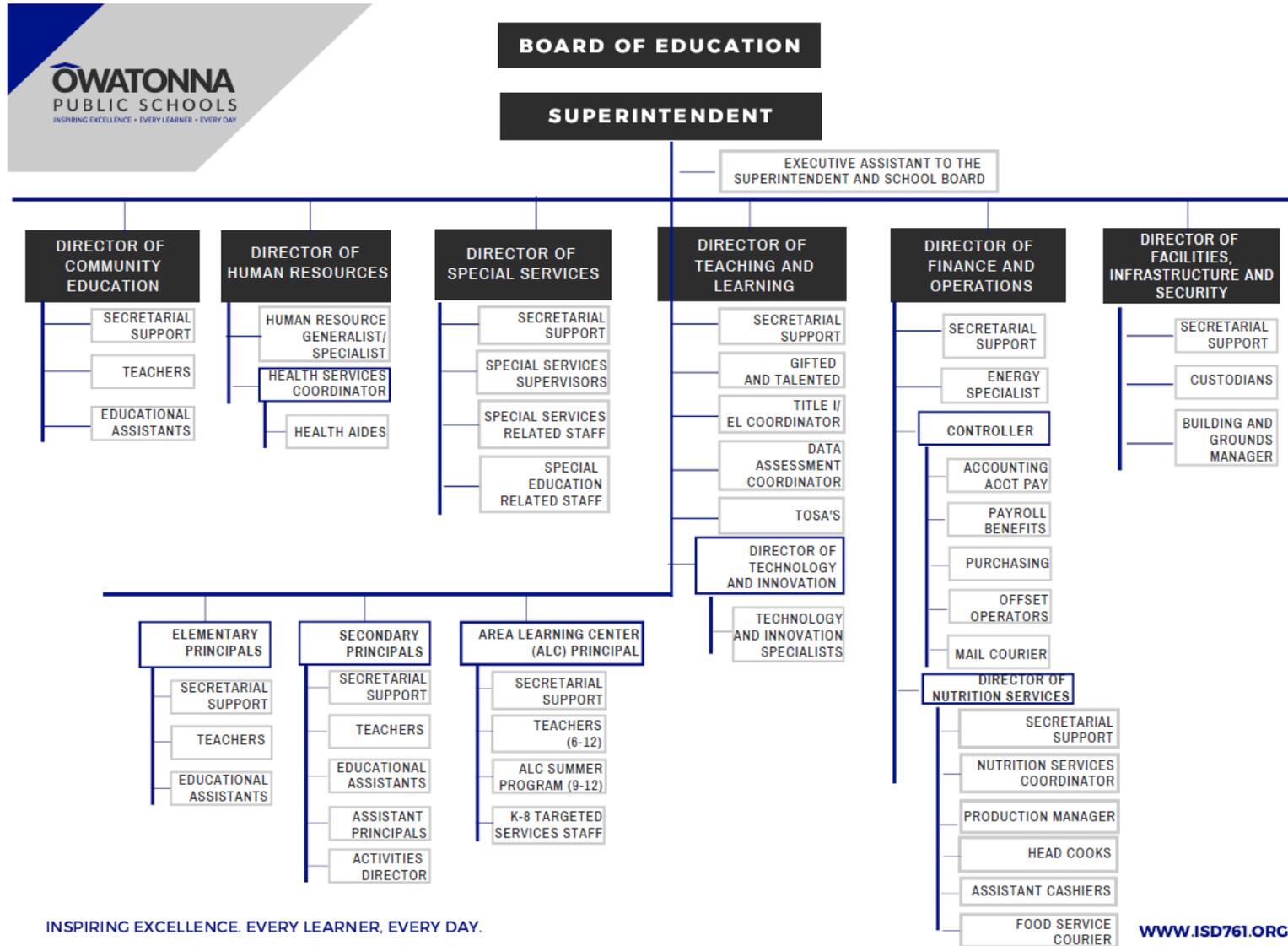
BOARD OF EDUCATION

Mark Sebring	Chair
Lori Weisenburger	Vice Chair
Jolayne Mohs	Treasurer
Eric Schuster	Clerk
Deborah Bandel	Director
Nikki Gieseke	Director
Timothy Jensen	Director

ADMINISTRATION

Jeff Elstad	Superintendent
Amanda Heilman	Director of Finance and Operations
Sarah Cramblit	Controller

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
ORGANIZATIONAL CHART
JUNE 30, 2021**





November 10, 2021

To: The School Board, Citizens, and Employees of Owatonna Public Schools

Introduction

We respectfully submit the Annual Comprehensive Financial Report of Independent School District No. 761, Owatonna, Minnesota, for the fiscal year ended June 30, 2021. Responsibility for the entire financial report rests with District management. The report contains all of the funds and government-wide statements of the District in conformity with auditing standards generally accepted in the United States of America for defining the reporting entity. The organization, form, and content of this report were prepared in accordance with standards prescribed by the Governmental Accounting Standards Board (GASB), the Association of School Business Officials International, the American Institute of Certified Public Accountants, and the Minnesota Department of Education. The District's annual financial reports are prepared according to School Board policy and Minnesota State Statutes.

This Annual Comprehensive Financial Report is presented in three sections: introductory, financial, and statistical. The introductory section includes a list of the Board of Education and central administrators, organizational chart, this transmittal letter, and a copy of the Certificate of Excellence in Financial Reporting for fiscal year ended June 30, 2020. The financial section includes the Independent Auditor's Report, Management's Discussion and Analysis, basic financial statements, required supplementary information, and supplementary information. The statistical section includes selected financial and general information presented on a multi-year comparative basis.

Management's Discussion and Analysis (MD&A) and the Notes to the Basic Financial Statements are provided in the financial section and are considered essential for fair presentation and adequate disclosure in the financial statements. The MD&A provides additional financial information, which is important to the reader's understanding of this report. The MD&A discusses the financial condition of the District at fiscal year-end in a narrative and graphic format. The notes include a summary of significant accounting policies for the District and other disclosures relating to the financial position of the District.

District management is responsible for the integrity of the financial data presented. We believe all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial activity have been included. The District's accounting system and budgetary control records are maintained on the accrual basis. Revenues are recognized when earned. Expenditures are recognized when a liability is incurred. Capital assets are recorded at cost and depreciated over their estimated useful lives on the Statement of Net Position and the Statement of Activities found in the financial section.

Reporting Entity and Its Services

Independent School District No. 761, also known as the Owatonna Public Schools, is an instrumentality of the State of Minnesota established to function as an educational institution. The District is an independent entity governed by an elected seven-member School Board. The School Board receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. The School Board has the power and duty to set budgets, certify tax levies, issue debt, and perform other tasks necessary to the operation of the District. The District is subject to the oversight of the Minnesota Department of Education. The District does not have any component units.

The District is a public educational system serving a 245 square mile area located in south central Minnesota. District boundaries encompass geographic portions of Steele and Waseca Counties, including the City of Owatonna, Minnesota. The population in the District is 29,301. The adjusted net tax capacity as defined by the Minnesota Department of Revenue for the 2020 valuation year was \$36,247,896 or a 6.8% increase over 2019.

District facilities currently include four elementary schools, a middle school, a senior high school, a community education building, a combination early childhood center and area learning center, a district administration center, two storage facilities, and a combined printing and storage facility. The average age of these buildings is 38.2 years.

The District provides a full range of public education services appropriate to our students in grade levels ranging from pre-kindergarten through grade 12. These include regular and enriched academic education, special education, and vocational education. Food service and transportation are provided as supporting programs. The District's community education program includes Early Childhood and Family Education, Adult Basic Education, School Readiness, and a variety of classes for lifelong learning experience for children and adults.

Economic Condition and Outlook

The District is dependent on the State of Minnesota for the majority of its revenue. In the opinion of the Board, legislated revenues make it difficult to meet the demands posed by a quality education system. As a result, the District has relied on property tax referenda to support its educational programs.

For fiscal year 2022, the State of Minnesota did increase the general education aid for school districts by 2.45%. With this change, the state increased the basic formula amount to \$6,728. The consumer price index during the past five years has been running at 2.5%, and the basic formula allotment (currently at \$6,567 per pupil unit for fiscal year 2021) has increased on average 2.0% per year. The District is anticipating revenues to exceed expenditures by \$313,163 in fiscal year 2022, as approved in the budget legally enacted by the School Board. This will bring the total general fund balance to 15.84%.

The fiscal year 2022 District budget is dependent on \$41.0 million in state general education aid. Approximately 95% of this revenue is derived from the basic per pupil allotment of \$6,728.

Total enrollment for the 2020-21 school year was 4,815. This represents a decrease of 68 students from the previous year. Enrollment is projected to be 4,807 for the 2021-22 school year. Kindergarten birth rates continue to decline in Steele County.

As is the case almost everywhere, the economy in Minnesota, and Steele County in particular, is struggling due to the COVID-19 pandemic. However, the housing market seems to be strong at this time with residential property values increasing. Commercial property growth is also strong in Steele County due to new businesses coming to the community. The local insurance and manufacturing industries have remained strong. The local unemployment rate is 4.8%, less than the state average of 6.2%.

MISSION

**Inspiring Excellence.
Every Learner, Every Day.**

VISION

Owatonna Public Schools inspires a community of learners with equitable access to high quality, innovative learning opportunities ensuring all students are college, career and life ready.

CORE VALUES

- Build and nurture relationships
- Develop and maintain a growth mindset
- Challenge the status quo

OWATONNA PUBLIC SCHOOLS STRATEGIC DIRECTIONS



**21st
CENTURY
LEARNERS**



**SAFE
AND
CARING
COMMUNITY**



EQUITY



**HIGH
QUALITY
TEACHING
AND
LEARNING**

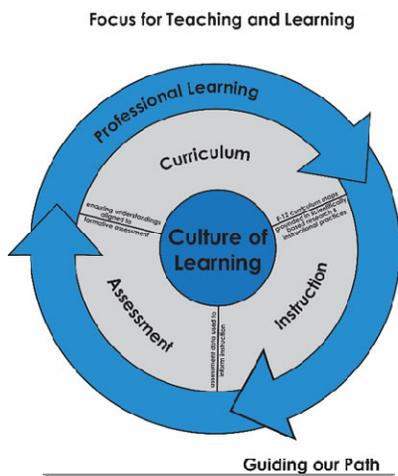
The Owatonna Public Schools World’s Best Workforce Plan aligns the state requirements to current district initiatives including: four core commitments, district literacy plan, Title I, II, III plans and ADSIS funding and provides stakeholders updates in curriculum, instruction, and student achievement within the district. Our vision is to inspire a community of learners with equitable access to high quality, innovative learning opportunities ensuring all students are college, career and life ready.

Goals outlined in the WBWF	
PERFORMANCE MEASURE 1:	ALL CHILDREN ARE READY FOR SCHOOL
<p>The Owatonna Public Schools offer school readiness programs that follow state standards for early learning. The school readiness programs focus on early literacy development, which leads to reading well by third grade. Research has shown education begins long before a child reaches kindergarten. The district’s investment in its early learning program creates an environment of success for each of our early learners, closes the achievement gap, and prepares children for continued success.</p> <p>OPS conducts individual kindergarten interviews in the spring to assess the needs of the students entering kindergarten in the fall. Interview data is then used to determine which students are eligible for kindergarten camp. Kindergarten camp is a four-week summer program which is offered to students identified as needing additional support on the core kindergarten readiness skills. Benchmark data is collected throughout the year to monitor participating students’ progress, to help determine the impact of this program.</p>	
PERFORMANCE MEASURE 2:	ALL THIRD GRADERS CAN READ AT GRADE LEVEL
<p>The OPS believe that literacy is the cornerstone of all learning. Supporting the development of capable readers and writers at every level is our goal as educators, parents, and as a community. The first step toward equipping students with the necessary prerequisite skills begins early in their education with a comprehensive, evidence-based literacy program and quality instruction. To meet the challenges of teaching literacy in the 21st century, we implement a balanced literacy framework. The framework outlines the “core” elements of literacy instruction. Our literacy educators implement a coherent set of practices in whole class, small group, and individual contexts.</p>	
PERFORMANCE MEASURE 3:	CLOSE ACHIEVEMENT GAPS AMONG ALL STUDENT GROUPS
<p>The achievement gap refers to the differences in academic performance between groups of students. Closing gaps in achievement and ensuring all students are performing at high levels are critical to the social and economic well-being of our state and community.</p> <p>OPS monitors the achievement gap for seven subgroups defined by differences in race/ethnicity, economic status, and special population: Asian, Hispanic, Black, Free/Reduced Price Lunch, Special Education, and English Learner. In an effort to close the achievement gap, we are committed to providing equitable access to high quality, innovative learning opportunities ensuring all students are college, career and life ready.</p>	
PERFORMANCE MEASURE 4:	ALL STUDENTS ARE READY FOR CAREER AND COLLEGE
<p>All students entering grade nine will have a career and college readiness plan in accordance to MN State 120B.125. This plan is centered around seven key elements: academic scheduling, career exploration, 21st Century Skills, community partnerships, college access, all forms of postsecondary training, and experiential learning opportunities. Owatonna Public Schools is producing prepared graduates using:</p> <ul style="list-style-type: none"> • An academic rigorous diploma that exceeds the State of Minnesota minimum requirements. • Post-secondary options through Advanced Placement (AP) courses, College in the Schools (CIS), articulated, concurrent enrollment, and/or PSEO courses. • All 8th grade students participate in a College and Career Readiness Course • Accessible counseling and other supports that prepare students for post-secondary education and careers using Options Mentorship, Business Internships, Career Exploration, Life on Your Own, Career Mentorship, and a Career Center with licensed school guidance counselors. • Accountability and progress monitoring efforts to ensure all kids are making adequate progress to meet state and local graduation requirements through local assessments, ACT college entrance exam, and academic planning and registration conferences. 	
PERFORMANCE MEASURE 5:	ALL STUDENTS GRADUATE FROM HIGH SCHOOL
<p>The Owatonna Public Schools graduation rate represents Owatonna High School and the Area Learning Center. We monitor our four-year graduation rate that is reported on the MDE Report Card and we have high-yield strategies in place to continue to improve the progress of our graduation rate of all individual racial and ethnic groups.</p>	

Improving Instruction, Curriculum, & Student Achievement

The end in mind for curriculum and instruction is to develop a collaborative culture where all staff have the tools and resources to address the four critical questions of learning, as introduced by the DuFour model.

The teaching and learning framework was created based on research and best practice to guide the improvement process in our District. Development and implementation of a guaranteed and viable curriculum, common assessments and professional learning will allow all staff to make our framework for a systematic approach to teaching and learning actionable. Professional Learning Communities (PLCs) focused on student learning and growth have been implemented throughout our District E-12. This has required extensive work on systems and structures that support collaboration as well as to hold ourselves collectively accountable for results.



Teaching and Learning

This graphic represents the system we use to create a guaranteed and viable curriculum that ensures all students will learn at high levels. Last year the emphasis was on development of common assessment in order to establish a consistent foundation.

Our work has been aligned to allow us to answer DuFours' four critical questions of learning –

1. What do we want all students to learn – to know and be able to do?
2. How will we know when they have learned it?
3. How will we respond if they did not learn it?
4. How will we respond if they already know it?

Teaching and Learning Framework

Curriculum must be based on agreed-upon enduring understandings and state standards, align grade levels and courses vertically and horizontally, be clearly understood and effectively implemented by all instructional staff.

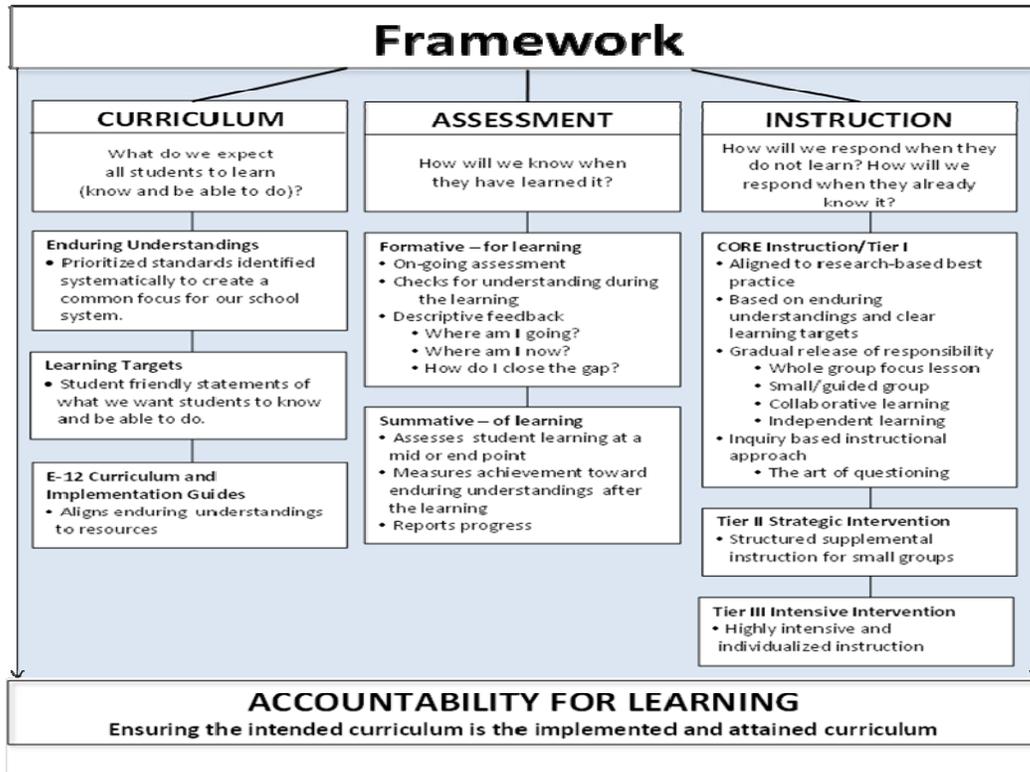
Assessment must be purposeful, measure progress toward enduring understandings both during learning and after learning, guide instruction and be used to evaluate curriculum.

Instruction must be directly connected to enduring understandings, aligned to research based best practices, engage students in learning, be differentiated to reach all students, and be informed by formative assessments.

Professional Learning must be ongoing and job-embedded, be based on best practices, standards, and data trends to support teachers in ensuring the intended curriculum is the implemented curriculum.

A Systematic Approach to Teaching and Learning

This framework guides the implementation of our guaranteed and viable curriculum while providing direction for consistent application of our beliefs.



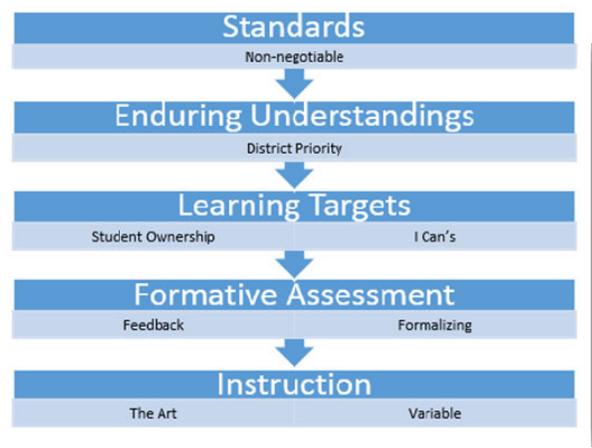
Development Process

This systematic approach to curriculum development has been used by all curricular areas. District resources have been prioritized to support is effort.

Departments and grade level teams worked together to implement enduring understandings and learning targets for all required courses and selected electives. This aligned our work when answering the first question, what all students must know and be able to do.

Development and use of common assessments allowed teachers to begin answering question 2, how will we know if all students have learned?

Elementary teachers continued to focus on literacy instruction, emphasizing how to use a balanced literacy or gradual release of responsibility structure. This supported us in beginning to answer question 3 and 4, how will we respond when students do not learn or when they already know it?





TECHNOLOGY

Owatonna Public School's success with technology over the years can largely be attributed to the district's commitment to maintaining a four-year Life Cycle Management (LCM) plan. In short, this LCM plan is the replacement of approximately 25% of our computer inventory every year. This ensures that our hardware remains current and can be depended on. It is imperative that we budget for the cost of this LCM plan in the future to ensure students, faculty, and staff have access to the technology necessary to succeed.

Increase/Improve Technology Access

With increased school-owned and personal devices, along with increased audio/video streaming and collaboration, we've increased our internet bandwidth speed to 2GB for both uploads and downloads to keep up with the needs of our students, staff, and community. This increase allows for faster and more consistent results when accessing such internet content.

Delivery of Ongoing Professional Development

Over the course of the calendar year, personnel new to the District receive the appropriate technology training for their position during an orientation period. At the beginning of each school year, the District conducts a technology training session during "new teacher workshop" for all new instructional personnel. There are also several opportunities for technology training throughout the school year and summer.

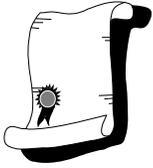
When introducing new software applications, the District will typically utilize the expertise of the software vendor to assist with the training program within the District. This then moves to a "train the trainer" model in order to create a sustainability system throughout the District.

The Technology & Innovation department is responsible for providing training and support for hardware and software applications utilized in the district.

Technology Support Staff

Our support staff consists of (1) Director of Technology & Innovation, (2) TI Specialist II District Wide, (4) TI Specialist I positions, and (1) Student Management Systems Specialist that take care of eleven sites which consists of 5,900 users, 4,700 desktops/laptops/Chromebooks, 220 Smartboards, 850 iPads, 100 documents cameras, plus many other additional peripherals.

TI support personnel pride themselves on meeting their goal of taking care of all technical issues the same day they are reported. If the issue is reported before noon, the support personnel will try to resolve the same day. If the issue is reported after noon, the support personnel will try to resolve the next business day.



SPECIAL SERVICES

The Special Services department provides instruction and support services to students who have unique needs. Special Education, Title I, and English Language Learner are all included in this department. Special Education programs educate eligible students in the setting that is the least restrictive to meeting their identified specialized needs. The students receive educational and related services in the appropriate setting, whether it be the classroom or the Learning Center. Title I is a federally funded Special Services program that provides instructional help for qualifying students who need additional instructional support in reading and math. Title I services are provided by licensed teachers and educational assistants. English Language Learner is a program that assists students who are not native speakers of English. Programs are available at buildings throughout the District.

Internal and Budgetary Controls

The District maintains a system of internal controls designed to safeguard the assets of the District. Also, there are budgetary controls in place that help prevent expenditures from going beyond those that are planned. The preliminary budget is adopted and legally enacted by the School Board in June, and this budget is revised once during the fiscal year.

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

Debt Administration

The primary component of long-term debt on June 30, 2021 is outstanding bonds on school district facilities in the amount of \$168,215,000. The balance consists of three general obligation school building bonds. These bonds have varying maturity dates with the latest maturity date being in fiscal year 2045. The bond issues in December 2015 and February 2016 were used to address deferred maintenance, security, and elementary crowding. The bond issue in March 2020 is being used to construct a new high school and renovate the old high school building.

The District has five capital leases relating to copiers and a food service vending machine capital lease in 2021. The balance on the vending machine and copier capital leases totaled \$122,164 on June 30, 2021.

The Debt Service Fund is used to account for the current year payment of principal and interest on District bonded debt. The District is authorized to levy 105% of the amount needed to make timely debt service payments. That degree of levy authority has provided excess reserves in this fund that continue to be systematically depleted by levying less.

Independent Audit

District policy requires that an annual audit be completed on the financial statements of the District by an independent public accounting firm. This requirement has been complied with and the opinion of CliftonLarsonAllen is included in this report. The financial statements are the responsibility of the District's management. The auditor's responsibility is to express an opinion on those financial statements based on their audit.

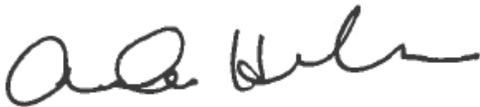
Other Information

The Association of School Business Officials International (ASBO) awarded the Certificate of Excellence in Financial Reporting to Independent School District No. 761 for its Annual Comprehensive Financial Report for the fiscal years ended June 30 of 1992 through 1995 and 1997 through 2020. The District has received the award for 28 years. In order to be awarded a Certificate of Excellence in Financial Reporting by ASBO, a governmental unit must publish an easily readable and efficiently organized annual comprehensive financial report, which conforms to the program standard. Such reports must satisfy both auditing standards generally accepted in the United States of America and applicable legal requirements. A Certificate of Excellence is valid for a period of one year. We believe our current report conforms to the Certificate of Excellence in Financial Reporting program requirements. We will be submitting this year's report to ASBO to determine eligibility for the certificate.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the District's business office staff.

We would like to express our appreciation to the School Board for their interest and support in planning and conducting the financial operations of the District in a responsible and progressive manner.

Respectfully submitted,



Amanda Heilman
Director of Finance and Operations



Sarah Cramblit
Controller

OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
FISCAL YEAR 2020 CERTIFICATE OF EXCELLENCE
JUNE 30, 2021



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Owatonna Public Schools ISD 761

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

The Comprehensive Annual Financial Report meets the criteria established for
ASBO International's Certificate of Excellence.



W. Edward Chabal

W. Edward Chabal
President

David J. Lewis

David J. Lewis
Executive Director

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Board of Education
Independent School District No. 761
Owatonna, Minnesota

Report on the 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. 761 (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management 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.

Auditors' 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 auditors' 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2021, and the respective changes in financial position and cash flows, where applicable, and budgetary comparison for General Fund, Food Service Fund, and Community Service Fund, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the District's 2020 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and we expressed unmodified opinions on respective financial statements in our report dated November 13, 2020. 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 financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in the District's Total OPEB Liability and Related Ratios, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of the District's Contributions, and Schedule of Changes in the District's Total Pension Liability and Related Ratios – Supplemental Pension Plan, 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 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 financial statements that collectively comprise the District's basic financial statements. The individual fund financial statements and the Uniform Financial Accounting and Reporting Standards Compliance Table are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Information (Continued)

The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the District as of and for the year ended June 30, 2020 (not presented herein), and have issued our report thereon dated November 13, 2020, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. The individual fund financial statements for the year ended June 30, 2020 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2020 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2020 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2020.

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 10, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 result of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
November 10, 2021

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REQUIRED SUPPLEMENTARY INFORMATION

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**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

This section of Owatonna Independent School District No. 761's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2021. Please read it in conjunction with the District's financial statements, which immediately follow this section.

The Management's Discussion and Analysis (MD&A) is required supplementary information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2020-21) and the prior year (2019-20) is presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2020-21 fiscal year include the following:

- Net position increased by \$2,219,309 from the prior year. Most of the increase in net position was due to an increase in fund balance in the General Fund of \$1,533,611 as well as the net effect of the government-wide conversion entries related to capital assets, debt, pensions, and OPEB.
- In the statement of activities, overall revenues were \$82,276,315, while overall expenses totaled \$80,057,006.
- The General Fund balance increased by \$1,533,611, the Food Service Fund balance decreased by \$71,622, and the Community Service Fund balance increased by \$90,220.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.
- The governmental funds statements explain how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

- Proprietary funds statements provide short-term and long-term financial information about the activities the District operates similar to a business.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1
Organization of Owatonna Public Schools Annual Financial Report**

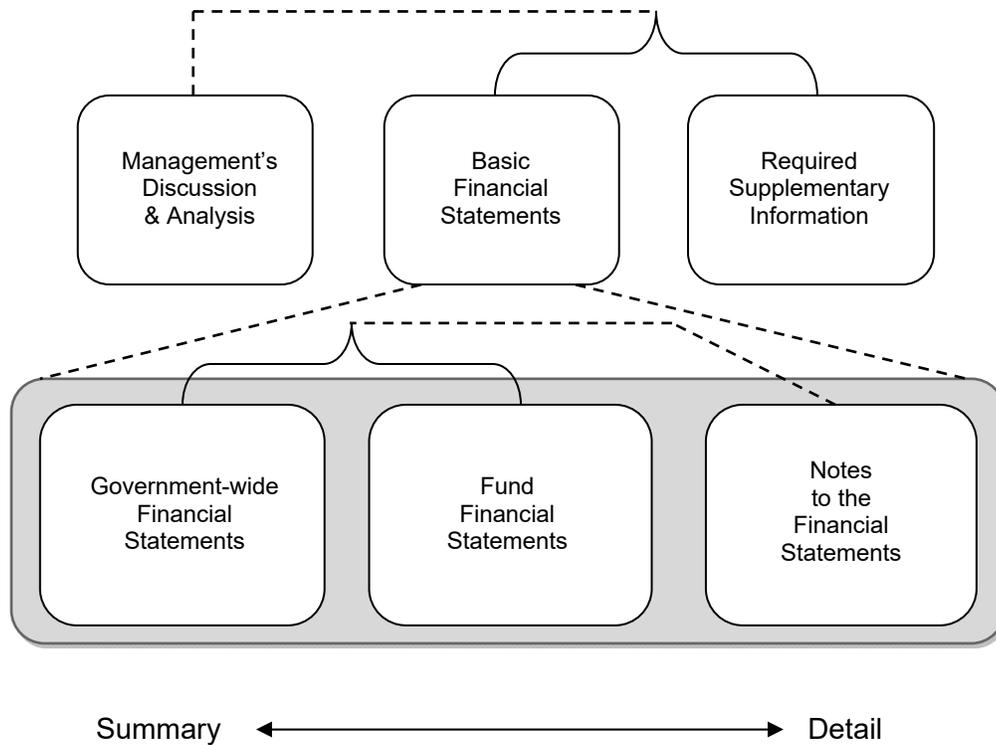


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the management's discussion and analysis highlights the structure and content of each of the statements.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Figure A-2 Major Features of the Government-Wide and Fund Financial Statements				
	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Custodial Funds
Scope	Entire District (except fiduciary funds).	The activities of the District that are not proprietary or fiduciary, such as special education, building and maintenance, food service, and community education.	Activities the District operates similar to a private business; Internal Service Fund.	Instances in which the District administers resources on behalf of someone else, such as the District's museum.
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses, and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
Type of asset/liability information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources both financial and capital, short-term and long-term.	Generally assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities are included.	All assets, deferred outflows of resources, liabilities and deferred inflows of resources both financial and capital, and short-term and long-term.	All assets and deferred outflows of resources, liabilities, and deferred inflows of resources both short-term and long-term; funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and deductions during the year, regardless of when cash is received or paid.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

GOVERNMENT-WIDE STATEMENTS

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

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

In the government-wide financial statements the District's activities are shown in one category.

