

Mankato Area Public Schools Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2021



Submitted by Department of Business Services
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ISD77.org



**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
MANKATO, MINNESOTA**

YEAR ENDED JUNE 30, 2021

**PREPARED BY:
DISTRICT BUSINESS OFFICE**

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INDEPENDENT SCHOOL DISTRICT NO. 77
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INTRODUCTORY SECTION

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**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
BOARD OF EDUCATION AND ADMINISTRATION
JUNE 30, 2021**

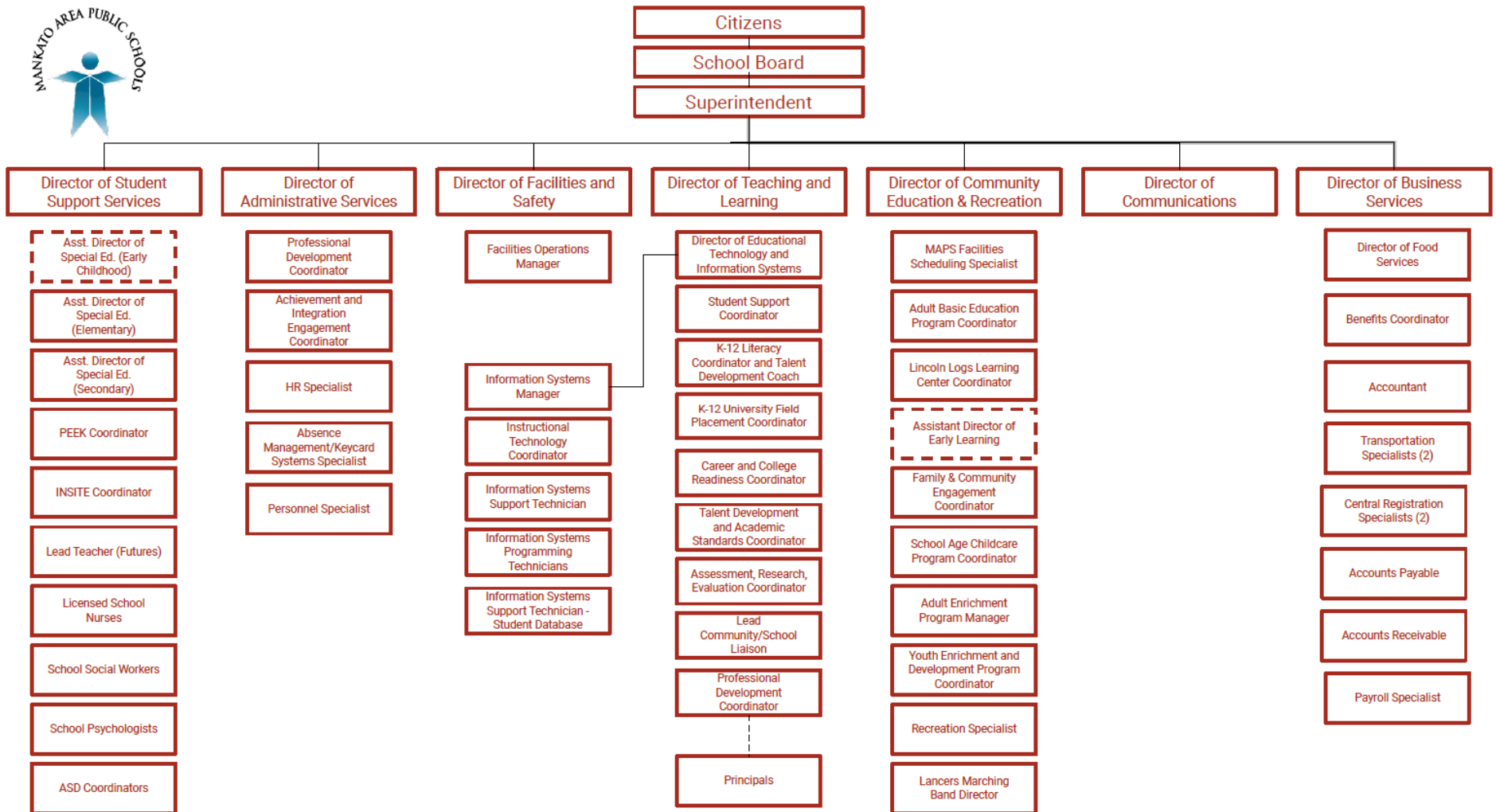
BOARD OF EDUCATION

Jodi Sapp	Chairperson
Kenneth Reid	Vice Chairperson
Christopher Kind	Treasurer
Erin Roberts	Clerk
Liz Ratcliff	Director
Kristi Schuck	Director
Darren Wacker	Director

ADMINISTRATION

Paul Peterson	Superintendent
Tom Sager	Director of Business Services

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
ORGANIZATIONAL CHART
JUNE 30, 2021**





OFFICE OF DIRECTOR OF BUSINESS SERVICES

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November 30, 2021

To: Citizens of the Mankato Area Public
Schools Board of Education
Staff of the Mankato Area Public Schools

INTRODUCTION

This report is the Annual Comprehensive Financial Report (ACFR) of Independent School District No. 77, Mankato, Minnesota (District) for the fiscal year ended June 30, 2021. The ACFR fully discloses the financial position of the District, a summary of operations for FY 21, and relevant information pertaining to the Mankato Area community. The data contained within this report comes from many sources, with many professionals contributing to its accuracy and completeness. The District always welcomes any observations and feedback from the community and District staff.

REPORT FORMAT

There are three main sections to this report: Introduction, financial, and finally, statistical. The introduction section includes the District's organizational chart, and a list of the District's principal officials. The financial section includes the independent auditor's report, Management's Discussion and Analysis (MD&A), financial statements, notes to financial statements, and a detailed report combining individual statements and schedules. This information is also included in the District's annual independent audit report. The statistical section includes selected financial and general information presented on a multi-year comparative basis. Where possible, historical data is presented for a 10-year period.

Standard accounting principles require District management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements as part of the audit process in a separate Management's Discussion and Analysis (MD&A) section of the report. This letter of transmittal will complement the MD&A and should be read in conjunction with it. The MD&A of the District is located following the report of the independent auditors.

DISTRICT ORGANIZATION

The Mankato Area Public Schools, Independent School District No. 77 is a nonprofit organization and is a local unit of government with elected school board officials. The District is a political subdivision and is recognized by the IRS as a 170C status. The District serves the communities of Mankato, North Mankato, Eagle Lake, Madison Lake, and Skyline. The District is located in Blue Earth, Nicollet, Le Sueur Counties. All operations within the District are guided by its Mission and Vision:

Mission Statement

Mankato Area Public Schools (MAPS) is committed to working together equitably, with families and communities, so that each learner has the knowledge and skills to be a successful and contributing citizen in a diverse global society.

Vision Statement

Every learner will be seen for who they are inclusive of: race, national origin, home language, sex, gender, sexual orientation, disability, age, and/or religion. MAPS learners will experience a school environment that builds their voice and agency. Learners and families will be seen and heard. MAPS will assure that each learner has the skills to enter society with a joy for learning, a positive vision for the future and the ability to navigate the world with hope, dignity and their multiple talents.

The District will reach its mission and vision when:

- Each student is ready for kindergarten.
- Each student is reading well by 3rd grade.
- All achievement gaps are closed.
- All students are college and career ready by graduation.
- All students graduate.
- Each student, family, and staff member feels safe, is welcome, and is treated with dignity and respect.

In FY 21, the District served 8,521 students from a population of 63,382 citizens residing in a 140 square mile area. During this fiscal year, the District operated in 22 buildings: two high schools, one alternative high school, two middle school schools, ten elementary schools, four special services buildings, one Community Education and Recreation building, and two districtwide buildings. The District is organized by grade level with elementary schools serving students in pre-kindergarten through grade 5, middle schools serving grades 6-8, and the high schools serving Grades 9-12. The District provides general, special education and vocational instruction for Prek-12, a transitional program for students beyond grade 12, and robust Community Education and Recreation programs that serve residents from birth to senior citizens.

REPORTING ENTITY

The District's financial statements include all funds, departments, agencies, boards, commissions, and other component units for which the District is considered to be financially accountable. Component units are legally separate entities for which the District (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit or is fiscally depended upon by the potential component unit.

Based on these criteria, there are no organizations considered to be component units of the District.

FINANCIAL STATEMENTS

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

FEDERAL SINGLE AUDIT AND STATE COMPLIANCE AUDIT

The independent audit of the financial statements of the District is part of a broader, federally mandated Single Audit designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited district's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The District is also required to undergo an annual Minnesota State Legal Compliance Audit under Minnesota Statute §6.65. Verification of the adherence to these requirements are contained within the District's independent audit report. For FY 21, with the exception of the Child Nutrition Cluster, the District demonstrated no "material weaknesses" in internal controls and complied with all direct and material requirements of the major federal programs tested (Special Education Cluster, Coronavirus Relief Fund, and Education Stabilization Fund).

ACCOUNTING AND BUDGETING

A major function of the District's accounting system is to provide adequate internal accounting controls. These practices and controls are designed to provide reasonable safeguarding of assets against loss from unauthorized use, and the credibility of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable safeguarding establishes that the cost of internal controls should not exceed the benefits likely to be derived. In addition, the assessment of the cost and benefits requires estimates and judgments by District leadership. All internal control evaluations occur in this framework. The District believes that its internal accounting controls sufficiently safeguard assets and provide reasonable assurance for proper recording of financial transactions.

Budgetary control is maintained through an annual budget adopted by the School Board for all funds in accordance with state statutes and School Board policy. The adopted budget is the authorizing document for all expenditures. The School Board also approves all checks issued each month. The superintendent and the director of business services are authorized to make financial commitments within budgetary guidelines for contracts not requiring sealed bids. Additional expenditure controls are maintained in the business office and in accordance with state statutes.

For example, the District cannot incur a negative unassigned balance in the General Fund in excess of 2.50 percent of the prior year's expenditures. The budget is published annually to inform the public of the District's financial position and operating plan for the fiscal year. The School Board Finance Committee receives reports on a quarterly basis, with the full board receiving such updates in June, November, and February. Board work sessions are also used throughout the year on an as-needed basis to discuss such topics as budgeting planning, facility planning, and referendum planning. Principals and program leaders are provided annual allocations for staffing, supplies, equipment purchases, and other ancillary budgets such as use of compensatory aid, staff development, and Title I. Principals and program leaders have viewing access to the District's finance system, which allows for frequent and flexible access to monitoring budget performance in real time. District purchase requests must first be reviewed and approved by a supervisor and inputted into the District's finance system or establish a payment voucher. These requests are then routed to the business office for review to ensure the availability of budgeted funds and appropriate use. Then final approval is made by either the District's director of business services or district accountant. Frequent monitoring and communication of revenues and expenditures by District leadership to the School Board, along with ongoing monitoring by principals and program leaders help provide budget integrity and an opportunity to detect abhorrent budget variances that require correction.

The budget is adopted by the School Board in June of each year for the fiscal year beginning July 1. In the January/February timeframe, the budget is revised based on fall enrollment updates, impact of employee contracts, audit results from the previous fiscal year, or other new information impacting revenues or expenditures, such as legislative updates or access to federal funds such as Corona Relief Funds. The revised budget is presented to the School Board for approval. To accurately track and report financial activities with a focus on program and site-based accounting, the District relies heavily on the Minnesota Department of Education's Uniform Financial Accounting Reporting System (UFARS).

SIGNIFICANT EVENTS

In addition to the state and federal funding formulas, the District's finances are directly related to student enrollment. For the past 15 years, the District's enrollment has been on an upward trajectory, peaking in FY 17 with a 4.1 percent increase over FY 16. Since that time, the rate of growth has tapered to more modest growth, until FY 21. In this year, and largely due to COVID-19, the District's enrollment dropped by 2.9 percent from FY 20. During this year of the pandemic, the District experienced more students choosing to homeschool, non-public school options, open enrollment into other (smaller) school districts around the District's parameter, and finally, families moving out of the community to find work in larger metropolitan centers. In the fall of 2020, the District realized roughly 350 fewer students than expected. This resulted in a significant loss of revenue and required the District to make mid-year plans on expense containment. Following this, the District identified \$7.56 million in reductions for the 2021-22 school year. This was equivalent to roughly 6.5 percent of the District's general fund operating budget. Despite these reductions, the District was able to maintain relatively low classes, especially in the elementary grades. Many of the reductions came in the areas of support services, such as mentor coaches and intervention support. The District continues to work closely with community business and government partners to monitor local economic growth and its impact on student enrollment recovery after the pandemic. The Greater Mankato Area continues to be a growing and thriving community, and is one of four Metropolitan Statistical Areas (Duluth, Rochester, and Saint Cloud being the others) in greater Minnesota. This, and the work with an independent demographer, coupled with internal forecasting models, indicate the District's K-12 enrollment rebounding back to its high-water mark of 8,647 – but not for a few years.

DISTRICT FINANCIAL PLANS FOR THE FUTURE

ESSER III (Federal)

For FY 22, the District will have access to the ESSER III funds. The amount is \$8.1 million. At this time, the District anticipates reserving these funds for one-time/unique purposes related to COVID-related expenses and/or to help sustain ongoing operations to help off-set the continued loss of revenue due to the significant drop in COVID-related enrollment. The District anticipates using \$2.0 million of these funds for on-going COVID-related expenses. Of this amount, \$150,000 can be set aside for staff development related to “re-tooling and re-entry.” In addition to these one-time funds being used to help off-set revenue, this will also bring the District general fund balance back to an acceptable range, and in compliance with board policy. It would not be prudent to incorporate this one-time money into the overall operational budget. If the District did this, once these funds leave after FY 22, the budget will be structurally unbalanced again, and the District would be left with yet another round of reductions. This is known as a “funding cliff.”

In summary, with the use of the ESSER II in FY 21 and III funds in FY 22 described, at the end of FY 22, the District’s total general fund balance should be approximately 10.0 percent.

Upcoming Referendums: The District passed a renewal and increase to its local operating levy in November 2017. The total amount per pupil of generated revenue is currently at \$1,202 per pupil unit. This includes the \$424 per pupil. This generates approximately \$11 million for the District’s general fund. This is a 10-year levy, and the District will need to renew no later than November 2027. At this time, the District does not have any plans to increase this levy amount; however, will continue to monitor state and federal funding closely to determine any future need to expand this local property tax levy.

More immediate, is the District’s facility study and planning. Since the spring of 2017, the District continued to review facility needs for a growing and thriving greater Mankato area. A Community group consisted of representatives of the cities of Mankato, North Mankato, Eagle Lake, and Madison Lake, along with parents and other community partner organizations. At that time, facility priorities identified included: Additional elementary school space. Additional space for Early Learning (PreK). Updating ongoing long-term maintenance at many school sites. But in the Spring 2020 through September 2021, the school district’s response to the pandemic took top priority. Nonetheless, the facility planning group continued to meet and assess district future needs.

In the fall of 2021, the District conducted a community facility survey. The survey was sent to all school district residents and focused on Future Enrollment, Safety and Security, Early Childhood Education, Special Education, Infrastructure, Support Services Spaces. Priorities identified in the survey included:

- Addressing elementary school capacity needs such as building a new elementary school; update and expand existing elementary schools; renovate and expand general education and special education classrooms at Washington, Roosevelt, Hoover, Eagle Lake, and Bridges elementary schools; add early childhood programming at Eagle Lake Elementary, and finally, update secure entrances, expand cafeteria/kitchen areas, and add student support services.
- There were 3,300 residents who responded, which the survey consultants indicated as “statistically significant.” Estimated cost for the priority projects outlined in the survey was \$75.8 million, and 63 percent of all respondents indicated support for projects presented.
- Finally, there were many other district facility needs identified in this study. The District anticipates implementing a “phased in” referendum approach over the course of several years, starting possibly as early as February 2023. The District is also looking at the purchase of local property to address the growing need and demand for Early Learning (PreK) services.

Financial Management: Every spring, revenue and expense projection comprise the financial forecast for the following fiscal year. This forecast determines allocation for all program budgets which include staffing, supplies, capital allocations, and any special programs or initiatives. These allocations are reviewed by the Superintendent, Executive Cabinet members, principals, and other members of the District leadership team before it is reviewed by the school board finance committee and community advisory committee. The budget plan is then brought to the full school board in June for review and approval by June 30. For FY 21, the budget planning process required the District identify \$3.1 million in expense slow down to better align with revenues to create a structurally balanced budget for FY 21. Unfortunately, at this point in the spring of 2020, the District was not anticipating the severe drop in enrollment for the fall of 2020, which resulted in the aforementioned mid-year cost containment measures and the implementation of the budget reduction plan for FY 22. The state of Minnesota has increased the general funding formula by 2.47 percent for FY 22 and another 2.0 percent for FY 23. This, coupled with the federal CARES funding, will help stabilize school district budgets, but will remain not sufficient to off-set the many years of compounded funding gap created by formula increases not keeping pace with basic inflation and the general operating expense of managing a school district.

Program Innovation: The District provides many opportunities for student growth and development well beyond the traditional “3 R’s.” As stated in part of the District’s Mission, “...so that each learner has the knowledge and skills to be a successful and contributing citizen in a diverse global society.” To this end, the district engages students in many ways and at many levels to fully develop their potential academically, socially, emotionally, and creatively. For example, the District’s Career Pathways program provides students with real life experiences and mentorships in areas such as healthcare, agribusiness, and trades. The District’s one-to-one laptop initiative ensures that all students in grade 6 through 12 have equal and equitable access to technology and the resources available to them in the global learning space. The District also places a priority emphasis (especially during the pandemic) on developing students social and emotional learning. This is done through a robust deployment of using and teaching Positive Behavior Intervention Strategies (PBIS) and restorative practices. Students also stay engaged in their learning through the District’s commitment to Achievement and Integration programming, as well as Alternative Delivery of Specialists Instructional Services (ADSIS). Because of the District’s commitment to innovation, students in MAPS 77 have consistently outpaced their state-wide peer groups in areas of standardized test scores, high school graduation rates, and the percentage of students going onto college.

ECONOMIC FACTORS

The District is located in Blue Earth, Nicollet, and Le Sueur Counties, at the confluence of the Blue Earth and Minnesota Rivers, and part of the Minnesota River Valley. The Greater Mankato Area is a regional hub for manufacturing, agribusiness, health care, and education. According to the most recent data at the Minnesota Department of Employment and Economic Development, the Great Mankato Area has experienced an average of a 1.8 percent per year growth in employment during the past seven years. This growth in jobs has subsequently been reflected in student enrollment growth within the district, with the exception of FY 21. Moreover, another indicator of a vibrant and growing Mankato community can be seen in the growth of the District’s total market value on all properties. Property valuation has increased steadily over the past 10 years, averaging a 4.7 percent increase per year during this period.

Total market valuation in 2020 was \$6.414 billion. A strong and diverse tax base is very important when the District is trying to pass either voter approved operation or bond referendums.

State funding comprises the majority of financial resources for E-12 public schools in Minnesota. In addition, in MAPS 77 roughly 16 percent (\$18.2 million) of the general fund revenues comes from local property taxes. Of this amount, roughly 46 percent comes from the previously referenced voter approved operating levy.

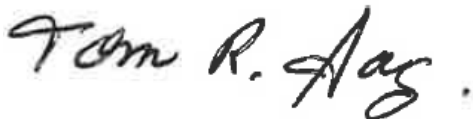
All E-12 public school districts in Minnesota are dependent on state funding for ongoing operations. Almost 40 percent of the state's general fund budget is dedicated to E-12 public schools. As such, the state-wide economic conditions, which promote tax revenue to fund schools, will remain a key driver of the school district's financial health now and into the future.

CERTIFICATE OF EXCELLENCE

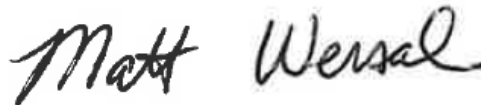
This report will be submitted to the Association of School Business Officials International for consideration for the Certificate of Excellence in Financial Reporting. This is the first time the Mankato Area Public Schools has submitted this report for consideration. The District looks forward to earning the recognition that accompanies the standards of accuracy, clarity, and completeness acknowledged by the Certificate of Excellence in Financial Reporting.

ACKNOWLEDGMENTS

Preparing and submitting a ACFR requires the dedicated teamwork of many people. Special thank you goes to the Business Office staff and the District's auditors at CliftonLarsonAllen for their dedication, and to Superintendent Dr. Paul Peterson for his leadership and support.



Thomas R. Sager
Director of Business Services



Matt Wersal
District Accountant

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Board of Education
Independent School District No. 77
Mankato, 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. 77, 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 entity'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 entity'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 Independent School District No. 77 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 24, 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, Schedule of Changes in Employer's Net OPEB Liability and Related Ratios, the Schedule of OPEB Money-Weighted Rate of Return on Plan Assets, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions, 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 Independent School District No. 77's basic financial statements. The Schedule of Changes in Fund Equities 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. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Changes in Fund Equities and the Uniform Financial Accounting and Reporting Standards Compliance Table are the responsibility of management and were derived from and relate 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2021 on our consideration of Independent School District No. 77'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 results of that testing, and not to provide an opinion on the effectiveness of Independent School District No. 77'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 Independent School District No. 77's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
November 30, 2021

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REQUIRED SUPPLEMENTARY INFORMATION

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**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

This section of Independent School District No. 77'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 follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2020-2021 fiscal year include the following:

- Net Position of governmental activities decreased a total of \$462,472. Most of the decrease in net position was primarily due to the net effect of the large changes in District's proportionate share of the net pension liability, pension related deferred inflows, and pension related deferred outflows.
- The General Fund Balance increased from \$6,970,629 on June 30, 2020 to \$8,435,633 on June 30, 2021. The ending fund balance within the general fund represents 7.31% of annual expenditures. This represents 27 days of operations.
- Total K-12 Average Daily Membership decreased 308 students, down 3.49% from 2019-20.
- The Community Service Fund Balance experienced an increase in fund balance totaling \$373,499 to \$1,373,126 as of June 30, 2021. This increase is attributed to the Community Service Fund not incurring as much for expenditures as projected during the fiscal year ended June 30, 2021. Expenditures came in under budget as a result of the COVID-19 pandemic and related cancelation or postponement of several programs which resulted in savings in salaries and benefits, purchased services, and supplies.
- The Capital Projects/Construction Fund Balance increased from \$-0- as of June 30, 2020 to \$17,252,753 as of June 30, 2021. The increase is due to proceeds from the issuance of the 2020A G.O. facilities maintenance bonds only being partially expended in fiscal year 2021 on various projects including indoor air quality projects, fire safety projects, hazardous materials projects, and Franklin and Washington electrical projects. Most of these projects are still in construction in progress as of June 30, 2021. Much of this planned work slowed due to the district having to prioritize its capacity efforts towards responding to COVID 19.
- The Debt Service Fund Balance decreased from \$1,802,744 as of June 30, 2020 to \$1,785,247 as of June 30, 2021. The decrease is due to the payments on bonds and refunded bond escrow agents exceeding refunding bond proceeds, property taxes, earnings on investments and state sources of revenue allocated to this fund during the fiscal year ending June 30, 2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's combined net position from Governmental activities was negative \$63,182,209 on June 30, 2021 (see Table A-1). This negative position is due to GASB 68 and GASB 75 that require the District to place its share of net pension liabilities and net OPEB liabilities, in their financial statements.

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

	Governmental Activities as of June 30,		Percentage Change
	2021	2020	
Current and Other Assets	\$ 73,885,530	\$ 49,548,939	49.12 %
Capital Assets	117,702,342	113,856,302	3.38
Total Assets	191,587,872	163,405,241	17.25
Deferred Outflows of Resources	39,248,945	61,778,329	(36.47)
Current Liabilities	15,858,917	11,348,057	39.75
Long-Term Liabilities	103,628,446	87,351,815	18.63
Net Pension Liability	79,888,519	68,877,794	15.99
Net OPEB Liability	5,492,149	8,888,029	(38.21)
Total Liabilities	204,868,031	176,465,695	16.10
Deferred Inflows of Resources	89,150,995	111,437,612	(20.00)
Net Position:			
Net Investment in Capital Assets	42,028,614	37,803,945	11.18
Restricted	7,863,300	6,919,907	13.63
Unrestricted	(113,074,123)	(107,443,589)	5.24
Total Net Position	\$ (63,182,209)	\$ (62,719,737)	0.74

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Changes in Net Position

The District's total revenues were \$136,868,804 for the year ended June 30, 2021. Unrestricted state aid accounted for 45%, property taxes accounted for 21%, operating and capital grants accounted for 32%, and charges for services accounted for 2% (see Figure A-1).

**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	\$ 3,089,640	\$ 5,753,437	(46.30)%
Operating Grants and Contributions	42,372,488	34,486,699	22.87
Capital Grants and Contributions	1,385,982	1,482,898	(6.54)
<u>General Revenues</u>			
Property Taxes	28,090,726	27,832,286	0.93
Unrestricted State Aid	61,605,764	62,541,259	(1.50)
Investment Earnings	13,188	262,622	(94.98)
Other	311,016	349,386	(10.98)
Total Revenues	136,868,804	132,708,587	3.13
Expenses			
Administration	4,376,881	4,200,180	4.21
District Support Services	2,252,433	2,245,996	0.29
Regular Instruction	62,942,162	61,847,842	1.77
Vocational Education Instruction	2,200,654	1,953,579	12.65
Special Education Instruction	25,199,562	24,799,391	1.61
Instructional Support Services	7,119,124	10,037,687	(29.08)
Pupil Support Services	9,671,015	9,202,496	5.09
Sites and Buildings	10,123,137	10,410,023	(2.76)
Fiscal and Other Fixed Cost Programs	329,037	307,685	6.94
Food Service	4,351,721	4,606,376	(5.53)
Community Service	5,781,192	6,021,646	(3.99)
Interest and Fiscal Charges on			
Long-Term Liabilities	2,984,358	2,609,229	14.38
Total Expenses	137,331,276	138,242,130	(0.66)
Change in Net Position	(462,472)	(5,533,543)	
Beginning Net Position	(62,719,737)	(57,186,194)	
Ending Net Position	<u>\$ (63,182,209)</u>	<u>\$ (62,719,737)</u>	

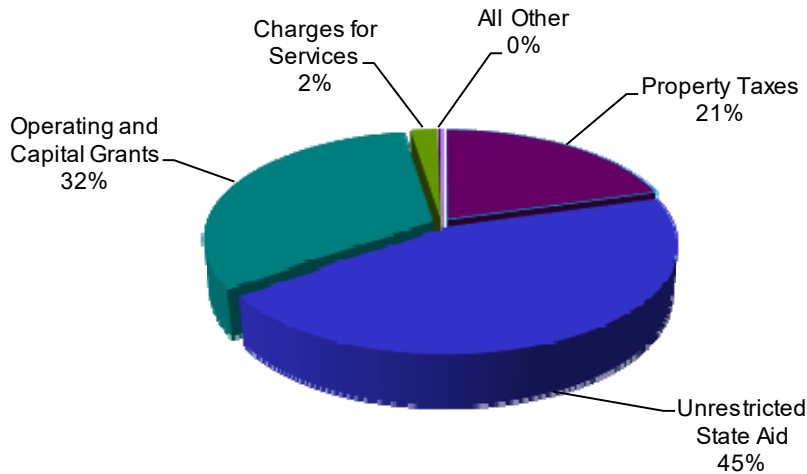
**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

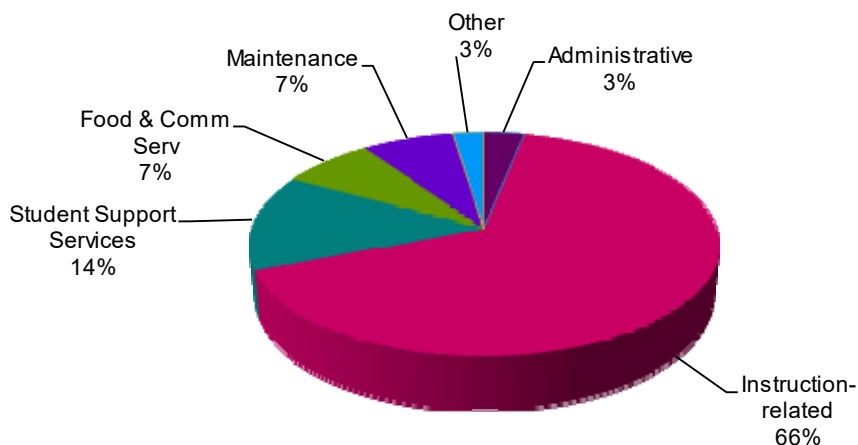
The total cost of all programs and services was \$137,331,276. Direct instruction related costs accounted for 66%, student support services accounted for 14%, buildings and equipment costs accounted for 7%, community education services and food service accounted for 7%, administration 3%, and other expenses accounted for 3% of the total (see Figure A-2).

In summary, the District has a stable overall financial position with which to continue operations.

**Figure A-1
Sources of District's Revenues for Fiscal 2021**



**Figure A-2
District Expenses for Fiscal 2021**



**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Typically, the District does not include in an analysis of all governmental funds a breakout of expenditures as depicted in Figure A-2 above. To do so distorts the latitude available to the District to allocate resources to instruction. All governmental funds include not only funds received for the general operation of the district, which are used for classroom instruction, but also includes resources from the Food Service and Community Education Funds, and from resources for fiscal service transactions. Funding for the general operation of the District is controlled by the state and the District does not have the latitude to allocate money received in Food Service or Community Education or for fiscal services to enhance classroom instruction resources. The District cannot take funds from these restricted areas and use the funds to hire teachers to enhance instruction. The previous graph, by pooling all expenditures, implies that the District does have equal access to all funds to impact classroom instruction. In Minnesota, that is simply not an option. Therefore, a more accurate analysis of resources allocated to instruction should be limited to an analysis of resources received for the general operation of the District.

**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	\$ 4,376,881	\$ 4,200,180	4.21 %	\$ 4,317,758	\$ 4,136,007	4.39 %
District Support Services	2,252,433	2,245,996	0.29	2,201,747	2,209,171	(0.34)
Regular Instruction	62,942,162	61,847,842	1.77	49,507,603	50,397,503	(1.77)
Vocational Education Instruction	2,200,654	1,953,579	12.65	2,183,755	1,732,758	26.03
Special Education Instruction	25,199,562	24,799,391	1.61	7,093,347	8,053,242	(11.92)
Instructional Support Services	7,119,124	10,037,687	(29.08)	4,907,834	7,714,016	(36.38)
Pupil Support Services	9,671,015	9,202,496	5.09	9,352,347	9,043,390	3.42
Sites and Buildings	10,123,137	10,410,023	(2.76)	7,391,711	9,337,011	(20.83)
Fiscal and Other Fixed Cost Programs	329,037	307,685	6.94	329,037	307,685	6.94
Food Service	4,351,721	4,606,376	(5.53)	(447,857)	34,169	(1410.71)
Community Service	5,781,192	6,021,646	(3.99)	661,526	944,915	(29.99)
Interest and Fiscal Charges on Long-Term Liabilities	2,984,358	2,609,229	14.38	2,984,358	2,609,229	14.38
Total	<u>\$ 137,331,276</u>	<u>\$ 138,242,130</u>	(0.66)	<u>\$ 90,483,166</u>	<u>\$ 96,519,096</u>	(6.25)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District's financial position is the product of many factors. The District continues to budget revenues conservatively and implements tight expenditure controls. Board of Education Policy establishes an unassigned fund balance level that equals a one-month operating reserve.

Overall, the District's total governmental fund balances increased by \$19,606,381 for the year ended June 30, 2021. This is primarily the result of the proceeds from the issuance of the 2020A G.O. facilities maintenance bonds only being partially expended in fiscal year 2021 in the capital projects fund as well as revenues exceeding expenditures and other financing used in the general fund in the amount of \$1,465,004. Once the district realized the unexpected drop in enrollment in the fall of 2020, it implemented an expenditure containment plan for the remainder of the year, which helped reduce budgeted expenditures.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

GENERAL FUND

The General Fund includes the primary operations of the District in providing educational services to students from kindergarten through Grade 12, including pupil transportation activities and capital outlay projects.

Approximately 90% of General Fund operational revenue is controlled by a complex set of state funding formulas resulting in the local Board of Education having no meaningful authority to determine the level of resources. Other state formulas then determine what portion of the revenue will be provided by property taxes and what portion will come from state aid.

ENROLLMENT

Enrollment is a critical factor in determining revenue, with approximately 90% of General Fund revenue being determined by enrollment. The following chart shows that the number of students in each of the last five years.

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

Grade	2017	2018	2019	2020	2021
EC	144	136	149	150	122
HK	103	121	123	128	100
Kdgt.	556	559	557	549	510
1-3	2,097	2,062	2,032	2,012	1,908
4-6	2,001	2,077	2,111	2,122	1,971
7-12	3,604	3,613	3,681	3,851	3,891
Total E-12 ADM	8,505	8,568	8,654	8,811	8,503
ADM Change	343	63	86	157	(308)
Percent Change	4.20%	0.74%	1.00%	1.82%	-3.49%

As depicted in Table A-4, average daily membership had increased steadily over the previous four years, but fiscal year 2021 experienced a 3.49% decrease in average daily membership primarily due to the COVID-19 pandemic and the related changes in the environment school districts had to operate. In addition, the District experienced many more students than usual opting into non-public schools, on-line schools, homeschooling, and open enrolling into other school districts around the District's perimeter. Nonetheless, current space limitations at many of the school sites, coupled with eventual and continued growth in the enrollment forecast, has the District evaluating future space expansion.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

GENERAL FUND (CONTINUED)

The following schedule presents a summary of General Fund Revenues.

**Table A-5
General Fund Revenues**

	Year Ended		Change	
	June 30, 2021	June 30, 2020	Increase (Decrease)	Percent Change
Local Sources:				
Property Taxes	\$ 18,545,246	\$ 17,897,050	\$ 648,196	3.6 %
Earnings on Investments	4,721	146,357	(141,636)	(96.8)
Other	2,825,992	3,231,510	(405,518)	(12.5)
State Sources	86,528,732	86,346,642	182,090	0.2
Federal Sources	9,069,969	4,887,728	4,182,241	85.6
Total General Fund Revenues	<u>\$ 116,974,660</u>	<u>\$ 112,509,287</u>	<u>\$ 4,465,373</u>	4.0

Total General Fund Revenue increased by \$4,465,373 or 4.0% from the previous year, despite the drop in enrollment. This was primary caused by an increase of federal (CARES) funding in response to the pandemic. Basic general education revenue is determined by multiple state formulas, largely enrollment driven, and consists of an equalized mix of property tax and state aid revenue. Other state-authorized revenue including operating levy referendum and the property tax shift also involve an equalized mix of property tax and state aid revenue. The mix of property tax and state aid can change significantly from year to year without any net change on total revenue. Federal sources increased significantly due to federal grants received in response to the COVID-19 pandemic.

The following schedule presents a summary of General Fund Expenditures.

**Table A-6
General Fund Expenditures**

	Year Ended		Change	
	June 30, 2021	June 30, 2020	Increase (Decrease)	Percent Change
Salaries	\$ 66,524,069	\$ 65,907,911	\$ 616,158	0.9 %
Employee Benefits	27,860,348	27,331,779	528,569	1.9
Purchased Services	9,814,458	10,346,658	(532,200)	(5.1)
Supplies and Materials	4,250,051	4,080,034	170,017	4.2
Capital Expenditures	5,446,580	8,349,237	(2,902,657)	(34.8)
Other Expenditures	1,581,912	1,780,938	(199,026)	(11.2)
Total Expenditures	<u>\$ 115,477,418</u>	<u>\$ 117,796,557</u>	<u>\$ (2,319,139)</u>	(2.0)

Total General Fund Expenditures decreased \$2,319,139 or 2.0% from the previous year.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

GENERAL FUND (CONTINUED)

The total fund balance at June 30, 2021 is \$8,435,633. Of this amount \$4,117,475 is restricted for specific purposes by state requirements; \$690,000 is assigned for severance.