- Governmental activities – Includes most of the District's basic services, such as regular instruction, special education, transportation, administration, food services, and community education. Property taxes and state aids finance most of these activities.

FUND FINANCIAL STATEMENTS

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (e.g., repaying its long-term debt).

The District has three kinds of funds:

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

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

FUND FINANCIAL STATEMENTS (CONTINUED)

- **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 district-wide statements.
 - The District uses proprietary funds to report activities that provide supplies and services for the District's other programs and activities. The District currently has two proprietary funds (combined for financial statement presentation), an internal service fund for previously self-insured health benefits, and an internal service fund for actively self-insured dental benefits.
- **Custodial Funds** – The District is the trustee, or fiduciary, for assets that belong to others, such as the museum custodial fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position from Governmental activities was \$1,730,159 on June 30, 2021 (see Table A-1). This was an increase of \$2,219,309 from the prior year.

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

	Governmental Activities as of June 30,		Percentage Change
	2021	2020	
Current and Other Assets	\$ 173,677,753	\$ 173,651,817	0.01 %
Capital Assets	99,738,212	93,543,015	6.62
Total Assets	<u>273,415,965</u>	<u>267,194,832</u>	2.33
Deferred Outflows of Resources	20,801,096	33,259,105	(37.46)
Current Liabilities	14,342,692	8,879,492	61.53
Net Pension Liability	43,838,419	38,150,684	14.91
Long-Term Liabilities	182,722,432	188,636,111	(3.13)
Total Liabilities	<u>240,903,543</u>	<u>235,666,287</u>	2.22
Deferred Inflows of Resources	<u>51,583,359</u>	<u>65,276,800</u>	(20.98)
Net Position:			
Net Investment in Capital Assets	30,158,333	27,801,926	8.48
Restricted	30,265,629	27,455,384	10.24
Unrestricted	(58,693,803)	(55,746,460)	5.29
Total Net Position	<u>\$ 1,730,159</u>	<u>\$ (489,150)</u>	(453.71)

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Change in Net Position. The increase in net position was the result of the District's revenues being greater than expenses as presented in Table A-2 below.

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

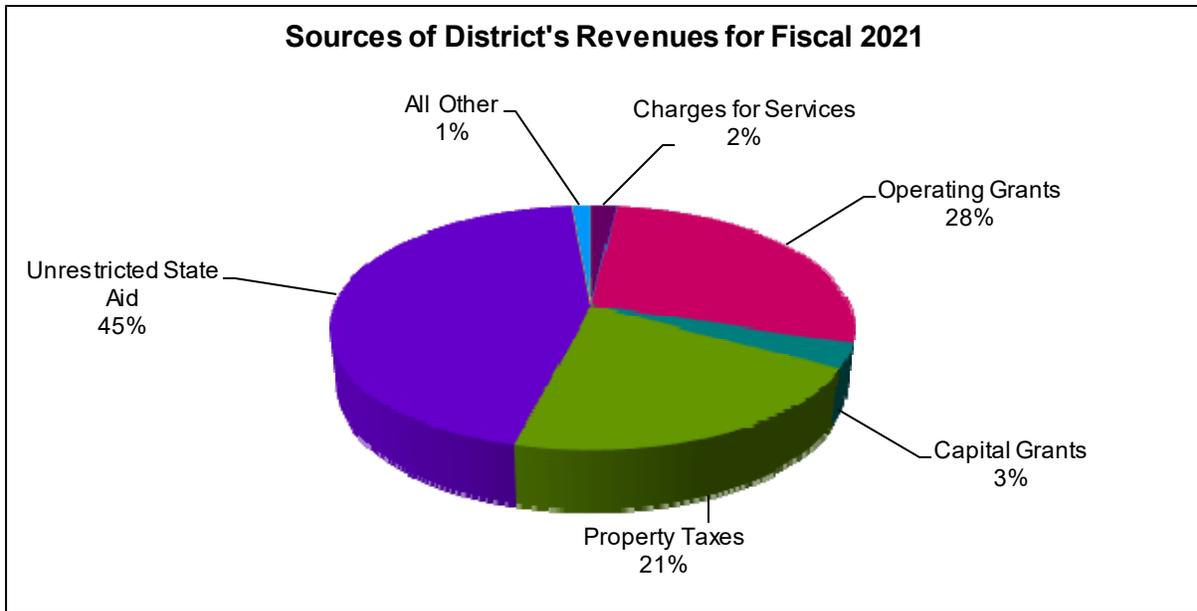
	Governmental Activities for the Fiscal Year Ended June 30,		Percentage Change
	2021	2020	
Revenues			
<u>Program Revenues</u>			
Charges for Services	\$ 1,551,670	\$ 2,581,332	(39.89)%
Operating Grants and Contributions	22,948,726	21,164,673	8.43
Capital Grants and Contributions	2,706,758	24,122,013	(88.78)
<u>General Revenues</u>			
Property Taxes	17,208,349	13,046,429	31.90
Unrestricted State Aid	36,652,412	36,096,402	1.54
Investment Earnings	956,596	691,219	38.39
Other	251,804	201,003	25.27
Total Revenues	<u>82,276,315</u>	<u>97,903,071</u>	(15.96)
Expenses			
Administration	2,304,302	2,251,227	2.36
District Support Services	3,165,076	2,959,470	6.95
Regular Instruction	34,812,756	34,676,460	0.39
Vocational Education Instruction	1,089,608	1,227,900	(11.26)
Special Education Instruction	13,637,375	14,063,277	(3.03)
Instructional Support Services	3,337,203	3,207,316	4.05
Pupil Support Services	5,376,237	5,182,090	3.75
Sites and Buildings	5,966,005	6,907,113	(13.63)
Fiscal and Other Fixed Cost Programs	223,761	205,210	9.04
Food Service	2,516,655	2,788,688	(9.75)
Community Service	3,158,412	3,281,550	(3.75)
Interest and Fiscal Charges on Long-Term Liabilities	4,469,616	2,695,394	65.82
Total Expenses	<u>80,057,006</u>	<u>79,445,695</u>	0.77
Change in Net Position	2,219,309	18,457,376	
Beginning Net Position	(489,150)	(18,946,526)	
Ending Net Position	<u>\$ 1,730,159</u>	<u>\$ (489,150)</u>	

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

The District's total revenues were \$82,276,315 for the year ended June 30, 2021. This is a decrease of \$15,626,756 from June 30, 2020 (see Table A-2 on the previous page). Most of the decrease in revenue was due to a \$20,000,000 capital contribution from Federated Mutual Insurance Company to help finance the building of a new high school. Federated Insurance also contributed \$2,000,000 of land on which to build the new high school. Charges for services decreased \$1,029,662 due to many of these related programs being cancelled related to the COVID-19 pandemic. These decreases were partially offset by an increase in property tax revenues in the amount of \$4,161,920 due to the 2020A Bonds debt levy starting in the current year. The District also saw an increase in unrestricted state aid of \$556,010 related to a statewide increase in the school building bond agriculture credit and an increase to the basic formula allowance for general education aid. Additionally, operating grants and contributions increased \$1,784,053 primarily due to Coronavirus Relief Fund and Education Stabilization Fund federal grants received in response to the COVID-19 pandemic. See Figure A-3 below for the related percentages of the District's revenues.

Figure A-3



**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

The total cost of all programs and services was \$80,057,006. The District's expenses are predominantly related to educating and caring for students and community members (80%) as shown in Figure A-4. Administrative activities of the District accounted for 7% of total costs.

Figure A-4

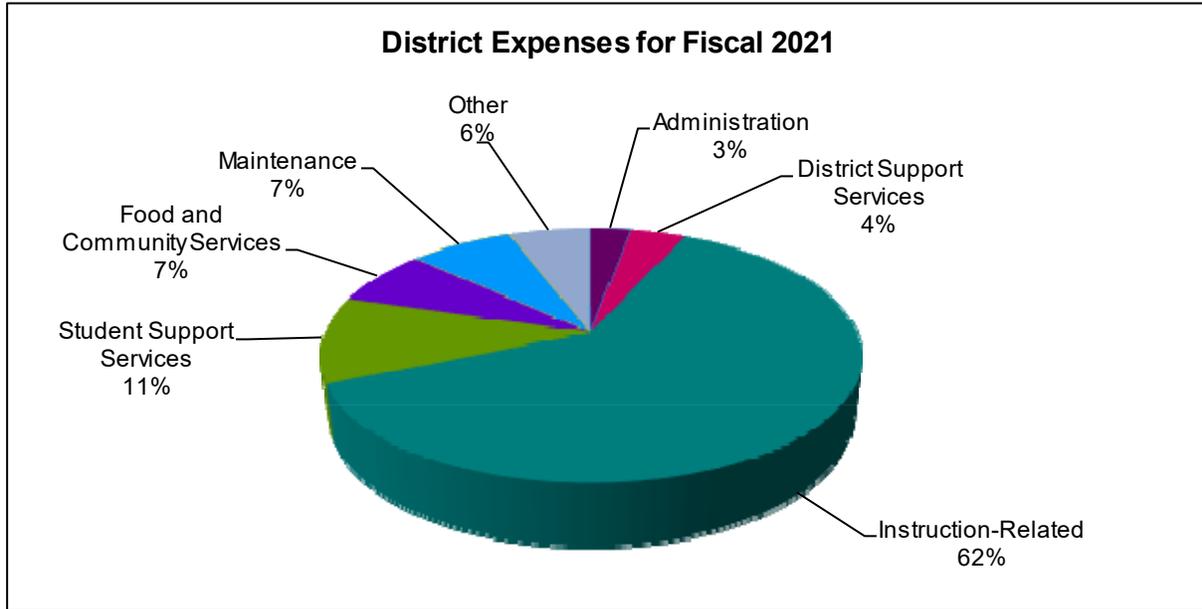


Table A-3 presents the cost of twelve major District activities such as instruction, pupil and instructional services, administration, maintenance and operations, and others. The table also shows each activity's net costs (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

- The cost of all governmental activities this year was \$80.1 million.
- Of this cost, \$1.6 million was paid by the users of the District's programs.
- Federal and state governments, along with local donations, subsidized certain programs with grants and contributions of \$25.7 million.
- District property taxpayers financed \$17.2 million.
- State taxpayers financed \$36.7 million in the form of unrestricted state aid based on the statewide education aid formula.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

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

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2021	2020		2021	2020	
Administration	\$ 2,304,302	\$ 2,251,227	2.36 %	\$ 2,274,684	\$ 2,235,927	1.73 %
District Support Services	3,165,076	2,959,470	6.95	2,324,728	2,561,591	(9.25)
Regular Instruction	34,812,756	34,676,460	0.39	26,893,583	26,896,961	(0.01)
Vocational Education Instruction	1,089,608	1,227,900	(11.26)	997,506	1,147,233	(13.05)
Special Education Instruction	13,637,375	14,063,277	(3.03)	4,439,739	4,903,556	(9.46)
Instructional Support Services	3,337,203	3,207,316	4.05	2,587,225	2,510,981	3.04
Pupil Support Services	5,376,237	5,182,090	3.75	4,770,637	4,702,762	1.44
Sites and Buildings	5,966,005	6,907,113	(13.63)	3,497,740	(16,617,618)	(121.05)
Fiscal and Other Fixed Cost Programs	223,761	205,210	9.04	223,761	205,210	9.04
Food Service	2,516,655	2,788,688	(9.75)	85,213	167,821	(49.22)
Community Service	3,158,412	3,281,550	(3.75)	285,420	167,859	70.04
Interest and Fiscal Charges on Long-Term Liabilities	4,469,616	2,695,394	65.82	4,469,616	2,695,394	65.82
Total	<u>\$ 80,057,006</u>	<u>\$ 79,445,695</u>	0.77	<u>\$ 52,849,852</u>	<u>\$ 31,577,677</u>	67.36

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds. In the Community Service and Debt Service funds revenues exceeded expenditures, thereby increasing the fund balance in these funds. In the Food Service Fund, expenditures exceeded revenue in the amount of \$71,622, thereby decreasing the fund balance of the Food Service fund. The General Fund's revenues and other financing sources exceeded expenditures in the amount of \$1,533,611. In total, including the Capital Projects Fund, governmental funds decreased by \$5,559,767 with an ending total fund balance of \$143,093,516. The proprietary fund type had an increase of \$89,048 resulting in an ending balance of \$381,905.

General Fund

The General Fund is used to account for all revenues and expenditures of the school district not accounted for elsewhere. The General Fund is used to account for: K-12 educational activities, District instructional and student support programs, expenditures for the superintendent, District administration, normal operations and maintenance, pupil transportation, capital expenditures, and legal District expenditures not specifically designated to be accounted for in any other fund.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (CONTINUED)

Enrollment

Funding for Minnesota school districts is largely driven by enrollment. In 2020-21, the District saw a decrease of 1.39% in student enrollment from 2019-20. The District has seen an overall decrease in enrollment of 86 pupil units since 2017.

Figure A-5

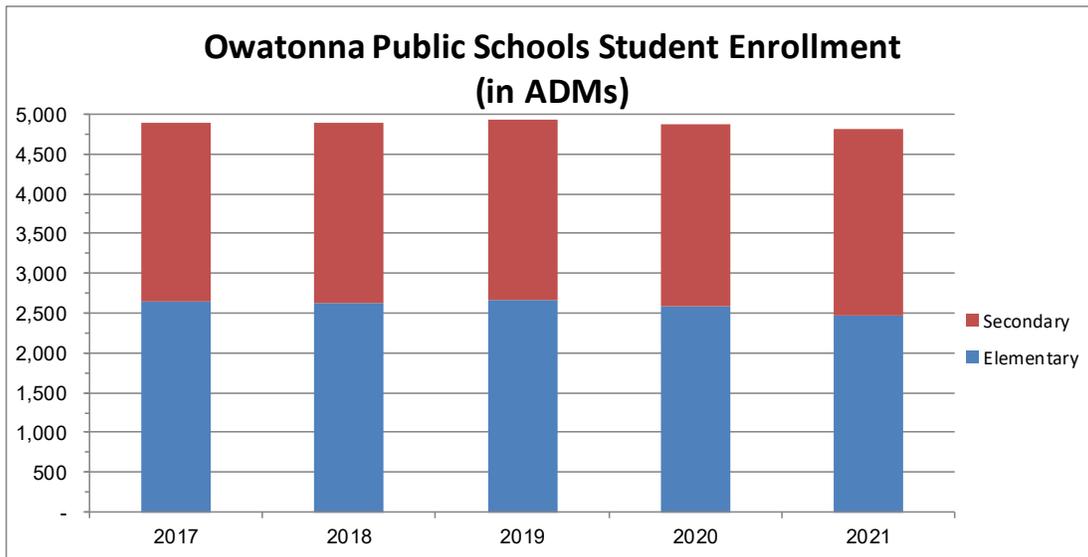


Table A-4 presents a summary of General Fund revenues.

**Table A-4
General Fund Revenues**

	Year Ended		Change	
	June 30, 2021	June 30, 2020	Increase (Decrease)	Percent Change
Local Sources:				
Property Taxes	\$ 7,967,821	\$ 7,411,493	\$ 556,328	7.5 %
Earnings on Investments	23,392	174,662	(151,270)	(86.6)
Other	1,450,176	1,368,716	81,460	6.0
State Sources	51,499,349	52,149,563	(650,214)	(1.2)
Federal Sources	3,936,288	2,165,753	1,770,535	81.8
Total General Fund Revenues	<u>\$ 64,877,026</u>	<u>\$ 63,270,187</u>	<u>\$ 1,606,839</u>	2.5

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (CONTINUED)

Total General Fund revenues increased \$1,606,839 or 2.5% from the previous year. Basic general education revenue is determined by a state per student funding formula. Other state-authorized revenue, including excess levy referenda, involves an equalized mix of property tax and state aid revenue. Therefore, the mix of property tax and state aid can change significantly from year-to-year without any net change on revenue. The District received one-time Safe Schools state aid funding of approximately \$170,000 in 2019-2020, which was a primary reason for the decrease in state sources in 2020-2021. Additional contributors to the decrease in state source revenue is a decrease of nonpublic transportation aid of approximately \$225,000 and basic skills state aid of approximately \$300,000. The District also received an increase in state special education aid of approximately \$100,000. Federal sources increased primarily due to Coronavirus Relief Fund and Education Stabilization Fund federal grants received in response to the COVID-19 pandemic.

Table A-5 presents a summary of General Fund expenditures.

**Table A-5
General Fund Expenditures**

	Year Ended		Change	
	June 30, 2021	June 30, 2020	Increase (Decrease)	Percent Change
Salaries	\$ 36,501,109	\$ 36,408,950	\$ 92,159	0.3 %
Employee Benefits	14,069,946	13,602,779	467,167	3.4
Purchased Services	8,204,104	8,938,489	(734,385)	(8.2)
Supplies and Materials	3,197,523	2,759,407	438,116	15.9
Capital Expenditures	1,088,220	298,437	789,783	264.6
Debt Service	49,997	59,799	(9,802)	(16.4)
Other Expenditures	329,885	269,073	60,812	22.6
Total General Fund Expenditures	<u>\$ 63,440,784</u>	<u>\$ 62,336,934</u>	<u>\$ 1,103,850</u>	1.8

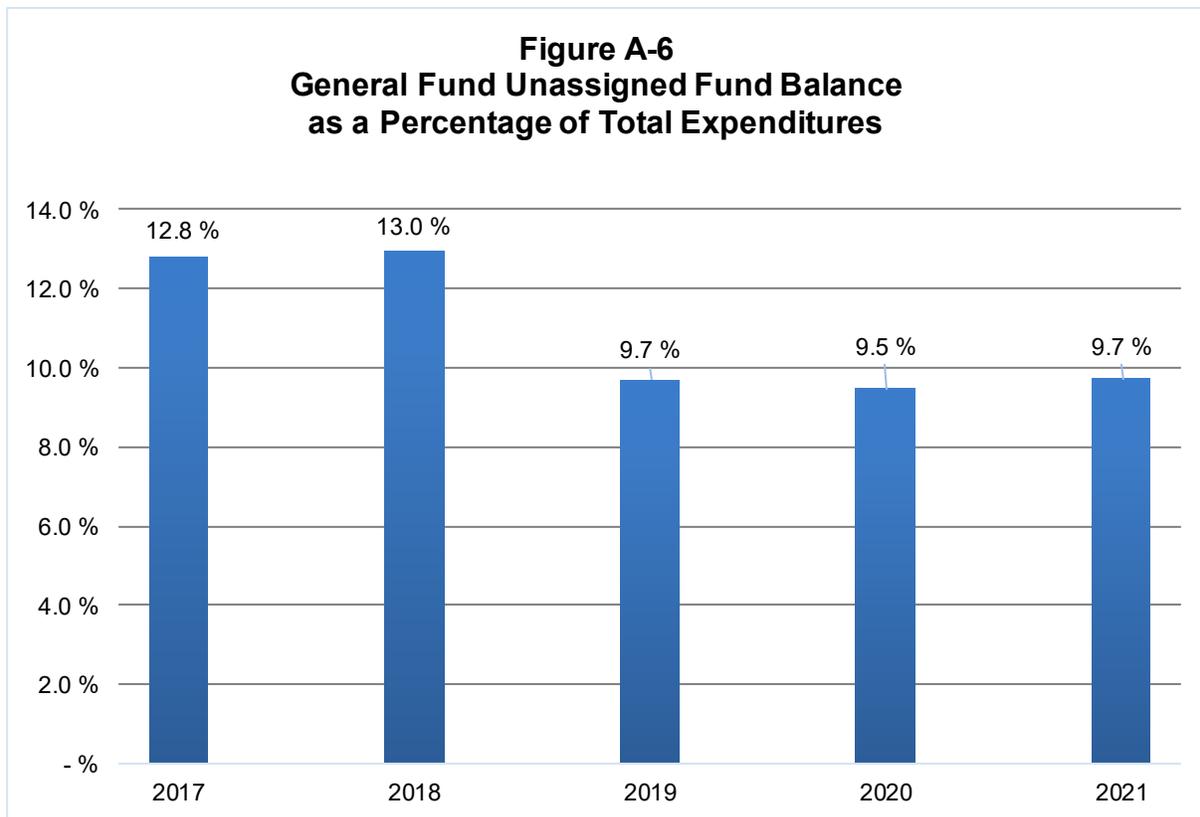
Total General Fund expenditures increased \$1,103,850 or 1.8% from the previous year. A large part of this is due to health insurance benefit premium increases and increase in participation. The majority increase was due to a \$789,783 increase in capital expenditures due to multi-site mechanical upgrades, technology equipment purchases, and a \$55,861 new copier capital lease. Additional expenditure increases were incurred to provide personal protective equipment (PPE), additional cleaning and sanitization supplies, and air flow system upgrades to protect students and staff in District buildings during the COVID-19 pandemic. Several services were not utilized in 2020-21 due to COVID-19 restrictions in place throughout the fiscal year, offsetting the expenditure increases mention previously.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (CONTINUED)

In 2020-21, General Fund revenues and other financing sources exceeded expenditures by \$1,533,611, thereby increasing the total fund balance as of June 30, 2021. After deducting statutory restrictions, the unassigned fund balance increased from \$5,899,575 at June 30, 2020 to \$6,167,288 at June 30, 2021.

The School Board has adopted a fund balance policy to maintain an 8% to 10% fund balance in the unassigned category of fund balance in the General Fund. Figure A-6 shows the General Fund unassigned fund balance as a percentage of expenditures.



**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (CONTINUED)

**Table A-6
General Fund Unassigned Fund Balance
as a Percentage of Total Expenditures**

	2017	2018	2019	2020	2021
Unassigned Fund Balance	\$ 7,280,793	\$ 7,564,395	\$ 5,996,615	\$ 5,899,575	\$ 6,167,288
% Increase (Decrease)	6.8 %	3.9 %	(20.7)%	(1.6)%	4.5 %
Total Expenditures	\$ 56,961,521	\$ 58,376,809	\$ 61,858,074	\$ 62,336,934	\$ 63,440,784
% Increase	4.4 %	2.5 %	6.0 %	0.8 %	1.8 %
Unassigned Fund Balance as a % of Total Expenditures	12.8 %	13.0 %	9.7 %	9.5 %	9.7 %

The preceding table is the single best measure of overall financial health. The unassigned fund balance of \$6,167,288 at June 30, 2021 represents 9.7% of annual total expenditures. The \$6,167,288 represents about five weeks of average expenditures. The District closely monitors its fund balances.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget. The budget amendments fall into two categories:

- Implementing budgets for specially funded projects which include both federal and state grants, reinstating prior year purchase orders being carried over, and budgeting for donations received.
- Increases in appropriations for unbudgeted revenues or expenditures.

See Note 1 E for a summary of the District's mid-year budget amendments that changed revenue and expenditure budgets between the original and amended budgets.

The District revised the preliminary revenue operating budget to increase budgeted revenues by \$1,753,516. Most of this budgeted revenue increase was needed to budget for Coronavirus Relief Fund and Education Stabilization Fund federal grants received in response to the COVID-19 pandemic.

The District also revised the preliminary expenditure operating budget to increase budgeted expenditures by \$633,845. Increases in expenditures were equally budgeted for Coronavirus Relief Fund and Education Stabilization Fund federal grants received, however, were offset by decreases to reflect actual salaries and benefits for open positions that were filled after the preliminary budget was completed.

While the District's final budget for the General Fund anticipated a net increase in fund balance of \$29,466, the actual results for the year show a \$1,533,611 increase.

Actual revenues were \$67,763 more than expected. The largest impact came from other local revenues, with the District receiving approximately \$129,000 more than budgeted for Medical Assistance.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (CONTINUED)

General Fund Budgetary Highlights Continued)

Overall, the actual expenditures were \$1,354,013 under budget, which was only 2.09% of the total expenditure budget. Most of this related to LTFM projects that were budgeted and did not occur prior to year-end, and to budgeted services that did not occur due to the COVID-19 pandemic.

Food Service Fund

Ending fund balance of the Food Service Fund decreased by \$71,622. An anticipated decrease in the fund balance of \$431,438 was expected when the budget was prepared. Total revenues were over budget by \$197,538 due mainly to higher than budgeted Federal revenues from the related free meals served to all students participating in the District's school year Nutrition Services program and Summer Food Service Program. Expenditures under budget are significantly related to budgeted food cost purchases that were not ultimately realized.

Community Service Fund

The nonspendable and restricted balances for Community Education, Early Childhood and Family Education, School Readiness, Adult Basic Education, and Other Purposes increased fund balance by \$90,220 from the prior year. The budgeted increase for the Community Service Fund was \$97,313. This anticipated increase is primarily related to state aid received in excess of expenditures in the School Readiness program.

Capital Projects – Building Construction Fund

The capital projects fund is where the District's revenue and expenditures for bond referendums are being tracked. Prior year bond money is being used for deferred maintenance, security upgrades, and alleviating elementary crowding. The District issued a \$110,030,000 bond in March 2020 to fund a new high school. No new bonds were issued in the current fiscal year as the previous bond proceeds were being spent down on the respective projects, contributing to the \$7,467,778 decrease in restricted fund balance of \$127,643,049 at June 30, 2021.

Debt Service Fund

The restricted for debt service fund balance increased by \$355,802 as of June 30, 2021 due to revenues exceeding the regular payment of principal and interest.

Proprietary Fund

The Health Self-Insurance Internal Service Fund and Dental Self-Insurance Internal Service Fund are combined and presented as one Fund and represent the only proprietary fund for the District. The District started dental self-insurance activities effective January 1, 2019. Starting with fiscal year 2004, the District discontinued self-insuring its health costs, but the District became self-insured again for health effective September 1, 2020. Income exceeded expenses by \$89,048, increasing the net position to \$381,905 at June 30, 2021.

Fiduciary Fund

The museum custodial fund is the District's custodial fund. The net position of the museum custodial fund is \$4,648.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal year 2021, the District had net capital assets of \$99,738,212 representing a broad range of capital assets, including school buildings, computer and audio-visual equipment, and other equipment for various instructional programs (see Table A-7). More detailed information about capital assets can be found in Note 4 of the financial statements.

Total depreciation expense for the year was \$3,196,929.

**Table A-7
Capital Assets**

	2021	2020	Percentage Change
Land	\$ 4,026,417	\$ 4,026,417	-
Construction in Progress	9,458,917	1,562,702	505.3
Land Improvements	3,271,635	4,105,953	(20.3)
Buildings and Improvements	107,151,604	106,637,868	0.5
Equipment	12,078,120	13,304,425	(9.2)
Less: Accumulated Depreciation	(36,248,481)	(36,094,350)	0.4
Total Capital Assets	<u>\$ 99,738,212</u>	<u>\$ 93,543,015</u>	6.6

Long-Term Liabilities

At year-end, the District had \$168,215,000 in general obligation bonds outstanding. The decrease from 2020 was due the District making its scheduled debt service payments and not issuing and new bonds in 2021. The District had \$3.2 million in severance payable at June 30, 2021, a decrease of 6.2% over the previous year. More detailed information about the District's long-term liabilities is presented in Note 5 of the financial statements.

	2021	2020	Percentage Change
General Obligation Bonds	\$ 168,215,000	\$ 173,210,000	(2.9)%
Bond Premiums	5,744,040	6,057,709	(5.2)
Capital Leases Payable	122,164	117,814	3.7
Net Pension Liability	43,838,419	38,150,684	14.9
Other Postemployment Benefits Payable	4,447,539	5,080,342	(12.5)
Severance Benefits Payable	3,163,247	3,373,625	(6.2)
Supplemental Pension Payable	594,478	447,944	32.7
Compensated Absences Payable	435,964	348,677	25.0
Total Long-Term Liabilities	<u>\$ 226,560,851</u>	<u>\$ 226,786,795</u>	(0.1)
Long-Term Liabilities:			
Due Within One Year	\$ 5,547,715	\$ 5,834,090	
Due in More Than One Year	221,013,136	220,952,705	
Total	<u>\$ 226,560,851</u>	<u>\$ 226,786,795</u>	

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

FACTORS BEARING ON THE DISTRICT'S FUTURE

With the exception of the voter-approved levies and other minor levies, the District is dependent on the State of Minnesota for its revenue authority. Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional program needs and increased costs due to inflation.

Owatonna Public Schools, like many districts, lost students last year during the pandemic to homeschool or online learning - which meant less revenue to fund staff and programs for our remaining students. We also had increased expenses for personal protective equipment, technology and other pandemic-related needs. All Minnesota school districts were fortunate to receive federal funding to help us navigate through these additional budget challenges.

Our federal COVID relief funding is being used to maintain class size limits, address student learning loss, provide support for social and emotional learning, expand opportunities for our students through 1:1 devices, and support after school and summer school programming. Unfortunately, these extra funds will only last through the 2023-24 school year, which means we will need to either identify new revenue or make major cuts at that time.

Looking ahead, we hope for relative financial stability for the next two years. The federal funds were meant to provide one-time funding for specific pandemic-related needs, and they have been a huge help to us. When they run out, we will face budget challenges and will likely need to ask our voters for additional financial support. Until then, we will continue to utilize our resources to create great learning opportunities for all the students in our community.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, creditors, and other stakeholders with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Business Office, Independent School District No. 761, 515 West Bridge Street, Owatonna, Minnesota 55060.