In our analysis of significant variances between original and final budget amounts and between final budget amounts and actual results in the General Fund, there are no variances in revenues or expenditures that will have a significant effect on future services or liquidity. The positive budgetary fluctuation in federal aid revenues is due to the District receiving significant funding through the CARES act. The expenditures ended the year under budget as well, primarily in elementary and secondary regular instruction. Once the district realized the unexpected drop in enrollment in the fall of 2020, it implemented an expense containment plan for the remainder of the year, which helped reduce budgeted expense. As a result, in the areas of regular instruction salaries, supplies, and purchased services expenditures were under budget. Most of the decrease was in capital expenditures, which decreased primarily due to the capital expenditures recorded with the issuance of \$2,743,685 in new capital leases in fiscal year 2020.

Food Service Fund

The Food Service Fund accounts for the activities related to providing child nutrition services to support the K-12 academic program. The fund operates with the goal that revenues exceed expenditures on day-to-day school breakfast and lunch operations so that the excess can be used to systematically replace and upgrade kitchen equipment at all school kitchen locations. By operating in this manner, the child nutrition services program is self-supporting and does not rely upon resources from K-12 instruction programs other than for use of school facilities.

The Food Service Fund Balance at June 30, 2021 is \$2,365,925, an increase of \$540,023 from June 30, 2020.

Food Service Fund Revenues for the year ended June 30, 2021 totaled \$4,800,428. This was an increase of \$209,576 or 4.57% from the year ended June 30, 2020. Local sources from meal sales were down while federal sources increased significant from the prior year due to all students qualifying for free meals through the federal Summer Food Service Program for nearly all of fiscal year 2021.

Food Service Fund Expenditures for the year ended June 30, 2021 totaled \$4,260,405. This was a decrease of \$191,902 or 4.31% from the year ended June 30, 2020.

Community Service Fund

The Community Service Fund accounts for the activities related to providing education and recreation programs for Pre-Kindergarten and Post-Grade 12 students. The fund operates on the goal of breaking even on a yearly basis so that it does not rely upon resources from K-12 instruction programs other than for use of school facilities.

The Community Service Fund Balance at June 30, 2021 is \$1,373,126, an increase of \$373,499 from June 30, 2020.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

Community Service Fund (Continued)

Community Service Fund Revenues and Other Financing Sources for the year ended June 30, 2020 totaled \$6,042,131. This was an increase of \$100,524 or 1.7% from the year ended June 30, 2019. This decrease is largely due to the District receiving a large increase in federal sources in response to the pandemic as well increases in state sources related to increases in adult education, early childhood and family education, and nonpublic pupil aid revenues. These increases were partially offset by the decrease in tuition and fees that came about due to the cancellation or postponement of programs in response to the COVID-19 pandemic.

Community Service Fund Expenditures for the year ended June 30, 2020 totaled \$5,668,632. This was a decrease of \$446,562 or 7.3% from the year ended June 30, 2019. This decrease is directly the result of the decreased programming that the District was able to provide with the District needing to shut down many of its operations as noted above.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal 2021, the District had invested over \$191.5 million in a broad range of capital assets, including school buildings, athletic facilities, computer, and audio-visual equipment (see Table A-7). (More detailed information about capital assets can be found in Note 3 to the financial statements.) Total depreciation expense for the year was \$6,426,671.

**Table A-7
Capital Assets**

	2021	2020	Percentage Change
Land	\$ 6,710,561	\$ 6,710,561	-
Construction in Progress	6,109,535	1,651,981	269.8
Land Improvements	11,874,758	11,395,089	4.2
Buildings and Improvements	149,873,793	144,700,673	3.6
Equipment	16,949,996	16,787,628	1.0
Less: Accumulated Depreciation	(73,816,301)	(67,389,630)	9.5
Total District Capital Assets	<u>\$ 117,702,342</u>	<u>\$ 113,856,302</u>	3.4

Debt Service Fund

The Debt Service Fund exists to service the principal and interest payments on long-term debt issued by the District to construct school facilities or acquire school equipment. Annual levies will provide revenue at a rate of 105% of pending debt service payments for a fiscal year. This rate is specified in statute to ensure that principal and interest payments can be made as scheduled even if there are late property tax payments or delinquencies that may arise.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt Service Fund (Continued)

The fund balance of \$1,785,247 as of June 30, 2021 was a decrease of \$17,497 from fund balance as of June 30, 2020 because debt service expenditures and amounts paid to the refunded bond escrow agent exceeded revenues the tax levy along with the allocated portions of earnings on investments and state sources as well the refunding bond proceeds during the year ended June 30, 2021. The fund balance amount along with the payable 2020 levy and state aid is sufficient to make pending principal and interest payments.

Bond Rating

The District's general obligation bonds carry ratings of A1.

Long-Term Liabilities

At year-end, the District had \$98,708,168 in general obligation bonds, bond premium/discount and lease purchase agreements. The District's long-term liabilities also include severance and wellness benefits payable, compensated absences payable, the District's net pension liability, and the District's net OPEB liability.

**Table A-8
The District's Long-Term Liabilities**

	2021	2020	Percentage Change
General Obligation Bonds	\$ 92,895,000	\$ 76,855,000	20.9 %
Net Bond Premium and Discount	3,717,012	3,172,402	17.2
Capital Leases Payable	2,096,156	2,991,528	(29.9)
Severance and Wellness Benefits Payable	4,097,109	3,608,825	13.5
Compensated Absences Payable	823,169	724,060	13.7
Net Pension Liability	79,888,519	68,877,794	16.0
Net OPEB Liability	5,492,149	8,888,029	(38.2)
Total Long-Term Liabilities	<u>\$ 189,009,114</u>	<u>\$ 165,117,638</u>	14.5
Long-Term Liabilities:			
Due Within One Year	\$ 8,355,111	\$ 8,290,622	
Due in More Than One Year	95,273,335	79,061,193	
Net Pension Liability	79,888,519	68,877,794	
Net OPEB Liability	5,492,149	8,888,029	
Total	<u>\$ 189,009,114</u>	<u>\$ 165,117,638</u>	

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

FACTORS BEARING ON THE DISTRICT'S FUTURE

With the exception of the voter-approved excess operating referendum, 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. The state of Minnesota has increased the general funding formula by 2.47 percent for FY 22 and another 2.0 percent for FY 23. This, coupled with the federal CARES funding, will help stabilize school district budgets, but will remain not sufficient to off-set the many years of compounded funding gap created by formula increases not keeping pace with basic inflation and the general operating expense of managing a school district.

The District will strive to maintain its long-standing commitment to academic excellence and educational opportunity for students within a framework of financial fiduciary responsibility. The influx of federal funds has been quite beneficial in helping off-set additional expenses related to COVID 19.

However, the most significant impact of COVID on the District's finances is the revenue lost due to lost enrollment. Including extended time and ECSE revenue, the District estimates that in FY 21, it realized approximately \$5 million less than anticipated. This lost revenue has lagging effects on the District's budgeting and planning process. In addition, and similar to other industries, the District is experiencing labor shortages especially in the areas of teaching, substitute teaching, custodial, transportation, food service, and paraprofessional positions.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Independent School District No. 77, 10 Civic Center Plaza, Suite One, Mankato, Minnesota 56001.

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BASIC FINANCIAL STATEMENTS

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**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
STATEMENT OF NET POSITION
JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2020)**

	2021	2020
ASSETS		
Cash and Investments	\$ 48,055,871	\$ 22,006,115
Receivables:		
Property Taxes	13,996,921	14,166,910
Other Governments	11,391,861	12,665,776
Other	269,322	461,053
Prepaid Items	42,186	30,918
Inventories	129,369	218,167
Capital Assets:		
Land and Construction in Progress	12,820,096	8,362,542
Other Capital Assets, Net of Depreciation	104,882,246	105,493,760
Total Assets	<u>191,587,872</u>	<u>163,405,241</u>
DEFERRED OUTFLOWS OF RESOURCES		
Losses on Debt Refunding	180,945	29,737
Pension Related	38,139,550	60,674,604
Other Postemployment Benefits Related	928,450	1,073,988
Total Deferred Outflows	<u>39,248,945</u>	<u>61,778,329</u>
LIABILITIES		
Salaries Payable	7,307,628	7,058,790
Accounts and Contracts Payable	6,258,501	2,793,749
Accrued Interest	1,591,023	1,120,576
Due to Other Governmental Units	358,743	-
Unearned Revenue	343,022	374,942
Long-Term Liabilities:		
Other Long-Term Liabilities Due Within One Year	8,355,111	8,290,622
Other Long-Term Liabilities Due in More Than One Year	95,273,335	79,061,193
Net Pension Liability	79,888,519	68,877,794
Net OPEB Liability	5,492,149	8,888,029
Total Liabilities	<u>204,868,031</u>	<u>176,465,695</u>
DEFERRED INFLOWS OF RESOURCES		
Property Taxes Levied for Subsequent Year	27,795,035	26,981,247
Gains on Debt Refunding	68,687	79,218
OPEB Related	4,059,414	935,186
Pension Related	57,227,859	83,441,961
Total Deferred Inflows of Resources	<u>89,150,995</u>	<u>111,437,612</u>
NET POSITION (DEFICIT)		
Net Investment in Capital Assets	42,028,614	37,803,945
Restricted for:		
Operating Capital Purposes	-	81,573
State-Mandated Reserves	4,117,475	4,002,587
Food Service	2,365,925	1,825,902
Community Service	1,379,900	1,009,845
Unrestricted	(113,074,123)	(107,443,589)
Total Net Position	<u>\$ (63,182,209)</u>	<u>\$ (62,719,737)</u>

See accompanying Notes to Financial Statements.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020)**

Functions	2021				Net (Expense) Revenue and Change in Net Position	2020 Net (Expense) Revenue and Change in Net Position
	Expenses	Program Revenues		Capital Grants and Contributions	Total Governmental Activities	Total Governmental Activities
		Charges for Services	Operating Grants and Contributions			
GOVERNMENTAL ACTIVITIES						
Administration	\$ 4,376,881	\$ 34,364	\$ 24,037	\$ 722	\$ (4,317,758)	\$ (4,136,007)
District Support Services	2,252,433	-	3,252	47,434	(2,201,747)	(2,209,171)
Regular Instruction	62,942,162	592,097	12,528,831	313,631	(49,507,603)	(50,397,503)
Vocational Education Instruction	2,200,654	-	16,899	-	(2,183,755)	(1,732,758)
Special Education Instruction	25,199,562	-	18,106,215	-	(7,093,347)	(8,053,242)
Instructional Support Services	7,119,124	43,686	1,857,291	310,313	(4,907,834)	(7,714,016)
Pupil Support Services	9,671,015	-	311,291	7,377	(9,352,347)	(9,043,390)
Sites and Buildings	10,123,137	14,838	2,010,083	706,505	(7,391,711)	(9,337,011)
Fiscal and Other Fixed Cost Programs	329,037	-	-	-	(329,037)	(307,685)
Food Service	4,351,721	52,952	4,746,626	-	447,857	(34,169)
Community Service	5,781,192	2,351,703	2,767,963	-	(661,526)	(944,915)
Interest and Fiscal Charges on Long-Term Liabilities	2,984,358	-	-	-	(2,984,358)	(2,609,229)
Total School District	<u>\$ 137,331,276</u>	<u>\$ 3,089,640</u>	<u>\$ 42,372,488</u>	<u>\$ 1,385,982</u>	<u>(90,483,166)</u>	<u>(96,519,096)</u>
GENERAL REVENUES						
Property Taxes Levied for:						
General Purposes					18,486,803	17,908,889
Community Service					832,765	821,998
Debt Service					8,771,158	9,101,399
State Aid Not Restricted to Specific Purposes					61,605,764	62,541,259
Earnings on Investments					13,188	262,622
Miscellaneous					311,016	349,146
Gain on Sale of Capital Assets					-	240
Total General Revenues					<u>90,020,694</u>	<u>90,985,553</u>
CHANGE IN NET POSITION					(462,472)	(5,533,543)
Net Position - Beginning					(62,719,737)	(57,186,194)
NET POSITION - ENDING					<u>\$ (63,182,209)</u>	<u>\$ (62,719,737)</u>

See accompanying Notes to Financial Statements.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
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	OPEB Debt Service	2021	2020
ASSETS								
Cash and Investments	\$ 17,372,584	\$ 1,352,956	\$ 1,747,738	\$ 20,354,108	\$ 6,130,779	\$ 644,711	\$ 47,602,876	\$ 21,545,323
Receivables:								
Current Property Taxes	8,896,245	-	426,421	-	4,084,213	382,336	13,789,215	13,857,086
Delinquent Property Taxes	128,044	-	6,774	-	65,035	7,853	207,706	309,824
Accounts and Interest Receivable	98,392	110,200	60,730	-	-	-	269,322	461,053
Due from Minnesota Department of Education	8,790,506	-	183,146	-	19,371	457	8,993,480	8,976,034
Due from Federal through Minnesota Department of Education	1,208,116	1,163,531	26,734	-	-	-	2,398,381	3,671,890
Due from Other Governmental Units	-	-	-	-	-	-	-	17,852
Inventory	-	129,369	-	-	-	-	129,369	218,167
Prepays	26,636	15,550	-	-	-	-	42,186	30,918
Total Assets	<u>\$ 36,520,523</u>	<u>\$ 2,771,606</u>	<u>\$ 2,451,543</u>	<u>\$ 20,354,108</u>	<u>\$ 10,299,398</u>	<u>\$ 1,035,357</u>	<u>\$ 73,432,535</u>	<u>\$ 49,088,147</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE								
Liabilities:								
Salaries and Compensated Absences Payable	\$ 2,813,034	\$ 33,049	\$ 143,361	\$ -	\$ -	\$ -	\$ 2,989,444	\$ 2,764,383
Payroll Deductions and Employer Contributions Payable	4,318,184	-	-	-	-	-	4,318,184	4,294,407
Accounts and Contracts Payable	2,743,315	121,912	21,151	3,101,355	-	-	5,987,733	2,537,058
Due to Other Governmental Units	358,743	-	-	-	-	-	358,743	-
Unearned Revenue	85,802	250,720	6,500	-	-	-	343,022	374,942
Total Liabilities	10,319,078	405,681	171,012	3,101,355	-	-	13,997,126	9,970,790
Deferred Inflows of Resources:								
Unavailable Revenue - Property Taxes Levied for Subsequent Year	17,637,769	-	900,631	-	8,449,115	807,520	27,795,035	26,981,247
Unavailable Revenue - Delinquent Property Taxes	128,043	-	6,774	-	65,036	7,853	207,706	309,823
Total Deferred Inflows of Resources	17,765,812	-	907,405	-	8,514,151	815,373	28,002,741	27,291,070
Fund Balance:								
Nonspendable:								
Inventory	-	129,369	-	-	-	-	129,369	218,167
Prepays	26,636	15,550	-	-	-	-	42,186	30,918
Restricted for:								
Student Activities	460,675	-	-	-	-	-	460,675	435,139
Scholarships	52,711	-	-	-	-	-	52,711	50,133
Staff Development	302,231	-	-	-	-	-	302,231	381,846
Operating Capital	-	-	-	-	-	-	-	81,573
Community Education	-	-	294,826	-	-	-	294,826	-
Early Childhood and Family Education	-	-	326,210	-	-	-	326,210	475,683
School Readiness	-	-	437,736	-	-	-	437,736	481,828
Adult Basic Education	-	-	250,549	-	-	-	250,549	182,026
LTFM	-	-	-	-	-	-	-	-
Medical Assistance	3,187,858	-	-	-	-	-	3,187,858	3,135,469
Restricted for Other Purposes:								
Expanded Summer Learning	114,000	-	-	-	-	-	114,000	-
Food Service	-	2,221,006	-	-	-	-	2,221,006	1,607,735
Community Service	-	-	63,805	-	-	-	63,805	-
Capital Projects	-	-	-	17,252,753	-	-	17,252,753	-
Debt Service	-	-	-	-	1,785,247	-	1,785,247	1,802,744
OPEB Debt Service	-	-	-	-	-	219,984	219,984	227,385
Assigned for:								
Separation/Retirement Benefits	690,000	-	-	-	-	-	690,000	690,000
Unassigned	3,601,522	-	-	-	-	-	3,601,522	2,025,641
Total Fund Balance	<u>8,435,633</u>	<u>2,365,925</u>	<u>1,373,126</u>	<u>17,252,753</u>	<u>1,785,247</u>	<u>219,984</u>	<u>31,432,668</u>	<u>11,826,287</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 36,520,523</u>	<u>\$ 2,771,606</u>	<u>\$ 2,451,543</u>	<u>\$ 20,354,108</u>	<u>\$ 10,299,398</u>	<u>\$ 1,035,357</u>	<u>\$ 73,432,535</u>	<u>\$ 49,088,147</u>

See accompanying Notes to Financial Statements.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
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	\$ 31,432,668	\$ 11,826,287
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	6,710,561	6,710,561
Construction in Progress	6,109,535	1,651,981
Land Improvements, Net of Accumulated Depreciation	7,077,648	7,147,015
Buildings and Improvements, Net of Accumulated Depreciation	91,347,376	90,171,417
Equipment, Net of Accumulated Depreciation	6,457,222	8,175,328
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.		
	207,706	309,823
When a bond defeasance occurs the difference between the amount paid to the refunded bond escrow and the principal of the defeased debt is expensed in the governmental funds. These expenditures are capitalized on the statement of net position as deferred charges.		
Losses on Debt Refunding	180,945	29,737
Gains on Debt Refunding	(68,687)	(79,218)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditures when due.		
	(1,591,023)	(1,120,576)
The District's OPEB liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:		
Net OPEB Liability	(5,492,149)	(8,888,029)
Deferred Inflows of Resources - Other Post Employment Benefits	(4,059,414)	(935,186)
Deferred Outflows of Resources - Other Post Employment Benefits	928,450	1,073,988
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	(79,888,519)	(68,877,794)
Deferred Inflows of Resources - Pensions	(57,227,859)	(83,441,961)
Deferred Outflows of Resources - Pensions	38,139,550	60,674,604
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	(92,895,000)	(76,855,000)
Unamortized Premiums	(3,717,012)	(3,172,402)
Capital Leases Payable	(2,096,156)	(2,991,528)
Severance and Health Benefits Payable	(4,097,109)	(3,608,825)
Compensated Absences Payable	(823,169)	(724,060)
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:		
	182,227	204,101
Total Net Position of Governmental Activities	\$ (63,182,209)	\$ (62,719,737)

See accompanying Notes to Financial Statements.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
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	
	General	Food Service	Community Service	Capital Projects	Debt Service	OPEB Debt Service	Funds	
							2021	2020
REVENUES								
Local Sources:								
Property Taxes	\$ 18,545,246	\$ -	\$ 836,209	\$ -	\$ 7,860,147	\$ 951,241	\$ 28,192,843	\$ 27,815,228
Earnings and Investments	4,721	850	653	4,243	2,132	284	12,883	262,562
Other	2,825,992	63,569	2,807,714	-	-	-	5,697,275	7,865,824
State Sources	86,528,732	70,403	1,861,481	-	193,721	4,558	88,658,895	88,388,865
Federal Sources	9,069,969	4,665,606	503,836	-	-	-	14,239,411	8,026,287
Total Revenues	116,974,660	4,800,428	6,009,893	4,243	8,056,000	956,083	136,801,307	132,358,766
EXPENDITURES								
Current:								
Administration	4,040,543	-	-	-	-	-	4,040,543	3,834,941
District Support Services	2,174,687	-	-	-	-	-	2,174,687	2,111,508
Elementary and Secondary Regular Instruction	52,071,478	-	-	-	-	-	52,071,478	53,517,948
Vocational Education Instruction	1,941,100	-	-	-	-	-	1,941,100	1,824,232
Special Education Instruction	23,432,129	-	-	-	-	-	23,432,129	22,846,692
Instructional Support Services	6,425,878	-	-	-	-	-	6,425,878	6,451,099
Pupil Support Services	9,323,447	-	-	-	-	-	9,323,447	8,758,289
Sites and Buildings	9,357,114	-	-	-	-	-	9,357,114	8,704,004
Fiscal and Other Fixed Cost Programs	329,037	-	-	-	-	-	329,037	307,685
Food Service	-	4,102,205	-	-	-	-	4,102,205	4,342,472
Community Service	-	-	5,658,840	-	-	-	5,658,840	6,096,016
Capital Outlay	5,446,580	158,200	7,319	5,816,022	-	-	11,428,121	8,475,777
Debt Service:								
Principal	818,015	-	2,473	-	5,450,000	900,000	7,170,488	7,136,046
Interest and Fiscal Charges	117,410	-	-	188,913	3,001,890	63,484	3,371,697	2,947,055
Total Expenditures	115,477,418	4,260,405	5,668,632	6,004,935	8,451,890	963,484	140,826,764	137,353,764
EXCESS(DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,497,242	540,023	341,261	(6,000,692)	(395,890)	(7,401)	(4,025,457)	(4,994,998)
OTHER FINANCING SOURCES (USES)								
Sale of Equipment	-	-	-	-	-	-	-	240
Proceeds from Sale of Bonds	-	-	-	20,130,000	43,650,282	-	63,780,282	-
Bond Premium	-	-	-	3,123,445	-	-	3,123,445	-
Proceeds from Capital Lease	-	-	-	-	-	-	-	2,743,685
Payment to Refunded Bond Escrow Agent	-	-	-	-	(43,271,889)	-	(43,271,889)	-
Transfers In	-	-	32,238	-	-	-	32,238	24,857
Transfers Out	(32,238)	-	-	-	-	-	(32,238)	(24,857)
Total Other Financing Sources (Uses)	(32,238)	-	32,238	23,253,445	378,393	-	23,631,838	2,743,925
NET CHANGE IN FUND BALANCE	1,465,004	540,023	373,499	17,252,753	(17,497)	(7,401)	19,606,381	(2,251,073)
FUND BALANCE								
Beginning of Year	6,970,629	1,825,902	999,627	-	1,802,744	227,385	11,826,287	14,077,360
End of Year	\$ 8,435,633	\$ 2,365,925	\$ 1,373,126	\$ 17,252,753	\$ 1,785,247	\$ 219,984	\$ 31,432,668	\$ 11,826,287

See accompanying Notes to Financial Statements.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
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	\$ 19,606,381	\$ (2,251,073)
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	10,272,711	6,558,885
Loss on Disposal of Capital Assets	-	(67,262)
Depreciation Expense	(6,426,671)	(5,940,697)
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 reduced the lease obligation in the statement of net position.		
Other Financing Source - Capital Lease	-	(2,743,685)
Change in Accrued Interest Expense - Capital Lease	(19,791)	1,490
Principal Payments - Capital Leases	895,372	1,046,046
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.		
	(102,117)	17,058
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.		
	(7,331,677)	(8,411,449)
In the statement of activities, certain operating expenses - severance benefits and compensated absences - are measured by amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (amounts actually paid).		
	(587,393)	55,682
In the statement of activities, OPEB expenses are measured by the change in the net OPEB asset or liability. In the governmental funds, however, expenditures for this obligation are measured by the amount of financial resources paid to the District's irrevocable OPEB trust.		
	126,114	(507,779)
The governmental funds report bond proceeds 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 Proceeds	(63,780,000)	-
Bond Premium	(3,123,445)	-
Payment to Refunded Bond Escrow Agent	41,390,000	-
Repayment of Bond Principal	6,350,000	6,090,000
Change in Accrued Interest - General Obligation Bonds	(450,656)	85,865
Amortization of Bond Premium	2,578,835	259,255
Amortization of Deferred Charges on Refunding Bonds	161,739	(719)
Internal service funds are used by the District to charge the costs of employee health and dental benefits to individual funds. The net revenue of the internal service funds is reported with governmental activities.		
	(21,874)	274,840
Total	\$ (462,472)	\$ (5,533,543)

See accompanying Notes to Financial Statements.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Property Taxes	\$ 18,268,120	\$ 18,446,795	\$ 18,545,246	\$ 98,451
Earnings and Investments	270,000	2,000	4,721	2,721
Other	2,555,000	1,920,485	2,825,992	905,507
State Sources	90,576,368	86,948,388	86,528,732	(419,656)
Federal Sources	3,500,000	5,329,025	9,069,969	3,740,944
Total Revenues	115,169,488	112,646,693	116,974,660	4,327,967
EXPENDITURES				
Current:				
Administration	4,006,229	3,921,789	4,040,543	118,754
District Support Services	2,228,768	2,079,241	2,174,687	95,446
Elementary and Secondary Regular Instruction	53,871,420	54,690,938	52,071,478	(2,619,460)
Vocational Education Instruction	1,540,519	1,963,007	1,941,100	(21,907)
Special Education Instruction	23,828,206	23,407,478	23,432,129	24,651
Instructional Support Services	5,311,072	6,159,329	6,425,878	266,549
Pupil Support Services	9,053,141	9,859,039	9,323,447	(535,592)
Sites and Buildings	9,026,830	9,525,600	9,357,114	(168,486)
Fiscal and Other Fixed Cost Programs	861,501	960,710	329,037	(631,673)
Capital Outlay	5,169,370	5,169,370	5,446,580	277,210
Debt Service:				
Principal	-	-	818,015	818,015
Interest and Fiscal Charges	-	-	117,410	117,410
Total Expenditures	114,897,056	117,736,501	115,477,418	(2,259,083)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	272,432	(5,089,808)	1,497,242	6,587,050
OTHER FINANCING USES				
Transfers Out	(41,200)	(41,200)	(32,238)	8,962
NET CHANGE IN FUND BALANCE	<u>\$ 231,232</u>	<u>\$ (5,131,008)</u>	1,465,004	<u>\$ 6,596,012</u>
FUND BALANCE				
Beginning of Year			6,970,629	
End of Year			<u>\$ 8,435,633</u>	

See accompanying Notes to Financial Statements.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Local Sources:				
Earnings and Investments	\$ 10,000	\$ 500	\$ 850	\$ 350
Other - Primarily Meal Sales	1,045,800	225,300	63,569	(161,731)
State Sources	218,000	70,400	70,403	3
Federal Sources	<u>2,565,200</u>	<u>3,730,318</u>	<u>4,665,606</u>	<u>935,288</u>
Total Revenues	<u>3,839,000</u>	<u>4,026,518</u>	<u>4,800,428</u>	<u>773,910</u>
EXPENDITURES				
Current:				
Food Service	4,649,183	4,582,000	4,102,205	(479,795)
Capital Outlay	<u>140,000</u>	<u>170,201</u>	<u>158,200</u>	<u>(12,001)</u>
Total Expenditures	<u>4,789,183</u>	<u>4,752,201</u>	<u>4,260,405</u>	<u>(491,796)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (950,183)</u>	<u>\$ (725,683)</u>	540,023	<u>\$ 1,265,706</u>
FUND BALANCE				
Beginning of Year			<u>1,825,902</u>	
End of Year			<u>\$ 2,365,925</u>	

See accompanying Notes to Financial Statements.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
COMMUNITY SERVICE FUND
YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Local Sources:				
Property Taxes	\$ 843,680	\$ 843,680	\$ 836,209	\$ (7,471)
Earnings and Investments	-	-	653	653
Other - Primarily Tuition and Fees	3,830,175	3,083,856	2,807,714	(276,142)
State Sources	1,721,591	1,795,006	1,861,481	66,475
Federal Sources	206,979	458,930	503,836	44,906
Total Revenues	<u>6,602,425</u>	<u>6,181,472</u>	<u>6,009,893</u>	<u>(171,579)</u>
EXPENDITURES				
Current:				
Community Service	6,826,969	6,459,356	5,658,840	(800,516)
Capital Outlay	13,550	13,000	7,319	(5,681)
Debt Service	-	-	2,473	2,473
Total Expenditures	<u>6,840,519</u>	<u>6,472,356</u>	<u>5,668,632</u>	<u>(803,724)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(238,094)	(290,884)	341,261	632,145
OTHER FINANCING SOURCES				
Transfers In	-	-	32,238	32,238
NET CHANGE IN FUND BALANCE	<u>\$ (238,094)</u>	<u>\$ (290,884)</u>	373,499	<u>\$ 664,383</u>
FUND BALANCE				
Beginning of Year			<u>999,627</u>	
End of Year			<u>\$ 1,373,126</u>	

See accompanying Notes to Financial Statements.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2020)**

	Governmental Activities - Internal Service Funds	
	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and Investments	\$ 452,995	\$ 460,792
LIABILITIES		
Claims Payable for Dental Benefits	<u>270,768</u>	<u>256,691</u>
NET POSITION		
Unrestricted	<u>\$ 182,227</u>	<u>\$ 204,101</u>

See accompanying Notes to Financial Statements.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
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	
	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Charges for Services:		
Dental Insurance Premiums	\$ 763,639	\$ 761,865
OPERATING EXPENSES		
Dental Insurance Claim Payments	733,653	434,840
General Administration Fees	51,883	52,245
Total Operating Expenses	<u>785,536</u>	<u>487,085</u>
OPERATING INCOME (LOSS)	(21,897)	274,780
NONOPERATING INCOME		
Earnings on Investments	<u>23</u>	<u>60</u>
CHANGE IN NET POSITION	(21,874)	274,840
Net Position - Beginning	<u>204,101</u>	<u>(6,118)</u>
NET POSITION - ENDING	<u>\$ 182,227</u>	<u>\$ 268,722</u>

See accompanying Notes to Financial Statements.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
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 Interfund Services Provided	\$ 763,639	\$ 761,865
Payments for Administrative Costs	(51,883)	(52,245)
Payments for Retirement Benefits	(719,576)	(567,372)
Net Cash Provided (Used) by Operating Activities	(7,820)	142,248
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	23	60
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(7,797)	142,308
Cash and Cash Equivalents - Beginning	460,792	318,484
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 452,995</u>	<u>\$ 460,792</u>
Displayed on the Statement of Net Position as:		
Cash and Cash Equivalents	<u>\$ 452,995</u>	<u>\$ 460,792</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (21,897)	\$ 274,780
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Increase (Decrease) in Claims Payable	14,077	(132,532)
Net Cash Provided (Used) by Operating Activities	<u>\$ (7,820)</u>	<u>\$ 142,248</u>

See accompanying Notes to Financial Statements.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021**

	OPEB Trust	Custodial Funds
ASSETS		
Cash and Investments	\$ 14,007,874	\$ 17,068
Accounts Receivable	1	-
Total Assets	<u>\$ 14,007,875</u>	<u>\$ 17,068</u>
LIABILITIES		
Salaries and Payroll Deductions Payable	\$ -	\$ -
Accounts Payable and Due to Other Governments	-	110
Total Liabilities	<u>\$ -</u>	<u>\$ 110</u>
NET POSITION		
Restricted for Payment of OPEB Benefits	\$ 14,007,875	\$ -
Restricted for Scholarships	-	16,958
Total Net Position	<u>\$ 14,007,875</u>	<u>\$ 16,958</u>

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2021**

	OPEB Trust	Custodial Funds
ADDITIONS		
Gifts and Donations	\$ -	\$ 5,950
Arena Sales and Fees	-	218,185
Employer Contributions	825,224	-
Earnings on Investments	1,815,830	-
Total Additions	<u>2,641,054</u>	<u>224,135</u>
DEDUCTIONS		
Scholarships Awarded	-	14,689
Salaries and Benefits	-	125,907
Purchased Services	-	212,475
Capital Expenditures	-	40,000
Retirement Benefits	1,426,997	-
Administrative Costs	3,942	-
Other Arena Costs	-	801,240
Total Deductions	<u>1,430,939</u>	<u>1,194,311</u>
CHANGE IN NET POSITION	1,210,115	(970,176)
Net Position - Beginning of Year	<u>12,797,760</u>	<u>987,134</u>
NET POSITION - END OF YEAR	<u>\$ 14,007,875</u>	<u>\$ 16,958</u>

See accompanying Notes to Financial Statements.

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**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Independent School District No. 77 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 accounting principles generally accepted in the United States of America for state and local governments.

B. Financial Reporting Entity

Independent School District No. 77 (the District) is an instrumentality of the state of Minnesota established to function as an education institution. The elected Board of Education (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

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

Financial accountability includes such aspects as appointing a voting majority of the organization's governing body, significantly influencing the programs, projects, activities, or level of services performed or provided by the organization or receiving specific financial benefits from, or imposing specific financial burden on, the organization. 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 of school hours. The Board of Education does have a fiduciary responsibility in establishing broad policies and ensuring that appropriate financial records are maintained for student activities. Therefore, in accordance with Minnesota state statutes, the student activity accounts are included in the General Fund.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is 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 expenses that can be specifically identified by function are included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. Generally, the effect of material interfund activity has been removed from the District-wide financial statements.

Separate fund financial statements are provided for governmental, 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; private-purpose trust, OPEB trust, and Custodial funds. Since by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the District-wide statements.

The Internal Service Fund is presented in the proprietary fund financial statements. Because the principal user of the internal services is the District's governmental activities, the financial statement of the Internal Service Fund is consolidated into the governmental column when presented in the District-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 and services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the District's internal service fund is charges to customers for service. Operating expenses for the internal service fund include the cost of services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO 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 District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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:

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 the accounting principles generally accepted in the United States of America. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Food service sales, community education tuition, and other miscellaneous revenue (except investment earnings) are recorded as revenue 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.

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.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO 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 each fund 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, state credits, and federal reimbursements.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources used for the acquisition or construction of major capital facilities. During the year ended June 30, 2020 there was no activity or funds within this fund, so it is not presented in these financial statements.

Debt Service Fund – The Debt Service Fund accounts for the accumulation of resources for and the payment of, bond and loan principal, interest, and related costs.

OPEB Debt Service Fund – The Other Postemployment Benefit (OPEB) Debt Service Fund accounts for the accumulation of resources for and the payment of, bond principal, interest, and other costs related to the Other Post Employment Benefit Bonds.

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. The District's Internal Service Fund accounts for the District's dental self-insurance program.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Fiduciary Funds

Private-Purpose Trust Fund – The Private-Purpose Trust Fund is used to account for trust arrangements under which the income benefits individuals. This fund accounts for funds established for various annual scholarships that are awarded to students based on the requirements of the donor. With the implementation of GASB 84, *Fiduciary Activities*, non-trusted scholarship activities that involved management decisions being made by the District were moved to the General Fund while the non-trusted scholarships that did not involve the District making management decisions were moved into the Custodial Funds.

OPEB Trust Fund – The Other Post Employment Benefit (OPEB) Trust Fund is used to account for resources set aside and held in an irrevocable trust arrangement to pay Other Postemployment Benefits. District contributions to this fund must be expensed to an operating fund.

Custodial Fund – The Custodial Fund is established to account for resources held for others in a custodial capacity. The District's Custodial Fund is used to account for the resources of All Season's Arena and non-trusted scholarships.

E. Budgeting

Budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America. Each June, the Board of Education 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 budgeted amounts represent the amended budget as adopted by the Board of Education. 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 of Education 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 of Education action. Revisions to budgeted amounts must be approved by the Board of Education.