BASIC FINANCIAL STATEMENTS

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**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
STATEMENT OF NET POSITION
JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2020)**

	Governmental Activities	
	2021	2020
ASSETS		
Cash and Investments	\$ 155,011,600	\$ 154,970,763
Receivables:		
Property Taxes	10,273,835	11,068,219
Other Governments	7,164,021	7,025,828
Other	536,877	262,780
Prepaid Items	302,786	235,563
Inventories	388,634	88,664
Capital Assets:		
Land and Construction in Progress	13,485,334	5,589,119
Other Capital Assets, Net of Depreciation	86,252,878	87,953,896
Total Assets	<u>273,415,965</u>	<u>267,194,832</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows - Other Postemployment Benefits	395,687	408,677
Deferred Outflows - Single Employer Supplemental Pensions	148,764	126,404
Deferred Outflows - Pensions	20,256,645	32,724,024
Total Deferred Outflows	<u>20,801,096</u>	<u>33,259,105</u>
LIABILITIES		
Salaries and Benefits Payable	6,262,312	5,854,381
Accounts and Contracts Payable	5,524,675	932,383
Accrued Interest	1,953,324	1,661,296
Due to Other Governmental Units	421,528	300,040
Unearned Revenue	180,853	131,392
Long-Term Liabilities:		
Net Pension Liability	43,838,419	38,150,684
Other Postemployment Benefits Payable	4,447,539	5,080,342
Bonds, Capital Leases, and Other Due Within One Year	5,547,715	5,834,090
Bonds, Capital Leases, and Other Due in More Than One Year	172,727,178	177,721,679
Total Liabilities	<u>240,903,543</u>	<u>235,666,287</u>
DEFERRED INFLOWS OF RESOURCES		
Property Taxes Levied for Subsequent Year	17,642,169	17,387,865
Deferred Inflows - Other Postemployment Benefits	1,863,197	1,087,759
Deferred Inflows - Single Employer Supplemental Pensions	39,145	13,312
Deferred Inflows - Pensions	32,038,848	46,787,864
Total Deferred Inflows of Resources	<u>51,583,359</u>	<u>65,276,800</u>
NET POSITION		
Net Investment in Capital Assets	30,158,333	27,801,926
Restricted for:		
General Fund Operating Capital Purposes	898,175	717,726
General Fund State-Mandated Reserves	3,909,918	3,084,497
Food Service	598,683	591,738
Community Service	1,590,545	1,468,446
Capital Projects - Building Construction	23,268,308	21,592,977
Unrestricted	(58,693,803)	(55,746,460)
Total Net Position	<u>\$ 1,730,159</u>	<u>\$ (489,150)</u>

See accompanying Notes to Basic Financial Statements.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2020)**

Functions	2021				2020	
	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position	Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Total Governmental Activities
GOVERNMENTAL ACTIVITIES						
Administration	\$ 2,304,302	\$ -	\$ 13,603	\$ 16,015	\$ (2,274,684)	\$ (2,235,927)
District Support Services	3,165,076	28,020	477,593	334,735	(2,324,728)	(2,561,591)
Regular Instruction	34,812,756	297,570	7,426,490	195,113	(26,893,583)	(26,896,961)
Vocational Education Instruction	1,089,608	-	92,102	-	(997,506)	(1,147,233)
Special Education Instruction	13,637,375	694,373	8,497,761	5,502	(4,439,739)	(4,903,556)
Instructional Support Services	3,337,203	-	702,127	47,851	(2,587,225)	(2,510,981)
Pupil Support Services	5,376,237	-	605,600	-	(4,770,637)	(4,702,762)
Sites and Buildings	5,966,005	7,970	352,753	2,107,542	(3,497,740)	16,617,618
Fiscal and Other Fixed Cost Programs	223,761	-	-	-	(223,761)	(205,210)
Food Service	2,516,655	47,391	2,384,051	-	(85,213)	(167,821)
Community Service	3,158,412	476,346	2,396,646	-	(285,420)	(167,859)
Interest and Fiscal Charges on Long-Term Liabilities	4,469,616	-	-	-	(4,469,616)	(2,695,394)
Total School District	<u>\$ 80,057,006</u>	<u>\$ 1,551,670</u>	<u>\$ 22,948,726</u>	<u>\$ 2,706,758</u>	<u>(52,849,852)</u>	<u>(31,577,677)</u>
GENERAL REVENUES						
Property Taxes Levied for:						
General Purposes					7,995,701	7,420,119
Community Service					307,803	302,947
Debt Service					8,904,845	5,323,363
State Aid Not Restricted to Specific Purposes					36,652,412	36,096,402
Earnings on Investments					956,596	691,219
Miscellaneous					238,438	201,003
Gain on Sale of Capital Assets					13,366	-
Total General Revenues					<u>55,069,161</u>	<u>50,035,053</u>
CHANGE IN NET POSITION					2,219,309	18,457,376
Net Position - Beginning					<u>(489,150)</u>	<u>(18,946,526)</u>
NET POSITION - ENDING					<u>\$ 1,730,159</u>	<u>\$ (489,150)</u>

See accompanying Notes to Basic Financial Statements.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2020)**

	Major Funds					Total Governmental Funds	
	General	Food Service	Community Service	Capital Projects	Debt Service	2021	2020
ASSETS							
Cash and Investments	\$ 14,630,757	\$ 604,237	\$ 1,727,422	\$ 131,019,527	\$ 5,482,369	\$ 153,464,312	\$ 154,640,809
Receivables:							
Current Property Taxes	4,588,737	-	160,884	-	5,304,702	10,054,323	10,929,254
Delinquent Property Taxes	110,600	-	4,723	-	104,189	219,512	138,965
Accounts and Interest Receivable	94,702	480	22,182	404,658	-	522,022	260,387
Due from Other Minnesota School Districts	432,132	-	-	-	-	432,132	378,547
Due from Minnesota Department of Education	5,373,604	-	215,662	-	95,598	5,684,864	5,679,029
Due from Federal through Minnesota Department of Education	826,858	86,063	128,666	-	-	1,041,587	963,419
Due from Other Governmental Units	5,438	-	-	-	-	5,438	4,833
Inventory	325,334	63,300	-	-	-	388,634	88,664
Prepays	149,522	3,909	22,771	126,584	-	302,786	235,563
Total Assets	\$ 26,537,684	\$ 757,989	\$ 2,282,310	\$ 131,550,769	\$ 10,986,858	\$ 172,115,610	\$ 173,319,470
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE							
Liabilities:							
Salaries and Compensated Absences Payable	\$ 3,092,387	\$ 14,619	\$ 31,613	\$ -	\$ -	\$ 3,138,619	\$ 2,841,790
Payroll Deductions and Employer Contributions Payable	3,123,693	-	-	-	-	3,123,693	3,012,591
Accounts and Contracts Payable	505,394	39,046	24,786	3,781,136	-	4,350,362	894,591
Due to Other Governmental Units	110,562	-	310,966	-	-	421,528	300,040
Unearned Revenue	48,227	105,641	21,060	-	-	174,928	129,694
Total Liabilities	6,880,263	159,306	388,425	3,781,136	-	11,209,130	7,178,706
Deferred Inflows of Resources:							
Unavailable Revenue - Property Taxes Levied for Subsequent Year	8,121,407	-	303,340	-	9,217,422	17,642,169	17,387,865
Unavailable Revenue - Delinquent Property Taxes	85,777	-	3,848	-	81,170	170,795	99,616
Total Deferred Inflows of Resources	8,207,184	-	307,188	-	9,298,592	17,812,964	17,487,481
Fund Balance:							
Nonspendable:							
Inventory	325,334	63,300	-	-	-	388,634	88,664
Prepays	149,522	3,909	22,771	126,584	-	302,786	235,563
Restricted for:							
Student Activities	109,345	-	-	-	-	109,345	135,708
Staff Development	324,471	-	-	-	-	324,471	303,449
Operating Capital	898,175	-	-	-	-	898,175	717,726
Community Education	-	-	447,928	-	-	447,928	472,520
Early Childhood and Family Education	-	-	104,698	-	-	104,698	78,710
Teacher Development and Evaluation	7,376	-	-	-	-	7,376	17,384
Basic Skills Programs	299,243	-	-	-	-	299,243	293,900
School Readiness	-	-	806,224	-	-	806,224	673,128
Adult Basic Education	-	-	160,393	-	-	160,393	204,576
Achievement and Integration Revenue	60,673	-	-	-	-	60,673	80,457
Safe Schools Levy	133,773	-	-	-	-	133,773	146,003
Long-Term Facilities Maintenance	2,011,693	-	-	-	-	2,011,693	1,627,389
Medical Assistance	926,989	-	-	-	-	926,989	480,207
Restricted for Other Purposes	36,355	531,474	44,683	127,643,049	1,688,266	129,943,827	137,198,324
Unassigned	6,167,288	-	-	-	-	6,167,288	5,899,575
Total Fund Balance	11,450,237	598,683	1,586,697	127,769,633	1,688,266	143,093,516	148,653,283
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 26,537,684	\$ 757,989	\$ 2,282,310	\$ 131,550,769	\$ 10,986,858	\$ 172,115,610	\$ 173,319,470

See accompanying Notes to Basic Financial Statements.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2020)**

	2021	2020
Total Fund Balance for Governmental Funds	\$ 143,093,516	\$ 148,653,283
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	4,026,417	4,026,417
Construction in Progress	9,458,917	1,562,702
Land Improvements, Net of Accumulated Depreciation	1,905,278	1,763,691
Buildings and Improvements, Net of Accumulated Depreciation	78,036,187	79,281,906
Equipment, Net of Accumulated Depreciation	6,311,413	6,908,299
Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unearned revenue in the funds.		
	170,795	99,616
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditures when due.		
	(1,953,324)	(1,661,296)
The District's net pension liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:		
Net Pension Liability	(43,838,419)	(38,150,684)
Deferred Inflows of Resources - Pensions	(32,077,993)	(46,801,176)
Deferred Outflows of Resources - Pensions	20,405,409	32,850,428
Supplemental Pension Payable	(594,478)	(447,944)
Compensated Absences Payable	(435,964)	(348,677)
The District's liability for other postemployment benefits is a long-term liability and therefore only recorded on the statement of net position. Balances at year-end are:		
Other Postemployment Benefits Payable	(4,447,539)	(5,080,342)
Deferred Outflows - Other Postemployment Benefits	395,687	408,677
Deferred Inflows - Other Postemployment Benefits	(1,863,197)	(1,087,759)
Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term are reported in the statement of net position. Balances at year-end are:		
Bonds Payable	(168,215,000)	(173,210,000)
Unamortized Premiums	(5,744,040)	(6,057,709)
Obligations Under Capital Leases	(122,164)	(117,814)
Severance Benefits Payable	(3,163,247)	(3,373,625)
Internal service funds are used by management to charge the costs of health and dental insurance services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. Internal service fund net position at year-end is:		
	381,905	292,857
Total Net Position of Governmental Activities	\$ 1,730,159	\$ (489,150)

See accompanying Notes to Basic Financial Statements.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2020)**

	Major Funds					Total Governmental Funds	
	General	Food Service	Community Service	Capital Projects	Debt Service	2021	2020
REVENUES							
Local Sources:							
Property Taxes	\$ 7,967,821	\$ -	\$ 306,756	\$ -	\$ 8,862,593	\$ 17,137,170	\$ 13,030,460
Earnings and Investments	23,392	984	4,018	915,790	9,636	953,820	686,481
Other	1,450,176	56,085	521,642	228,300	-	2,256,203	23,016,717
State Sources	51,499,349	33,653	2,223,071	-	955,978	54,712,051	54,971,288
Federal Sources	3,936,288	2,341,704	129,385	-	-	6,407,377	3,932,349
Total Revenues	<u>64,877,026</u>	<u>2,432,426</u>	<u>3,184,872</u>	<u>1,144,090</u>	<u>9,828,207</u>	<u>81,466,621</u>	<u>95,637,295</u>
EXPENDITURES							
Current:							
Administration	2,115,306	-	-	-	-	2,115,306	2,053,823
District Support Services	2,922,194	-	-	-	-	2,922,194	2,792,728
Elementary and Secondary Regular Instruction	28,908,695	-	-	-	-	28,908,695	28,626,458
Vocational Education Instruction	977,931	-	-	-	-	977,931	1,009,197
Special Education Instruction	12,770,411	-	-	-	-	12,770,411	13,035,688
Instructional Support Services	3,063,054	-	-	-	-	3,063,054	2,943,927
Pupil Support Services	5,284,361	-	-	-	-	5,284,361	5,042,481
Sites and Buildings	6,036,854	-	-	-	-	6,036,854	6,269,186
Fiscal and Other Fixed Cost Programs	223,761	-	-	-	-	223,761	205,210
Food Service	-	2,504,048	-	-	-	2,504,048	2,714,593
Community Service	-	-	3,083,480	-	-	3,083,480	3,147,196
Capital Outlay	1,088,220	-	9,172	8,611,868	-	9,709,260	3,981,420
Debt Service:							
Principal	36,668	-	1,477	-	4,995,000	5,033,145	3,777,397
Interest and Fiscal Charges	13,329	-	523	-	4,477,405	4,491,257	2,146,354
Total Expenditures	<u>63,440,784</u>	<u>2,504,048</u>	<u>3,094,652</u>	<u>8,611,868</u>	<u>9,472,405</u>	<u>87,123,757</u>	<u>77,745,658</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,436,242	(71,622)	90,220	(7,467,778)	355,802	(5,657,136)	17,891,637
OTHER FINANCING SOURCES							
Sale of Equipment	41,508	-	-	-	-	41,508	13,944
Insurance Recovery	-	-	-	-	-	-	45,985
Sale of Bonds	-	-	-	-	-	-	110,030,000
Bond Premium	-	-	-	-	-	-	3,232,907
Capital Lease Issuance	55,861	-	-	-	-	55,861	-
Total Other Financing Sources	<u>97,369</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,369</u>	<u>113,322,836</u>
NET CHANGE IN FUND BALANCE	1,533,611	(71,622)	90,220	(7,467,778)	355,802	(5,559,767)	131,214,473
FUND BALANCE							
Beginning of Year	9,916,626	670,305	1,496,477	135,237,411	1,332,464	148,653,283	17,438,810
End of Year	<u>\$ 11,450,237</u>	<u>\$ 598,683</u>	<u>\$ 1,586,697</u>	<u>\$ 127,769,633</u>	<u>\$ 1,688,266</u>	<u>\$ 143,093,516</u>	<u>\$ 148,653,283</u>

See accompanying Notes to Basic Financial Statements.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2020)**

	2021	2020
Net Change in Fund Balance - Total Governmental Funds	\$ (5,559,767)	\$ 131,214,473
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation in the current period is:		
Capital Outlays	9,295,373	3,259,201
Capital Contributions	617,200	2,212,812
Loss on Disposal of Capital Assets	(478,939)	(504,799)
Gain on Disposal of Capital Assets	13,366	-
Insurance Recovery	-	(45,985)
Proceeds from the Sales of Capital Assets	(41,508)	(13,944)
Depreciation Expense	(3,196,929)	(3,226,390)
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are unearned in the governmental funds.	71,179	15,969
Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net position, the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net position.		
Other Financing Sources - Capital Lease	(55,861)	-
Change in Accrued Interest - Capital Leases	(847)	450
Principal Payments - Capital Leases	38,145	47,398
Pension expenditures in the governmental funds are measured by current year employer contributions. Pension expenses on the statement of activities are measured by the change in the net pension liability and the related deferred inflows and outflows of resources.		
	(3,406,098)	(4,205,813)
To record the change in the OPEB Liability		
	(155,625)	(257,809)
In the statement of activities, certain operating expenses - severance benefits, supplemental pensions, and compensated absences and the related deferred outflows and inflows - are measured by amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (amounts actually paid).		
	(26,916)	(38,114)
The governmental funds report bond issuance as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:		
General Obligation Bond Issuance	-	(110,030,000)
Bond Premium	-	(3,232,907)
Repayment of Bond Principal	4,995,000	3,730,000
Change in Accrued Interest - General Obligation Bonds	(291,181)	(772,639)
Amortization of Bond Premium	313,669	223,148
Internal service funds are used by the District to charge the costs of employee health and dental benefits to individual funds. The change in net position of the internal service funds is reported with governmental activities.		
	89,048	82,325
Total	\$ 2,219,309	\$ 18,457,376

See accompanying Notes to Basic Financial Statements.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 7,856,511	\$ 7,883,807	\$ 7,967,821	\$ 84,014
Earnings and Investments	150,000	60,000	23,392	(36,608)
Other	1,205,451	1,245,075	1,450,176	205,101
State Sources	51,714,168	51,513,474	51,499,349	(14,125)
Federal Sources	2,129,617	4,106,907	3,936,288	(170,619)
Total Revenues	<u>63,055,747</u>	<u>64,809,263</u>	<u>64,877,026</u>	<u>67,763</u>
EXPENDITURES				
Current:				
Administration	2,111,662	2,057,111	2,115,306	58,195
District Support Services	2,593,785	3,096,702	2,922,194	(174,508)
Elementary and Secondary Regular Instruction	29,246,849	29,358,312	28,908,695	(449,617)
Vocational Education Instruction	1,076,616	1,011,563	977,931	(33,632)
Special Education Instruction	13,621,622	13,009,213	12,770,411	(238,802)
Instructional Support Services	3,067,498	3,225,250	3,063,054	(162,196)
Pupil Support Services	4,923,186	5,038,895	5,284,361	245,466
Sites and Buildings	6,729,800	6,833,606	6,036,854	(796,752)
Fiscal and Other Fixed Cost Programs	205,645	222,995	223,761	766
Capital Outlay	487,607	844,468	1,088,220	243,752
Debt Service:				
Principal	68,895	68,895	36,668	(32,227)
Interest and Fiscal Charges	27,787	27,787	13,329	(14,458)
Total Expenditures	<u>64,160,952</u>	<u>64,794,797</u>	<u>63,440,784</u>	<u>(1,354,013)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,105,205)	14,466	1,436,242	1,421,776
OTHER FINANCING SOURCES				
Sale of Equipment	15,000	15,000	41,508	26,508
Capital Lease Proceeds	-	-	55,861	55,861
Total Other Financing Sources	<u>15,000</u>	<u>15,000</u>	<u>97,369</u>	<u>82,369</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,090,205)</u>	<u>\$ 29,466</u>	1,533,611	<u>\$ 1,504,145</u>
FUND BALANCE				
Beginning of Year			<u>9,916,626</u>	
End of Year			<u>\$ 11,450,237</u>	

See accompanying Notes to Basic Financial Statements.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local Sources:				
Earnings and Investments	\$ 150	\$ 150	\$ 984	\$ 834
Other - Primarily Meal Sales	1,167,078	69,791	56,085	(13,706)
State Sources	181,011	33,745	33,653	(92)
Federal Sources	1,587,523	2,131,202	2,341,704	210,502
Total Revenues	<u>2,935,762</u>	<u>2,234,888</u>	<u>2,432,426</u>	<u>197,538</u>
EXPENDITURES				
Current:				
Food Service	2,913,850	2,663,826	2,504,048	(159,778)
Capital Outlay	5,000	2,500	-	(2,500)
Total Expenditures	<u>2,918,850</u>	<u>2,666,326</u>	<u>2,504,048</u>	<u>(162,278)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 16,912</u>	<u>\$ (431,438)</u>	<u>(71,622)</u>	<u>\$ 359,816</u>
FUND BALANCE				
Beginning of Year			670,305	
End of Year			<u>\$ 598,683</u>	

See accompanying Notes to Basic Financial Statements.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
COMMUNITY SERVICE FUND
YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local Sources:				
Property Taxes	\$ 308,059	\$ 309,023	\$ 306,756	\$ (2,267)
Earnings and Investments	700	700	4,018	3,318
Other - Primarily Tuition and Fees	779,930	565,817	521,642	(44,175)
State Sources	2,204,220	2,270,940	2,223,071	(47,869)
Federal Sources	157,148	156,383	129,385	(26,998)
Total Revenues	<u>3,450,057</u>	<u>3,302,863</u>	<u>3,184,872</u>	<u>(117,991)</u>
EXPENDITURES				
Current:				
Community Service	3,364,798	3,195,041	3,083,480	(111,561)
Capital Outlay	8,500	8,500	9,172	672
Debt Service:				
Principal	1,484	1,484	1,477	(7)
Interest and Fiscal Charges	525	525	523	(2)
Total Expenditures	<u>3,375,307</u>	<u>3,205,550</u>	<u>3,094,652</u>	<u>(110,898)</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 74,750</u></u>	<u><u>\$ 97,313</u></u>	90,220	<u><u>\$ (7,093)</u></u>
FUND BALANCE				
Beginning of Year			<u>1,496,477</u>	
End of Year			<u><u>\$ 1,586,697</u></u>	

See accompanying Notes to Basic Financial Statements.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2020)**

	Governmental Activities - Internal Service Funds	
	2021	2020
ASSETS		
Current Assets		
Cash and Investments	\$ 1,547,288	\$ 329,954
Accounts Receivable	14,855	2,393
Total Assets	1,562,143	332,347
LIABILITIES		
Current Liabilities		
Accounts Payable	1,174,313	37,792
Unearned Revenue	5,925	1,698
Total Liabilities	1,180,238	39,490
NET POSITION		
Unrestricted	\$ 381,905	\$ 292,857

See accompanying Notes to Basic Financial Statements.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2020)**

	Governmental Activities - Internal Service Funds	
	2021	2020
OPERATING REVENUES		
Charges for Services:		
Insurance Premiums	\$ 8,411,620	\$ 494,158
OPERATING EXPENSES		
Insurance Claim Payments	7,538,638	357,632
Administrative Fees	786,710	58,939
Total Operating Expenses	8,325,348	416,571
OPERATING INCOME	86,272	77,587
NONOPERATING INCOME		
Earnings on Investments	2,776	4,738
CHANGE IN NET POSITION	89,048	82,325
Net Position - Beginning	292,857	210,532
NET POSITION - ENDING	\$ 381,905	\$ 292,857

See accompanying Notes to Basic Financial Statements.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2020)**

	Governmental Activities - Internal Service Funds	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Insurance Services Provided	\$ 8,403,385	\$ 492,261
Payments for Medical Fees and Insurance Claims	(7,188,827)	(400,395)
Net Cash Provided by Operating Activities	<u>1,214,558</u>	<u>91,866</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	<u>2,776</u>	<u>4,738</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,217,334	96,604
Cash and Investments - Beginning	<u>329,954</u>	<u>233,350</u>
CASH AND INVESTMENTS - ENDING	<u>\$ 1,547,288</u>	<u>\$ 329,954</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 86,272	\$ 77,587
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Increase in Accounts Receivable	(12,462)	(1,194)
Increase Accounts Payable	1,136,521	16,176
Increase (Decrease) in Unearned Revenue	4,227	(703)
Total Adjustments	<u>1,128,286</u>	<u>14,279</u>
Net Cash Provided by Operating Activities	<u>\$ 1,214,558</u>	<u>\$ 91,866</u>

See accompanying Notes to Basic Financial Statements.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021**

	<u>Custodial Fund</u>
ASSETS	
Cash and Investments	\$ 4,648
LIABILITIES	
Accounts and Contracts Payable	<u>-</u>
NET POSITION	
Restricted for Museum	<u><u>\$ 4,648</u></u>

See accompanying Notes to Basic Financial Statements.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2021**

	<u>Custodial Fund</u>
ADDITIONS	
Gifts and Contributions	\$ 2,150
Fundraising	3,124
Earnings on Investments	7
Total Additions	<u>5,281</u>
DEDUCTIONS	
Salaries and Benefits	136
Fundraising	3,124
Total Deductions	<u>3,260</u>
CHANGE IN NET POSITION	2,021
Net Position - Beginning of Year	<u>2,627</u>
NET POSITION - END OF YEAR	<u><u>\$ 4,648</u></u>

See accompanying Notes to Basic Financial Statements.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Independent School District No. 761 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB pronouncements are recognized as GAAP for state and local governments.

B. Financial Reporting Entity

Independent School District No. 761 (the District) is an instrumentality of the State of Minnesota established to function as an educational institution. The elected School Board (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

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

Financial accountability includes such aspects as appointing a voting majority of the District's governing body, significantly influencing the programs, projects, activities or level of services performed or provided by the organization or receiving specific financial benefits from, or imposing specific financial burden on, the District. These financial statements include all funds of the District. There are no other entities for which the District is financially accountable.

Student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside school hours. The Board has responsibility in establishing broad policies and ensuring that appropriate financial records are maintained for student activities. In accordance with Minnesota State Statutes, the student activity accounts are included in these financial statements as part of the General Fund.

C. Basic Financial Statement Presentation

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

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation (Continued)

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

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

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Fiduciary funds are presented in the fiduciary fund financial statements by type. The District has only one type of fiduciary fund – Custodial Fund. Since by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide statements.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

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

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

- 1. Revenue Recognition** – Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to Minnesota Statutes and GAAP. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Food service sales, community education tuition, and other miscellaneous revenue (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. A six-month availability period is generally used for other fund revenue.
- 2. Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used. Principal and interest on long-term debt issues are recognized on their due dates.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Description of Funds

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

Major Governmental Funds

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

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

Community Service Special Revenue Fund – The Community Service Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, veterans, adult or early childhood programs or other similar services. Revenues for the Community Service Fund are generated primarily from user fees, local property taxes, federal reimbursements, and state credits.

Capital Projects Fund – The Capital Projects Fund accounts for financial resources related to debt issued for the school building projects.

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

Proprietary Fund

Internal Service Fund – The Internal Service Fund accounts for financing of goods or services provided by one department to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. Prior to 2004, the District's Internal Service Fund accounted for the District's health self-insurance program. The self-insurance program was discontinued at the end of fiscal year 2003. The District started a dental self-insurance program in fiscal year 2019, and the District became self-insured again for health effective September 1, 2020.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Description of Funds (Continued)

Fiduciary Funds

Custodial Fund – The Custodial Fund is used to account for arrangements under which principal and income benefits individuals, private organizations, or other governments. This fund accounts for gifts and bequests that are to be used for the school museum.

E. Budgeting

Budgets presented in this report for comparison to actual amounts are presented in accordance with GAAP. Each June, the School Board adopts an annual budget for the following fiscal year for the General, Food Service, Community Service, and Debt Service Funds. The approved budget is published in summary form in the District's legal newspaper by November 30 of each year. Reported budget amounts represent the amended budget as adopted by the Board. Legal budgetary control is at the fund level.

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

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

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgeting (Continued)

Budgeted amounts include mid-year budget amendments that changed revenue and expenditure budgets as follows:

	Original Budget	Amendments	Amended Budget
<u>Revenues and Other Financing Sources</u>			
General Fund	\$ 63,070,747	\$ 1,753,516	\$ 64,824,263
Special Revenue Funds:			
Food Service Fund	2,935,762	(700,874)	2,234,888
Community Service Fund	3,450,057	(147,194)	3,302,863
Capital Projects Fund	650,000	162,500	812,500
Debt Service Fund	9,879,559	(5,000)	9,874,559
<u>Expenditures</u>			
General Fund	\$ 64,160,952	\$ 633,845	\$ 64,794,797
Special Revenue Funds:			
Food Service Fund	2,918,850	(252,524)	2,666,326
Community Service Fund	3,375,307	(169,757)	3,205,550
Capital Projects Fund	11,284,787	(165,056)	11,119,731
Debt Service Fund	9,472,430	-	9,472,430

Unencumbered expenditure appropriations lapse at year-end. Encumbrances are generally not recorded.

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

F. Cash and Investments

Cash and investments consist of interest and noninterest bearing checking and money market accounts, certificates of deposit, deposits in the MN Trust Investment Shares Portfolio, MN Trust Limited Term Duration Series and MN Trust Term Series, negotiable certificates of deposit, and state and local government bonds. Cash balances from all funds are combined and invested to the extent available in various securities as authorized by Minnesota Statutes. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Accounts Receivable

Represents amounts receivable from individuals, firms, and corporations for goods and services furnished by the District. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary. The only receivables not expected to be collected within one year are current property taxes receivable.

H. Inventories

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

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Prepaid items are expensed during the period benefited.

J. Property Taxes

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

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

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Property Taxes (Continued)

In accordance with State law, the current tax shift consists of an amount equal to 31% of the District's 2000 Pay 2001 operating referendum levy, which is frozen at \$339,315 for the District. The tax shift also includes certain other levies that are recognized early based on statutory requirements.

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is a deferred inflow of resources because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes has been provided as such amounts are not expected to be material. Current levies of local taxes, less the amount recognized as revenue in the current period, including portions assumed by the State which will be recognized as revenue in the next fiscal year beginning July 1, 2021, are included in Property Taxes Levied for Subsequent Year to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

K. Capital Assets

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

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

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

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

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows of Resources

In addition to assets, the financial statements 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 (expenses) until that time. The District has three items that qualify for reporting as this element – pension, single employer supplemental pension, and other postemployment benefits related deferred outflows of resources. All related deferred outflows of resources will be recognized as expense in subsequent years.

M. Long-Term Obligations

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

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

N. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public 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.

O. Accrued Employee Benefits

Vacation Pay

All full-time, noncertified employees earn annual vacation pay at various rates based on length of service. All outstanding unpaid vacation pay is payable upon termination of employment. At June 30, 2021, unpaid vacation pay totaling \$435,964 is recorded in the financial statements.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Accrued Employee Benefits (Continued)

Sick Pay

Substantially all District employees are entitled to sick leave at various rates. For certain employees, unused sick leave enters into the calculation of severance pay upon termination.

Severance Benefits Payable

Severance benefits consist of convertible sick leave.

The District maintains various severance plans for its employee groups. Each employee group contract contains benefit formulas based on years of service and/or minimum age requirements. No employee can receive severance payments exceeding one year's salary.

The District has recorded a liability for accrued convertible sick leave based on the sick leave accumulated at June 30, 2021 for employees currently eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments. Under this "vesting method," accruals for those employees expected to become eligible in the future are based on assumptions concerning the probability that the employees will become eligible to receive termination payments (vest) at some point in the future.