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

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

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and Investments

Cash and investments consist of interest-bearing accounts, money market funds, mutual funds and MSDLAF fund investments. Cash balances from all funds, except the construction, trust and agency 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.

G. Receivables

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 receivable 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 food and other supplies on hand at June 30, 2021 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.

I. 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 and are responsible for spreading all levies over taxable property. Such taxes become a lien on January 1.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Property Taxes (Continued)

Taxes are generally due on May 15 and October 15 and counties generally remit taxes to Districts at periodic intervals as they are collected. A portion of property taxes levied is paid through 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."

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 \$751,973, 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.

J. 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 \$4,000 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.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

Capital assets are recorded in the District-wide financial statements, but not 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 building or other improvable property.

K 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 (expense) until that time. The District has three items that qualify for reporting as this element. The first relates to losses on refunding of certain bond issuances of the District which will be recognized over the shorter of the remaining years to maturity of the old bonds or the years to maturity of the related refunding bonds. The second relates to pension related deferred outflows of resources will be recognized as expenditures in subsequent years. The third relates to other postemployment benefits related deferred outflows of resources will be recognized as expenditures in subsequent years.

L. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the 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 issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. 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.

N. Accrued Employee Benefits

Vacation Pay and Sick Leave

Employees earn annual vacation pay at rates dependent upon each employee group labor contract. At June 30, certain employee groups may carry forward up to one year of unpaid vacation. The expenditure for vacation pay is recognized when payment is made.

Substantially all District employees are entitled to sick leave at various rates. For certain eligible employees, unused sick leave is converted to wellness units which are used to calculate severance pay upon termination.

Severance and Wellness Benefits Payable

Upon leaving the employment of the District, employees meeting years of service and age requirements receive reimbursement for unused wellness credits, sick days, or vacation days. Employees are compensated for each unused credit or day at a set reimbursement rate, with the maximum severance benefit specified in the employment contract. A liability is recorded for all eligible employees.

The District budgets for payment of severance benefits for the ensuing year when it anticipates the retirement of personnel requiring severance payments. The payment of severance benefits is recorded as a current expenditure in the year of the payment. Expenditures for severance pay made in 2021 were \$695,696. A liability for severance and wellness benefits payable totaling \$3,608,825 is recorded in the Statement of Net Position.

O. Net Other Postemployment Benefits Liability

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trust Fund and additions to/deductions from OPEB Trust Fund's fiduciary net position have been determined on the same basis as they are reported by OPEB Trust Fund. For this purpose, OPEB Trust Fund recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. See Note 9 for further information.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. 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 inventories and prepaid items. 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 and Director of Business Services 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 or restricted for other purposes fund balance of one month's expenditures in each of its funds.

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 five types of deferred inflows of resources. 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 relates to gains on refunding of certain bond issuances of the District which will be recognized over the shorter of the remaining years to maturity of the old bonds or the years to maturity of the related refunding bonds. The fifth relates to other postemployment benefits related deferred inflows of resources will be recognized as expenditures in subsequent years.

R. Unearned Revenues

Unearned revenues are those in which resources are received by the District before it has a legal claim to them. The General Fund reported unearned revenue for grant revenues. In the Food Service Fund, fees collected for student meals not used are classified as unearned. In the Community Service Fund, the District reported unearned revenues related to prepaid student and community courses.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Statement of Cash Flows

For purposes of the statement of cash flows, the District considers all demand accounts and savings accounts related to the Internal Service Fund to be cash and cash equivalents. Cash and cash equivalents are included in cash and investments.

T. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the District-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 District-wide financial statement when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

NOTE 2 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 will 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 governmental and proprietary 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.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

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 receives the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of thirteen months or less.
- General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
- General obligations of the Minnesota Housing Finance Agency rated "A" or better
- Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
- Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
- Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories.
- Repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

In addition, investments held in the OPEB Trust Fund may be invested as authorized by Minnesota state statute section 356A.06, Subdivision 7.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

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

Investments Measured at Fair Value	Fair Value
Municipal Bonds	\$ 314,430
Mutual Funds	13,976,301
Total	<u>\$ 14,290,731</u>
 Investments Measured at Amortized Cost	 Amortized Cost
Minnesota School District Liquid Asset Fund Max Series (MSDMAX)	\$ 217,146
Minnesota School District Liquid Asset Fund Plus (MSDLAF+)	24,639,091
MN Trust Investment Shares	7,003,619
MN Trust Term Series Money Market	11,000,000
Municipal Bonds with Maturities at Purchase of Less Than One year	1,506,153
Money Market Funds	31,573
Total Investments at Amortized Cost	<u>\$ 44,397,582</u>

The Minnesota School District Liquid Asset Fund is an external investment pool not registered with the Securities Exchange Commission (SEC). The Plus Class has no redemption requirements. The Max Class may not be redeemed for at least 14 days, and a 24-hour hold is placed on redemption requests. Redemption prior to 14 days may be subject to penalty.

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 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.

Credit Risk

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

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Credit Risk (Continued)

Credit risk related to the District's investments is as follows:

	Credit Risk
Mutual Funds	NR
MSDMAX	AAAm
MSDLAF+	AAAm
MN Trust Investment Shares	AAAm
MN Trust Term Series Money Market	Not Rated
Municipal Bonds	AA+

Interest Rate Risk

The District has a formal investment policy that addresses permissible investments, portfolio diversification, and instrument maturities. Investment maturities are scheduled to coincide with projected school district cash flow needs. Within these parameters, it is the District's policy to stagger portfolio maturities to avoid undue concentration of assets, provide for stability of income, and limit exposure to fair value losses arising from rising interest rates. Information about the sensitivity of the fair values of the District's investments to market interest rate risk fluctuations is provided by the distribution of the District's investments by maturity.

As of June 30, 2021, the District's investments have the following maturities:

Type	Total	Maturity Duration in Years			No Maturities
		Less Than 1	1 to 2	2 to 5	
Mutual Funds	\$ 13,976,301	\$ -	\$ -	\$ -	\$ 13,976,301
MSDMAX	217,146	-	-	-	217,146
MSDLAF+	24,639,091	-	-	-	24,639,091
MN Trust Investment Shares	7,003,619	-	-	-	7,003,619
MN Trust Term Series Money Market	11,000,000	11,000,000	-	-	-
Municipal Bonds	1,820,583	1,506,153	314,430	-	-
Money Markets	31,573	-	-	-	31,573
Total	<u>\$ 58,688,313</u>	<u>\$ 12,506,153</u>	<u>\$ 314,430</u>	<u>\$ -</u>	<u>\$ 45,867,730</u>

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.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Concentration of Credit Risk

The District does not have a formal policy limiting the amount of the total portfolio that may be invested with any one depository. The Investment Committee is responsible for investment decisions and activities under the direction of the Board of Education. The following is a list of investments which individually comprise more than 5% of the District's total investments:

Investment Type	Percentage
Mutual Fund - PFM Multi Manager Domestic Equity	9.36%
Mutual Fund - PFM Multi Manager Fixed Income Fund	14.45%
MN Trust Investment Shares	11.93%
MN Trust Term Series Money Market	18.74%
MSDLAF+	41.98%

C. Balance Sheet Presentation

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

Deposits	\$ 3,382,510
Cash on Hand	9,990
Minnesota School District Liquid Asset Fund Max Series (MSDMAX)	217,146
Minnesota School District Liquid Asset Plus (MSDLAF+)	24,639,091
MN Trust Investment Shares	7,003,619
MN Trust Term Series Money Market	11,000,000
Municipal Bonds	1,820,583
Mutual Funds	13,976,301
Money Markets	31,573
Total	<u><u>\$ 62,080,813</u></u>
 Cash and Investments - Statement of Net Position	 \$ 48,055,871
Cash and Investments - Statement of Fiduciary Net Position	14,024,942
Total Cash and Investments	<u><u>\$ 62,080,813</u></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.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

D. Fair Value Measurements (Continued)

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

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

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

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

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

Assets measured at fair value on a recurring basis:

Investment	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ -	\$ 13,976,301	\$ -	\$ 13,976,301
Municipal Bonds	-	314,430	-	314,430
Total	<u>\$ -</u>	<u>\$ 14,290,731</u>	<u>\$ -</u>	<u>\$ 14,290,731</u>

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 6,710,561	\$ -	\$ -	\$ 6,710,561
Construction in Progress	1,651,981	9,648,738	(5,191,184)	6,109,535
Total Capital Assets, Not Being Depreciated	8,362,542	9,648,738	(5,191,184)	12,820,096
Capital Assets, Being Depreciated				
Land Improvements	11,395,089	479,669	-	11,874,758
Buildings and Improvements	144,700,673	5,173,120	-	149,873,793
Equipment	16,787,628	162,368	-	16,949,996
Total Capital Assets, Being Depreciated	172,883,390	5,815,157	-	178,698,547
Accumulated Depreciation for:				
Land Improvements	(4,248,074)	(549,036)	-	(4,797,110)
Buildings and Improvements	(54,529,256)	(3,997,161)	-	(58,526,417)
Equipment	(8,612,300)	(1,880,474)	-	(10,492,774)
Total Accumulated Depreciation	(67,389,630)	(6,426,671)	-	(73,816,301)
Total Capital Assets, Being Depreciated, Net	105,493,760	(611,514)	-	104,882,246
Governmental Activities Capital Assets, Net	<u>\$ 113,856,302</u>	<u>\$ 9,037,224</u>	<u>\$ (5,191,184)</u>	<u>\$ 117,702,342</u>

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

Governmental Activities	
Administration	\$ 27,895
District Support Services	3,780
Regular Instruction	6,046,693
Vocational Education Instruction	44,614
Special Education Instruction	10,181
Instructional Support Services	15,712
Pupil Support Services	50,810
Sites and Buildings	67,222
Food Service	109,494
Community Service	50,270
Total Depreciation Expense, Governmental Activities	<u>\$ 6,426,671</u>

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 LONG-TERM LIABILITIES

A. Components of Long-Term Liabilities

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

Issue Date	Net Interest Rate	Series Number	Original Issue	Maturities	Principal Outstanding	
					Due Within One Year	Total
2/19/2014	4.00%	2014A	\$ 69,500,000	2015-2034	\$ 3,000,000	\$ 9,700,000
1/22/2015	0.65% - 2.5%	2015A	3,680,000	2017-2026	370,000	1,945,000
11/5/2015	2.0% - 2.75%	2015B	6,140,000	2020-2029	40,000	6,060,000
3/29/2016	2.0%	2016A	9,700,000	2020-2027	1,515,000	9,035,000
6/30/2016	1.3% - 2.15%	2016B	5,040,000	2019-2024	780,000	2,375,000
10/22/2020	2.0% - 5.0%	2020A	20,130,000	2022-2041	465,000	20,130,000
10/22/2020	0.70% - 1.95%	2020B	43,650,000	2025-2034	-	43,650,000
Total General Obligation Bonds					6,170,000	92,895,000
Bond Premiums					534,210	3,717,012
Bond Discounts					-	-
Capital Leases Payable					772,941	2,096,156
Severance and Health Benefits Payable					178,266	4,097,109
Compensated Absences Payable					699,694	823,169
Total					<u>\$ 8,355,111</u>	<u>\$ 103,628,446</u>

B. Minimum Debt Payments

Minimum annual principal and interest payments required to retire General Obligation Bonds payable are as follows:

Year Ending June 30,	General Obligation Bonds Payable	
	Principal	Interest
2022	\$ 6,170,000	\$ 3,443,961
2023	6,660,000	3,042,895
2024	7,040,000	2,831,728
2025	6,510,000	1,575,325
2026	6,600,000	1,468,227
2027-2031	33,240,000	5,374,705
2032-2036	20,080,000	2,249,370
2037-2041	6,595,000	617,800
Total	<u>\$ 92,895,000</u>	<u>\$ 20,604,011</u>

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Liabilities

General Obligation School Building Bonds, Series 2014A

On February 19, 2014, the District issued \$69,500,000 of General Obligation School Building Bonds, Series 2014A. The proceeds of the issue were used to finance the construction and betterment of various school sites and facilities. Assets of the Debt Service fund, together with scheduled ad valorem tax levies, are dedicated to retire these bonds.

General Obligation Crossover Refunding Bonds, Series 2015A

On January 22, 2015, the District issued \$3,680,000 of General Obligation Crossover Refunding Bonds, Series 2015A. The proceeds of the issue were used to refund the General Obligation School Building Bonds, Series 2006A, which were callable in February 2016. The new issue was issued at a premium of \$65,626. Assets of the Debt Service fund, together with scheduled ad valorem tax levies, are dedicated to retire these bonds.

General Obligation Crossover Refunding Bonds, Series 2015B

On November 5, 2015, the District issued \$6,140,000 of General Obligation Crossover Refunding Bonds, Series 2015B. The proceeds of the issue will be used to refund a portion of the General Obligation School Building Bonds, Series 2008A, which were callable in February 2019. The new issue was issued at a premium of \$75,686. Assets of the Debt Service fund, together with scheduled ad valorem tax levies, are dedicated to retire these bonds. The difference between the cash flows required to service the old debt and the cash flows required to service the new debt and complete this refunding will total a gross savings of \$743,658. The present value of the net economic gain resulting from this transaction is \$608,646.

General Obligation Crossover Refunding Bonds, Series 2016A

On March 29, 2016, the District issued \$9,700,000 of General Obligation Crossover Refunding Bonds, Series 2016A. The proceeds of the issue will be used to refund the General Obligation School Building Bonds, Series 2008A, which were callable in February 2019. The new issue was issued at a premium of \$325,494. Assets of the Debt Service fund, together with scheduled ad valorem tax levies, are dedicated to retire these bonds. The difference between the cash flows required to service the old debt and the cash flows required to service the new debt and complete this refunding will total a gross savings of \$1,148,351. The present value of the net economic gain resulting from this transaction is \$1,034,991.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Liabilities (Continued)

General Obligation Crossover Refunding Bonds, Series 2016B

On June 30, 2016, the District issued \$5,040,000 of Taxable General Obligation OPEB Crossover Refunding Bonds, Series 2016B. The proceeds of the issue were used to refund the General Obligation Taxable OPEB Bonds, Series 2009A, which were called in February 2018. Assets of the Debt Service fund, together with scheduled ad valorem tax levies, are dedicated to retire these bonds. The difference between the cash flows required to service the old debt and the cash flows required to service the new debt and complete this refunding will total a gross savings of \$424,953. The present value of the net economic gain resulting from this transaction is \$390,672.

General Obligation Facilities Maintenance Bonds, Series 2020A

On October 22, 2020, the District issued \$20,130,000 of General Obligation Facilities Maintenance Bonds, Series 2020A. The proceeds of the issue were used for various long term facilities maintenance projects as described in the District's ten-year facility plan and to pay certain costs associated with the issuance of the bonds. Assets of the Debt Service fund, together with scheduled ad valorem tax levies, are dedicated to retire these bonds.

General Obligation Crossover Refunding Bonds, Series 2020B

On October 22, 2020, the District issued \$43,650,000 of Taxable General Obligation Crossover Refunding Bonds, Series 2020B. The proceeds of the issue were used to refund the 2025 through 2034 maturities, aggregating to \$41,390,000 in principal amount, of the General Obligation School Building Bonds, Series 2014A. The noted maturities of the 2014A bonds are to be called in February of 2024, but the issuance met the requirements of an in-substance defeasance. Therefore, \$41,390,000 of bonds payable related to the 2014A was removed from the District's financial statements in fiscal year 2021. Assets of the Debt Service fund, together with scheduled ad valorem tax levies, are dedicated to retire these bonds. The difference between the cash flows required to service the old debt and the cash flows required to service the new debt and complete this refunding will total a gross savings of \$3,592,906. The present value of the net economic gain resulting from this transaction is \$3,157,866.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Liabilities (Continued)

Capital Lease Payable

In January 2008, the District entered into a capital lease with South Central Service Cooperative for the ECFE building. The lease is due in monthly payments through January 1, 2028.

In August 2012, the District entered into a lease with Riverbend Leasing for nine copiers. In August of 2017, this lease was renewed for 5 years. The lease is due in monthly payments through July 2022.

In July 2017, the District entered into leases for Chrome laptops and carts for students and staff. The leases are due in annual payments through July 2020. The individual leased assets are under the District's capitalization threshold and are not recorded as capital assets.

In July 2017, the District entered into a capital lease with Providence Capital Network, LLC for a Titan Paper Cutter. The lease is due in annual payments through July 8, 2021.

In July 2017, the District entered into a capital lease with Providence Capital Network, LLC for 40 UPS systems and 40 remote management adapters. The lease is due in annual payments through July 8, 2021.

In July 2017, the District entered into a capital lease with Apple, Inc. for computers, iPads, and networking equipment. The lease is due in annual payments through July 15, 2020.

In December 2017, the District entered into a capital lease with All Lines Leasing for custodial equipment. The lease is due in monthly payments through January 2020.

In August 2018, the District entered into a capital lease with AFS Education Finance for computers, iPads, and networking equipment. The lease is due in annual payments through August 2021.

In September 2018, the District entered into leases for Chrome laptops and carts for students and staff. The leases are due in annual payments through September 2021.

In September 2018, the District entered into a capital lease with Apple Financial Services for computers, iPads, and networking equipment. The lease is due in annual payments through September 2021.

In July of 2019, the District entered into a capital lease with Providence Capital Network, LLC for Chromebook computers. The lease is due in annual payments through July 2022.

**MANKATO PUBLIC SCHOOLS
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Liabilities (Continued)

Capital Lease Payable (Continued)

In July of 2019, the District entered into a capital lease with Apple Financial Services for Apple Televisions, iPads, and MacBook computers. The lease is due in annual payments through July 2023.

In July of 2019, the District entered into a capital lease with Apple Financial Services for MacBook computers. The lease is due in annual payments through July 2020.

In July of 2019, the District entered into a capital lease with Providence Capital Network, LLC for IT equipment. The lease is due in annual payments through July 2023.

In September of 2019, the District entered into a capital lease with Apple Financial Services for personal computers, electronic devices, servers, and networking equipment. The lease is due in annual payments through September 2022.

In September of 2019, the District entered into a capital lease with Providence Capital Network, LLC for Chromebook computers. The lease is due in annual payments through September 2021.

In March of 2020, the District entered into a capital lease with John Deere Financial for a tractor and related equipment including a mower. The lease is due in annual installments through March of 2024.

Assets of the General Fund and Community Service Fund are dedicated to retire the leases.

Total cost of assets under capital lease and the related accumulated depreciation is \$5,940,638 and \$2,689,690, respectively.

The following is a schedule of the future minimum principal and interest lease payments under the capital leases as of June 30, 2021:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 862,774
2023	775,944
2024	275,561
2025	106,404
2026	106,404
2027-2028	168,905
Total Minimum Lease Payments	2,295,992
Less: Amounts Representing Interest	199,836
Present Value of Net Minimum Lease Payments	<u>\$ 2,096,156</u>

**MANKATO PUBLIC SCHOOLS
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Liabilities (Continued)

Severance and Wellness Benefits Payable

Severance and wellness benefits payable consist of severance payable to employees upon retirement. Severance has been paid by the General and Special Revenue Funds.

Compensated Absences Payable

Employees earn annual vacation pay at rates dependent upon each employee group labor contract. At June 30, certain employee groups may carry forward up to one year of unpaid vacation. At June 30, 2021, unpaid vacation totaling \$823,169 is recorded in the Statement of Net Position. Vacation benefits have been paid by the General and Special Revenue Funds.

D. Changes in Long-Term Debt

Changes in long-term debt during the year are summarized as follows:

	June 30, 2020	Additions	Retirements	June 30, 2021
Bonds Payable	\$ 76,855,000	\$ 63,780,000	\$ 47,740,000	\$ 92,895,000
Bond Premiums	3,172,402	3,123,445	2,578,835	3,717,012
Capital Leases Payable	2,991,528	-	895,372	2,096,156
Severance and Wellness Benefits Payable	3,608,825	1,338,111	849,827	4,097,109
Compensated Absences Payable	724,060	920,796	821,687	823,169
Total	<u>\$ 87,351,815</u>	<u>\$ 69,162,352</u>	<u>\$ 52,885,721</u>	<u>\$ 103,628,446</u>

NOTE 5 OPERATING LEASES

The District has lease agreements to lease facilities and equipment. Rent expense under annual operating leases for the year ended June 30, 2021 was \$836,767. Some of these operating leases are funded through the lease levy.

Minimum rental commitments on leases in effect at June 30, 2021 are as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2022	\$ 683,914
2023	592,769
2024	417,000
2025	429,410
2026	280,012
2027-2031	1,280,996
2032-2034	823,694
Total	<u>\$ 4,507,795</u>

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 RESTRICTED AND ASSIGNED 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. In addition, certain portions of fund balance have been assigned by the District for use for specific purposes.

The following is a summary of the restricted and assigned fund balances for the governmental funds.

A. Restricted for Student Activities

This is the amount of funds at year-end that relates to student activity funds that are restricted to be utilized by the student activity group that the funds were raised to benefit.

B. Restricted for Scholarships

This is the amount of cash that is restricted for scholarship funds that are only be utilized for that purpose.

C. Restricted for Staff Development

In accordance with state statute, this fund balance restriction represents available resources dedicated exclusively for staff development.

D. 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 in the General Fund.

E. Restricted for Community Education

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

F. Restricted for Early Childhood and Family Education

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

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 RESTRICTED AND ASSIGNED FUND BALANCES (CONTINUED)

Fund Equity (Continued)

G. Restricted for School Readiness

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

H. Restricted for Adult Basic Education

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

I. Restricted for Medical Assistance

Represents resources to be used for Medical Assistance expenditures.

J. Restricted for Long-Term Facilities Maintenance

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

K. Restricted for Other Purposes

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

L. Assigned for Separation/Retirement Benefits

This assignment represents resources segregated by the District for the payment of retirement benefits.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 DEFINED BENEFIT PENSION PLANS

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

A. Plan Description

The District participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA) and Teachers Retirement Fund (TRA). PERA's and TRA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 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.

**MANKATO PUBLIC SCHOOLS
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JUNE 30, 2021**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

1. General Employee Retirement Plan Benefits

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

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

2. TRA Benefits

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

**MANKATO PUBLIC SCHOOLS
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NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

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

With these provisions:

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

or

Tier II Benefits

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

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

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

**MANKATO PUBLIC SCHOOLS
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NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

C. Contributions

1. General Employee Retirement Plan 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 \$1,194,661. The District's contributions were equal to the required contributions as set by state statute.

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 \$4,382,124. The District's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

1. General Employee Retirement Plan Pension Costs

At June 30, 2021, the District reported a liability of \$13,705,615 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 \$422,544, for a total net pension liability of \$14,128,159 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 0.2286% at the end of the measurement period and 0.2232% for the beginning of the period.

For the year ended June 30, 2021, the District recognized pension expense of \$886,027 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized an additional \$36,774 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.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employee Retirement Plan Pension Costs (Continued)

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 124,961	\$ 51,855
Changes in Actuarial Assumptions	-	508,120
Net Difference Between Projected and Actual		
Earnings on Plan Investments	236,774	-
Changes in Proportion and Differences Between		
District Contributions and Proportionate		
Share of Contributions	298,259	105,789
District Contributions Subsequent to the		
Measurement Date	1,194,661	-
Total	<u>\$ 1,854,655</u>	<u>\$ 665,764</u>

A total of \$1,194,661 reported as deferred outflows of resources related to pensions resulting from District contributions to General Employee Retirement Plan subsequent to the measurement date 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 Employee Retirement Plan pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	Pension Expense Amount
2022	\$ (703,778)
2023	20,298
2024	346,579
2025	331,131
2026	-
Thereafter	-

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NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs

At June 30, 2021, the District reported a liability of \$66,182,904 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 0.8958% at the end of the measurement period and 0.8870% for the beginning of the period.

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

Description	Amount
District's Proportionate Share of the TRA Net Pension Liability	\$ 66,182,904
State's Proportionate Share of the Net Pension Liability Associated with the District	5,546,486
Total	<u>\$ 71,729,390</u>

For the year ended June 30, 2021, the District recognized pension expense of \$11,957,974. It also recognized \$508,080 as pension expense and grant revenue for the on-behalf support provided by direct aid.

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	\$ 1,327,233	\$ 1,003,160
Changes in Actuarial Assumptions	23,746,478	55,558,935
Net Difference Between Projected and Actual Earnings on Plan Investments	1,024,810	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	5,804,250	-
District Contributions Subsequent to the Measurement Date	4,382,124	-
Total	<u>\$ 36,284,895</u>	<u>\$ 56,562,095</u>

**MANKATO PUBLIC SCHOOLS
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NOTES TO FINANCIAL STATEMENTS
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NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

A total of \$4,382,124 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year 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:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2022	\$ 3,427,554
2023	(18,129,930)
2024	(12,513,415)
2025	2,132,221
2026	424,246
Thereafter	-

3. Aggregate Pension Costs and Balances

	<u>TRA</u>	<u>GERF</u>	<u>Total</u>
Net Pension Liability	\$ 66,182,904	\$ 13,705,615	\$ 79,888,519
Deferred Outflows of Resources	36,284,895	1,854,655	38,139,550
Deferred Inflows of Resources	56,562,095	665,764	57,227,859
Pension Costs	12,466,054	922,801	13,388,855

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:

<u>Assumptions</u>	<u>GERF</u>	<u>TRA</u>
Inflation	2.25% per Year	2.50% per Year 2.85% before July 1, 2028 and 3.25%, thereafter
Active Member Payroll 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 disabilityants 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.

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NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

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.
- 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.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

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

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.

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 arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	35.5 %	5.10%
International Stocks	17.5	5.30%
Alternative Investments (Private Markets)	25.0	5.90%
Bonds (Fixed Income)	20.0	0.75%
Cash	2.0	0.00%
Totals	<u>100.0 %</u>	

**MANKATO PUBLIC SCHOOLS
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NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

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).

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	\$ 21,965,346	\$ 13,705,615	\$ 6,892,000
<u>TRA Discount Rate</u>	6.50%	7.50%	8.50%
District's Proportionate Share of the TRA Net Pension Liability	\$ 101,325,326	\$ 66,182,904	\$ 37,227,325

H. Pension Plan Fiduciary Net Position

Detailed information about General Employees Plan's fiduciary's net position is available in a separately issued PERA financial report. That report may be obtained on the Internet at www.mnpera.org.

Detailed information about TRA's fiduciary net position is available in a separately issued TRA financial report. That report can be obtained at www.MinnesotaTRA.org; by writing to TRA at 60 Empire Drive #400, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-2409 or 1-800-657-3669.

**MANKATO PUBLIC SCHOOLS
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NOTE 8 DEFINED CONTRIBUTION PLAN

The District provides eligible employees future retirement benefits through the District's 403(b) plan (the Plan). Employees of the District are eligible to participate in the Plan commencing on the date of their employment. Eligible employees may elect to have a percentage of their pay contributed to the Plan. Some employees are eligible to receive a District match of employee contributions up to the qualifying amounts set forth in their respective collective bargaining agreements. Contributions are invested in tax-deferred annuities selected and owned by Plan participants. The District contributions for the years ended June 30, 2021, 2020, and 2019 are \$897,886, \$832,795, and \$791,973, respectively. The related employee contributions were \$1,823,952, \$1,773,402, and \$1,832,643 for the years ended June 30, 2021, 2020, and 2019, respectively.

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN

A. Plan Description

The District operates a single-employer retiree benefit plan (the Plan) that provides health insurance, dental insurance, and postretirement life insurance to eligible employees and their spouses through the District's insurance and self-insured dental plans. There are 865 active participants and 71 retired participants. Benefit and eligibility provisions are established through negotiations between the District and various unions representing District employees and are renegotiated each two-year bargaining period. The Plan does not issue a publicly available financial report.

B. Funding Policy and Contributions

The District has assets designated for OPEB. These assets are in a qualified irrevocable trust which is included as a fiduciary fund in these financial statements. The District's investment policy is to follow state statutes as listed in Note 2. The District is assumed to make no future contributions to the trust. Benefit payments equal to the annual direct subsidy plus implicit subsidy are assumed to be made from the trust.

Contribution requirements are also negotiated between the District and union representatives. The District contributes up to 100% of the cost of current year premiums for eligible retired plan members and their spouses. The District also contributes an implicit rate subsidy for retired plan members. This is due to the actual cost for retirees being higher than the average per-person premium for the entire group. For fiscal year 2021, total contributions to the plan were \$1,426,997.

**MANKATO PUBLIC SCHOOLS
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NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

C. Investment Policy

The Trust does not have a formal investment policy. The entire portfolio of investments of the Trust is invested in mutual funds.

For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 14.21%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Net OPEB Liability of the District

The components of the net OPEB liability (asset) of the District at June 30, 2021 were as follows:

Total OPEB Liability	\$ 19,500,024
Plan Fiduciary Net Position	14,007,875
District's Net OPEB Liability	<u>\$ 5,492,149</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	71.84%

E. Actuarial Methods and Assumptions

Van Iwaarden Associates has conducted the actuarial valuation of the District's postretirement benefit plans. The most recent report, dated June 30, 2021, documents the Plan's fiscal year 2021 net OPEB liability based on GASB Statement No. 75.

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

The District's net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020. Liabilities in this report were calculated as of the valuation date and rolled forward to the measurement date using standard actuarial roll-forward techniques.

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:

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NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

E. Actuarial Methods and Assumptions (Continued)

Actuarial Cost Method	Entry age normal
	Investment Gains and Losses: Each year's gain or loss is straight-line amortized over 5 years.
	Effects of Assumption Changes and Experience Gains and Losses: Each change is straight-line amortized over a period equal to the average of the expected remaining service lives of all members that are provided with OPEB through the plan.
Amortization Method	
Inflation	2.25%
Salary Increases	3.00%
Investment Rate of Return	4.25%
20-Year Municipal Bond Yield	1.92%
Health Care Trend Rates	6.70% grading to 3.80% in 2076

Mortality rates for teacher were based on the RP-2014 mortality tables with projected mortality improvements based on scale MP-2015, and other adjustments. Mortality rates for non-teachers were based on the Pub-2010 General mortality tables with projected mortality improvements based on scale MP-2019, and other adjustments.

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.

Health care cost trend rates used 6.70% for fiscal year 2021, gradually decreasing over several decades to an ultimate rate of 3.80% in fiscal year 2076 and later years.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These asset class estimates are combined to produce the portfolio long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage (or target allocation, if available) and by adding expected inflation (2.25%).

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NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

E. Actuarial Methods and Assumptions (Continued)

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

Asset Class	Target Allocation at Measurement Date	Long-Term Expected Rate of Return	Long-Term Expected Nominal Rate of Return
Domestic Equity	20.00%	4.42%	6.67 %
International Equity	10.00%	4.91%	7.16
Fixed Income	70.00%	1.00%	3.25
Real Estate and Alternatives	0.00%	3.98%	6.23
Cash and Equivalents	0.00%	-33.00%	1.92
Total			4.62
Reduced for Assumed Investment Expense			(0.40)
Net Assumed Investment Return (Weighted Avg Rounded to 1/4%)			4.25

The discount rate used to measure the total OPEB liability was 2.61%. The projection of cash flows and OPEB trust assets used to determine the discount rate were based on recent employer contribution history and their stated funding policy. The OPEB trust's long-term assumed investment return was used to discount projected benefit payments for as long as projected trust assets are available to fund OPEB payments. Once projected trust assets are exhausted, the municipal bond index rate of 1.92% was applied to the remaining expected benefit payments.

The expected employer asset return is based on the long-term expected return on short-term/cash-equivalent assets using a capital market assumption model.

Since the most recent GASB 75 valuation, the following changes have been made:

- The discount rate was changed from 3.07% to 2.61%.
- The Index rate for 20-year, tax-exempt municipal bonds (Fidelity 20-Year Municipal GO AA Index) used in discount rate determination changed from 2.45% to 1.92%.
- The long-term expected rate of return on OPEB plan investments was changed from 5.25% to 4.25% based on updated capital market assumptions.
- The healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims were updated to reflect recent experience, including an adjustment to reflect age/gender-based risk scores published by the Society of Actuaries.
- Withdrawal, retirement, mortality, disability, and salary increase rates were updated from the rates used in the 7/1/2018 PERA General Employees Plan and 7/1/2018 Teachers Retirement Association valuations to the rates used in the 7/1/2020 valuations.

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NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

E. Actuarial Methods and Assumptions (Continued)

- The percent of future non-Medicare eligible retiree electing each medical plan changed to reflect recent plan experience.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changes from 3.50% to 3.00% based on the 7/1/2020 Teachers Retirement Association valuation.

F. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2019	\$ 21,685,789	\$ 12,797,760	\$ 8,888,029
Changes for the Year:			
Service Cost	1,156,816	-	1,156,816
Interest	679,364	-	679,364
Changes in Assumptions	(633,859)	-	(633,859)
Contributions-Employer	-	825,224	(825,224)
Net Investment Income	-	1,815,830	(1,815,830)
Benefit Payments	(1,426,997)	(1,426,997)	-
Administrative Expense	-	(3,942)	3,942
Net Changes	(2,185,765)	1,210,115	(3,395,880)
Balances at June 30, 2020	\$ 19,500,024	\$ 14,007,875	\$ 5,492,149

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is a one percentage point lower (1.61%) or one percentage point higher (3.61%) than the current discount rate:

	1% Decrease (1.61%)	Current Discount Rate (2.61%)	1% Increase (3.61%)
Net OPEB Liability (Asset)	\$ 6,787,431	\$ 5,492,149	\$ 4,255,845

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rates

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using healthcare trend rates that are one percentage point lower (5.70% decreasing to 2.80%) or one percentage point higher (7.70% decreasing to 4.80%) than the current healthcare cost trend rates:

	Healthcare Cost		
	1% Decrease (5.70% grading to 2.80%)	Current Trend (6.70% grading to 3.80%)	1% Increase (7.70% grading to 4.80%)
Net OPEB Liability (Asset)	\$ 3,815,598	\$ 5,492,149	\$ 7,418,470

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

F. Changes in Net OPEB Liability (Continued)

For the year ended June 30, 2021, the District recognized OPEB expense of \$699,109. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 460,904	\$ 1,752,240
Change of Assumptions	467,546	1,320,459
Net Difference Between Projected and Actual Investment Earnings	-	986,715
Total	<u>\$ 928,450</u>	<u>\$ 4,059,414</u>

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

Year Ending June 30,	Future Recognition
2022	\$ (470,270)
2023	(535,106)
2024	(500,476)
2025	(478,403)
2026	(249,385)
Thereafter	(897,324)
Total	<u>\$ (3,130,964)</u>

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

F. Changes in Net OPEB Liability (Continued)

Trust Funds

The condensed financial statements of the District's trust funds are as follows:

	OPEB Benefit Trust
ASSETS	
Cash and Investments	\$ 14,007,874
Other Assets	1
Total Assets	<u>14,007,875</u>
NET POSITION	
Held in Trust for Payment of OPEB Benefits	<u>\$ 14,007,875</u>
ADDITIONS	
Employer Contributions	\$ 825,224
Earnings on Investments	1,815,830
Total Additions	<u>2,641,054</u>
DEDUCTIONS	
Retirement Benefits	1,426,997
Administrative Costs	3,942
Total Deductions	<u>1,430,939</u>
Change in Net Position	1,210,115
Net Position - Beginning of Year	<u>12,797,760</u>
Net Position - End of Year	<u>\$ 14,007,875</u>

NOTE 10 STEWARDSHIP AND ACCOUNTABILITY

Excess of Expenditures Over Budget

Expenditures did not exceed budgeted amounts in any of the General Fund, Food Service Fund, or Community Service Fund.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 SELF-INSURED DENTAL PLAN

The District has elected to self-insure its employee dental insurance program. The District has entered into an agreement with an insurance company to provide claims processing and other administrative duties. The District has not elected to purchase stop-loss insurance. However, the claims processor has indicated that the District will not be held liable for amounts in excess of 125% of the total projected claims as calculated by the claims processor, or \$715,484. The District established an internal service fund to account for contributions from other funds, including employee withholding, for dental insurance and to establish a reserve for catastrophic losses. Contributions during the year were based on a maximum claims estimate.