During fiscal year 2021, expenditures for convertible sick leave benefits totaled \$482,925. At June 30, 2021, the long-term portion of the convertible sick leave liability is included as part of severance benefits payable in the statement of net position, totaling \$3,163,247.

Other Postemployment Benefits Payable

Under the terms of certain collective bargaining employment contracts, the District provides health care coverage until age 65 if certain age and minimum years of service requirements are met. The amount to be incurred is limited as specified by contract. All premiums are funded on a pay-as-you-go basis. This amount was actuarially determined, in accordance with GASB Statement No. 75.

P. Statement of Cash Flows

For purposes of the statement of cash flows, the District considers cash on hand and demand deposits accounts to be cash and cash equivalents. Cash and cash equivalents are included in cash and investments.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Deferred Inflows of Resources

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net 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 four items which occur related to revenue recognition. The first occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year. The second type of deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's year-end) under the modified accrual basis of accounting. The third type of deferred outflow is pension related as discussed in Note 7. The fourth type of deferred outflow is other postemployment benefits related as discussed in Note 8.

R. Unearned Revenues

Unearned revenues are those in which resources are received by the District before it has a legal claim to them. The District has reported unearned revenues for prepaid meals in the Food Service Fund and prepaid student and community courses in the Community Service Fund. The District also reported unearned revenues in the General Fund related to prepaid driver's education classes.

S. Fund Balance

In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned, and unassigned fund balances. Nonspendable portions of fund balance relate to prepaid items and inventories. Restricted funds are constrained from outside parties (statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by a resolution approved by the Board of Education. The Board of Education passed a resolution authorizing the Superintendent, Director of Finance and Operations, and Controller to assign fund balances and their intended uses. Unassigned fund balances are considered the remaining amounts. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to use restricted first, then unrestricted fund balance. When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts are available, it is the District's policy to use committed first, then assigned, and finally unassigned amounts.

The District has a minimum fund balance policy, which identifies a minimum unassigned General Fund balance of no less than 8% and no more than 10% of the General Fund annual expenditure budget.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Net Position

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

U. Summarized Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended **June 30, 2020**, from which the summarized information was derived. Certain comparative information has been reclassified to conform with the current year presentation.

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

A. Excess of Expenditures Over Budget

Expenditures did not exceed budgeted amounts in any of the District's major governmental funds.

B. Interfund Transfers

The District did not have any interfund transfers at June 30, 2021.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 DEPOSITS AND INVESTMENTS

A. Deposits

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned in full. The District does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits.

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

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds.

The District's deposits in banks at June 30, 2021 were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

B. Investments

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

- Direct obligations or obligations guaranteed by the United States or its agencies.
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency and all of the investments have a final maturity of 13 months or less.
- General obligations rated "A" or better; revenue obligations rated "AA" or better.
- General obligations of the Minnesota Housing Finance Agency rated "A" or better.
- Banker's acceptances of United States banks eligible for purchase by the Federal Reserve System.
- Commercial paper issued by United States banks, corporations, or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

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

At June 30, 2021, the District had the following investments:

Investments Measured at Fair Value	Fair Value
Negotiable Certificates of Deposit with Maturities at Purchase of Greater Than One Year	\$ 1,246,571
Municipal Bonds	63,263,178
Total Investments Measured at Fair Value	\$ 64,509,749
Investments Measured at Amortized Cost	
Municipal Bonds with Maturities at Purchase of Less Than One Year	\$ 100,017
MN Trust Investment Shares	18,398,804
MN Trust Limited Term Duration Series	7,930,771
MN Trust Term Series Money Market	10,000,000
Total Investments Measured at Amortized Cost	\$ 36,429,592
Total District Investments	\$ 100,939,341

The MN Trust Investment Shares Portfolio, MN Trust Term Series Money Market, and MN Trust Limited Term Duration Series are external investment pools and their investments are valued at amortized cost. The amortized cost method of valuation values a security at its cost on the date of purchase and thereafter assumes a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of investments.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The District had investments in MN Trust Term Series with an interest rate of 0.03% and matures in July 2021. Redemption prior to the maturity date of the MN Trust Term Series may result in a penalty.

The remaining investments are held by PMA Financial Network as temporary investments of the District's cash.

Custodial Credit Risk

For an investment, custodial credit risk 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. At June 30, 2021, all investments and collateral were listed in the name of the District.

Credit Risk and Interest Rate Risk

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

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District's investment policies do not limit the maturities of investments; however, when purchasing investments the District considers such things as interest rates and cash flow needs.

The credit ratings and maturities for the District's investments are as follows:

Type	Total	Maturity Duration in Years			No Maturities	Rating
		Less Than 1	1 to 2	2 to 5		
MN Trust Investment Series	\$ 18,398,804	\$ -	\$ -	\$ -	\$ 18,398,804	AAAm
MN Trust Term Series	10,000,000	10,000,000	-	-	-	Not Rated
MN Trust Limited Term Duration Series	7,930,771	-	-	-	7,930,771	Not Rated
Certificates of Deposit	1,246,571	993,595	252,976	-	-	Not Rated
Municipal Bonds	63,363,195	20,526,535	32,157,025	10,679,635	-	AA- to AAA
Total	<u>\$ 100,939,341</u>	<u>\$ 31,520,130</u>	<u>\$ 32,410,001</u>	<u>\$ 10,679,635</u>	<u>\$ 26,329,575</u>	

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Concentration of Credit Risk

Except for amounts invested with Trustees, the District limits the amount of its total deposits and investments portfolio that may be invested with any one depository to 75% of the total portfolio.

The following investments individually comprise more than 5% of the District's total investments.

<u>Concentration of Credit Risk</u>		
City of Corpus Christi, Texas - Municipal Bonds	\$ 5,126,050	5.08%

C. Balance Sheet Presentation

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

Cash and Investments - Statement of Net Position	\$ 155,011,600
Cash and Investments - Statement of Fiduciary Net Position	4,648
Total Cash and Investments	<u>\$ 155,016,248</u>

D. Fair Value Measurements

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

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

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

D. Fair Value Measurement (Continued)

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

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

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

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

Assets measured at fair value on a recurring basis:

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Negotiable Certificates of Deposit with Maturities at Purchase of Greater Than One Year	\$ -	\$ 1,246,571	\$ -	\$ 1,246,571
Municipal Bonds	-	63,263,178	-	63,263,178
Total Investments Measured at Fair Value	<u>\$ -</u>	<u>\$ 64,509,749</u>	<u>\$ -</u>	<u>64,509,749</u>
Investments Measured at Amortized Cost				<u>36,429,592</u>
Total District Investments				<u>\$ 100,939,341</u>

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 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	\$ 4,026,417	\$ -	\$ -	\$ 4,026,417
Construction in Progress	1,562,702	8,146,180	(249,965)	9,458,917
Total Capital Assets, Not Being Depreciated	<u>5,589,119</u>	<u>8,146,180</u>	<u>(249,965)</u>	<u>13,485,334</u>
Capital Assets, Being Depreciated				
Land Improvements	4,105,953	338,599	(1,172,917)	3,271,635
Buildings and Improvements	106,637,868	1,194,591	(680,855)	107,151,604
Equipment	13,304,425	483,168	(1,709,473)	12,078,120
Total Capital Assets, Being Depreciated	<u>124,048,246</u>	<u>2,016,358</u>	<u>(3,563,245)</u>	<u>122,501,359</u>
Accumulated Depreciation for:				
Land Improvements	(2,342,262)	(119,875)	1,095,780	(1,366,357)
Buildings and Improvements	(27,355,962)	(2,099,882)	340,427	(29,115,417)
Equipment	(6,396,126)	(977,172)	1,606,591	(5,766,707)
Total Accumulated Depreciation	<u>(36,094,350)</u>	<u>(3,196,929)</u>	<u>3,042,798</u>	<u>(36,248,481)</u>
Total Capital Assets, Being Depreciated, Net	<u>87,953,896</u>	<u>(1,180,571)</u>	<u>(520,447)</u>	<u>86,252,878</u>
Governmental Activities Capital Assets, Net	<u>\$ 93,543,015</u>	<u>\$ 6,965,609</u>	<u>\$ (770,412)</u>	<u>\$ 99,738,212</u>

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

Governmental Activities	
Administration	\$ 11,906
District Support Services	161,798
Regular Instruction	2,812,990
Vocational Education Instruction	6,683
Special Education Instruction	2,230
Instructional Support Services	21,051
Pupil Support Services	30,544
Sites and Buildings	54,103
Food Service	64,841
Community Service	30,783
Total Depreciation Expense, Governmental Activities	<u>\$ 3,196,929</u>

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 GENERAL LONG-TERM DEBT

A. Components of General Long-Term Debt

The District has issued general obligation school building bonds to finance the construction of capital facilities or refinance previous bond issues. Assets of the Debt Service Fund, together with scheduled future tax levies, are dedicated for the retirement of these bonds. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

Issue	Net Interest Rate	Original Issue	Final Maturity	Principal Outstanding	
				Due Within One Year	Total
2015A G.O. School Building Bonds	2.00% - 3.25%	\$ 9,800,000	2/1/2036	\$ 200,000	\$ 9,400,000
2016A G.O. School Building Bonds	2.00% - 5.00%	65,385,000	2/1/2036	2,950,000	50,720,000
2020A G.O. School Building Bonds	2.00% - 4.00%	110,030,000	2/1/2045	1,470,000	108,095,000
Total General Obligation Bonds				4,620,000	168,215,000
Bond Premiums				-	5,744,040
Capital Lease Payable				42,155	122,164
Severance Benefits Payable				500,000	3,163,247
Supplemental Pension Payable				58,587	594,478
Compensated Absences Payable				326,973	435,964
Total				\$ 5,547,715	\$ 178,274,893

B. Minimum Debt Payments

Minimum annual principal and interest payments required to retire long-term bonds and the certificate of participation payable are as follows:

Year Ending June 30,	General Obligation Bonds Payable	
	Principal	Interest
2022	\$ 4,620,000	\$ 4,687,150
2023	4,770,000	4,535,850
2024	5,095,000	4,379,500
2025	5,265,000	4,211,100
2026	5,505,000	3,970,150
2027-2031	30,770,000	16,598,450
2032-2036	35,910,000	11,462,350
2037-2041	40,455,000	6,676,188
2042-2045	35,825,000	2,037,487
Total	\$ 168,215,000	\$ 58,558,225

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 GENERAL LONG-TERM DEBT (CONTINUED)

C. Description of Long-Term Debt

General Obligation Bonds

On December 29, 2015, the District issued \$9,800,000 of General Obligation School Building Bonds, Series 2015A. The proceeds of this issue are being used to fund the betterment of school sites and facilities. The new issue was issued at a premium of \$130,146. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies, are dedicated to retire these bonds.

On February 23, 2016, the District issued \$65,385,000 of General Obligation School Building Bonds, Series 2016A. The proceeds of this issue are being used to fund the betterment of school sites and facilities. The new issue was issued at a premium of \$3,529,689. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies, are dedicated to retire these bonds.

On March 19, 2020, the District issued \$110,030,000 of General Obligation School Building Bonds, Series 2020A. The proceeds of this issue are being used to finance the acquisition and betterment of school sites and facilities, including but not limited to, construction of a new high school and re-purposing of the old high school site for District use. The new issue was issued at a premium of \$3,232,907. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies, are dedicated to retire these bonds.

Capital Leases Payable

During 2010, the District entered into a lease agreement for a vending machine. The total lease for \$6,687 had principal and interest payments due monthly through October 2013. The District continues to lease the vending machine at the same terms.

In April 2019, the District entered into a lease agreement for copy machines. The total lease of \$127,085 has principal and interest payments due monthly at a rate of 9.49%.

The District entered into three additional copier leases with Xerox in September of 2020 totaling \$55,861. The lessor allowed the District to dispose of \$13,366 of the previous copier lease payable early, without payment, when the District entered into this new copier lease. The total lease has principal and interest payments due monthly at rates ranging from 10.63% to 25.38%.

Total cost of assets held under capital leases is \$189,633. Related accumulated depreciation of assets under capital leases at June 30, 2021 is \$79,540.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 GENERAL LONG-TERM DEBT (CONTINUED)

C. Description of Long-Term Debt (Continued)

Capital Leases Payable (Continued)

Annual payments required under capital leases are as follows:

<u>Year Ending June 30,</u>	Capital Leases Payable	
	Principal	Interest
2022	\$ 42,155	\$ 11,692
2023	49,832	6,663
2024	30,177	1,141
Total	\$ 122,164	\$ 19,496

Compensated Absences Payable

Compensated absences payable consists of unused vacation as of June 30, 2021. In the past, vacation expense has been paid by the General Fund, the Food Service Fund, and the Community Service Fund.

Severance Benefits Payable and Supplemental Pension Payable

Severance benefits payable and supplemental pension payable consist of severance payments and accumulated sick leave. See Note 7 for more detail on the supplemental pension plan. In the past, severance benefits and supplemental pension payments have been liquidated by the General Fund, the Food Service Fund, and the Community Service Fund.

D. Changes in Long-Term Liabilities

	June 30, 2020	Additions	Retirements	June 30, 2021
Bonds Payable	\$ 173,210,000	\$ -	\$ 4,995,000	\$ 168,215,000
Bond Premiums	6,057,709	-	313,669	5,744,040
Capital Leases Payable	117,814	55,861	51,511	122,164
Severance Benefits Payable	3,373,625	272,547	482,925	3,163,247
Supplemental Pension Payable	447,944	212,227	65,693	594,478
Compensated Absences Payable	348,677	363,999	276,712	435,964
Total	\$ 183,555,769	\$ 904,634	\$ 6,185,510	\$ 178,274,893

NOTE 6 RESTRICTED FUND BALANCES

Fund Equity

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.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 RESTRICTED FUND BALANCES (CONTINUED)

Fund Equity (Continued)

The following is a summary of the restricted fund balances for the governmental funds:

A. Restricted for Staff Development

Restricted for staff development represents general education aid resources to be expended for staff development programs.

B. Restricted for Teacher Development and Evaluation

Restricted for teacher development and evaluation represents resources available for teacher development and evaluation uses.

C. Restricted for Student Activities

Restricted for the extracurricular activity funds raised by students.

D. Restricted for Basic Skills Programs

In accordance with state statute, this restriction represents available resources dedicated exclusively for meeting the educational needs of pupils who enroll under-prepared for learners of their age.

E. Restricted for Operating Capital

The District levies taxes and receives state aid to be used for the purchase of equipment, books, and vehicles, and to purchase, rent, improve, and repair school facilities as allowed by state statute. The cumulative excess of such revenues over equipment and facilities expenditures is reported as a restriction of fund balance.

F. Restricted for Community Education Programs

The fund balance restriction represents accumulated resources available to provide general community education programming.

G. Restricted for Early Childhood and Family Education Programs

This fund balance restriction represents accumulated resources available to provide services for early childhood and family education programming.

H. Restricted for School Readiness

This fund balance restriction represents resources available to provide school readiness programming in accordance with funding made available for that purpose.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 RESTRICTED FUND BALANCES (CONTINUED)

Fund Equity (Continued)

I. Restricted for Adult Basic Education

This fund balance restriction represents accumulated resources available to provide services for adult basic education.

J. Restricted for Achievement and Integration

This fund balance restriction represents accumulated resources remaining from the Achievement and Integration Levy.

K. Safe Schools Levy

This fund balance represents unspent resources available from the safe schools levy.

L. Restricted for Long-Term Facilities Maintenance

Represents unspent State aid to finance facilities plans approved by its board and the commissioner.

M. Restricted for Medical Assistance

Represents resources to be used for Medical Assistance expenditures.

N. Restricted for Other Purposes

Represents amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 PENSION PLANS

A. Plan Description

The District participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA) and Teachers Retirement Fund (TRA). PERA's and TRA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's and TRA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Plan (GERF)

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

2. Teachers Retirement Fund (TRA)

The Teacher's Retirement Association (TRA) is an administrator of a multiple employer, cost-sharing, defined benefit retirement fund. TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with Minnesota Statutes, Chapters 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 employed by St. Paul schools or Minnesota State Colleges and Universities).

B. Benefits Provided

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

1. General Employees Plan Benefits

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

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

1. General Employees Plan Benefits (Continued)

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

2. TRA Benefits

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

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

Tier 1 Benefits

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

With these provisions:

- (1) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- (2) 3.0% per year early retirement reduction factor for all years under normal retirement age.
- (3) Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

or

Tier II Benefits

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

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

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

C. Contributions

1. General Employees Fund Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature. Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2021 and the District was required to contribute 7.50% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2021, were \$609,949. The District's contributions were equal to the required contributions as set by state statute.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 PENSION PLANS (CONTINUED)

C. Contributions (Continued)

2. TRA Contributions

Per Minnesota Statutes, Chapter 354 rates for the fiscal year for coordinated were 7.5% for the employee and 8.13% for the employer. Basic rates were 11.00% for the employee and 12.13% for the employer. The District's contributions to TRA for the plan's fiscal year ended June 30, 2021 were \$2,384,740. The District's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

1. General Employees Fund Pension Costs

At June 30, 2021, the District reported a liability of \$7,104,617 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the District totaled \$219,163, for a total net pension liability of \$7,323,780 associated with the District. 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 0.1185% at the end of the measurement period and 0.1204% for the beginning of the period.

For the year ended June 30, 2020, the District recognized pension expense of \$105,847 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized an additional \$19,074 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.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

At June 30, 2021, the District reported its proportionate share of the General Employees Fund's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 64,777	\$ 26,880
Changes in Actuarial Assumptions	-	263,396
Net Difference Between Projected and Actual		
Earnings on Plan Investments	122,737	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	-	337,039
District Contributions Subsequent to the Measurement Date	609,949	-
Total	<u>\$ 797,463</u>	<u>\$ 627,315</u>

Of the resources related to pensions resulting from District contributions to the General Employees Fund subsequent to the measurement date, \$609,949 reported as deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to General Employees Fund pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2022	\$ (586,024)
2023	(130,243)
2024	104,816
2025	171,650

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs

At June 30, 2021, the District reported a liability of \$36,733,802 for its proportionate share of TRA's 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. The District's proportionate share was 0.4972% at the end of the measurement period and 0.4941% at the beginning of the period.

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

Description	Amount
District's Proportionate Share of the TRA	
Net Pension Liability	\$ 36,733,802
State's Proportionate Share of the Net Pension	
Liability Associated with the District	3,078,588
Total Net Pension Liability	\$ 39,812,390

For the year ended June 30, 2021, the District recognized pension expense of \$6,265,377. It also recognized \$282,002 as pension expense (and grant revenue) for the support provided by direct aid.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 736,662	\$ 556,805
Changes in Actuarial Assumptions	13,180,117	30,837,128
Net Difference Between Projected and Actual		
Earnings on Plan Investments	568,806	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	2,588,857	17,600
District Contributions Subsequent to the Measurement Date	2,384,740	-
Total	<u>\$ 19,459,182</u>	<u>\$ 31,411,533</u>

Of the resources related to pensions resulting from District contributions to TRA subsequent to the measurement date, \$2,384,740 reported as deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to TRA will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2022	\$ 1,530,698
2023	(10,269,670)
2024	(6,919,641)
2025	1,116,202
2026	205,320

3. Total Pension Expense

The District's total pension expense for the TRA and PERA plans for the year ended June 30, 2021, including the special funding amounts, was \$6,672,300.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 PENSION PLANS (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:

Assumptions	GERF	TRA
Inflation	2.25% per Year	2.50% per Year 2.85% before July 1, 2028 & 3.25% thereafter
Salary Growth	3.00% per Year	7.50%
Investment Rate of Return	7.50%	7.50%

PERA salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on Pub-2010 General Employee Mortality table for the General Employees Plan, with slight adjustments to fit PERA's experience. PERA cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan.

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

TRA pre-retirement mortality rates were based on 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. Postretirement mortality rates were based on 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. Post-disability mortality rates were based on the RP-2014 disabled retiree mortality table, without adjustment. TRA cost of living benefit increases 1.0% for January 2020 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

The following changes in actuarial assumptions for the General Employees Fund occurred in 2020:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years two through five and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- 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 & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

The following changes in plan provisions for the General Employees Fund occurred in 2020:

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

The following changes in actuarial assumptions for TRA occurred in 2020:

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

**OWATONNA PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	35.50 %	5.10%
International Equity	17.50	5.30%
Fixed Income	20.00	0.75%
Private Markets	25.00	5.90%
Cash	2.00	0.00%
Totals	<u>100.00 %</u>	

F. Discount Rate

The discount rate used to measure the PERA General Employees Plan liability in 2020 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate used to measure the TRA pension liability was 7.50%. There was no change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contribution will be made at the fiscal year 2020 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 PENSION PLANS (CONTINUED)

G. Pension Liability Sensitivity

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

Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
<u>GERF Discount Rate</u>	6.50%	7.50%	8.50%
District's Proportionate Share of the GERF Net Pension Liability	\$ 11,386,236	\$ 7,104,617	\$ 3,572,625
<u>TRA Discount Rate</u>	6.50%	7.50%	8.50%
District's Proportionate Share of the TRA Net Pension Liability	\$ 56,239,063	\$ 36,733,802	\$ 20,662,454

H. Pension Plan Fiduciary Net Position

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

Detailed information about TRA's fiduciary net position is available in a separately-issued TRA financial report. That report can be obtained at www.MinnesotaTRA.org; by writing to TRA at 60 Empire Drive #400, St. Paul, Minnesota, 55103-4000; or by calling 651-651-296-2409 or 1-800-657-3669.

I. Supplemental Pension Plan

1. Plan Description

The District operates a single-employer defined benefit supplemental pension benefit for eligible principals and directors. Currently, principals and directors are eligible after five years of service. There are 27 active participants in the plan as of July 1, 2020. The pension payment is equal to a percentage of the final annual salary, paid in a lump sum at the time of termination. Benefit and eligibility provisions are established through negotiations between the District and the employee or the union and are negotiated each bargaining period. The Plan does not issue a publicly available financial report.

2. Funding Policy

Payments under the plan are made on a pay-as-you-go basis. There are no invested plan assets accumulated for payment of future benefits. The General Fund, Food Service Fund, and Community Service Fund are used for funding all pension benefits. The employer makes all contributions.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 PENSION PLANS (CONTINUED)

I. Supplemental Pension Plan (Continued)

3. Total Pension Liability

The District recognizes its total pension liability, rather than a net pension liability. In order for the District to recognize a net pension liability, assets must be accumulated in a trust that meets the following criteria:

- Contributions from the employer and nonemployer contributing entities, and the earnings thereon, must be irrevocable.
- Pension plan assets must be dedicated to providing pensions to Plan members in accordance with benefit terms.
- Pension plan assets must be legally protected from the creditors of employer, nonemployer contributing entities, the Plan administrator, and the Plan members.

No assets are accumulated in a trust that meets all of the above criteria. Accordingly, the District's total pension liability is not reduced by any assets accumulated in a trust that meets the criteria, and the District must report its total pension liability.

The District's total pension liability was determined by an actuarial valuation as of July 1, 2020. The measurement date of the liability was July 1, 2020. At June 30, 2021, the District reported a total pension liability of \$594,478. Changes in the District's total pension liability were as follows:

Total Pension Liability - June 30, 2020	\$	447,944
Changes for the Year:		
Service Cost		70,647
Interest		15,524
Plan Changes		116,597
Differences Between Expected and Actual Experience		(29,758)
Changes of Assumptions of Other Inputs		9,459
Benefit Payments		<u>(35,935)</u>
Net Changes		<u>146,534</u>
Total Pension Liability - June 30, 2021	\$	<u><u>594,478</u></u>

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 PENSION PLANS (CONTINUED)

I. Supplemental Pension Plan (Continued)

4. Pension Costs

For the year ended June 30, 2021, the District recognized pension expense of \$208,594. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 72,954	\$ 27,278
Changes of Assumptions or Other Inputs	17,223	11,867
Benefit Payments Subsequent to the Measurement Date	58,587	-
Total	\$ 148,764	\$ 39,145

With the pension costs recognized by the District related to the TRA and PERA plans, the District recognized a total pension expense related to all of its pension plans of \$6,880,894.

The District's benefit payments and amounts incurred by the District for pension administrative expenses subsequent to the measurement date of \$58,587 reported as deferred outflows of resources will be recognized as a reduction of the total pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to the supplemental pension plan will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense
2022	\$ 5,826
2023	5,826
2024	5,826
2025	5,826
2026	5,826
Thereafter	21,902

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 PENSION PLANS (CONTINUED)

I. Supplemental Pension Plan (Continued)

5. Actuarial Methods and Assumptions

The actuarial total pension liability was determined as of July 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date:	July 1, 2020
Measurement Date:	July 1, 2020
Actuarial Cost Method:	Entry Age, Level Percentage of Pay
Discount Rate:	2.40%
Inflation:	2.50%
Retirement Age:	55
Mortality:	Pub-2010 Public Retirement Plans Mortality Tables with MP-2019 Generational Improvement Scale

The salary scale used to value the supplemental pension plan liability is similar to the table used to value pension liabilities for Minnesota school district employees. The rates for teachers, principals and the superintendent are based on the Teacher Retirement Association of Minnesota actuarial experience study for the period July 1, 2008 through June 30, 2014 and a study of economic assumptions dated November 2017. The rates for other employees are based on the Public Employees Retirement Association of Minnesota most recent six-year experience study for the General Employees Plan completed in 2015 and a review of the inflation assumption dated September 11, 2017.

Benefit Changes for the fiscal year ending June 30, 2021:

- The percentages which are multiplied by the last annual salary to determine each participant's GASB Statement No. 73 benefit increased.

Assumption Changes for the fiscal year ending June 30, 2021:

- The mortality tables and salary increase rates were updated.
- The discount rate was changed from 3.10% to 2.40%.

6. Discount Rate

The discount rate used to measure the total pension liability was 2.40%. The discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds.

7. Total Pension Liability Sensitivity

The following presents the District's total pension liability, calculated using the discount rate of 2.40%, as well as what the District's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.40%) or one percentage point higher (3.40%) than the current rate:

	1% Decrease (1.4%)	Current Discount Rate (2.40%)	1% Increase (3.4%)
Total Pension Liability	<u>\$ 629,874</u>	<u>\$ 594,478</u>	<u>\$ 559,890</u>

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN

A. Plan Description

The District operates a single-employer retiree benefit plan (the Plan) that provides health, dental, and life insurance to eligible employees and their spouses through the District's insurance plans. There are 627 active participants and 95 retired participants and spouses receiving benefits. Benefit and eligibility provisions are established through negotiations between the District and various unions representing the District's employees and are renegotiated each bargaining period. The Plan does not issue a publicly available financial report. There are no assets accumulated in an OPEB trust that meets the criteria of GASB Statement No. 75 paragraph 4.

B. Funding Policy

Contribution requirements are also negotiated between the District and the union representatives. The District contributes up to 100% of the cost of current year premiums for eligible retired plan members and their spouses. For fiscal year 2021, the District contributed \$237,529 to the plan.

C. Actuarial Methods and Assumptions

The District's OPEB liability was measured as of July 1, 2020, and the total OPEB liability (asset) used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020.

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:

Inflation	2.50%
Discount Rate	2.40%
20-Year Municipal Bond Yield	2.40%
Health Care Trend Rates	6.50% Decreasing to 5.00% over 6 years and then to 4.00% over the next 48 years
Dental Trend Rates	3.00%

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with the MP-2019 Generational Improvement Scale.

The salary scale used to value the total OPEB liability is similar to the table used to value pension liabilities for Minnesota school district employees. The rates for teachers, principals and the superintendent are based on the Teacher Retirement Association of Minnesota actuarial experience study for the period July 1, 2008 through June 30, 2014 and a study of economic assumptions dated November 2017. The rates for other employees are based on the Public Employees Retirement Association of Minnesota most recent six-year experience study for the General Employees Plan completed in 2015 and a review of the inflation assumption dated September 11, 2017.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

C. Actuarial Assumptions and Methods (Continued)

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2019 to June 30, 2020.

The discount rate used to measure the total OPEB liability was 2.40%. The discount rate is based on the estimated yield of 20-year AA-rated bonds.

Since the most recent GASB Statement No. 75 Other Postemployment Benefits valuation, the following benefit changes have been made:

- All Teachers who attain age 55 with 10 years of service will be eligible to receive an \$1,000 payment to an HRA if a notice of intent to retire is provided by February 15. Previously, only Teachers hired before July 1, 2001 were eligible for this benefit.

Since the most recent GASB Statement No. 75 Other Postemployment Benefits valuation, the following actuarial assumption changes have been made:

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated from the 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.
- Implicit rate dental benefits are assumed to end at age 75 instead of age 70.
- The Retiree Plan Participation percentage was reduced from 70% to 30% for Secretaries and from 70% to 60% for all Custodians, Directors, Teachers, the Superintendent and for Administrators who are not eligible for a subsidy.
- The discount rate was changed from 3.10% to 2.40%.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

D. Changes in the OPEB Liability

The following table shows the components of the changes in the District's OPEB Liability:

	Increase (Decrease) Total OPEB Liability
Balances at July 1, 2020	\$ 5,080,342
Changes for the Year:	
Service Cost	378,618
Interest Cost	165,658
Differences Between Expected and Actual Experience	(941,551)
Assumption Changes	(44,379)
Plan Changes	40,913
Benefit Payments	(232,062)
Net Changes	(632,803)
Balances at July 1, 2021	\$ 4,447,539

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

	1% Decrease (1.4%)	Discount Rate (2.4%)	1% Increase (3.4%)
Total OPEB Liability (Asset)	\$ 4,764,290	\$ 4,447,539	\$ 4,147,271

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower (5.50% decreasing to 4.00% over six years) or 1% point higher (7.50% decreasing to 6.00% over six years) than the current healthcare cost trend rates:

	Healthcare Cost		
	1% Decrease (5.50% Decreasing to 4.00% over 6 Years)	Current Trend Rates (6.50% Decreasing to 5.00% over 6 Years)	1% Increase (7.50% Decreasing to 6.00% over 6 Years)
Total OPEB Liability (Asset)	\$ 3,974,376	\$ 4,447,539	\$ 5,010,266

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

E. OPEB Liability Costs

For the year ended June 30, 2021, the District recognized OPEB expense of \$393,154. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Liability	\$ -	\$ 1,822,852
Change of Assumptions	158,158	40,345
Contributions Between Measurement Date and Reporting Date	<u>237,529</u>	<u>-</u>
Total	<u>\$ 395,687</u>	<u>\$ 1,863,197</u>

At June 30, 2021, the District's contributions and amounts incurred by the District for OPEB subsequent to the measurement date of \$237,529 reported as deferred outflows of resources will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2022.