The amounts charged to expenses include administrative fees, claims paid, and accruals for claims incurred but not paid at year-end. The District recorded expenses of \$785,536 for the year ended June 30, 2021.

The liability for unpaid claims included in the Internal Service Fund as claims payable for 2021 were:

	2021
Beginning of Fiscal Year Liability - July 1,	\$ 256,691
Incurred Claims	733,653
Claims Payments	<u>(719,576)</u>
End of Fiscal Year Liability - June 30,	<u>\$ 270,768</u>

NOTE 12 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 has joined together with other School Districts in southcentral Minnesota in the Southcentral Service Cooperative Gross Self-Insured Health Insurance Plan, a public entity risk pool currently operating as common risk management and insurance program for member districts. The District pays an annual premium to this plan for its health and insurance coverage. These premiums are used to purchase reinsurance through commercial companies. The administrators of the plan believe assessment to participating districts for future losses sustained is extremely remote. The District self-insures for dental insurance offered to its employees. The District purchases commercial insurance coverage for all other risks of loss.

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.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 13 COMMITMENTS AND CONTINGENCIES

Federal and State Receivables

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

NOTE 14 INTERFUND TRANSACTIONS

The District transferred \$32,238 from the General Fund to the Community Education Fund during the fiscal year ending on June 30, 2021. The transfer was made as the preschool screening program has overspent their state aid during the current fiscal year, so the General Fund was paying for the difference as depicted in the table below:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ (32,238)
Special Revenue Funds:		
Community Service Fund	32,238	-
Total	<u>\$ 32,238</u>	<u>\$ (32,238)</u>

NOTE 15 SUBSEQUENT EVENTS

The District awarded the sale of the \$1,598,000 General Obligation Refunding Bonds, Series 2021A, on November 1, 2021. These bonds are a refunding of the 2006A General Obligation Bonds. The refunding bonds will generate a total savings of \$52,500 for local property owners on property taxes.

On November 15, 2021, the District approved purchasing the Mankato Rehabilitation Center, Inc. (MRCI) building. The primary objective of the space usage would be to address the growing need and demand for Early Learning Services. The purchase agreement specifies approximately 10.37 acres of land, together with all buildings, were purchased in the amount of \$3,800,000. The closing of the purchase shall occur on or before January 31, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

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**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB MONEY-WEIGHTED RATE OF RETURN ON PLAN ASSETS
JUNE 30, 2021**

Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2017	5.45%
2018	3.49%
2019	6.88%
2020	6.12%
2021	14.21%

*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.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
SCHEDULE OF CHANGES IN EMPLOYER'S NET OPEB LIABILITY
AND RELATED RATIOS**

	2021	2020	2019	2018	2017
Total OPEB Liability					
Service Cost	\$ 1,156,816	\$ 1,028,583	\$ 1,110,497	\$ 943,846	\$ 943,134
Interest	679,364	775,587	869,569	977,787	898,557
Changes in Benefit Terms	-	-	68,759	-	-
Differences Between Expected and Actual Experience	(1,961,089)	-	678,311	-	-
Changes of Assumptions	(633,859)	306,053	(1,109,814)	388,373	(481,998)
Benefit Payments	(1,426,997)	(1,406,358)	(1,057,969)	(1,077,050)	(1,184,802)
Net Change in Total OPEB Liability	(2,185,765)	703,865	559,353	1,232,956	174,891
Total OPEB Liability - Beginning	21,685,789	20,981,924	20,422,571	19,189,615	19,014,724
Total OPEB Liability - Ending (a)	\$ 19,500,024	\$ 21,685,789	\$ 20,981,924	\$ 20,422,571	\$ 19,189,615
Plan Fiduciary Net Position					
Contributions - Employer	\$ 825,224	\$ 666,470	\$ 342,922	\$ 299,412	\$ 320,614
Net Investment Income	1,815,830	779,130	865,373	450,521	711,440
Benefit Payments	(1,426,997)	(1,406,358)	(1,057,969)	(1,077,050)	(1,184,802)
Administrative Expenses	(3,942)	(3,739)	-	-	-
Net Change in Plan Fiduciary Net Position	1,210,115	35,503	150,326	(327,117)	(152,748)
Plan Fiduciary Net Position - Beginning	12,797,760	12,762,257	12,611,931	12,939,048	13,091,796
Plan Fiduciary Net Position - Ending (b)	\$ 14,007,875	\$ 12,797,760	\$ 12,762,257	\$ 12,611,931	\$ 12,939,048
District's Net OPEB Liability (Asset) - Ending (a) - (b)	\$ 5,492,149	\$ 8,888,029	\$ 8,219,667	\$ 7,810,640	\$ 6,250,567
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	71.84%	59.01%	60.83%	61.75%	67.43%
Covered-Employee Payroll for Measurement Period	\$ 61,821,113	\$ 57,497,660	\$ 55,950,935	\$ 59,407,039	\$ 59,764,196
District's Net OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll	8.88%	15.46%	14.69%	13.15%	10.46%

The District implemented GASB Statement No. 74 in fiscal year 2018 and the above table will be expanded to 10 years of information as the information becomes available.

Notes to Schedule:

2021

Benefit Changes: None

Changes of Assumptions during fiscal year 2021:

- The discount rate was changed from 3.07% to 2.61%.
- The Index rate for 20-year, tax-exempt municipal bonds (Fidelity 20-Year Municipal GO AA Index) used in discount rate determination changed from 2.45% to 1.92%.
- The long-term expected rate of return on OPEB plan investments was changed from 5.25% to 4.25% based on updated capital market assumptions.
- The healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims were updated to reflect recent experience, including an adjustment to reflect age/gender-based risk scores published by the Society of Actuaries.
- Withdrawal, retirement, mortality, disability, and salary increase rates were updated from the rates used in the 7/1/2018 PERA General Employees Plan and 7/1/2018 Teachers Retirement Association valuations to the rates used in the 7/1/2020 valuations.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
SCHEDULE OF CHANGES IN EMPLOYER'S NET OPEB LIABILITY
AND RELATED RATIOS (CONTINUED)**

Notes to Schedule (Continued):

Changes of Assumptions during fiscal year 2021 (Continued):

- The percent of future non-Medicare eligible retiree electing each medical plan changed to reflect recent plan experience.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.50% to 3.00% based on the 7/1/2020 Teachers Retirement Association valuation.

2020

Benefit Changes: None

Changes of Assumptions during fiscal year 2020:

- The discount rate was changed from 3.65% to 3.07%.
- The Index rate for 20-year, tax-exempt municipal bonds (Fidelity 20-Year Municipal GO AA Index) used in discount rate determination changed from 3.13% to 2.45%
- The healthcare trend rates were updated to exclude the Affordable Care Act's Excise Tax on High-cost health insurance plan due to its repeal.

2019

Benefit Changes: None

Changes of Assumptions during Fiscal Year 2019:

- The discount rate was changed from 4.14% to 3.64% based on updated expectations of long-term returns on trust assets and 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations, including an adjustment to reflect the impact of the Affordable Care Act's Excise Tax on high-cost health insurance plans.
- Medical per capita claims costs were updated to reflect recent experience.
- Mortality and salary increase rates were updated from the rates used in the 7/1/2016 PERA General Employees Retirement Plan and 7/1/2016 Teachers Retirement Association valuations to the rates used in the 7/1/2018 valuations.
- The percent of future retirees eligible for a medical direct subsidy assumed to elect medical coverage at retirement changed from 90% to 80% to reflect recent plan experience.
- The percent of future retirees not eligible for a medical direct subsidy assumed to elect medical coverage at retirement changed from 15% to 10% to reflect recent plan experience.
- The percent of future retirees eligible to continue life insurance assumed to elect coverage at retirement changed from 40% to 50% to reflect recent plan experience.
- The inflation assumption was changed from 2.75% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
SCHEDULE OF CHANGES IN EMPLOYER'S NET OPEB LIABILITY
AND RELATED RATIOS (CONTINUED)**

Notes to Schedule (Continued):

Discount Rate:

- June 30, 2021 2.61%
- June 30, 2020 3.07%
- June 30, 2019 3.64%
- June 30, 2018 4.14%

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
LAST SEVEN MEASUREMENT DATES**

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

	Measurement Date June 30,						
	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.2286%	0.2232%	0.2266%	0.2241%	0.2064%	0.2120%	0.2340%
District's Proportionate Share of the Net Pension Liability	\$ 13,705,615	\$ 12,340,228	\$ 12,570,839	\$ 14,306,396	\$ 16,758,656	\$ 10,997,305	\$ 10,968,660
State's Proportionate Share of the Net Pension Liability Associated with District	422,544	383,650	412,464	179,883	218,879	-	-
Total	<u>\$ 14,128,159</u>	<u>\$ 12,723,878</u>	<u>\$ 12,983,303</u>	<u>\$ 14,486,279</u>	<u>\$ 16,977,535</u>	<u>\$ 10,997,305</u>	<u>\$ 10,968,660</u>
District's Covered Payroll	16,065,440	15,722,333	15,211,053	14,491,950	12,736,718	12,455,641	12,254,986
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	85.31%	78.49%	82.64%	98.72%	131.58%	88.29%	89.50%
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%

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

	Measurement Date June 30,						
	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.8958%	0.8870%	0.8555%	0.8329%	0.7877%	0.7650%	0.8070%
District's Proportionate Share of the Net Pension Liability	\$ 66,182,904	\$ 56,537,566	\$ 53,735,988	\$ 166,261,949	\$ 187,885,245	\$ 47,341,374	\$ 37,204,411
State's Proportionate Share of the Net Pension Liability Associated with District	5,546,486	5,003,420	5,048,528	16,071,767	18,859,548	5,807,065	2,617,282
Total	<u>\$ 71,729,390</u>	<u>\$ 61,540,986</u>	<u>\$ 58,784,516</u>	<u>\$ 182,333,716</u>	<u>\$ 206,744,793</u>	<u>\$ 53,148,439</u>	<u>\$ 39,821,693</u>
District's Covered Payroll	\$ 52,897,866	\$ 50,426,381	\$ 47,955,867	\$ 45,049,254	\$ 40,975,053	\$ 38,844,387	\$ 36,857,686
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	125.11%	112.12%	112.05%	369.07%	458.54%	121.87%	100.94%
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%

These tables will eventually present ten years as the information becomes available.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
LAST EIGHT FISCAL YEARS**

GERF Schedule of District Contributions

	Fiscal Year Ended June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily Required Contribution	\$ 1,194,661	\$ 1,204,908	\$ 1,179,175	\$ 1,140,829	\$ 1,086,458	\$ 955,191	\$ 920,485	\$ 888,582
Contributions in Relation to the Statutorily Required Contribution	(1,194,661)	(1,204,908)	(1,179,175)	(1,140,829)	(1,086,458)	(955,191)	(920,485)	(888,582)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 15,928,813	\$ 16,065,440	\$ 15,722,333	\$ 15,211,053	\$ 14,491,950	\$ 12,736,718	\$ 12,455,641	\$ 12,254,986
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.39%	7.25%

TRA Schedule of District Contributions

	Fiscal Year Ended June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily Required Contribution	\$ 4,382,124	\$ 4,189,511	\$ 3,887,874	\$ 3,596,690	\$ 3,378,207	\$ 3,105,175	\$ 2,941,663	\$ 2,580,038
Contributions in Relation to the Statutorily Required Contribution	(4,382,124)	(4,189,511)	(3,887,874)	(3,596,690)	(3,378,207)	(3,105,175)	(2,941,663)	(2,580,038)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 53,900,664	\$ 52,897,866	\$ 50,426,381	\$ 47,955,867	\$ 45,049,254	\$ 41,396,320	\$ 39,233,185	\$ 36,857,686
Contributions as a Percentage of Covered Payroll	8.13%	7.92%	7.71%	7.50%	7.50%	7.50%	7.50%	7.00%

These tables will eventually present ten years as the information becomes available.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS AND
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

CHANGES IN SIGNIFICANT PENSION 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:

General Employee Retirement Plan

2020

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.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS AND
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

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

2019

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

2018

Changes in Actuarial Assumption

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed postretirement benefit increase was changed from 1.0% per year through 2044 and 2.50% 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.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS AND
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

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

2017

Changes in Actuarial Assumption

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

Changes in Plan Provisions

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

2016

Changes 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 future years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate was changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Actuarial Plan Provisions

- There have been no changes since the prior valuation.

2015

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.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS AND
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

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

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

2019

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 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 is 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 zero percent 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.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS AND
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

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

2018 (Continued)

Changes in Plan Provisions (Continued)

- The employer contribution rate is increased each July 1 over the next 5 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.

2017

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 ten 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 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 6 years, and female rates set back 5 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 3 years and female rates set back 3 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.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS AND
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

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

2016 (Continued)

Changes in Actuarial Assumptions (Continued)

- Separate retirement assumptions for members hired before or after July 1, 1989 were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional forms of payment at retirement were made.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015

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 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.

SUPPLEMENTARY INFORMATION

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**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
SCHEDULE OF CHANGES IN FUND EQUITIES
YEAR ENDED JUNE 30, 2021**

	Fund Equities June 30, 2020	Revenues	Expenditures	Other Financing Sources (Uses)	Transfers	Fund Equities June 30, 2021
GOVERNMENTAL FUNDS						
General Fund:						
Nonspendable	\$ 30,918	\$ -	\$ (4,282)	\$ -	\$ -	\$ 26,636
Restricted for Student Activities	435,139	216,925	(191,389)	-	-	460,675
Restricted for Scholarships	50,133	7,317	(7,788)	-	3,049	52,711
Restricted for Staff Development	381,846	1,218,492	(1,298,107)	-	-	302,231
Restricted for Operating Capital	81,573	2,833,543	(2,915,116)	-	-	-
Restricted for Learning and Development	-	1,933,594	(1,933,594)	-	-	-
Restricted for Gifted and Talented	-	120,634	(161,170)	-	40,536	-
Restricted for Teacher Development and Evaluation	-	-	-	-	-	-
Restricted for Basic Skills	-	4,292,971	(6,249,175)	-	1,956,204	-
Restricted for Career and Technical Programs	-	416,917	(1,783,646)	-	1,366,729	-
Restricted for Safe Schools	(268,813)	346,532	(286,732)	-	-	(209,013)
Restricted for Long-Term Facilities Maintenance	(168,417)	4,377,328	(4,415,443)	-	-	(206,532)
Restricted for Medical Assistance	3,135,469	1,519,224	(1,466,835)	-	-	3,187,858
Restricted for Other Purposes	-	114,000	-	-	-	114,000
Assigned for Separation/Retirement Benefits	690,000	-	-	-	-	690,000
Unassigned	2,602,781	99,577,183	(94,764,141)	-	(3,398,756)	4,017,067
Total General Fund	6,970,629	116,974,660	(115,477,418)	-	(32,238)	8,435,633
Food Service Fund:						
Nonspendable	218,167	-	(73,248)	-	-	144,919
Restricted for Food Service	1,607,735	4,800,428	(4,187,157)	-	-	2,221,006
Total Food Service	1,825,902	4,800,428	(4,260,405)	-	-	2,365,925
Community Service Fund:						
Restricted for Community Education	(139,910)	2,960,745	(2,724,674)	-	198,665	294,826
Restricted for E.C.F.E.	475,683	564,582	(512,561)	-	(201,494)	326,210
Restricted for School Readiness	481,828	777,926	(822,018)	-	-	437,736
Restricted for Adult Basic Education	182,026	1,390,023	(1,356,567)	-	35,067	250,549
Restricted for Community Service	-	316,617	(252,812)	-	-	63,805
Total Community Service Fund	999,627	6,009,893	(5,668,632)	-	32,238	1,373,126
Capital Projects Fund:						
Restricted for Capital Projects	-	4,243	(6,004,935)	23,253,445	-	17,252,753
Debt Service Fund:						
Restricted for Debt Service	1,802,744	8,056,000	(8,451,890)	378,393	-	1,785,247
OPEB Debt Service Fund:						
Restricted for OPEB Debt Service	227,385	956,083	(963,484)	-	-	219,984
TOTAL GOVERNMENTAL FUNDS	11,826,287	136,801,307	(140,826,764)	23,631,838	-	31,432,668
FIDUCIARY FUNDS						
OPEB Trust Fund:						
Restricted for Payment of OPEB Benefits	12,797,760	2,641,054	(1,430,939)	-	-	14,007,875
Custodial Fund						
Restricted for Scholarships	21,737	5,950	(10,729)	-	-	16,958
Restricted for Arena	965,397	218,185	(1,183,582)	-	-	-
TOTAL FIDUCIARY FUNDS	13,784,894	2,865,189	(2,625,250)	-	-	14,024,833
PROPRIETARY FUNDS						
Internal Service Fund						
Unrestricted	204,101	763,662	(785,536)	-	-	182,227
TOTAL ALL FUNDS	<u>\$ 25,815,282</u>	<u>\$ 140,430,158</u>	<u>\$ (144,237,550)</u>	<u>\$ 23,631,838</u>	<u>\$ -</u>	<u>\$ 45,639,728</u>

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**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
YEAR ENDED JUNE 30, 2021**