Other amounts reported as deferred outflows and inflows of resources related to the OPEB plan will be recognized in OPEB expense as follows.

Year Ending June 30,	Pension Expense Amount
2022	\$ (192,035)
2023	(192,035)
2024	(192,035)
2025	(192,035)
2026	(192,035)
Thereafter	(744,864)

NOTE 9 FLEXIBLE BENEFIT PLAN

The District has a flexible benefit plan that is classified as a "cafeteria plan" under Section 125 of the Internal Revenue Code. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pre-tax dollars withheld from payroll checks to the plan for health care and dependent care benefits.

The current plan year runs from September 1 to August 31. Before the beginning of the plan year, each participant designates a total amount of pre-tax dollars to be contributed to the plan during the year. At June 30, the District is contingently liable for claims against the total amount of participants' annual contributions for the health care portion of the plan, whether or not such contributions have been made.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 FLEXIBLE BENEFIT PLAN (CONTINUED)

Payments of health insurance claims are made by the District directly to the designated insurance companies. These payments are made on a monthly basis and are accounted for in the General, Food Service, and Community Service Funds.

Payments for amounts withheld for medical reimbursement and dependent care are made to participating employees upon submitting a request for reimbursement of eligible expenses.

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

NOTE 10 PROPRIETARY FUND

The District elected to discontinue self-insuring its employee health insurance program as of June 30, 2003. The District continued to pay claims it incurred before June 30, 2003. Starting in fiscal year 2019, the District started using this fund to account for a dental self-insurance program. The District was retaining the portion of fund balance remaining in the fund related to the previous health self-insurance fund as start-up funds should a decision be made in the future to self-insure. The District became self-insured for health benefits again effective September 1, 2020.

The liability for unpaid claims included in the Internal Service Fund as claims payable, including \$691,916 for an estimated liability for claims incurred but not reported, for 2021 and the preceding year were:

	<u>2021</u>	<u>2020</u>
Beginning of Fiscal Year Liability - July 1,	\$ 37,792	\$ 21,616
Current Year Claims, Changes in Estimates, and Other Charges	7,538,638	357,632
Current Year Claims Paid, Including an Estimate of Claims Incurred But Not Reported (IBNR)	<u>(6,402,117)</u>	<u>(341,456)</u>
End of Fiscal Year Liability - June 30,	<u>\$ 1,174,313</u>	<u>\$ 37,792</u>

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 RISK MANAGEMENT

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

The District continues to purchase commercial insurance coverage for all other risks. There has been no significant reduction in insurance coverage from the previous year in any of the District's policies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 12 COMMITMENTS AND CONTINGENCIES

Federal and State Programs

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

Construction Commitments

The District has active construction projects as of June 30, 2021. The District' major commitments with contracts are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Owatonna High School Project	\$ 8,002,720	\$ 87,711,760
Education Center Mechanical Upgrades	636,850	1,363,784
Multisite Mechanical Upgrades	152,908	494,110

NOTE 13 JOINT POWERS AGREEMENT

A. Ice Arena

Effective March 1999, the City of Owatonna, Steele County, and the District entered into a joint powers agreement to provide for the operation and maintenance of a joint ice arena. The ice arena is run and maintained by the County, with the City contributing up to \$55,000 annually in the form of public utilities. Under the terms of the agreement, the District made financial contributions to the construction of the ice arena totaling \$250,000 between March 1999 and 2002. In addition, the District agreed to maintain its present level of use of the ice arena during the term any bonds are outstanding related to the project. Total payments for the use of the ice arena were \$45,500 for the year ended June 30, 2021. The bonds matured in various increments through 2011.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 13 JOINT POWERS AGREEMENT (CONTINUED)

B. Cannon Valley Special Education Cooperative

Independent School District No. 761 is a member of the Cannon Valley Special Education Cooperative. The Cannon Valley Special Education Cooperative was established for the primary objective to provide specialized services for special education students, as defined by state law, and to provide other programs and services as approved by the Joint Powers Governing Board. The Cooperative was established by four separate member districts.

Each member district shares in the cost of the programming based on its allocable participation, which is paid to the education district in the form of membership fees, reimbursements, and other charges for services. In addition, each member district is assessed a charge related to the cost of the building which houses the cooperative. Independent School District No. 761's allocable assessment related to the building cost for the year ended June 30, 2021 was \$235,151 and is \$365,501 annually going forward through June 30, 2036. The education district is able to recover the cost of its programs through the previously mentioned revenue sources.

REQUIRED SUPPLEMENTARY INFORMATION

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**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS**

	Measurement Date			
	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
Service Cost	\$ 378,618	\$ 420,727	\$ 384,834	\$ 467,511
Interest	165,658	171,548	195,217	186,012
Changes in Benefit Terms	-	-	48,273	-
Differences Between Expected and Actual Experience	(941,551)	-	(1,329,483)	-
Changes of Assumptions of Other Inputs	(44,379)	115,481	87,551	-
Plan Changes	40,913	-	-	-
Benefit Payments	(232,062)	(214,272)	(310,154)	(290,252)
Other Changes	-	-	-	-
Net Changes	(632,803)	493,484	(923,762)	363,271
Total OPEB Liability - Beginning	<u>5,080,342</u>	<u>4,586,858</u>	<u>5,510,620</u>	<u>5,147,349</u>
Total OPEB Liability - Ending	<u><u>\$ 4,447,539</u></u>	<u><u>\$ 5,080,342</u></u>	<u><u>\$ 4,586,858</u></u>	<u><u>\$ 5,510,620</u></u>
Covered Employee Payroll	\$ 35,337,054	\$ 34,507,402	\$ 33,502,332	\$ 30,412,867
Total OPEB Liability as a Percentage of Covered Employee Payroll	12.59%	14.72%	13.69%	18.12%

NOTE: The District implemented GASB Statement No. 75 in fiscal year 2018, and the above table will be expanded to 10 years of information as the information becomes available.

There are no assets accumulated in an OPEB trust that meets the criteria of GASB Statement No. 75 paragraph 4.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
LAST SEVEN MEASUREMENT DATES***

TRA	Measurement Date						
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's Proportion of the Net Pension Liability	0.4972%	0.4941%	0.4790%	0.4618%	0.4504%	0.4522%	0.4487%
District's Proportionate Share of the Net Pension Liability	\$ 36,733,802	\$ 31,494,038	\$ 30,087,531	\$ 92,183,657	\$ 107,431,147	\$ 27,973,042	\$ 20,675,773
State's Proportionate Share of the Net Pension Liability Associated with District	3,078,588	2,786,991	2,826,615	8,910,382	10,783,101	3,431,386	1,454,618
Total	<u>\$ 39,812,390</u>	<u>\$ 34,281,029</u>	<u>\$ 32,914,146</u>	<u>\$ 101,094,039</u>	<u>\$ 118,214,248</u>	<u>\$ 31,404,428</u>	<u>\$ 22,130,391</u>
District's Covered Payroll	\$ 29,162,614	\$ 28,295,746	\$ 26,829,000	\$ 24,989,587	\$ 23,699,920	\$ 23,334,840	\$ 20,480,514
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	125.96%	111.30%	112.15%	368.89%	453.30%	119.88%	100.95%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.48%	78.21%	78.07%	51.57%	44.88%	76.80%	81.50%

* The District implemented GASB Statement No. 68 in fiscal 2015, and the above table will be expanded to 10 years as information is available.

GERF	Measurement Date						
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's Proportion of the Net Pension Liability	0.1185%	0.1204%	0.1264%	0.1301%	0.1296%	0.1285%	0.1254%
District's Proportionate Share of the Net Pension Liability	\$ 7,104,617	\$ 6,656,646	\$ 7,012,154	\$ 8,305,498	\$ 10,522,877	\$ 6,659,537	\$ 5,890,664
State's Proportionate Share of the Net Pension Liability Associated with District	219,163	206,991	230,106	104,421	137,440	-	-
Total	<u>\$ 7,323,780</u>	<u>\$ 6,863,637</u>	<u>\$ 7,242,260</u>	<u>\$ 8,409,919</u>	<u>\$ 10,660,317</u>	<u>\$ 6,659,537</u>	<u>\$ 5,890,664</u>
District's Covered Payroll	\$ 8,454,387	\$ 8,525,440	\$ 8,496,880	\$ 8,389,253	\$ 8,037,947	\$ 7,475,892	\$ 6,584,883
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	84.03%	78.08%	82.53%	99.00%	130.91%	89.08%	89.46%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.06%	80.23%	79.53%	75.90%	68.90%	78.20%	78.70%

* The District implemented GASB Statement No. 68 in fiscal 2015, and the above table will be expanded to 10 years as information is available.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
LAST EIGHT FISCAL YEARS***

	Fiscal Year							
	2021	2020	2019	2018	2017	2016	2015	2014
TRA								
Statutorily Required Contribution	\$ 2,384,740	\$ 2,309,679	\$ 2,181,602	\$ 2,012,175	\$ 1,874,219	\$ 1,777,494	\$ 1,750,113	\$ 1,433,636
Contributions in Relation to the Statutorily Required Contribution	<u>(2,384,740)</u>	<u>(2,309,679)</u>	<u>(2,181,602)</u>	<u>(2,012,175)</u>	<u>(1,874,219)</u>	<u>(1,777,494)</u>	<u>(1,750,113)</u>	<u>(1,433,636)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>							
District's Covered Payroll	\$ 29,332,595	\$ 29,162,614	\$ 28,295,746	\$ 26,829,000	\$ 24,989,587	\$ 23,699,920	\$ 23,334,840	\$ 20,480,514
Contributions as a Percentage of Covered Payroll	8.13%	7.92%	7.71%	7.50%	7.50%	7.50%	7.50%	7.00%

* The District implemented GASB Statement No. 68 in fiscal 2015, and the above table will be expanded to 10 years as information is available.

	Fiscal Year							
	2021	2020	2019	2018	2017	2016	2015	2014
GERF								
Statutorily Required Contribution	\$ 609,949	\$ 634,079	\$ 639,408	\$ 637,266	\$ 629,194	\$ 602,846	\$ 551,347	\$ 477,404
Contributions in Relation to the Statutorily Required Contribution	<u>(609,949)</u>	<u>(634,079)</u>	<u>(639,408)</u>	<u>(637,266)</u>	<u>(629,194)</u>	<u>(602,846)</u>	<u>(551,347)</u>	<u>(477,404)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>							
District's Covered Payroll	\$ 8,132,653	\$ 8,454,387	\$ 8,525,440	\$ 8,496,880	\$ 8,389,253	\$ 8,037,947	\$ 7,475,892	\$ 6,584,883
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.38%	7.25%

* The District implemented GASB Statement No. 68 in fiscal 2015, and the above table will be expanded to 10 years as information is available.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL PENSION LIABILITY
AND RELATED RATIOS
SUPPLEMENTAL PENSION PLAN
LAST FIVE MEASUREMENT DATES ***

	Measurement Date				
	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017	July 1, 2016
Service Cost	\$ 70,647	\$ 51,151	\$ 47,490	\$ 43,433	\$ 44,526
Interest	15,524	15,692	12,101	12,025	12,784
Plan Changes	116,597	-	-	-	-
Differences Between Expected and Actual Experience	(29,758)	-	97,272	-	-
Changes of Assumptions of Other Inputs	9,459	10,265	(3,743)	(13,592)	-
Benefit Payments	(35,935)	(52,239)	(76,303)	(132,724)	(32,754)
Net Changes	146,534	\$ 24,869	76,817	(90,858)	24,556
Total Pension Liability - Beginning	447,944	\$ 423,075	346,258	437,116	412,560
Total Pension Liability - Ending	<u>\$ 594,478</u>	<u>\$ 447,944</u>	<u>\$ 423,075</u>	<u>\$ 346,258</u>	<u>\$ 437,116</u>
Covered Payroll	\$ 3,112,927	\$ 3,186,673	\$ 3,093,857	\$ 2,716,855	\$ 2,637,723
Total Pension Liability as a Percentage of Covered Employee Payroll	19.10%	14.06%	13.67%	12.74%	16.57%

*Ten Years of Data Will be Presented as it Becomes Available

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

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

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years two through five and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- 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 & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

2019 Changes

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 \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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

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 1.00% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019.
- 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 combined service annuity (CSA) loads were changed from 0.80% for active members and 60.00% for vested and nonvested deferred members. The revised CSA load are now 0.00% for active member liability, 15.00% for vested deferred member liability, and 3.00% for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed for 1.00% per year for all years to 1.00% per year through 2044 and 2.50% 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.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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

2016 Changes:

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study 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.

2015 Changes:

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2035 and 2.50% per year thereafter.

Changes in Plan Provisions:

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees 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.

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

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.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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

2019 Changes

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions

- The investment return assumption was changed from 8.5% to 7.5%.
- The price inflation assumption was lowered from 3.0% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The wage inflation assumption (above price inflation) was reduced from 0.75% to 0.35% for the next 10 years, and 0.75% thereafter.
- The total salary increase assumption was adjusted by the wage inflation change.
- The amortization date for the funding of the Unfunded Actuarial Accrual Liability (UAAL) was reset to June 30, 2048 (30 years).
- The mechanism in the law that provided the TRA Board with some authority to set contribution rates was eliminated.

Changes in Plan Provisions

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to 0.0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next five years, (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.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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

2017 Changes

Changes in Actuarial Assumptions

- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- 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 nonvested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The COLA was not assumed to increase to 2.5%, but remain at 2.0% for all future years.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for 10 years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions

- The cost of living adjustment was not assumed to increase (it remained at 2.0% for all future years).
- The price inflation assumption was lowered from 3.0% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes at 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 postretirement 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 adjustments.
- 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.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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

2016 Changes (Continued)

- 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 forms of payment at retirement were made.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

- The cost of living adjustment was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2037.
- The investment return assumption was changed from 8.25% to 8.0%.

Changes in Plan Provisions

- The Duluth Teachers Retirement Fund Association was merged into TRA on June 30, 2015. This also resulted in a state-provided contribution stream of \$14.377 million until the System becomes fully funded.

2014 Changes

Changes in Actuarial Assumptions

- The cost-of-living adjustment was assumed to increase from 2.0% annually to 2.5% annually once the legally specified criteria was met. This was estimated to occur July 1, 2031.

Changes in Plan Provisions

- The increase in the postretirement benefit adjustment (COLA) will be made once the System is 90% funded (on a market value basis) in two consecutive years, rather than just one year.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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

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

2021

- All Teachers who attain age 55 with 10 years of service will be eligible to receive an \$1,000 payment to an HRA if a notice of intent to retire is provided by February 15. Previously, only Teachers hired before July 1, 2001 were eligible for this benefit.
- 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.
- Implicit rate dental benefits are assumed to end at age 75 instead of age 70.
- The Retiree Plan Participation percentage was reduced from 70% to 30% for Secretaries and from 70% to 60% for all Custodians, Directors, Teachers, the Superintendent and for Administrators who are not eligible for a subsidy.
- The discount rate was changed from 3.10% to 2.40%.

2020

- The discount rate was changed from 3.50% to 3.10%.

2019

- A \$1,000 lump sum paid to an HRA was added for retirement eligible teachers hired before July 1, 2001 that give notice of retirement prior to February 15.
- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality table was updated from RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The retiree plan participation assumption for educational assistants, food service, paraprofessionals, and nonaffiliated participants was changed from 70% to 30%.
- The end age for dental insurance implicit rate subsidy was increased from age 65 to age 70.
- The discount rate was changed from 3.40% to 3.50%.

2018

- The discount rate was changed from 3.00% to 3.40%.
- The actuarial cost method was changed from projected unit credit to entry age as prescribed by GASB Statement No. 75.

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SUPPLEMENTARY INFORMATION

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**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GENERAL FUND
BALANCE SHEET
JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2020)**

	2021	2020
ASSETS		
Cash and Investments	\$ 14,630,757	\$ 12,101,481
Receivables:		
Current Taxes	4,588,737	4,572,511
Delinquent Taxes	110,600	80,699
Accounts and Interest Receivable	94,702	150,065
Due from Other Minnesota School Districts	432,132	378,547
Due from Minnesota Department of Education	5,373,604	5,412,127
Due from Federal Through the Minnesota Department of Education	826,858	659,547
Due from Other Governmental Units	5,438	3,538
Inventory	325,334	14,140
Prepays	149,522	200,688
	\$ 26,537,684	\$ 23,573,343
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 3,092,387	\$ 2,796,056
Payroll Deductions and Employer Contributions Payable	3,123,693	3,012,591
Accounts and Contracts Payable	505,394	448,618
Due to Other Governmental Units	110,562	96,608
Unearned Revenue	48,227	11,454
Total Liabilities	6,880,263	6,365,327
Deferred Inflows of Resources:		
Unavailable Revenue - Property Taxes Levied for Subsequent Year	8,121,407	7,233,493
Unavailable Revenue - Delinquent Taxes	85,777	57,897
Total Deferred Inflows of Resources	8,207,184	7,291,390
Fund Balance:		
Nonspendable:		
Inventory	325,334	14,140
Prepays	149,522	200,688
Restricted for:		
Student Activities	109,345	135,708
Staff Development	324,471	303,449
Operating Capital	898,175	717,726
Teacher Development and Evaluation	7,376	17,384
Basic Skills Programs	299,243	293,900
Achievement and Integration	60,673	80,457
Safe Schools Levy	133,773	146,003
Long-Term Facilities Maintenance	2,011,693	1,627,389
Medical Assistance	926,989	480,207
Other Restricted - Expanded Summer Learning	36,355	-
Unassigned	6,167,288	5,899,575
Total Fund Balance	11,450,237	9,916,626
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 26,537,684	\$ 23,573,343

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2020)**

	2021			2020
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 7,883,807	\$ 7,967,821	\$ 84,014	\$ 7,411,493
Earnings and Investments	60,000	23,392	(36,608)	174,662
Other	1,245,075	1,450,176	205,101	1,368,716
State Sources	51,513,474	51,499,349	(14,125)	52,149,563
Federal Sources	4,106,907	3,936,288	(170,619)	2,165,753
Total Revenues	<u>64,809,263</u>	<u>64,877,026</u>	<u>67,763</u>	<u>63,270,187</u>
EXPENDITURES				
Current:				
Administration:				
Salaries	1,436,010	1,503,187	67,177	1,432,714
Employee Benefits	454,796	472,469	17,673	450,349
Purchased Services	67,801	65,771	(2,030)	90,954
Supplies and Materials	59,940	38,441	(21,499)	43,565
Other Expenditures	38,564	35,438	(3,126)	36,241
Total Administration	<u>2,057,111</u>	<u>2,115,306</u>	<u>58,195</u>	<u>2,053,823</u>
District Support Services:				
Salaries	1,084,097	1,092,878	8,781	1,172,004
Employee Benefits	393,708	400,818	7,110	428,371
Purchased Services	299,365	359,947	60,582	388,994
Supplies and Materials	1,304,518	1,059,630	(244,888)	801,359
Other Expenditures	15,014	8,921	(6,093)	2,000
Total District Support Services	<u>3,096,702</u>	<u>2,922,194</u>	<u>(174,508)</u>	<u>2,792,728</u>
Elementary and Secondary Regular Instruction:				
Salaries	19,643,947	19,535,681	(108,266)	19,167,250
Employee Benefits	7,262,414	7,469,721	207,307	7,061,369
Purchased Services	1,147,768	1,043,977	(103,791)	1,386,095
Supplies and Materials	1,172,951	714,405	(458,546)	881,503
Other Expenditures	131,232	144,911	13,679	130,241
Total Elementary and Secondary Regular Instruction	<u>29,358,312</u>	<u>28,908,695</u>	<u>(449,617)</u>	<u>28,626,458</u>

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2020)**

	2021			2020
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
EXPENDITURES (CONTINUED)				
Current (Continued):				
Vocational Education Instruction:				
Salaries	\$ 669,925	\$ 645,810	\$ (24,115)	\$ 673,919
Employee Benefits	274,223	271,554	(2,669)	280,405
Purchased Services	12,662	2,750	(9,912)	5,805
Supplies and Materials	50,055	49,807	(248)	43,629
Other Expenditures	4,698	8,010	3,312	5,439
Total Vocational Education Instruction	<u>1,011,563</u>	<u>977,931</u>	<u>(33,632)</u>	<u>1,009,197</u>
Special Education Instruction:				
Salaries	8,863,456	8,830,419	(33,037)	9,031,101
Employee Benefits	3,531,944	3,634,777	102,833	3,505,852
Purchased Services	447,084	189,708	(257,376)	370,851
Supplies and Materials	109,729	62,390	(47,339)	73,146
Other Expenditures	57,000	53,117	(3,883)	54,738
Total Special Education Instruction	<u>13,009,213</u>	<u>12,770,411</u>	<u>(238,802)</u>	<u>13,035,688</u>
Instructional Support Services:				
Salaries	1,954,245	1,861,848	(92,397)	1,774,706
Employee Benefits	700,198	706,373	6,175	686,531
Purchased Services	335,687	227,119	(108,568)	234,395
Supplies and Materials	209,510	239,256	29,746	223,543
Other Expenditures	25,610	28,458	2,848	24,752
Total Instructional Support Services	<u>3,225,250</u>	<u>3,063,054</u>	<u>(162,196)</u>	<u>2,943,927</u>
Pupil Support Services:				
Salaries	1,167,113	1,157,273	(9,840)	1,163,170
Employee Benefits	391,078	401,920	10,842	405,302
Purchased Services	3,455,976	3,709,972	253,996	3,453,868
Supplies and Materials	19,091	9,638	(9,453)	14,674
Other Expenditures	5,637	5,558	(79)	5,467
Total Pupil Support Services	<u>5,038,895</u>	<u>5,284,361</u>	<u>245,466</u>	<u>5,042,481</u>
Sites and Buildings:				
Salaries	2,055,741	1,874,013	(181,728)	1,994,086
Employee Benefits	714,037	712,314	(1,723)	784,600
Purchased Services	3,110,895	2,381,099	(729,796)	2,802,317
Supplies and Materials	910,258	1,023,956	113,698	677,988
Other Expenditures	42,675	45,472	2,797	10,195
Total Sites and Buildings	<u>6,833,606</u>	<u>6,036,854</u>	<u>(796,752)</u>	<u>6,269,186</u>

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2020)**

	2021			2020
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
EXPENDITURES (CONTINUED)				
Current (Continued):				
Fiscal and Other Fixed Costs:				
Purchased Services	\$ 222,995	\$ 223,761	\$ 766	\$ 205,210
Capital Outlay:				
Administration	20,881	5,447	(15,434)	3,762
District Support Services	269,000	329,957	60,957	55,023
Regular Instruction	372,817	390,223	17,406	102,645
Vocational Education Instruction	14,960	31,441	16,481	3,869
Special Education Instruction	30,000	33,573	3,573	3,931
Instructional Support Services	21,810	24,241	2,431	9,355
Pupil Support Services	-	1,210	1,210	631
Sites and Buildings	115,000	272,128	157,128	119,221
Total Capital Outlay	844,468	1,088,220	243,752	298,437
Debt Service:				
Principal	68,895	36,668	(32,227)	46,053
Interest and Fiscal Charges	27,787	13,329	(14,458)	13,746
Total Debt Service	96,682	49,997	(46,685)	59,799
Total Expenditures	64,794,797	63,440,784	(1,354,013)	62,336,934
EXCESS OF REVENUES OVER EXPENDITURES	14,466	1,436,242	1,421,776	933,253
OTHER FINANCING SOURCES				
Sale of Equipment	15,000	41,508	26,508	13,944
Insurance Recovery	-	-	-	45,985
Capital Lease Issuance	-	55,861	55,861	-
Total Other Financing Sources	15,000	97,369	82,369	59,929
NET CHANGE IN FUND BALANCE	<u>\$ 29,466</u>	1,533,611	<u>\$ 1,504,145</u>	993,182
FUND BALANCE				
Beginning of Year		9,916,626		8,923,444
End of Year		<u>\$ 11,450,237</u>		<u>\$ 9,916,626</u>

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
FOOD SERVICE SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2020)**

	2021	2020
ASSETS		
Cash and Investments	\$ 604,237	\$ 555,006
Receivables:		
Accounts and Interest Receivable	480	7,839
Due from Federal Through the Minnesota Department of Education	86,063	178,291
Inventory	63,300	74,524
Prepays	3,909	4,043
 Total Assets	 \$ 757,989	 \$ 819,703
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 14,619	\$ 19,296
Accounts and Contracts Payable	39,046	30,972
Unearned Revenue	105,641	99,130
Total Liabilities	159,306	149,398
 Fund Balance:		
Nonspendable:		
Inventory	63,300	74,524
Prepays	3,909	4,043
Restricted for:		
Food Service	531,474	591,738
Total Fund Balance	598,683	670,305
 Total Liabilities and Fund Balance	 \$ 757,989	 \$ 819,703

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
FOOD SERVICE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2020)**

	2021		2020
	Actual	Over (Under)	Actual
	Amounts	Final Budget	Amounts
	Final Budget		
REVENUES			
Local Sources:			
Earnings and Investments	\$ 150	\$ 984	\$ 12,657
Other - Primarily Meal Sales	69,791	(13,706)	867,939
State Sources	33,745	(92)	131,913
Federal Sources	2,131,202	210,502	1,621,015
Total Revenues	<u>2,234,888</u>	<u>197,538</u>	<u>2,633,524</u>
EXPENDITURES			
Current:			
Salaries	1,115,521	(116,568)	1,049,660
Employee Benefits	392,381	(25,796)	377,283
Purchased Services	42,185	(3,914)	34,855
Supplies and Materials	1,108,812	(11,243)	1,250,267
Other Expenditures	4,927	(2,257)	2,528
Capital Outlay	2,500	(2,500)	-
Total Expenditures	<u>2,666,326</u>	<u>(162,278)</u>	<u>2,714,593</u>
NET CHANGE IN FUND BALANCE	<u>\$ (431,438)</u>	<u>\$ 359,816</u>	<u>(81,069)</u>
FUND BALANCE			
Beginning of Year	<u>670,305</u>		<u>751,374</u>
End of Year	<u>\$ 598,683</u>		<u>\$ 670,305</u>

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
COMMUNITY SERVICE SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2021**

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2020)

	2021	2020
ASSETS		
Cash and Investments	\$ 1,727,422	\$ 1,554,573
Receivables:		
Current Taxes	160,884	182,642
Delinquent Taxes	4,723	3,691
Accounts and Interest Receivable	22,182	5,328
Due from Minnesota Department of Education	215,662	217,546
Due from Federal Through the Minnesota Department of Education	128,666	125,581
Due from Other Governmental Units	-	1,295
Prepays	22,771	30,832
Total Assets	\$ 2,282,310	\$ 2,121,488
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 31,613	\$ 26,438
Accounts and Contracts Payable	24,786	63,696
Due to Other Minnesota School Districts	310,966	203,432
Unearned Revenue	21,060	19,110
Total Liabilities	388,425	312,676
Deferred Inflows of Resources:		
Property Taxes Levied for Subsequent Year	303,340	309,534
Unavailable Revenue - Delinquent Taxes	3,848	2,801
Total Deferred Inflows of Resources	307,188	312,335
Fund Balance:		
Nonspendable:		
Prepays	22,771	30,832
Restricted for:		
Community Education	447,928	472,520
Early Childhood and Family Education	104,698	78,710
School Readiness	806,224	673,128
Adult Basic Education	160,393	204,576
Other Community Service Programs	44,683	36,711
Total Fund Balance	1,586,697	1,496,477
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 2,282,310	\$ 2,121,488

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
COMMUNITY SERVICE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2020)**

	2021	2020	
	Actual	Actual	
	Over (Under)		
	Final Budget	Final Budget	
	Amounts	Amounts	
REVENUES			
Local Sources:			
Property Taxes	\$ 309,023	\$ 306,756	\$ (2,267)
Earnings and Investments	700	4,018	3,318
Other - Primarily Tuition and Fees	565,817	521,642	(44,175)
State Sources	2,270,940	2,223,071	(47,869)
Federal Sources	156,383	129,385	(26,998)
Total Revenues	<u>3,302,863</u>	<u>3,184,872</u>	<u>(117,991)</u>
EXPENDITURES			
Current:			
Salaries	1,074,517	1,013,120	(61,397)
Employee Benefits	333,117	316,579	(16,538)
Purchased Services	1,634,343	1,563,099	(71,244)
Supplies and Materials	142,287	178,789	36,502
Other Expenditures	10,777	11,893	1,116
Capital Outlay	8,500	9,172	672
Debt Service:			
Principal	1,484	1,477	(7)
Interest and Fiscal Charges	525	523	(2)
Total Expenditures	<u>3,205,550</u>	<u>3,094,652</u>	<u>(110,898)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 97,313</u>	90,220	<u>\$ (7,093)</u>
FUND BALANCE			
Beginning of Year		1,496,477	1,220,063
End of Year		<u>\$ 1,586,697</u>	<u>\$ 1,496,477</u>

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND
BALANCE SHEET
JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2020)**

	2021	2020
ASSETS		
Cash and Investments	\$ 131,019,527	\$ 135,491,561
Receivables:		
Accounts and Interest Receivable	404,658	97,155
Prepays	126,584	-
Total Assets	\$ 131,550,769	\$ 135,588,716
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts and Contracts Payable	\$ 3,781,136	\$ 351,305
Fund Balance:		
Nonspendable:		
Prepays	126,584	-
Restricted for:		
Restricted for Other Purposes	127,643,049	135,237,411
Total Fund Balance	127,769,633	135,237,411
Total Liabilities and Fund Balance	\$ 131,550,769	\$ 135,588,716

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2020)**

	2021		Over (Under) Final Budget	2020
	Final Budget	Actual Amounts		Actual Amounts
REVENUES				
Local Sources:				
Earnings and Investments	\$ 602,500	\$ 915,790	\$ 313,290	\$ 405,987
Other	210,000	228,300	18,300	20,005,134
Total Revenues	<u>812,500</u>	<u>1,144,090</u>	<u>331,590</u>	<u>20,411,121</u>
EXPENDITURES				
Current:				
Purchased Services	4,835,701	4,478,333	(357,368)	3,037,714
Supplies and Materials	-	483,412	483,412	-
Capital Outlay	6,284,030	3,650,123	(2,633,907)	617,268
Total Expenditures	<u>11,119,731</u>	<u>8,611,868</u>	<u>(2,507,863)</u>	<u>3,654,982</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(10,307,231)	(7,467,778)	2,839,453	16,756,139
OTHER FINANCING SOURCES				
Sale of Bonds	-	-	-	110,030,000
Bond Premium	-	-	-	3,232,907
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,262,907</u>
NET CHANGE IN FUND BALANCE	<u>\$ (10,307,231)</u>	<u>(7,467,778)</u>	<u>\$ 2,839,453</u>	130,019,046
FUND BALANCE				
Beginning of Year		<u>135,237,411</u>		<u>5,218,365</u>
End of Year		<u>\$ 127,769,633</u>		<u>\$ 135,237,411</u>

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
DEBT SERVICE FUND
BALANCE SHEET
JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION JUNE 30, 2020)**

	Totals	
	2021	2020
ASSETS		
Cash and Investments	\$ 5,482,369	\$ 4,938,188
Receivables:		
Current Taxes	5,304,702	6,174,101
Delinquent Taxes	104,189	54,575
Due from Minnesota Department of Education	95,598	49,356
	\$ 10,986,858	\$ 11,216,220
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Deferred Inflows of Resources:		
Property Taxes Levied for Subsequent Year	\$ 9,217,422	\$ 9,844,838
Unavailable Revenue - Delinquent Taxes	81,170	38,918
Total Deferred Inflows of Resources	9,298,592	9,883,756
Fund Balance:		
Restricted for Debt Service	1,688,266	1,332,464
	\$ 10,986,858	\$ 11,216,220

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2020)**

	2021			2020
	Final Budgeted Amounts	Actual Regular Debt Service	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 8,913,582	\$ 8,862,593	\$ (50,989)	\$ 5,316,428
Earnings and Investments	5,000	9,636	4,636	58,853
State Sources	955,977	955,978	1	493,569
Total Revenues	<u>9,874,559</u>	<u>9,828,207</u>	<u>(46,352)</u>	<u>5,868,850</u>
EXPENDITURES				
Debt Service:				
Principal	4,995,000	4,995,000	-	3,730,000
Bond Interest	4,476,930	4,476,930	-	2,131,950
Paying Agent Fees and Other	500	475	(25)	-
Total Expenditures	<u>9,472,430</u>	<u>9,472,405</u>	<u>(25)</u>	<u>5,861,950</u>
NET CHANGE IN FUND BALANCE	<u>\$ 402,129</u>	355,802	<u>\$ (46,327)</u>	6,900
FUND BALANCE				
Beginning of Year		1,332,464		1,325,564
End of Year		<u>\$ 1,688,266</u>		<u>\$ 1,332,464</u>

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
JUNE 30, 2021**

	AUDIT	UFARS	DIFFERENCE
01 GENERAL FUND			
Total Revenue	\$ 64,877,026	\$ 64,877,026	\$ -
Total Expenditures	63,440,784	63,440,780	4
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	474,856	474,856	-
<i>Restricted:</i>			
401 Student Activities	109,345	109,345	-
402 Scholarships	-	-	-
403 Staff Development	324,471	324,472	(1)
407 Capital Project Levy	-	-	-
408 Cooperative Programs	-	-	-
413 Projects Funded by COP	-	-	-
414 Operating Debt	-	-	-
416 Levy Reduction	-	-	-
417 Taconite Building Maintenance	-	-	-
424 Operating Capital	898,175	898,175	-
426 \$25 Taconite	-	-	-
427 Disabled Accessibility	-	-	-
428 Learning and Development	-	-	-
434 Area Learning Center	-	-	-
435 Contracted Alternative Programs	-	-	-
436 State-Approved Alternative Programs	-	-	-
438 Gifted and Talented	-	-	-
440 Teacher Development and Evaluations	7,376	7,376	-
441 Basic Skills Programs	299,243	299,242	1
445 Career and Technical Programs	-	-	-
448 Achievement and Integration	60,673	60,673	-
449 Safe Schools Crime Levy	133,773	133,773	-
451 QZAB Payments	-	-	-
452 OPEB Liability Not Held in Trust	-	-	-
459 Basic Skills Extended Time	-	-	-
467 LTFM	2,011,693	2,011,693	-
472 Medical Assistance	926,989	926,989	-
464 Restricted Fund Balance	36,355	36,355	-
<i>Committed:</i>			
418 Committed for Separation	-	-	-
461 Committed Fund Balance	-	-	-
<i>Assigned:</i>			
462 Assigned Fund Balance	-	-	-
<i>Unassigned:</i>			
422 Unassigned Fund Balance	6,167,288	6,167,288	-
02 FOOD SERVICE			
Total Revenue	2,432,426	2,432,426	-
Total Expenditures	2,504,048	2,504,048	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	67,209	67,209	-
<i>Restricted:</i>			
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	531,474	531,474	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
04 COMMUNITY SERVICE			
Total Revenue	3,184,872	3,184,872	-
Total Expenditures	3,094,652	3,094,651	1
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	22,771	22,771	-
<i>Restricted:</i>			
426 \$25 Taconite	-	-	-
431 Community Education	447,928	447,928	-
432 E.C.F.E.	104,698	104,698	-
440 Teacher Development and Evaluations	-	-	-
444 School Readiness	806,224	806,224	-
447 Adult Basic Education	160,393	160,393	-
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	44,683	44,682	1
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS (CONTINUED)
COMPLIANCE TABLE
JUNE 30, 2021**

	AUDIT	UFARS	DIFFERENCE
06 BUILDING CONSTRUCTION			
Total Revenue	\$ 1,144,090	\$ 1,144,090	\$ -
Total Expenditures	8,611,868	8,611,866	2
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	126,584	126,584	-
<i>Restricted:</i>			
407 Capital Projects Levy	-	-	-
409 Alternative Facility Program	-	-	-
413 Projects Funded by COP	-	-	-
467 LTFM	-	-	-
464 Restricted Fund Balance	127,643,049	127,643,050	(1)
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
07 DEBT SERVICE			
Total Revenue	9,828,207	9,828,207	-
Total Expenditures	9,472,405	9,472,405	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
425 Bond Refunding	-	-	-
451 QZAB and QSCB Payments	-	-	-
464 Restricted Fund Balance	1,688,266	1,688,266	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
08 TRUST			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Net Position:</i>			
422 Net Position	-	-	-
18 CUSTODIAL FUND			
Total Revenue	5,281	5,281	-
Total Expenditures	3,260	3,260	-
<i>Net Position:</i>			
401 Student Activities	-	-	-
402 Scholarships	-	-	-
448 Achievement & Integration	-	-	-
464 Restricted Fund Balance	4,648	4,648	-
20 INTERNAL SERVICE			
Total Revenue	8,414,396	8,414,396	-
Total Expenditures	8,325,348	8,325,348	-
<i>Net Position:</i>			
422 Net Position	381,905	381,905	-
25 OPEB REVOCABLE TRUST			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Net Position:</i>			
422 Net Position	-	-	-
45 OPEB IRREVOCABLE TRUST			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Net Position:</i>			
422 Net Position	-	-	-
47 OPEB DEBT SERVICE			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
425 Bond Refunding	-	-	-
464 Restricted Fund Balance	-	-	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-

STATISTICAL SECTION

Contents	Page
Financial Trends Information These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	117-142
Revenue Capacity Information These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	143-151
Debt Capacity Information These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	152-157
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	158-160
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	161-172

Sources: Unless otherwise noted, the information in these schedules is derived from the Independent Auditors' Report for the relevant year.

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FINANCIAL TRENDS INFORMATION

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	2021	2020	2019	**** 2018
GOVERNMENTAL ACTIVITIES:				
Net Investment in Capital Assets	\$ 30,158,333	\$ 27,801,926	\$ 25,775,466	\$ 25,321,667
Restricted	30,265,629	27,455,384	6,077,521	4,406,926
Unrestricted	(58,693,803)	(55,746,460)	(51,028,335)	(61,929,953)
Total Net Position	\$ 1,730,159	\$ (489,150)	\$ (19,175,348)	\$ (32,201,360)

Source: Independent Auditors' Report

* The District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 63 for the year ended June 30, 2013. This standard renames the residual of all other amounts presented in the statement of financial position from "net assets" to "net position."

** The District adopted the provisions of Governmental Accounting Standards Board (GASB) Statements 68 and 71 for the year ended June 30, 2015. Accordingly, this change in principle resulted in the restatement of beginning net position related to the recognition of the District's proportionate share of the Public Employees' Retirement Association and Teacher's Retirement Association net pension liabilities.

*** The District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 73 for the year ended June 30, 2017. Accordingly, this change in principle resulted in the restatement of beginning net position related to the recognition of the total pension liability of the District's Supplemental Pension Benefit Plan.

**** The District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 75 for the year ended June 30, 2018. Accordingly, this change in principle resulted in the restatement of beginning net position related to the recognition of the other postemployment benefits payable liability.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NET POSITION BY COMPONENT (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

*** <u>2017</u>	<u>2016</u>	** <u>2015</u>	<u>2014</u>	* <u>2013</u>	<u>2012</u>
\$ 22,440,420	\$ 21,078,576	\$ 20,932,061	\$ 19,161,911	\$ 17,576,923	\$ 15,763,708
3,237,576	2,249,861	2,687,436	2,237,866	2,343,043	1,930,064
<u>(44,748,825)</u>	<u>(30,364,858)</u>	<u>(31,099,684)</u>	<u>(574,936)</u>	<u>(1,835,273)</u>	<u>(1,677,498)</u>
<u><u>\$ (19,070,829)</u></u>	<u><u>\$ (7,036,421)</u></u>	<u><u>\$ (7,480,187)</u></u>	<u><u>\$ 20,824,841</u></u>	<u><u>\$ 18,084,693</u></u>	<u><u>\$ 16,016,274</u></u>

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GOVERNMENT-WIDE EXPENSES, PROGRAM REVENUES, AND NET
(EXPENSE) REVENUE
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	2021	2020	2019	2018
EXPENSES:				
Governmental Activities:				
Administration	\$ 2,304,302	\$ 2,251,227	\$ 1,603,607	\$ 2,609,603
District Support Services	3,165,076	2,959,470	2,711,024	2,737,804
Regular Instruction	34,812,756	34,676,460	22,816,196	37,380,547
Vocational Education Instruction	1,089,608	1,227,900	740,965	1,410,958
Special Education Instruction	13,637,375	14,063,277	9,512,823	15,644,812
Instructional Support Services	3,337,203	3,207,316	2,320,004	3,573,685
Pupil Support Services	5,376,237	5,182,090	4,658,190	5,279,376
Sites and Buildings	5,966,005	6,907,113	6,362,997	4,930,141
Fiscal and Other Fixed Cost Programs	223,761	205,210	136,438	182,457
Food Service	2,516,655	2,788,688	2,969,206	2,987,795
Community Service	3,158,412	3,281,550	3,013,798	3,544,540
Interest and Fiscal Charges on Long-Term Liabilities	4,469,616	2,695,394	2,005,134	2,101,446
Total Government-Wide Expenses	80,057,006	79,445,695	58,850,382	82,383,164
PROGRAM REVENUES:				
Governmental Activities:				
Charges for Services:				
District Support Services	28,020	-	2,516	-
Regular Instruction	297,570	341,507	405,950	425,232
Special Education Instruction	694,373	615,636	288,173	259,586
Sites and Buildings	7,970	23,915	30,498	18,495
Food Service	47,391	849,937	1,159,703	1,183,602
Community Service	476,346	750,337	866,970	871,314
Operating Grants and Contributions	22,948,726	21,164,673	17,365,383	19,118,955
Capital Grants and Contributions	2,706,758	24,122,013	2,028,735	1,710,180
Total Government-Wide Program Revenues	27,207,154	47,868,018	22,147,928	23,587,364
Total Government-Wide Net Expense	\$ (52,849,852)	\$ (31,577,677)	\$ (36,702,454)	\$ (58,795,800)

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GOVERNMENT-WIDE EXPENSES, PROGRAM REVENUES, AND NET
(EXPENSE) REVENUE (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

2017	2016	2015	2014	2013	2012
\$ 2,963,994	\$ 2,214,892	\$ 1,962,158	\$ 1,895,700	\$ 1,855,310	\$ 2,042,444
2,797,265	2,490,625	2,651,016	2,112,832	2,066,752	2,381,115
36,455,830	25,985,184	24,983,484	22,903,003	22,253,825	22,586,215
1,473,429	1,024,380	963,470	879,531	857,644	985,654
15,709,996	11,877,751	9,794,757	9,070,850	9,229,338	8,918,235
3,412,259	2,711,883	2,232,335	2,071,416	2,242,796	2,646,055
5,195,714	3,980,170	3,868,506	3,721,881	3,619,996	3,590,963
6,888,572	6,152,761	5,315,351	4,906,176	5,180,489	4,546,753
131,805	164,374	161,149	125,231	137,108	117,021
2,935,602	2,875,779	2,867,876	2,584,227	2,691,837	2,622,427
3,401,735	3,002,921	2,728,023	2,912,620	2,466,413	2,403,407
<u>2,213,904</u>	<u>906,867</u>	<u>54,965</u>	<u>224,363</u>	<u>303,988</u>	<u>484,230</u>
<u>83,580,105</u>	<u>63,387,587</u>	<u>57,583,090</u>	<u>53,407,830</u>	<u>52,905,496</u>	<u>53,324,519</u>
-	-	-	-	-	-
472,185	445,947	538,156	536,263	545,092	642,220
814,087	334,202	269,575	210,772	198,302	360,893
21,191	33,080	48,014	41,199	44,563	38,154
1,193,555	1,233,859	1,263,543	1,178,313	1,213,603	1,281,616
989,669	817,215	772,640	738,720	625,895	609,207
19,306,364	18,249,598	16,208,948	15,283,318	14,313,633	13,683,114
1,293,398	816,942	1,344,754	814,588	651,823	602,199
<u>24,090,449</u>	<u>21,930,843</u>	<u>20,445,630</u>	<u>18,803,173</u>	<u>17,592,911</u>	<u>17,217,403</u>
<u><u>\$ (59,489,656)</u></u>	<u><u>\$ (41,456,744)</u></u>	<u><u>\$ (37,137,460)</u></u>	<u><u>\$ (34,604,657)</u></u>	<u><u>\$ (35,312,585)</u></u>	<u><u>\$ (36,107,116)</u></u>

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GOVERNMENT-WIDE GENERAL REVENUES AND
TOTAL CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net (Expense)/Revenue				
Total Government-Wide Net Expense (1)	\$ (52,849,852)	\$ (31,577,677)	\$ (36,702,454)	\$ (58,795,800)
General Revenues and Changes in Net Position				
Governmental Activities:				
Property Taxes Levied for:				
General Purposes	7,995,701	7,420,119	6,827,834	6,766,704
Community Service	307,803	302,947	306,821	306,774
Debt Service	8,904,845	5,323,363	5,506,697	6,000,116
State Aid Not Restricted to Specific Purposes	36,652,412	36,096,402	35,825,372	34,366,105
Earnings on Investments	956,596	691,219	529,214	406,016
Gain on Sale of Fixed Assets	13,366	-	38,050	-
Miscellaneous	238,438	201,003	694,478	330,548
Total General Revenues	<u>55,069,161</u>	<u>50,035,053</u>	<u>49,728,466</u>	<u>48,176,263</u>
Total Government-Wide	<u>\$ 2,219,309</u>	<u>\$ 18,457,376</u>	<u>\$ 13,026,012</u>	<u>\$ (10,619,537)</u>

(1) See previous page for these numbers.

* The District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 63 for the year ended June 30, 2013. This standard renames the residual of all other amounts presented in the statement of financial position from "net assets" to "net position."

Source: Independent Auditors' Report

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GOVERNMENT-WIDE GENERAL REVENUES AND
TOTAL CHANGE IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ (59,489,656)	\$ (41,456,744)	\$ (37,137,460)	\$ (34,604,657)	\$ (35,312,585)	\$ (36,107,116)
6,494,953	6,031,626	6,107,724	3,179,245	5,243,922	5,098,253
309,761	311,480	315,344	159,876	313,998	292,039
6,120,304	2,248,429	2,260,549	2,236,767	2,652,516	2,386,440
33,961,847	32,843,509	31,890,460	31,572,695	29,089,562	28,951,399
651,836	171,188	13,374	3,874	10,359	3,091
-	-	-	32,886	19,500	-
532,475	294,278	530,243	159,462	51,147	90,847
<u>48,071,176</u>	<u>41,900,510</u>	<u>41,117,694</u>	<u>37,344,805</u>	<u>37,381,004</u>	<u>36,822,069</u>
<u>\$ (11,418,480)</u>	<u>\$ 443,766</u>	<u>\$ 3,980,234</u>	<u>\$ 2,740,148</u>	<u>\$ 2,068,419</u>	<u>\$ 714,953</u>

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	2021	2020	2019	2018	2017
Federal Sources:					
Federal Grants	\$ 4,065,673	\$ 2,311,334	\$ 2,470,117	\$ 2,653,541	\$ 2,037,055
Food Service	2,341,704	1,621,015	1,600,518	1,564,463	1,567,270
Total Federal Sources	<u>6,407,377</u> (9)	<u>3,932,349</u>	<u>4,070,635</u>	<u>4,218,004</u>	<u>3,604,325</u>
State Sources:					
General Education Aid	51,499,349	52,149,563	50,135,866	48,363,332	47,090,815
Food Service	33,653	131,913	184,735	174,164	171,047
Community Service	2,223,071	2,196,243	2,038,823	2,117,566	1,921,960
Debt Service Aid	955,978	493,569	538,078 (7)	69,316	70,069
Total State Sources	<u>54,712,051</u>	<u>54,971,288</u>	<u>52,897,502</u>	<u>50,724,378</u>	<u>49,253,891</u>
Local Sources:					
Property Taxes	17,137,170 (9)	13,030,460	12,655,556	13,080,919	12,899,196 (6)
Food Service Sales	56,085	867,939	1,178,544	1,193,958	1,198,152
Other Revenues	3,153,938	22,835,259 (8)	3,058,861	2,472,825	3,437,236
Total Local Sources	<u>20,347,193</u>	<u>36,733,658</u>	<u>16,892,961</u>	<u>16,747,702</u>	<u>17,534,584</u>
Total Revenues	<u>\$ 81,466,621</u>	<u>\$ 95,637,295</u>	<u>\$ 73,861,098</u>	<u>\$ 71,690,084</u>	<u>\$ 70,392,800</u>

* Includes general, food service, community service, capital projects, and debt service funds.

- (1) General Education increased due to an additional \$50 per pupil in the basic formula allowance, additional compensatory revenue, and an increased enrollment from FY 12.
- (2) Federal Grants decreased due to Education Jobs funding that was received in FY 12.
- (3) General Education increased in fiscal year 2014 due to an additional 1.5% increase in the basic formula allowance, additional compensatory revenue, and the payback of the tax shift.
- (4) Property Taxes decreased in fiscal year 2014 due to property tax shift payback which resulted in an increase in general education aid.
- (5) General Education increased due to an additional \$117 per pupil in the basic formula allowance.
- (6) Property Taxes increased in fiscal year 2017 due to taxes levied for scheduled payments on the 2015A and 2016A G.O. School Building Bonds.
- (7) In fiscal year 2019, the school building bond agricultural credit was enacted by legislation causing a significant increase in debt service aid.
- (8) Other revenues increased significantly due to a \$20,000,000 donation received from Federated Mutual Insurance Company to help finance the building of a new high school.
- (9) Property taxes increased in fiscal year 2021 due to taxes levied for scheduled payments on the 2020A G.O. School Building Bonds. Federal sources increased due to funds received in response to the COVID-19 pandemic.

Source: Independent Auditors' Report

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GOVERNMENTAL FUNDS REVENUES (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

2016	2015	2014	2013	2012
\$ 1,823,109	\$ 1,766,772	\$ 1,713,004	\$ 1,783,378 (2)	\$ 2,869,223
1,532,244	1,440,115	1,230,098	1,247,788	1,202,516
<u>3,355,353</u>	<u>3,206,887</u>	<u>2,943,102</u>	<u>3,031,166</u>	<u>4,071,739</u>
46,377,303 (5)	43,665,805	42,325,660 (3)	38,806,389 (1)	37,146,909
175,629	186,792	121,883	123,037	136,743
1,787,768	1,651,148	1,768,739	1,549,457	1,491,873
38,174	28,265	28,376	34,282	211,467
<u>48,378,874</u>	<u>45,532,010</u>	<u>44,244,658</u>	<u>40,513,165</u>	<u>38,986,992</u>
8,598,217	8,724,362	5,575,389 (4)	8,212,858	7,766,105
1,233,859	1,263,543	1,278,313	1,213,603	1,281,616
2,269,903	2,377,233	1,907,890	1,985,859	1,893,945
<u>12,101,979</u>	<u>12,365,138</u>	<u>8,761,592</u>	<u>11,412,320</u>	<u>10,941,666</u>
<u>\$ 63,836,206</u>	<u>\$ 61,104,035</u>	<u>\$ 55,949,352</u>	<u>\$ 54,956,651</u>	<u>\$ 54,000,397</u>

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Administration	\$ 2,115,306	\$ 2,053,823	\$ 2,102,128	\$ 1,991,411
District Support Services	2,922,194	2,792,728	2,554,368	2,109,779
Regular Instruction	28,908,695	28,626,458	28,458,873	26,546,720
Vocational Education Instruction	977,931	1,009,197	1,106,373	1,000,843
Special Education Instruction	12,770,411	13,035,688	12,908,692	12,281,737
Instructional Support Services	3,063,054	2,943,927	2,904,404	2,883,971
Pupil Support Services	5,284,361	5,042,481	5,000,003	4,879,388
Sites and Buildings	6,036,854	6,269,186	5,691,862	5,224,579
Fiscal and Other Fixed Cost Programs	223,761	205,210	136,438	182,457
Food Service	2,504,048	2,714,593	2,885,984	2,863,630
Community Service	3,083,480	3,147,196	3,221,435	3,233,767
Capital Outlay	9,709,260	3,981,420	10,321,810	37,366,787
Debt Service:				
Principal	5,033,145	3,777,397	4,057,810	3,981,171
Interest and Fiscal Charges	4,491,257	2,146,354	2,224,291	2,311,825
Total Expenditures	<u>\$ 87,123,757</u>	<u>\$ 77,745,658</u>	<u>\$ 83,574,471</u>	<u>\$ 106,858,065</u>

Debt Service as a Percentage of Noncapital Expenditures	12.24%	7.95%	8.58%	9.06%
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* Includes general, food service, community service, capital projects, and debt service funds.

Source: Independent Auditors' Report

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

2017	2016	2015	2014	2013	2012
\$ 2,307,867	\$ 2,161,376	\$ 1,994,336	\$ 1,858,308	\$ 1,853,688	\$ 2,111,976
2,184,030	1,953,769	2,007,416	1,534,178	1,730,390	1,976,172
25,337,708	24,484,071	23,404,977	21,594,864	21,547,782	21,499,307
1,028,694	990,356	986,583	851,994	833,950	940,505
11,891,557	11,656,999	9,909,196	8,945,039	9,180,796	8,734,486
2,717,301	2,662,586	2,231,225	2,041,098	2,292,712	2,650,922
4,710,045	3,915,037	3,833,825	3,638,496	3,670,854	3,580,587
5,421,044	4,946,245	5,371,578	5,225,798	4,902,410	4,852,149
131,805	164,374	161,149	125,231	137,108	117,021
2,772,475	2,819,989	2,815,798	2,518,030	2,587,328	2,502,500
3,053,274	2,952,143	2,728,387	2,871,959	2,415,777	2,405,876
26,814,514	3,768,015	2,976,204	1,878,653	1,764,382	1,358,898
4,009,914	2,633,549	2,460,000	2,575,000	2,545,000	2,425,000
2,340,073	153,625	90,496	117,119	505,489	515,048
\$ 94,720,301	\$ 65,262,134	\$ 60,971,170	\$ 55,775,767	\$ 55,967,666	\$ 55,670,447
9.35%	4.53%	4.40%	4.99%	5.63%	5.41%

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
OTHER FINANCING SOURCES AND USES AND
NET CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	2021	2020	2019	2018
Total Revenues (1)	\$ 81,466,621	\$ 95,637,295	\$ 73,861,098	\$ 71,690,084
Total Expenditures (2)	87,123,757	77,745,658	83,575,471	106,858,065
Excess of Revenues Over (Under) Expenditures	(5,657,136)	17,891,637	(9,714,373)	(35,167,981)
Other Financing Sources (Uses)				
Capital Lease Issuance	55,861	-	127,085	-
Judgments for School Districts	-	-	-	-
Sale of Equipment	41,508	13,944	57,152	25,505
Insurance Recovery	-	45,985	13,334 (6)	48,347 (5)
Certificates of Participation Premium	-	-	-	-
Sale of Bonds	-	110,030,000 (7)	-	-
Bond Premium	-	3,232,907	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-
Total Other Financing Sources (Uses)	97,369	113,322,836	197,571	73,852
Net Change in Fund Balances	\$ (5,559,767)	\$ 131,214,473	\$ (9,516,802)	\$ (35,094,129)

* Includes general, food service, community service, capital projects - building construction, and debt service funds.

(1) From Governmental Funds Revenues spreadsheet.

(2) From Governmental Funds Expenditures and Debt Service Ratio spreadsheet.

(3) Insurance recovery due to a fire in the High School Auditorium.

(4) Bond proceeds from a bond referendum passed in November 2015.

(5) Insurance recovery due to water damage to the gymnasium floor at the high school.

(6) Insurance recovery due to storm damage to the District's agricultural building and a driver's ed vehicle involved in a collision

(7) Bond proceeds from a bond referendum passed in November 2019 to build a new high school and renovate the existing high school.

Source: Independent Auditor's Report

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
OTHER FINANCING SOURCES AND USES AND
NET CHANGE IN FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 70,392,800	\$ 63,836,206	\$ 61,104,035	\$ 55,949,352	\$ 54,956,651	\$ 54,000,397
94,720,301	65,262,134	60,971,170	55,775,767	55,967,666	55,670,447
(24,327,501)	(1,425,928)	132,865	173,585	(1,011,015)	(1,670,050)
-	103,681	559,889	-	266,136	-
-	999	-	4,800	-	28,333
42,327	57,660	60,750	32,886	19,500	-
195,132 (5)	-	499,745 (3)	160,339 (3)	-	-
-	-	-	-	-	-
-	75,185,000 (4)	-	-	9,445,000	-
-	3,659,835	-	-	110,816	-
-	-	-	-	(8,690,000)	-
<u>237,459</u>	<u>79,007,175</u>	<u>1,120,384</u>	<u>198,025</u>	<u>1,151,452</u>	<u>28,333</u>
\$ (24,090,042)	\$ 77,581,247	\$ 1,253,249	\$ 371,610	\$ 140,437	\$ (1,641,717)

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GENERAL SCHOOL SYSTEM REVENUES BY SOURCE
GOVERNMENT WIDE
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Revenues	Total
2012	\$ 2,932,090 5%	\$ 13,683,114 25%	\$ 602,199 1%	\$ 36,822,069 69%	\$ 54,039,472 100%
2013	2,627,455 5%	14,313,633 26%	651,823 1%	37,381,004 68%	54,973,915 100%
2014	2,705,267 5%	15,283,318 27%	814,588 1%	37,344,805 67%	56,147,978 100%
2015	2,891,928 5%	16,208,948 26%	1,344,754 2%	41,117,694 67%	61,563,324 100%
2016	2,864,303 4%	18,249,598 29%	816,942 1%	41,900,510 66%	63,831,353 100%
2017	3,490,687 5%	19,306,364 27%	1,293,398 2%	48,071,176 66%	72,161,625 100%
2018	2,758,229 4%	19,118,955 27%	1,710,180 2%	48,176,263 67%	71,763,627 100%
2019	2,753,810 4%	17,365,383 24%	2,028,735 3%	49,728,466 69%	71,876,394 100%
2020	2,581,332 3%	21,164,673 22%	24,122,013 25%	50,035,053 51%	97,903,071 100%
2021	1,551,670 2%	22,948,726 28%	2,706,758 3%	55,069,161 67%	82,276,315 100%

Source: Independent Auditors' Report

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GENERAL SCHOOL SYSTEM REVENUES BY SOURCE
FUND LEVEL
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year		Local Property Tax Levies	Other Local Sources	State Sources	Federal Sources	Total Revenues
2012	(1)	\$ 7,766,105 14%	\$ 3,175,561 6%	\$ 38,986,992 72%	\$ 4,071,739 8%	\$ 54,000,397 100%
2013		8,212,858 15%	3,199,462 6%	40,513,165 74%	3,031,166 5%	54,956,651 100%
2014	(2)	5,575,389 10%	3,186,203 6%	44,244,658 79%	2,943,102 5%	55,949,352 100%
2015	(3)	8,724,362 14%	3,640,776 6%	45,532,010 75%	3,206,887 5%	61,104,035 100%
2016	(4)	8,598,217 13%	3,503,762 6%	48,378,874 76%	3,355,353 5%	63,836,206 100%
2017	(5)	12,899,196 18%	4,635,388 7%	49,253,891 70%	3,604,325 5%	70,392,800 100%
2018		13,080,919 18%	3,666,783 5%	50,724,378 71%	4,218,004 6%	71,690,084 100%
2019		12,655,556 17%	4,237,405 5%	52,897,502 72%	4,070,635 6%	73,861,098 100%
2020	(6)	13,030,460 14%	23,703,198 25%	54,971,288 57%	3,932,349 4%	95,637,295 100%
2021	(7)	17,137,170 21%	3,210,023 4%	54,712,051 67%	6,407,377 8%	81,466,621 100%

* Includes general, food service, community service, capital projects - building construction, and debt service funds.

- (1) Property Taxes decreased in fiscal year 2012. The tax shift in the General Fund resulted in an increase in state aid of \$69,184 and a corresponding decrease to property taxes. The tax shift in the Community Service Fund resulted in an increase to property taxes of \$3,541 and a corresponding decrease to state aids.
- (2) Property Taxes decreased in fiscal year 2014. During Fiscal Year 2014 there was a tax shift payback which resulted in a reduction of property taxes and an offsetting increase to State Aids of \$2,305,142.
- (3) Property Taxes increased in fiscal year 2015. During Fiscal Year 2014 there was a tax shift payback which resulted in a reduction of property taxes and an offsetting increase to State Aids.
- (4) State Aid increased by \$117 per pupil in fiscal year 2016.
- (5) Property Taxes increased in fiscal year 2017 due to taxes levied for scheduled payments on the 2015A and 2016A G.O. School Building Bonds.
- (6) Other revenues increased significantly due to a \$20,000,000 donation received from Federated Mutual Insurance Company to help finance the building of a new high school.
- (7) Property Taxes increased in fiscal year 2021 due to taxes levied for scheduled payments on the 2020A G.O. School Building Bonds. Federal sources increased due to funds received in response to the COVID-19 pandemic.

Source: Independent Auditors' Report

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GENERAL SCHOOL SYSTEM EXPENSES BY FUNCTION
GOVERNMENT WIDE
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Administration	District Support Services	Regular Instruction	Vocational Education Instruction	Special Education Instruction	Instructional Support Services
2012	\$ 2,042,444 4%	\$ 2,381,115 4%	\$ 22,586,215 41%	\$ 985,654 2%	\$ 8,918,235 17%	\$ 2,646,055 5%
2013	1,855,310 4%	2,066,752 4%	22,253,825 42%	857,644 2%	9,229,338 17%	2,242,796 4%
2014	1,895,700 4%	2,112,832 4%	22,903,003 43%	879,531 2%	9,070,850 17%	2,071,416 4%
2015	1,962,158 3%	2,651,016 5%	24,983,484 43%	963,470 2%	9,794,757 17%	2,232,335 4%
2016	2,214,892 3%	2,490,625 4%	25,985,184 41%	1,024,380 2%	11,877,751 19%	2,711,883 4%
2017	2,963,994 4%	2,797,265 3%	36,455,830 44%	1,473,429 2%	15,709,996 19%	3,412,259 4%
2018	2,609,603 3%	2,737,804 3%	37,380,547 45%	1,410,958 2%	15,644,812 19%	3,573,685 4%
2019	1,603,607 3%	2,711,024 5%	22,816,196 39%	740,965 1%	9,512,823 16%	2,320,004 4%
2020	2,251,227 3%	2,959,470 4%	34,676,460 43%	1,227,900 2%	14,063,277 17%	3,207,316 4%
2021	2,304,302 3%	3,165,076 4%	34,812,756 44%	1,089,608 1%	13,637,375 17%	3,337,203 4%

Source: Independent Auditors' Report

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GENERAL SCHOOL SYSTEM EXPENSES BY FUNCTION (CONTINUED)
GOVERNMENT WIDE
LAST TEN FISCAL YEARS
(UNAUDITED)**

Pupil Support Services	Sites and Buildings	Fiscal and Other Fixed Cost Programs	Food Service	Community Service	Interest and Fiscal Charges on Long-term Liabilities	Total
\$ 3,590,963 7%	\$ 4,546,753 9%	\$ 117,021 0%	\$ 2,622,427 5%	\$ 2,403,407 5%	\$ 484,230 1%	\$ 53,324,519 100%
3,619,996 7%	5,180,489 10%	137,108 0%	2,691,837 5%	2,466,413 4%	303,988 1%	52,905,496 100%
3,721,881 7%	4,906,176 9%	125,231 0%	2,584,227 5%	2,912,620 5%	224,363 0%	53,407,830 100%
3,868,506 7%	5,315,351 9%	161,149 0%	2,867,876 5%	2,728,023 5%	54,965 0%	57,583,090 100%
3,980,170 6%	6,152,761 10%	164,374 0%	2,875,779 5%	3,002,921 5%	906,867 1%	63,387,587 100%
5,195,714 6%	6,888,572 8%	131,805 0%	2,935,602 3%	3,401,735 4%	2,213,904 3%	83,580,105 100%
5,279,376 7%	4,930,141 6%	182,457 0%	2,987,795 4%	3,544,540 4%	2,101,446 3%	82,383,164 100%
4,658,190 8%	6,362,997 11%	136,438 0%	2,969,206 5%	3,013,798 5%	2,005,134 3%	58,850,382 100%
5,182,090 7%	6,907,113 9%	205,210 0%	2,788,688 4%	3,281,550 4%	2,695,394 3%	79,445,695 100%
5,376,237 7%	5,966,005 7%	223,761 0%	2,516,655 3%	3,158,412 4%	4,469,616 6%	80,057,006 100%

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GENERAL SCHOOL SYSTEM EXPENSES BY FUNCTION
FUND LEVEL
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Administration	District Support Services	Regular Instruction	Vocational Education Instruction	Special Education Instruction	Instructional Support Services
2012	\$ 2,111,976 4%	\$ 1,976,172 4%	\$ 21,499,307 39%	\$ 940,505 2%	\$ 8,734,486 16%	\$ 2,650,922 5%
2013	1,853,688 3%	1,730,390 3%	21,547,782 39%	833,950 2%	9,180,796 16%	2,292,712 4%
2014	1,858,308 3%	1,534,178 3%	21,594,864 39%	851,994 2%	8,945,039 16%	2,041,098 4%
2015	1,994,336 3%	2,007,416 3%	23,404,977 38%	986,583 2%	9,909,196 17%	2,231,225 4%
2016	2,161,376 3%	1,953,769 3%	24,484,071 38%	990,356 2%	11,656,999 18%	2,662,586 4%
2017	2,307,867 2%	2,184,030 2%	25,337,708 27%	1,028,694 1%	11,891,557 13%	2,717,301 3%
2018	1,991,411 2%	2,109,779 2%	26,546,720 25%	1,000,843 1%	12,281,737 11%	2,883,971 3%
2019	2,102,128 3%	2,554,368 3%	28,458,873 34%	1,106,373 1%	12,908,692 16%	2,904,404 3%
2020	2,053,823 3%	2,792,728 4%	28,626,458 36%	1,009,197 1%	13,035,688 18%	2,943,927 4%
2021	2,115,306 2%	2,922,194 3%	28,908,695 33%	977,931 1%	12,770,411 15%	3,063,054 4%

* Includes general, food service, community service, capital projects - building construction, and debt service funds.

Source: Independent Auditors' Report

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GENERAL SCHOOL SYSTEM EXPENSES BY FUNCTION (CONTINUED)
FUND LEVEL
LAST TEN FISCAL YEARS
(UNAUDITED)**

Pupil Support Services	Sites and Buildings	Fiscal and Other Fixed Cost Programs	Food Service	Community Service	Capital Outlay and Building Construction	Debt Service	Total Expenditures
\$ 3,580,587 6%	\$ 4,852,149 9%	\$ 117,021 0%	\$ 2,502,500 4%	\$ 2,405,876 4%	\$ 1,358,898 2%	\$ 2,940,048 5%	\$ 55,670,447 100%
3,670,854 7%	4,902,410 9%	137,108 0%	2,587,328 5%	2,415,777 4%	1,764,382 3%	3,050,489 5%	55,967,666 100%
3,638,496 7%	5,225,798 9%	125,231 0%	2,518,030 4%	2,871,959 5%	1,878,653 3%	2,692,119 5%	55,775,767 100%
3,833,825 6%	5,371,578 9%	161,149 0%	2,815,798 5%	2,728,387 4%	2,976,204 5%	2,550,496 4%	60,971,170 100%
3,915,037 6%	4,946,245 8%	164,374 0%	2,819,989 4%	2,952,143 4%	3,768,015 6%	2,787,174 4%	65,262,134 100%
4,710,045 5%	5,421,044 6%	131,805 0%	2,772,475 3%	3,053,274 3%	26,814,514 28%	6,349,987 7%	94,720,301 100%
4,879,388 4%	5,224,579 5%	182,457 0%	2,863,630 3%	3,233,767 3%	37,366,787 35%	6,292,996 6%	106,858,065 100%
5,000,003 6%	5,691,862 7%	136,438 0%	2,885,984 3%	3,221,435 4%	10,321,810 12%	6,283,101 8%	83,575,471 100%
5,042,481 6%	6,269,186 8%	205,210 0%	2,714,593 3%	3,147,196 4%	3,981,420 5%	5,923,751 8%	77,745,658 100%
5,284,361 6%	6,036,854 7%	223,761 0%	2,504,048 3%	3,083,480 4%	9,709,260 11%	9,524,402 11%	87,123,757 100%

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
STATEMENT OF REVENUES AND EXPENDITURES
GENERAL FUND
LAST TEN FISCAL YEARS
(UNAUDITED)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>REVENUES</u>				
Local Property Tax Levies	\$ 7,967,821	\$ 7,411,493	\$ 6,836,522	\$ 6,773,102
Other Local Sources	1,473,568	1,543,378	1,838,255	1,229,255
State Sources	51,499,349	52,149,563	50,135,866	48,363,332
Federal Sources	3,936,288	2,165,753	2,393,682	2,580,989
TOTAL REVENUES	64,877,026	63,270,187	61,204,325	58,946,678
<u>EXPENDITURES</u>				
CURRENT				
Administration	2,115,306	2,053,823	2,102,128	1,991,411
District Support Services	2,922,194	2,792,728	2,554,368	2,109,779
Regular Instruction	28,908,695	28,626,458	28,458,873	26,546,720
Vocational Education Instruction	977,931	1,009,197	1,106,373	1,000,843
Special Education Instruction	12,770,411	13,035,688	12,908,692	12,281,737
Instructional Support Services	3,063,054	2,943,927	2,904,404	2,883,971
Pupil Support Services	5,284,361	5,042,481	5,000,003	4,879,388
Sites and Buildings	6,036,854	6,269,186	5,691,862	5,224,579
Fiscal and Other Fixed Cost Programs	223,761	205,210	136,438	182,457
Capital Outlay	1,088,220	298,437	579,982	852,880
Debt Service (1)	49,997	59,799	414,951	423,044
TOTAL EXPENDITURES	63,440,784	62,336,934	61,858,074	58,376,809
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,436,242	933,253	(653,749)	569,869
OTHER FINANCIAL SOURCES (USES)				
Capital Lease Issuance	55,861	-	127,085	-
Insurance Recovery	-	45,985	13,334	48,347
Judgments for School Districts	-	-	-	-
Transfers Out	-	-	(19,000)	-
Sale of Equipment	41,508	13,944	57,152	25,505
TOTAL OTHER FINANCING SOURCES	97,369	59,929	178,571	73,852
Fund Balance - Beginning of Year	9,916,626	8,694,622	9,169,800	8,526,079
Restatement	-	228,822	-	-
Fund Balance - Beginning of Year, Restated	9,916,626	8,923,444	9,169,800	8,526,079
FUND BALANCE - END OF YEAR	\$ 11,450,237	\$ 9,916,626	\$ 8,694,622	\$ 9,169,800

(1) Debt Service payments are for the three capital leases the District has related to the leasing of various copy machines. 2016-2019 debt service payments also included lease payments for portable classrooms.

(2) In FY 14 there was a property tax shift payback which led to a decrease in property taxes and an increase in state aid.

Source: Independent Auditor's Report

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
STATEMENT OF REVENUES AND EXPENDITURES (CONTINUED)
GENERAL FUND
LAST TEN FISCAL YEARS
(UNAUDITED)**

2017	2016	2015	2014	2013	2012
\$ 6,498,033	\$ 6,048,854	\$ 6,126,535	\$ 3,154,143 (2)	\$ 5,250,419	\$ 5,073,899
1,781,327	1,290,274	1,556,172	1,158,558	1,080,473	1,257,752
47,090,815	46,377,303	43,665,805	42,325,660	38,806,389	37,146,909
1,935,377	1,726,973	1,696,897	1,643,853	1,748,422	2,819,076
57,305,552	55,443,404	53,045,409	48,282,214	46,885,703	46,297,636
2,307,867	2,161,376	1,994,336	1,858,308	1,853,688	2,111,976
2,184,030	1,953,769	2,007,416	1,534,178	1,730,390	1,976,172
25,337,708	24,484,071	23,404,977	21,594,864	21,547,782	21,499,307
1,028,694	990,356	986,583	851,994	833,950	940,505
11,891,557	11,656,999	9,909,196	8,945,039	9,180,796	8,734,486
2,717,301	2,662,586	2,231,225	2,041,098	2,292,712	2,650,922
4,710,045	3,915,037	3,833,825	3,638,496	3,670,854	3,580,587
5,421,044	4,946,245	5,371,578	5,225,798	4,902,410	4,852,149
131,805	164,374	161,149	125,231	137,108	117,021
749,579	1,168,002	2,895,834	1,067,970	1,424,053	1,218,831
481,891	476,695	245,801	225,000	248,196	233,660
56,961,521	54,579,510	53,041,920	47,107,976	47,821,939	47,915,616
344,031	863,894	3,489	1,174,238	(936,236)	(1,617,980)
-	103,681	559,889	-	266,136	-
195,132	-	499,745	160,339	-	-
-	999	-	4,800	-	28,333
-	(10,791)	(1,603)	(127,494)	(14,000)	(27,688)
42,327	57,660	60,750	32,886	19,500	-
237,459	151,549	1,118,781	70,531	271,636	645
7,944,589	6,929,146	5,806,876	4,562,107	5,226,707	6,844,042
-	-	-	-	-	-
7,944,589	6,929,146	5,806,876	4,562,107	5,226,707	6,844,042
\$ 8,526,079	\$ 7,944,589	\$ 6,929,146	\$ 5,806,876	\$ 4,562,107	\$ 5,226,707

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**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GENERAL FUND COMPARED TO THE PRIOR YEAR
FISCAL YEARS ENDED, JUNE 30
(UNAUDITED)**

	2021	2020	Increase/ (Decrease)	Percentage Inc./Dec.)
<u>REVENUES</u>				
Local Property Tax Levies	\$ 7,967,821	\$ 7,411,493	\$ 556,328	7.51 %
Other Local Sources	1,473,568	1,543,378	(69,810)	(4.52)
State Sources	51,499,349	52,149,563	(650,214)	(1.25)
Federal Sources	3,936,288	2,165,753	1,770,535	81.75
TOTAL REVENUES	64,877,026	63,270,187	1,606,839	2.54
<u>EXPENDITURES</u>				
CURRENT				
Administration	2,115,306	2,053,823	61,483	2.99
District Support Services	2,922,194	2,792,728	129,466	4.64
Regular Instruction	28,908,695	28,626,458	282,237	0.99
Vocational Education Instruction	977,931	1,009,197	(31,266)	(3.10)
Special Education Instruction	12,770,411	13,035,688	(265,277)	(2.04)
Instructional Support Services	3,063,054	2,943,927	119,127	4.05
Pupil Support Services	5,284,361	5,042,481	241,880	4.80
Sites and Buildings	6,036,854	6,269,186	(232,332)	(3.71)
Fiscal and Other Fixed Cost Programs	223,761	205,210	18,551	9.04
Capital Outlay	1,088,220	298,437	789,783	264.64
Debt Service	49,997	59,799	(9,802)	(16.39)
TOTAL EXPENDITURES	63,440,784	62,336,934	1,103,850	1.77
EXCESS OF REVENUES OVER EXPENDITURES	1,436,242	933,253		
OTHER FINANCING SOURCES				
Capital Lease Issuance	55,861	-		
Insurance Recovery	-	45,985		
Sale of Equipment	41,508	13,944		
TOTAL OTHER FINANCING SOURCES	97,369	59,929		
FUND BALANCES JULY 1:				
Nonspendable	214,828	170,646		
Restricted	3,802,223	2,527,361		
Unassigned	5,899,575	5,996,615		
TOTAL	9,916,626	8,694,622		
FUND BALANCES JUNE 30:				
Nonspendable	474,856	214,828		
Restricted	4,808,093	3,802,223		
Unassigned	6,167,288	5,899,575		
TOTAL	\$ 11,450,237	\$ 9,916,626		

Source: Independent Auditors' Report

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
General Fund				
Nonspendable	\$ 474,856	\$ 214,828	\$ 170,646	\$ 97,649
Restricted	4,808,093	3,802,223	2,527,361	1,507,756
Unassigned	<u>6,167,288</u>	<u>5,899,575</u>	<u>5,996,615</u>	<u>7,564,395</u>
Total General Fund	<u>\$ 11,450,237</u>	<u>\$ 9,916,626</u>	<u>\$ 8,694,622</u>	<u>\$ 9,169,800</u>
All Other Governmental Funds				
Nonspendable	\$ 216,564	\$ 109,399	\$ 73,967	\$ 67,128
Restricted	<u>131,426,715</u>	<u>138,627,258</u>	<u>8,441,399</u>	<u>17,489,862</u>
Total All Other Governmental Funds	<u>\$ 131,643,279</u>	<u>\$ 138,736,657</u>	<u>\$ 8,515,366</u>	<u>\$ 17,556,990</u>

Source: Independent Auditors' Report

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
FUND BALANCES OF GOVERNMENTAL FUNDS (CONTINUED)
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 167,720	\$ 176,123	\$ 160,773	\$ 238,720	\$ 133,846	\$ 125,661
1,077,566	952,611	1,088,555	831,872	679,795	274,223
<u>7,280,793</u>	<u>6,815,855</u>	<u>5,679,818</u>	<u>4,736,284</u>	<u>3,748,466</u>	<u>4,826,823</u>
<u>\$ 8,526,079</u>	<u>\$ 7,944,589</u>	<u>\$ 6,929,146</u>	<u>\$ 5,806,876</u>	<u>\$ 4,562,107</u>	<u>\$ 5,226,707</u>
\$ 68,030	\$ 69,367	\$ 68,599	\$ 81,396	\$ 54,462	\$ 56,100
53,226,810	78,052,621	1,487,585	1,343,809	2,243,902	1,437,227
<u>\$ 53,294,840</u>	<u>\$ 78,121,988</u>	<u>\$ 1,556,184</u>	<u>\$ 1,425,205</u>	<u>\$ 2,298,364</u>	<u>\$ 1,493,327</u>

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**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
UNASSIGNED GENERAL FUND BALANCE COMPARED TO ANNUAL EXPENDITURES
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Unassigned Fund Balance	Following Year Expenditures	Balance As Percent of Expenditures
2012	\$ 4,826,823	\$ 48,658,357	9.91%
2013	3,748,466	47,867,815	7.83%
2014	4,736,284	53,043,523	8.92%
2015	5,679,818	54,590,301	10.40%
2016	6,815,855	56,961,521	11.96%
2017	7,280,793	58,376,809	12.47%
2018	7,564,395	61,858,074	12.22%
2019	5,996,615	62,336,934	9.61%
2020	5,899,575	64,160,952	9.19%
2021	6,167,288	64,778,667 (1)	9.52%

(1) Total expenditures from the 2021-22 Preliminary Budget.

Source: Independent Auditor's Report

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
CASH AND INVESTMENT BALANCES BY FUND
LAST TEN FISCAL YEARS
(UNAUDITED)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
General Fund without Tax and Aid Anticipation Certificate	\$ 14,630,757	\$ 12,101,481	\$ 10,864,504	\$ 11,966,962
General Fund - Tax and Anticipation Certificate	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal General Fund	14,630,757	12,101,481	10,864,504	11,966,962
Food Service	604,237	555,006	720,415	679,197
Community Service	1,727,422	1,554,573	1,531,914	1,424,212
Debt Service	5,482,369	4,938,188	3,747,447	4,083,068
Building Construction	131,019,527	135,491,561	5,245,361	19,537,897
Internal Service Fund	1,547,288	329,954	233,350	177,803
Trust Funds	<u>4,648</u>	<u>2,627</u>	<u>3,097</u>	<u>3,650</u>
TOTAL	<u>\$ 155,016,248</u>	<u>\$ 154,973,390</u>	<u>\$ 22,346,088</u>	<u>\$ 37,872,789</u>

Source: Independent Auditors' Report

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
CASH AND INVESTMENT BALANCES BY FUND (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 10,526,571	\$ 8,852,532	\$ 7,298,115	\$ 8,153,714	\$ 2,843,730	\$ (3,975,523)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,076,394</u>
10,526,571	8,852,532	7,298,115	8,153,714	2,843,730	4,100,871
593,379	413,642	149,567	386,136	388,940	487,985
1,184,745	935,341	985,567	788,210	722,011	226,724
3,983,571	3,736,476	1,585,674	1,574,645	1,611,632	1,744,137
56,967,145	76,616,974	-	-	610,155	-
205,716	204,533	203,703	203,414	252,047	251,861
<u>3,306</u>	<u>4,396</u>	<u>4,608</u>	<u>5,370</u>	<u>4,946</u>	<u>5,592</u>
<u>\$ 73,464,433</u>	<u>\$ 90,763,894</u>	<u>\$ 10,227,234</u>	<u>\$ 11,111,489</u>	<u>\$ 6,433,461</u>	<u>\$ 6,817,170</u>

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REVENUE CAPACITY INFORMATION

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**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
SCHEDULE OF TAX CAPACITY, TAX RATES, AND TAX LEVIED FOR JUNE 30, 2020
(UNAUDITED)**

	<u>Levy Collectible in Calendar Year 2021</u>
TAX CAPACITY	
Real Agriculture	\$ 6,564,440
Real Nonagricultural	27,550,135
Personal Property	558,802
Tax Increment	(893,841)
Total Tax Capacity Rate Determination Valuation	<u><u>\$ 33,779,536</u></u>
TAX CAPACITY RATE (1)	
General Fund	25.713%
Community Service Fund	0.898%
Debt Service Fund	27.287%
Total Tax Capacity Rate	<u><u>53.898%</u></u>
REFERENDUM MARKET VALUE	<u><u>\$ 2,534,695,800</u></u>
REFERENDUM MARKET VALUE TAX RATE (2)	<u><u>0.21189%</u></u>
COUNTY AUDITOR ADJUSTED CERTIFIED LEVY	
General Fund - Referendum	\$ 5,370,452
General Fund - Other	3,314,850
Community Service Fund	303,224
Debt Service Fund - Voter Approved	9,217,257
Total	<u><u>\$ 18,205,783</u></u>
COUNTY AUDITOR COMPUTED LEVY (3)	
General Fund - Referendum	\$ 5,370,765
General Fund - Other	3,315,124
Community Service Fund	303,340
Debt Service Fund - Voter Approved	9,217,422
Total	<u><u>\$ 18,206,651</u></u>

(1) Applicable tax capacity rate is determined by dividing the computed levy by the total tax capacity rate determination valuation.

(2) Applicable referendum market value tax rate is determined by dividing the computed levy by the referendum market value.

(3) The computed levy is net of abatements, fiscal disparities, and other adjustments.

Source: School Tax Report - 2020 Payable 2021

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Total Tax Levy (1)	Current Tax Collections	Percent of Current Tax Tax Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collected
2012	\$ 8,046,320	\$ 7,989,621	99.29%	\$ 80,723	\$ 8,070,344	100.30%
2013	7,875,069	7,822,548	99.33%	86,992	7,909,540	100.44%
2014	8,609,018	8,567,279	99.51%	95,615	8,662,894	100.63%
2015	8,492,653	8,464,266	99.66%	74,585	8,538,851	100.54%
2016	13,007,985	12,980,880	99.79%	52,249	13,033,129	100.19%
2017	13,044,241	12,998,295	99.64%	45,946	13,044,241	100.00%
2018	13,098,736	13,064,963	99.74%	64,078	13,129,041	100.23%
2019	13,457,303	13,429,096	99.79%	55,443	13,484,539	100.20%
2020	18,056,764	18,020,597	99.80%	63,448	18,084,045	100.15%
2021	18,300,876	18,196,751	99.43%	66,670	18,263,421	99.80%

(1) County auditor spread levy plus additional assessments less abatements and other reductions.

Note: The State of Minnesota has funded a portion of the above levies through tax credits as follows:

Fiscal Year 2012	376,433
Fiscal Year 2013	60,965 (2)
Fiscal Year 2014	58,955
Fiscal Year 2015	69,612
Fiscal Year 2016	76,119
Fiscal Year 2017	98,939
Fiscal Year 2018	105,007
Fiscal Year 2019	569,164 (3)
Fiscal Year 2020	524,939 (4)
Fiscal Year 2021	994,892 (5)

(2) In fiscal year 2013 the homestead market value credit was eliminated by legislation causing a significant decrease in the portion of the above levies funded through tax credits.

(3) In fiscal year 2019 the school building bond agricultural credit was enacted by legislation causing a significant increase in the portion of the above levies funded through tax credits. The credit equals 40% of qualifying property net tax capacity multiplied by the school debt tax rate.

(4) In fiscal year 2020 the school building bond agricultural credit was increased to 50% of qualifying property net tax capacity multiplied by the school debt tax rate. However, the overall tax credit decreased due to the decrease in payments scheduled for the school district's outstanding debt.

(5) In fiscal year 2021 the school building bond agricultural credit was increased to 55% of qualifying property net tax capacity multiplied by the school debt tax rate. However, the overall tax credit decreased due to the decrease in payments scheduled for the school district's outstanding debt.

Source: Steele County Auditor School Tax Report - 2020 Payable 2021, Steele and Waseca County Auditors Taxes Receivable Reports, and District Records

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year Ended June 30,	Residential Property	Non-Homestead Residential Property	Commercial/ Industrial Property	Agricultural Property	Utility and Railroad Property
2011	\$ 11,024,730	\$ 2,179,811	\$ 5,357,801	\$ 4,277,735	\$ 208,903
2012	10,370,631	2,219,362	5,809,551	5,053,617	233,512
2013	10,428,229	2,372,789	5,859,690	6,263,479	248,402
2014	10,529,656	2,432,004	6,333,299	7,183,577	256,357
2015	10,769,322	2,497,950	6,942,463	6,561,764	278,968
2016	11,443,726	2,541,320	7,114,667	6,622,414	327,605
2017	11,915,569	2,580,572	7,588,757	6,248,123	426,830
2018	12,769,317	2,763,924	8,054,121	6,282,530	456,742
2019	13,688,989	2,853,217	8,299,391	6,396,322	443,183
2020	14,441,425	3,118,081	8,930,411	6,564,913	521,078

Note: The City Assessor, pursuant to State law, is responsible for the assessment of all taxable property located within a city. State law provides, with certain exceptions, that all taxable property is to be valued at its market value. All real property subject to taxation must be listed and may be revalued each year with reference to its value as of January 2. The assessor views and reappraises all parcels at maximum intervals of four years. Personal property subject to taxation must also be listed and assessed annually as of January 2. Property is appraised at Estimated Market Value, defined as the usual selling price of the property which would be obtained at private sale and not at a forced auction sale. The 2020 sales ratio was 92.7%. The taxable value of property, upon which taxes are levied, extended and collected, is a percentage of the Estimated Market Value. Taxable value is referred to as Net Tax Capacity. Net Tax Capacity equals Estimated Market Value multiplied by a given percentage called a class rate for the particular classification of property.

Source: Minnesota Department of Education Levy Limitation and Certification Reports and Steele County Auditor

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF PROPERTY (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)**

Commercial/ Residential Seasonal Property	Total Net Tax Capacity	Estimated Market Value	Percent of Total Net Tax Capacity of Estimated Market Value	Total Direct Rate
\$ 28,010	\$ 23,076,990	\$ 2,159,392,700	1.07%	20.181
26,532	23,713,205	2,242,110,800	1.06%	19.573
28,183	25,200,772	2,418,746,000	1.04%	18.374
30,304	26,765,197	2,609,490,040	1.03%	17.066
31,425	27,081,892	2,607,372,625	1.04%	17.066
34,441	28,084,173	2,672,989,555	1.05%	7.862
33,735	28,793,586	2,732,567,087	1.05%	7.219
33,363	30,359,997	2,850,690,837	1.07%	7.131
33,471	31,714,573	2,982,363,002	1.06%	11.307
36,698	33,612,606	3,158,975,878	1.06%	10.873

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NET TAX CAPACITY AND ADJUSTED NET TAX CAPACITY
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Year of Valuation</u>	<u>Net Tax Capacity (1)</u>	<u>Sales Ratio</u>	<u>Adjusted Net Tax Capacity (2)</u>
2011	\$ 23,076,990	92.7%	\$ 24,893,987
2012	23,713,205	96.4%	24,599,279
2013	25,200,772	96.0%	26,262,877
2014	26,765,197	95.6%	28,008,846
2015	27,081,892	95.6%	28,323,992
2016	28,084,173	95.3%	29,468,675
2017	28,793,586	92.4%	31,158,245
2018	30,359,997	95.1%	31,923,918
2019	31,714,573	93.5%	33,930,746
2020	33,612,606	92.7%	36,247,896

(1) The net tax capacity of a parcel of property is calculated by applying the appropriate classification rate as defined in State law to the estimated market valuation of the parcel.

(2) The adjusted net tax capacity is calculated by dividing the net tax capacity by the sales ratio.

Source: Minnesota Department of Education Levy Limitation and Certification Reports

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
SCHOOL TAX LEVIES, INITIAL TAX RATES BY FUND
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Year Collectible	General Fund	Community Service	Debt Service	Total All Funds
Levies	2012	\$ 5,058,733	\$ 317,539	\$ 2,686,797	\$ 8,063,069
	2013	5,313,028	318,705	2,265,142	7,896,875
	2014	5,933,249	319,294	2,375,157	8,627,700
	2015	5,910,694	316,365	2,171,510	8,398,569
	2016	6,448,990	313,608	6,189,655	12,952,253
	2017	6,638,604	310,115	6,061,542	13,010,261
	2018	6,701,472	309,918	6,044,737	13,056,127
	2019	7,269,318	307,492	5,845,512	13,422,322
	2020	7,775,515	309,383	9,844,559	17,929,457
	2021	8,685,303	303,224	9,217,256	18,205,783
Initial Tax Rate (1)	2012	21.92%	1.19%	9.99%	33.10%
	2013	22.41%	1.19%	9.99%	33.59%
	2014	23.54%	1.27%	9.42%	34.23%
	2015	22.08%	1.18%	8.11%	31.37%
	2016	23.81%	1.16%	22.86%	47.83%
	2017	23.64%	1.10%	21.58%	46.33%
	2018	23.27%	1.08%	20.99%	45.34%
	2019	23.94%	1.01%	19.25%	44.21%
	2020	24.52%	0.98%	31.04%	56.54%
	2021	25.84%	0.90%	27.42%	54.16%

(1) Applicable initial tax rate is determined by dividing the computed levy by total taxable net tax capacity.

Note1: The State of Minnesota has funded a portion of the General Fund levies as follows:

Year Collectible 2012	\$ 376,433
Year Collectible 2013	60,965 (2)
Year Collectible 2014	58,955
Year Collectible 2015	69,612
Year Collectible 2016	76,119
Year Collectible 2017	98,939
Year Collectible 2018	105,007
Year Collectible 2019	569,164 (3)
Year Collectible 2020	524,939 (4)
Year Collectible 2021	994,892 (5)

(2) In fiscal year 2013 the homestead market value credit was eliminated by legislation causing a significant decrease in the portion of the above levies funded through tax credits.

(3) In fiscal year 2019 the school building bond agricultural credit was enacted by legislation causing a significant increase in the portion of the above levies funded through tax credits. The credit equals 40% of qualifying property net tax capacity multiplied by the school debt tax rate.

(4) In fiscal year 2020 the school building bond agricultural credit was increased to 50% of qualifying property net tax capacity multiplied by the school debt tax rate. However, the overall tax credit decreased due to the decrease in payments scheduled for the school district's outstanding debt.

(5) In fiscal year 2021 the school building bond agricultural credit was increased to 55% of qualifying property net tax capacity multiplied by the school debt tax rate. However, the overall tax credit decreased due to the decrease in payments scheduled for the school district's outstanding debt.

Note 2: In Fiscal Year 2016, the tax rate for the debt service fund increased due to the passage of a bond referendum and the issuance of two school building bonds

Note 3: In Fiscal Year 2020, the tax rate for the debt service fund increased due to the issuance of a high school building bond.

Source: School Tax Report - 2020 Payable 2021 and District Records

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	District Direct Rates			Overlapping Rates	
	Referendum Purposes	General Purposes	Total	Steele County	City of Owatonna
2012	0.182	19.999	20.181	64.343	58.051
2013	0.178	19.395	19.573	63.780	59.756
2014	0.220	18.154	18.374	60.440	59.018
2015	0.210	16.856	17.066	59.187	58.102
2016	0.222	8.699	8.921	61.769	60.653
2017	0.214	7.648	7.862	60.974	59.890
2018	0.202	7.017	7.219	61.739	63.554
2019	0.220	6.911	7.131	61.731	63.283
2020	0.218	11.089	11.307	61.530	62.481
2021	0.212	10.661	10.873	58.733	59.530

Note: The information provided includes Steele County only. Information was not obtained from Waseca County.

Source: Steele County Auditor

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NET TAX CAPACITY BY CATEGORY
LAST TEN FISCAL YEARS
(UNAUDITED)**

Real Estate Type	Net Tax* Capacity Value Taxes Payable 2020	Percent of Total Property
Residential	\$ 14,441,425	42.26 %
Agricultural	6,564,913	19.21
Commercial/Industrial	8,930,411	26.13
Utility and Railroad	521,078	1.52
Non-Homestead Residential	3,118,081	9.12
Commercial and Residential Seasonal/Recreational	36,698	0.11
Total Real Estate	33,612,606	98.37
Personal Property	558,487	1.63
Total Real and Personal Property	\$ 34,171,093	100.00 %

* The taxes payable in 2020 are recorded as revenue for the 2020-21 fiscal year. The net tax capacity per county differ slightly from the amount used in the certified levy calculation.

Source: Steele County Auditor and Waseca County Auditor

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

	2021 *			2012		
	2020 Net Tax Capacity	Rank (1)	Percent of Total Net Tax Capacity \$ 33,612,606	2012 Net Tax Capacity	Rank	Percent of Total Net Tax Capacity \$ 25,983,282
Viracon, Inc.	\$ 542,412	1	1.61%	\$ 170,730	2	0.66%
Northern Natural Gas Company	308,204	2	0.92%			
Cybox International, Inc.	280,632	3	0.83%	100,202	10	0.39%
Crystal Valley Cooperative	220,955	4	0.66%			
Southern MN Municipal	216,392	5	0.64%			
Federated Mutual Ins Co.	212,244	6	0.63%	137,596	5	0.53%
Daikan Applied Americas Inc	182,546	7	0.54%			
SPT Prairie 3900 CB Drive LLC	179,248	8	0.53%			
Cheney Owatonna LLC	176,856	9	0.53%			
Costco Wholesale Corporation	171,844	10	0.51%			
Cabelas Retail Inc.				179,544	1	0.69%
Mills Properties Inc				152,738	3	0.59%
Owatonna Clinic - Mayo Health Systems				154,648	4	0.60%
Wal-Mart				109,378	6	0.42%
Owatonna Hospitality, L.L.C.				109,032	7	0.42%
JAS Realty, L.L.C.				107,820	8	0.41%
Lowe's Home Centers, Inc.				105,236	9	0.41%

* As of December 31, 2020

(1) The ranking for 2020 is based on the total taxes paid by the taxpayer. Therefore, the related net tax capacity and percentage may not agree to the ranking.

Source: Steele County Auditor and 2012 Annual Comprehensive Financial Report

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DEBT CAPACITY INFORMATION

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Bonded Debt	Lease Purchase Obligations	Aid and Tax Anticipation Certificates	Certificates of Participation	Total Primary Government	Percent of Personal Income	Per Capita (1)
2012	\$ 11,010,000	\$ 167,339	\$ 8,076,394	\$ 1,655,000	\$ 20,908,733	1.34%	714
2013	9,445,000	338,697	-	1,430,000	11,213,697	0.73%	383
2014	7,095,000	236,642	-	1,205,000	8,536,642	0.55%	291
2015	4,865,000	519,116	-	975,000	6,359,116	0.41%	217
2016	77,795,000	479,248	-	740,000	79,014,248	4.94%	2,697
2017	74,160,000	344,334	-	500,000	75,004,334	4.67%	2,560
2018	70,570,000	199,572	-	255,000	71,024,572	4.05%	2,424
2019	66,910,000	165,212	-	-	67,075,212	3.77%	2,289
2020	179,267,709	117,814	-	-	179,385,523	9.48%	6,122
2021	173,959,040	122,164	-	-	174,081,204	N/A	5,941

N/A - Personal income for 2021 is not available, so the calculation cannot be completed.

(1) The ratio was calculated by using the Independent School District No. 761 population.

Note 1: Information of the District's current outstanding debt can be found in the Notes to Basic Financial Statements.

Note 2: The increase in 2012 was due to aid and tax anticipation certificates being issued.

Note 3: The decrease in 2013 was due to aid and tax anticipation certificates being paid off.

Note 4: The increase in 2016 is due to bond referendum passed in fiscal year 2016.

Note 5: The increase in 2020 is due to bond referendum passed in fiscal year 2020.

Source: Independent Auditor's Report, Bureau of Economic Analysis

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
RATIOS OF OUTSTANDING DEBT
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	General Bonded Debt Outstanding				Percent of Net Debt to Net Tax Capacity	Percent of Personal Income	Per Capita
	General Obligation Bonds	Less: Debt Service Fund Balance (Deficit)	Net Bonded Debt	Net Tax Capacity			
2012	\$ 11,010,000	\$ 629,550	\$ 10,380,450	\$ 23,076,990	44.98%	0.67%	\$ 354
2013	9,445,000	608,737	8,836,263	23,713,205	37.26%	0.58%	302
2014	7,095,000	543,057	6,551,943	25,200,772	26.00%	0.42%	224
2015	4,865,000	548,852	4,316,148	26,765,197	16.13%	0.27%	147
2016	77,795,000	528,251	77,266,749	27,081,892	285.31%	4.83%	2,637
2017	74,160,000	842,483	73,317,517	28,084,173	261.06%	4.56%	2,502
2018	70,570,000	1,073,031	69,496,969	28,793,586	241.36%	3.97%	2,372
2019	66,910,000	1,325,564	65,584,436	30,359,997	216.02%	3.68%	2,238
2020	179,267,709	1,332,464	177,935,245	31,714,573	561.05%	9.40%	6,073
2021	173,959,040	1,688,266	172,270,774	33,612,606	512.52%	N/A	5,879

N/A - Personal income for 2021 is not available, so the calculation cannot be completed.

Source: Independent Auditor's Report, Minnesota Department of Education Levy Limitation and Certification Reports, and Bureau of Economic Analysis

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL OBLIGATION BONDED DEBT
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Principal	Interest and Fees	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to Gen. Govt. Expenditures
2012	\$ 2,225,000	\$ 481,388	\$ 2,706,388	\$ 55,670,447	4.86%
2013	2,320,000	482,293	2,802,293	55,967,666	5.01%
2014	2,350,000	117,119	2,467,119	55,775,767	4.42%
2015	2,230,000	74,695	2,304,695	60,971,170	3.78%
2016	2,255,000	51,870	2,306,870	65,262,134	3.53%
2017	3,635,000	2,229,487	5,864,487	94,720,301	6.19%
2018	3,590,000	2,276,345	5,866,345	106,858,065	5.49%
2019	3,660,000	2,204,600	5,864,600	83,575,471	7.02%
2020	3,730,000	2,131,950	5,861,950	77,745,658	7.54%
2021	4,995,000	4,476,930	9,471,930	87,123,757	10.87%

* Includes general, food service, community service, capital projects, and debt service funds.

Source: Independent Auditors' Report

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
(UNAUDITED)**

Governmental Unit (1)	General Obligation Debt	Estimated Applicable Percentage (2)	Estimated Share of Direct and Overlapping Debt
Steele County	\$ 11,280,000	92.77%	\$ 10,464,672
Waseca County	7,020,000	0.04%	2,707
City of Owatonna	19,164,928	38.51%	<u>7,380,289</u>
Subtotal, Overlapping Debt			17,847,668
District Direct Debt			<u>173,210,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 191,057,668</u></u>

(1) There were three taxing jurisdictions which overlap the District and had general obligation debt outstanding as of December 31, 2020.

(2) The Estimated Applicable Percentage is determined by dividing the Taxable Net Tax Capacity of the Governmental Unit within the District by Total Taxable Net Tax Capacity of the entire Governmental Unit.

Source: Independent Auditor's Report, Steele and Waseca County Auditors, City of Owatonna Finance Department.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Assessed Value	\$ 3,158,975,878	\$ 2,982,363,002	\$ 2,850,690,837	\$ 2,732,567,087
Debt Limit Percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt Limit	473,846,382	447,354,450	427,603,626	409,885,063
Total Net Debt Applicable to Limit	<u>173,959,040</u>	<u>179,267,709</u>	<u>66,910,000</u>	<u>70,570,000</u>
Legal Debt Margin	<u>\$ 299,887,342</u>	<u>\$ 268,086,741</u>	<u>\$ 360,693,626</u>	<u>\$ 339,315,063</u>
Total Net Debt Applicable to the Limit as a % of Debt Limit	36.71%	40.07%	15.65%	17.22%

Note 1: Minnesota Statutes, Section 475.53, Subdivision 4, presently limits the outstanding indebtedness of school districts, net of debt redemption funds, to 15% of the actual market value.

Source: Independent Auditor's Report and Minnesota Department of Education Levy Limitation and Certification Reports

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
LEGAL DEBT MARGIN INFORMATION (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 2,672,989,555	\$ 2,607,372,625	\$ 2,609,490,040	\$ 2,418,746,000	\$ 2,242,110,800	\$ 2,159,392,700
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
400,948,433	391,105,894	391,423,506	362,811,900	336,316,620	323,908,905
<u>74,160,000</u>	<u>77,795,000</u>	<u>4,865,000</u>	<u>7,095,000</u>	<u>9,445,000</u>	<u>11,010,000</u>
<u>\$ 326,788,433</u>	<u>\$ 313,310,894</u>	<u>\$ 386,558,506</u>	<u>\$ 355,716,900</u>	<u>\$ 326,871,620</u>	<u>\$ 312,898,905</u>
18.50%	19.89%	1.24%	1.96%	2.81%	3.40%

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DEMOGRAPHIC AND ECONOMIC INFORMATION

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Steele County				ISD No. 761
	Population (1)	Personal Income (1)	Per Capita Personal Income (1)	Unemployment Rate (2)	District Population (3)
2012	36,322	\$ 1,559,882,000	\$ 42,946	4.70%	29,301
2013	36,465	1,527,446,000	41,888	3.70%	29,301
2014	36,573	1,548,216,000	42,332	2.70%	29,301
2015	36,755	1,569,887,000	42,712	2.40%	29,301
2016	36,805	1,599,923,000	43,470	2.90%	29,301
2017	36,887	1,606,397,000	43,549	2.10%	29,301
2018	36,803	1,751,958,000	47,604	2.20%	29,301
2019	36,649	1,780,396,000	48,580	2.60%	29,301
2020	36,596	1,892,138,000	51,703	4.20%	29,301
2021	N/A	N/A	N/A	4.80%	29,301

N/A - Information is not available.

Note: The District includes parts of Steele County and Waseca County. Since the District is mostly in Steele County, we have decided to include information for Steele County only.

Source: (1) Bureau of Economic Analysis
(2) Minnesota Department of Employment and Economic Development
(3) Minnesota State Demographer

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

Employer	2021			2012		
	Number of Employees *	Rank	Percent of Total Employment 21,477	Number of Employees	Rank	Percent of Total Employment 21,236
Viracon, Inc.	1,535	1	7.15%	1,105	2	5.20%
Federated Mutual Ins. Co.	1,390	2	6.47%	1,470	1	6.92%
Owatonna Public Schools	770	3	3.59%	675	4	3.18%
Bosch	540	4	2.51%			
Truth Hardware Corp	508	5	2.37%	735	3	3.46%
Daikin	450	6	2.10%			
Mayo Clinic Health System	406	7	1.89%			
Wenger Corporation	370	8	1.72%	450	6	2.12%
Josten's Inc.	370	9	1.72%	416	7	1.96%
Cybex Corporation	320	10	1.49%	295	9	1.39%
Owatonna Hospital				323	8	1.52%
SPX Corporation				540	5	2.54%
Owatonna Clinic				250	10	1.18%
Total	6,659		31.01%	6,259		29.47%

* - Employee data is as of September 2020

Source: Owatonna Chamber of Commerce, 2012 Financial Report, and Minnesota Department of Employment and Economic Development

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
PROPERTY VALUE AND CONSTRUCTION
LAST TEN FISCAL YEARS
(UNAUDITED)**

Calendar Year	Total Permits	Total Value
2012 (1)	1,697	\$ 29,383,382
2013 (2)	1,705	39,699,930
2014	1,698	42,033,158
2015 (3)	1,716	31,170,127
2016 (4)	1,347	41,290,671
2017 (5)	2,414	47,955,321
2018 (6)	1,977	50,671,148
2019 (7)	1,410	24,018,482
2020 * (8)	1,392	83,413,154
2021 * (9)	1,490	48,700,479

- (1) - The decrease in the number of permits is due to new dwellings. The decrease in total value is due to several large new commercial permits issued in 2011.
- (2) - The increase in the number of permits is due to new dwellings and new commercial projects. The increase in total value is due to several large new commercial permits issued in 2013.
- (3) - The decrease in total value is due to several large commercial permits that were issued in 2014.
- (4) - The increase in total value is due to several large commercial permits that were issued in 2016.
- (5) - The increase in both total permits and total value is substantially due to new apartment buildings and residential dwellings and alterations.
- (6) - Total number of permits has decreased from the prior year, but overall value has increased due to two apartment buildings in 2018.
- (7) - The decrease in total value is due to two apartment buildings in 2018.
- (8) - Total number of permits has decreased from the prior year, but overall value has increased due to three large commercial projects in 2020.
- (9) - Total number of permits has increased from the prior year due to an increase in residential permits, but overall value has decreased because there are no large commercial projects in 2021.

*- Most recent data available from September 30, 2021

Source: City of Owatonna, Minnesota

OPERATING INFORMATION

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**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
FINANCIAL INFORMATION
(UNAUDITED)**

Financial Consultants

PMA Securities, Inc. has acted as Financial Consultants to the District. Requests for information concerning the District should be addressed to PMA Securities, Inc., 5301 Kyler Ave NE, Albertville, Minnesota 55301.

Rating

The District participates in the Minnesota Credit Enhancement Program for School Districts (Minnesota Statutes, Section 126C.55), which provides for payment by the State of Minnesota in the event of a potential default of a school district obligation.

The District's bond rating, from Moody's Investors Service, as of June 30, 2021 was "Aa2". An investor should communicate with the rating agency for an explanation of the significance of the rating.

Source: District Records

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GENERAL INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

Year Established: 1865

Accreditation: North Central Association of Colleges and Schools

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Geographical Area - Square Miles	245	245	245	245
District Population	29,301	29,301	29,301	29,301
Student Enrollment - by Average Daily Membership (ADM)	4,815	4,883	4,938	4,884
<u>Facilities</u>				
Senior High School (Grades 9-12)	1	1	1	1
Middle School (Grades 6-8) *	1	1	1	1
Junior High School (Grades 7-8) *	-	-	-	-
Intermediate School (Grade 6) *	-	-	-	-
Elementary Schools (Grades K-5)	4	4	4	4
Owatonna Education Center **	1	1	1	1
Community Education Building	1	1	1	1
Central Administration Building	1	1	1	1
District Receiving and Storage Building **	2	1	1	1
Storage Building	1	1	1	1

* The Junior High School was converted into a Middle School beginning with the 2017-18 school year.

** One of the district buildings was converted to an Area Learning Center and Early Childhood Special Education Building beginning with the 2017-18 school year.

Source: Minnesota Department of Education, Minnesota State Demographer, and District Records

**OWATONNA PUBLIC SCHOOLS
 INDEPENDENT SCHOOL DISTRICT NO. 761
 GENERAL INFORMATION (CONTINUED)
 LAST TEN FISCAL YEARS
 (UNAUDITED)**

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
245	245	245	245	245	245
29,301	29,301	29,301	29,301	29,301	29,301
4,902	4,862	4,862	4,748	4,788	4,755
1	1	1	1	1	1
-	-	-	-	-	-
1	1	1	1	1	1
1	1	1	1	1	1
4	4	4	4	4	4
-	-	-	-	-	-
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
AVERAGE DAILY MEMBERSHIP BY GRADE LEVEL
LAST TEN FISCAL YEARS
(UNAUDITED)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Early Childhood	93.70	97.28	113.58 (1)	75.29
Kindergarten	328.02	376.74	362.86	314.67
Grades 1-6	2044.96	2111.57	2187.99	2,226.18
Grades 7-12	<u>2348.59</u>	<u>2297.39</u>	<u>2278.78</u>	<u>2,268.18</u>
Total	<u><u>4,815.27</u></u>	<u><u>4,882.98</u></u>	<u><u>4,943.21</u></u>	<u><u>4,884.32</u></u>

Note: Student enrollment numbers for 2019 and prior are from the final numbers issued in January after the fiscal year ended.

(1) - The District received funding from the state of Minnesota to operate a Voluntary Pre-Kindergarten program beginning in 2018-19.

Source: Minnesota Department of Education

**OWATONNA PUBLIC SCHOOLS
 INDEPENDENT SCHOOL DISTRICT NO. 761
 AVERAGE DAILY MEMBERSHIP BY GRADE LEVEL (CONTINUED)
 LAST TEN FISCAL YEARS
 (UNAUDITED)**

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
73.80	68.17	52.25	55.93	58.44	54.55
354.21	329.27	379.75	324.87	330.63	323.37
2,227.42	2,276.94	2,215.75	2,125.15	2,135.42	2,131.23
<u>2,246.26</u>	<u>2,187.19</u>	<u>2,213.98</u>	<u>2,242.28</u>	<u>2,263.64</u>	<u>2,245.84</u>
<u>4,901.69</u>	<u>4,861.57</u>	<u>4,861.73</u>	<u>4,748.23</u>	<u>4,788.13</u>	<u>4,754.99</u>

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
FULL-TIME AND PART-TIME DISTRICT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)**

Function	2021	2020	2019	2018
Administrators	13	12	12	12
Adult Basic Education	1	1	2	3
Central Office Personnel	29	28	27	29
Clerical and Media Educational Assistants	6	6	6	6
Custodial/Cleaning/Maintenance	43	44	44	43
Directors	15	17	18	17
Early Childhood Family Education Learning Readiness	12	8	9	9
Food Service	31	40	39	36
Health Services	11	10	11	11
Noon Supervisors	-	-	2	5
Offset	1	1	1	1
School Aged Child Care	15	13	17	17
Secretarial/Office Personnel	27	32	34	33
Special Education Paraprofessionals	79	78	76	84
Student Supervision Educational Assistants	1	2	3	3
Teacher Educational Assistants	43	54	78	81
Teachers	382	381	380	371
Tutors	-	-	-	-
Total	709	727	759	761

Source: District Records

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
FULL-TIME AND PART-TIME DISTRICT EMPLOYEES BY FUNCTION (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
12	12	12	11	10	9
3	2	2	2	2	1
26	22	23	23	22	22
7	7	7	7	7	7
43	42	42	40	38	38
15	13	10	10	13	13
11	5	10	10	13	15
34	39	39	37	34	33
11	10	10	10	10	12
6	22	24	22	22	10
1	2	2	1	1	1
15	11	11	11	10	7
32	22	22	22	22	28
96	98	90	81	80	73
4	7	7	7	9	13
72	67	63	52	38	47
361	342	341	333	333	337
-	-	-	-	-	9
<u>749</u>	<u>723</u>	<u>715</u>	<u>679</u>	<u>664</u>	<u>675</u>

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures (1)</u>	<u>Cost per Pupil</u>	<u>Percentage Change</u>	<u>Number of Teachers</u>	<u>Pupil - Teacher Ratio</u>	<u>Percent of Students Receiving Free or Reduced Price Lunch (2)</u>
2012	4,755	\$ 51,421,163	\$ 10,814	2.37%	337	14.1	38.60%
2013	4,788	51,203,857	10,694	-1.10%	333	14.4	37.50%
2014	4,748	51,253,720	10,794	0.93%	333	14.3	41.30%
2015	4,862	55,690,271	11,455	6.12%	341	14.3	43.40%
2016	4,862	58,706,945	12,076	5.42%	342	14.2	36.30%
2017	4,902	61,555,800	12,558	3.99%	361	13.6	41.90%
2018	4,884	63,198,282	12,939	3.03%	371	13.2	42.70%
2019	4,943	66,970,560	13,548	4.72%	380	13.0	41.80%
2020	4,883	67,840,487	13,894	2.56%	381	12.8	41.20%
2021	4,815	67,890,095	14,099	1.47%	382	12.6	40.30%

(1) Operating expenditures are calculated by taking the total districtwide expenditures less capital outlay and debt service expenditures.

(2) The percentage is based on the number of students enrolled in the free or reduced lunch program and number of students enrolled as of October 1 of each fiscal year.

Source: District Records and Minnesota Department of Education

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
TEACHER BASE SALARIES
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Minimum Salary	Maximum Salary
2012	\$ 33,636	\$ 69,465
2013	33,973	70,160
2014	34,313	70,861
2015	35,399	72,679
2016	36,390	74,715
2017	37,409	76,807
2018	38,157	78,343
2019	41,132	79,743
2020	42,160	81,737
2021	43,214	83,780

Note: Amounts do not include fringe benefits, such as health insurance, pension, etc.

Source: Owatonna Education Association Contract

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	2021	2020	2019	2018
Elementary (Grades K-5)				
Lincoln (1959)				
Square Feet	71,450	71,450	71,450	71,450
Enrollment	549	550	556	584
Acres	40	40	40	40
McKinley (previously Willow Creek) (1990)				
Square Feet	86,484	86,484	86,484	86,484
Enrollment	517	560	619	630
Acres	60	60	60	60
Washington (previously McKinley) (1955)				
Square Feet	66,749	66,749	66,749	66,749
Enrollment	498	518	509	509
Acres	13	13	13	13
Wilson (1968)				
Square Feet	65,800	65,800	65,800	65,800
Enrollment	442	457	477	559
Acres	10	10	10	10
Middle School (Grades 6-8) *				
Middle School (previously Junior High) (1968)				
Square Feet	203,580	203,580	203,580	203,580
Enrollment	1,093	1,119	1,101	1,218
Acres	18	18	18	18
High School (Grades 9-12)				
High School (1921)				
Square Feet	351,313	351,313	351,313	351,313
Enrollment	1,477	1,446	1,521	1,608
Acres	19	19	19	19
Owatonna Education Center **				
OEC (previously Washington) (1949)				
Square Feet	53,832	53,832	53,832	53,832
Enrollment	260	311	325	238
Acres	3	3	3	3
Rose Street Center (1956)				
Square Feet	12,930	12,930	12,930	12,930
Enrollment	-	-	-	-
Acres	0.88	0.88	0.88	0.88
Learning Zone (1965) ***				
Square Feet	13,146	-	-	-
Enrollment	-	-	-	-
Acres	0.91	-	-	-
Community Center				
Roosevelt (1954)				
Square Feet	15,694	15,694	15,694	15,694
Enrollment (Early Childhood)	116	129	129	167
Acres	8	8	8	8

* The Junior High School was converted into a Middle School beginning with the 2017-18 school year.

** One of the district buildings was converted to an Area Learning Center and Early Childhood Special Education Building beginning with the 2017-18 school year.

*** This building was donated to the district in August 2020. It is currently used for receiving, storage, and central duplicating operations.

Source: District Records and Minnesota Department of Education.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
SCHOOL BUILDING INFORMATION (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)**

2017	2016	2015	2014	2013	2012
59,884	59,884	59,884	59,884	59,884	59,884
515	515	515	529	529	528
40	40	40	40	40	40
55,433	55,433	55,433	55,433	55,433	55,433
410	410	410	364	364	375
60	60	60	60	60	60
54,437	54,437	54,437	54,437	54,437	54,437
586	586	586	493	493	503
13	13	13	13	13	13
67,327	67,327	67,327	67,327	67,327	67,327
590	590	590	546	546	527
10	10	10	10	10	10
166,564	166,564	166,564	166,564	166,564	166,564
667	667	667	698	698	679
18	18	18	18	18	18
353,710	353,710	353,710	353,710	353,710	353,710
1,463	1,463	1,463	1,465	1,465	1,480
19	19	19	19	19	19
54,779	54,779	54,779	54,779	54,779	54,779
464	464	464	540	540	536
3	3	3	3	3	3
12,930	12,930	12,930	12,930	12,930	12,930
82	82	82	80	80	95
0.88	0.88	0.88	0.88	0.88	0.88
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
15,694	15,694	15,694	15,694	15,694	15,694
167	167	167	152	152	167
8	8	8	8	8	8

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
SCHEDULE OF INSURANCE COVERAGE
FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)**

Coverage	Amount	Description
Property	\$ 110,471,101	Blanket Real and Personal Property
	400,000	Musical Instruments and Uniforms
	50,000	School Band Uniforms, Choir Robes
	50,000	School Athletic Equipment
	50,000	School Cameras, Projection Machines, Films
	100,000	Dwellings Under Construction by Vocational Shop Class
	up to 379,800	various items covered by Inland Marine
General Liability	2,000,000	General Aggregate
	2,000,000	Products/Completed Operations Aggregate
	1,000,000	Each Occurrence
	1,000,000	Personal/Advertising Injury Limit
	100,000	Fire Damage
	1,000,000 / 3,000,000	Employee Benefits
	15,000	Medical Expense Limit
	100,000	Emergency Event Management
	10,000	Data Breach Coverage
	10,000,000	Equipment Breakdown (Boiler/Machinery)
	100,000	Data Restoration
	100,000	Expediting Expense
	100,000	Hazardous Substances
	100,000	Spoilage
Professional Liability	1,000,000	Aggregate
	1,000,000	Each Occurrence
Automobile Liability	1,000,000	Combined Single Limit
	1,000,000	Uninsured/Underinsured Motorists
		Deductible: varies from \$500
Worker's Compensation		
Employer's Liability	500,000	Each Accident
	500,000	By Disease, Policy Limits
	500,000	By Disease, Each Employee
Umbrella Excess Liability	1,000,000	Each Occurrence and Aggregate
Cyber Liability	100,000	Privacy and Security Liability
	100,000	Cyber Media Liability

Source: Tincher Peterson Sincock