	AUDIT	UFARS	DIFFERENCE		AUDIT	UFARS	DIFFERENCE
01 GENERAL FUND				06 BUILDING CONSTRUCTION			
Total Revenue	\$ 116,974,660	\$ 116,974,660	\$ -	Total Revenue	\$ 4,243	\$ 4,243	\$ -
Total Expenditures	115,477,418	115,477,420	(2)	Total Expenditures	6,004,935	6,004,935	-
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	26,636	26,637	(1)	460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>				<i>Restricted:</i>			
401 Student Activities	460,675	460,675	-	407 Capital Projects Levy	-	-	-
402 Scholarships	52,711	52,711	-	409 Alternative Facility Program	-	-	-
403 Staff Development	302,231	302,231	-	413 Projects Funded by COP	-	-	-
405 Deferred Maintenance	-	-	-	464 Restricted Fund Balance	17,252,753	17,252,753	-
406 Health and Safety	-	-	-	<i>Unassigned:</i>			
407 Capital Project Levy	-	-	-	463 Unassigned Fund Balance	-	-	-
408 Cooperative Programs	-	-	-				
413 Projects Funded by COP	-	-	-	07 DEBT SERVICE			
414 Operating Debt	-	-	-	Total Revenue	8,056,000	8,056,000	-
416 Levy Reduction	-	-	-	Total Expenditures	8,451,890	8,451,889	1
417 Taconite Building Maintenance	-	-	-	<i>Nonspendable:</i>			
424 Operating Capital	-	-	-	460 Nonspendable Fund Balance	-	-	-
426 \$25 Taconite	-	-	-	<i>Restricted:</i>			
427 Disabled Accessibility	-	-	-	425 Bond Refunding	-	-	-
428 Learning and Development	-	-	-	451 OZAB and QSCB Payments	-	-	-
434 Area Learning Center	-	-	-	464 Restricted Fund Balance	1,785,247	1,785,249	(2)
435 Contracted Alternative Programs	-	-	-	<i>Unassigned:</i>			
436 State-Approved Alternative Programs	-	-	-	463 Unassigned Fund Balance	-	-	-
438 Gifted and Talented	-	-	-				
440 Teacher Development and Evaluations	-	-	-	08 TRUST			
441 Basic Skills Programs	-	-	-	Total Revenue	-	-	-
445 Career and Technical Programs	-	-	-	Total Expenditures	-	-	-
448 Achievement and Integration	-	-	-	<i>Net Position:</i>			
449 Safe Schools Crime Levy	(209,013)	(209,013)	-	422 Net Position	-	-	-
451 OZAB Payments	-	-	-				
452 OPEB Liability Not Held in Trust	-	-	-	18 CUSTODIAL FUND			
453 Unfunded Severance & Retirement Levy	-	-	-	Total Revenue	224,135	224,135	-
464 Restricted Fund Balance	114,000	114,000	-	Total Expenditures	1,194,311	1,194,312	(1)
467 LTFM	(206,532)	(206,532)	-	<i>Net Position:</i>			
472 Medical Assistance	3,187,858	3,187,857	1	401 Student Activities	-	-	-
<i>Committed:</i>				402 Scholarships	16,958	16,958	-
418 Committed for Separation	-	-	-	448 Achievement & Integration	-	-	-
461 Committed Fund Balance	-	-	-	464 Restricted Fund Balance	-	-	-
<i>Assigned:</i>							
462 Assigned Fund Balance	690,000	690,000	-	20 INTERNAL SERVICE			
<i>Unassigned:</i>				Total Revenue	763,662	763,662	-
422 Unassigned Fund Balance	4,017,067	4,017,068	(1)	Total Expenditures	785,536	785,536	-
				<i>Net Position:</i>			
02 FOOD SERVICE				422 Net Position	182,227	182,227	-
Total Revenue	4,800,428	4,800,428	-				
Total Expenditures	4,260,405	4,260,406	(1)	25 OPEB REVOCABLE TRUST			
<i>Nonspendable:</i>				Total Revenue	-	-	-
460 Nonspendable Fund Balance	144,919	144,918	1	Total Expenditures	-	-	-
<i>Restricted:</i>				<i>Net Position:</i>			
452 OPEB Liability Not Held in Trust	-	-	-	422 Net Position	-	-	-
464 Restricted Fund Balance	2,221,006	2,221,007	(1)				
<i>Unassigned:</i>				45 OPEB IRREVOCABLE TRUST			
463 Unassigned Fund Balance	-	-	-	Total Revenue	2,641,054	2,641,054	-
				Total Expenditures	1,430,939	1,430,939	-
04 COMMUNITY SERVICE				<i>Net Position:</i>			
Total Revenue	6,009,893	6,009,893	-	422 Net Position	14,007,875	14,007,875	-
Total Expenditures	5,668,632	5,668,632	-				
<i>Nonspendable:</i>				47 OPEB DEBT SERVICE			
460 Nonspendable Fund Balance	-	-	-	Total Revenue	956,083	956,083	-
<i>Restricted:</i>				Total Expenditures	963,484	963,484	-
426 \$25 Taconite	-	-	-	<i>Nonspendable:</i>			
431 Community Education	294,826	294,826	-	460 Nonspendable Fund Balance	-	-	-
432 E.C.F.E.	326,210	326,210	-	<i>Restricted:</i>			
440 Teacher Development and Evaluations	-	-	-	425 Bond Refunding	-	-	-
444 School Readiness	437,736	437,736	-	464 Restricted Fund Balance	219,984	219,984	-
447 Adult Basic Education	250,549	250,549	-	<i>Unassigned:</i>			
452 OPEB Liability Not Held in Trust	-	-	-	463 Unassigned Fund Balance	-	-	-
464 Restricted Fund Balance	63,805	63,805	-				
<i>Unassigned:</i>							
463 Unassigned Fund Balance	-	-	-				

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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.	96-103
Revenue Capacity Information These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	104-110
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.	111-115
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.	116-117
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.	118-125

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

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year			
	2012	2013	2014	2015
Governmental Activities				
Net Investment in Capital Assets	\$ 23,211,223	\$ 25,342,087	\$ 26,022,900	\$ 26,555,890
Restricted	7,917,577	8,904,681	12,366,536	8,882,831
Unrestricted	<u>(4,888,590)</u>	<u>(4,484,580)</u>	<u>(7,668,752)</u>	<u>(55,107,640)</u>
Total Governmental Activities Net Position	<u>\$ 26,240,210</u>	<u>\$ 29,762,188</u>	<u>\$ 30,720,684</u>	<u>\$ (19,668,919)</u>

Source: District's financial records.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
NET POSITION BY COMPONENT (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 30,236,385	\$ 30,837,819	\$ 33,451,580	\$ 34,373,008	\$ 37,803,945	\$ 42,028,614
12,351,027	10,455,827	5,516,273	7,116,426	6,919,907	7,863,300
<u>(60,951,682)</u>	<u>(84,610,218)</u>	<u>(119,983,882)</u>	<u>(99,190,776)</u>	<u>(107,443,589)</u>	<u>(113,074,123)</u>
<u>\$ (18,364,270)</u>	<u>\$ (43,316,572)</u>	<u>\$ (81,016,029)</u>	<u>\$ (57,701,342)</u>	<u>\$ (62,719,737)</u>	<u>\$ (63,182,209)</u>

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
GOVERNMENT-WIDE CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year			
	2012	2013	2014	2015
Expenses				
Governmental Activities:				
Administration	\$ 2,626,417	\$ 2,725,472	\$ 2,856,356	\$ 2,845,798
District Support Services	1,146,091	1,283,978	1,361,145	1,456,323
Regular Instruction	37,230,805	39,100,487	40,580,251	42,670,201
Vocational Education Instruction	809,845	920,334	963,032	966,661
Special Education Instruction	15,357,366	15,711,734	15,993,552	16,249,180
Instructional Support Services	5,170,459	4,891,759	5,812,482	5,966,042
Pupil Support Services	4,899,559	4,890,757	5,249,398	5,571,998
Sites and Buildings	6,445,027	6,847,355	7,195,225	7,602,497
Fiscal and Other Fixed Cost Programs	153,377	217,058	209,993	226,706
Food Service	3,376,788	3,521,812	3,628,051	3,948,002
Community Service	4,423,688	4,854,277	5,135,249	5,505,052
Interest and Fiscal Charges on Debt	2,170,602	2,052,813	2,955,036	4,489,587
Total Governmental Activities Expenses	83,810,024	87,017,836	91,939,770	97,498,047
Program Revenues				
Governmental Activities:				
Charges for Services:				
Administration	422,278	-	-	-
District Support Services	-	-	-	-
Regular Instruction	166,387	556,119	551,697	553,713
Vocational Education Instruction	-	-	-	-
Special Education Instruction	34,822	19,930	5,443	10,000
Instructional Support Services	-	-	-	27,121
Pupil Support Services	-	-	-	-
Sites and Buildings	62,099	109,512	163,134	122,636
Food Service	1,535,822	1,573,674	1,518,166	1,529,014
Community Service	2,254,378	2,552,211	2,861,732	2,861,415
Operating Grants and Contributions	20,069,972	23,107,688	24,189,693	25,218,878
Capital Grants and Contributions	798,449	834,782	814,043	1,419,997
Total Governmental Activities Program Revenue	25,344,207	28,753,916	30,103,908	31,742,774
Net Expense				
Governmental Activities	(58,465,817)	(58,263,920)	(61,835,862)	(65,755,273)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes:				
Property Taxes, Levied for General Purposes	10,387,249	10,972,863	6,845,368	11,079,455
Property Taxes, Levied for Community Service	639,201	781,482	450,537	861,016
Property Taxes, Levied for Debt Service	6,102,974	6,555,910	5,440,570	8,728,109
State Aid Not Restricted to Specific Purposes	44,036,076	43,327,309	49,823,593	49,219,867
Other General Revenues	262,419	139,945	95,367	25,285
Investment Earnings	9,305	8,389	217,036	335,812
Total Governmental Activities	61,437,224	61,785,898	62,872,471	70,249,544
Change in Net Position	<u>\$ 2,971,407</u>	<u>\$ 3,521,978</u>	<u>\$ 1,036,609</u>	<u>\$ 4,494,271</u>

Source: District's financial records.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
GOVERNMENT-WIDE CHANGES IN NET POSITION(CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 3,116,085	\$ 4,292,064	\$ 4,344,682	\$ 2,754,657	\$ 4,200,180	\$ 4,376,881
1,731,101	2,567,674	2,187,635	1,939,143	2,245,996	2,252,433
45,701,043	66,026,691	69,910,937	41,257,541	61,847,842	62,942,162
1,072,323	1,770,777	1,969,214	1,103,878	1,953,579	2,200,654
17,835,618	25,461,246	26,220,888	16,009,407	24,799,391	25,199,562
7,144,062	7,741,605	7,986,044	5,232,628	10,037,687	7,119,124
6,105,919	7,908,517	8,298,726	7,365,680	9,202,496	9,671,015
8,073,354	9,906,317	9,513,196	10,036,066	10,410,023	10,123,137
228,524	213,205	345,496	273,087	307,685	329,037
4,103,864	4,723,550	4,821,928	4,539,108	4,606,376	4,351,721
5,852,574	7,130,139	7,296,333	6,108,949	6,021,646	5,781,192
4,452,668	4,187,184	3,874,992	3,226,854	2,609,229	2,984,358
105,417,135	141,928,969	146,770,071	99,846,998	138,242,130	137,331,276
-	-	-	1,025	48,428	34,364
-	-	-	-	3,512	-
620,295	658,366	617,787	683,653	1,321,873	592,097
524	-	-	-	6,307	-
-	948	-	-	57,362	-
30,650	49,121	56,687	56,752	63,065	43,686
-	-	700	-	10,861	-
129,223	46,277	52,060	43,136	55,555	14,838
1,623,710	1,733,213	1,769,766	1,775,874	1,469,076	52,952
3,425,376	3,579,235	3,472,304	3,428,634	2,717,398	2,351,703
26,669,100	31,219,876	-	28,793,631	34,486,699	42,372,488
1,118,684	1,231,054	-	1,504,786	1,482,898	1,385,982
33,617,562	38,518,090	5,969,304	36,287,491	41,723,034	46,848,110
(71,799,573)	(103,410,879)	(140,800,767)	(63,559,507)	(96,519,096)	(90,483,166)
11,532,442	12,107,301	13,198,428	16,748,719	17,908,889	18,486,803
839,492	779,414	776,314	814,024	821,998	832,765
8,104,007	9,449,383	9,044,710	9,420,039	9,101,399	8,771,158
52,227,686	55,771,740	57,037,989	59,297,496	62,541,259	61,605,764
136,332	254,373	75,834	95,655	349,386	311,016
264,263	96,366	507,498	630,553	262,622	13,188
73,104,222	78,458,577	80,640,773	87,006,486	90,985,553	90,020,694
\$ 1,304,649	\$ (24,952,302)	\$ (60,159,994)	\$ 23,446,979	\$ (5,533,543)	\$ (462,472)

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year			
	2012	2013	2014	2015
General Fund				
Nonspendable	\$ -	\$ 10,618	\$ 10,936	\$ -
Restricted	4,208,251	4,669,087	4,698,480	4,018,878
Assigned	690,000	690,000	690,000	690,000
Unassigned	9,327,563	9,420,386	8,616,509	10,595,167
Total General Fund	<u><u>\$ 14,225,814</u></u>	<u><u>\$ 14,790,091</u></u>	<u><u>\$ 14,015,925</u></u>	<u><u>\$ 15,304,045</u></u>
All Other Governmental Funds				
Nonspendable	\$ 48,399	\$ 43,400	\$ 62,123	\$ 100,273
Restricted, Reported in:				
Food Service Fund	1,075,926	1,213,491	1,189,576	1,024,688
Community Service Fund	847,158	1,052,590	1,138,608	1,417,246
Capital Projects Fund	85,676	-	67,460,504	54,250,618
Debt Service Funds	2,184,918	2,271,877	6,415,129	6,883,407
OPEB Debt Service Fund	143,476	191,569	304,719	341,210
Unassigned, Reported in:				
Community Service Fund	-	-	-	-
All Other Governmental Funds	<u><u>\$ 4,385,553</u></u>	<u><u>\$ 4,772,927</u></u>	<u><u>\$ 76,570,659</u></u>	<u><u>\$ 64,017,442</u></u>
Total All Funds	<u><u>\$ 18,611,367</u></u>	<u><u>\$ 19,563,018</u></u>	<u><u>\$ 90,586,584</u></u>	<u><u>\$ 79,321,487</u></u>

Source: District's financial records

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
FUND BALANCES OF GOVERNMENTAL FUNDS (CONTINUED)
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 11,605	\$ 43,001	\$ 55,463	\$ -	\$ 30,918	\$ 26,636
3,894,781	3,392,091	2,843,491	4,245,684	4,084,160	4,117,475
690,000	690,000	690,000	690,000	690,000	690,000
11,576,567	9,943,573	6,265,023	4,088,199	2,165,551	3,601,522
<u>\$ 16,172,953</u>	<u>\$ 14,068,665</u>	<u>\$ 9,853,977</u>	<u>\$ 9,023,883</u>	<u>\$ 6,970,629</u>	<u>\$ 8,435,633</u>
\$ 116,375	\$ 47,126	\$ 63,921	\$ 80,132	\$ 218,167	\$ 144,919
1,125,159	1,172,676	1,083,612	1,607,225	1,607,735	2,221,006
1,575,790	1,674,038	1,630,385	1,589,074	1,139,537	1,373,126
18,981,272	4,266,765	-	-	-	17,252,753
16,636,243	16,647,672	16,428,828	1,434,449	1,802,744	1,785,247
5,313,929	5,222,659	250,403	243,309	227,385	219,984
-	-	(114,602)	(415,860)	(139,910)	-
<u>\$ 43,748,768</u>	<u>\$ 29,030,936</u>	<u>\$ 19,342,547</u>	<u>\$ 4,538,329</u>	<u>\$ 4,855,658</u>	<u>\$ 22,997,035</u>
<u>\$ 59,921,721</u>	<u>\$ 43,099,601</u>	<u>\$ 29,196,524</u>	<u>\$ 13,562,212</u>	<u>\$ 11,826,287</u>	<u>\$ 31,432,668</u>

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year			
	2012	2013	2014	2015
Revenues				
Local Sources:				
Property Taxes	\$ 17,218,698	\$ 18,339,059	\$ 12,676,512	\$ 20,647,565
Earnings on Investments	9,305	8,428	217,016	343,641
Other	5,773,354	6,065,660	6,113,031	6,325,048
State Sources	58,975,388	61,049,293	68,637,243	69,096,482
Federal Sources	4,830,856	5,099,159	5,272,594	5,558,545
Total Revenues	86,807,601	90,561,599	92,916,396	101,971,281
Expenditures				
Current:				
Administration	2,572,963	2,635,517	2,848,586	2,885,628
District Support Services	1,085,482	1,224,302	1,333,561	1,433,609
Elementary and Secondary Regular Instruction	34,329,180	36,342,680	38,043,584	40,231,413
Vocational Education Instruction	812,725	855,153	955,288	964,257
Special Education Instruction	15,132,214	15,300,311	15,989,957	16,315,296
Instructional Support Services	4,314,330	4,201,887	4,753,292	4,536,153
Pupil Support Services	4,942,899	4,963,830	5,200,296	5,525,815
Sites and Buildings	5,893,494	5,632,561	5,856,857	6,075,909
Fiscal and Other Fixed Cost Programs	153,377	217,058	209,993	226,706
Food Service	3,234,536	3,448,519	3,571,202	3,839,134
Community Service Fund	4,342,120	4,553,447	5,035,052	5,493,108
Capital Outlay	5,332,825	3,863,369	5,732,056	18,350,580
Debt Service:				
Principal	4,210,000	4,350,000	4,045,000	7,315,000
Interest and Fiscal Charges	2,257,222	2,128,012	1,969,253	4,689,196
Total Expenditures	88,613,367	89,716,646	95,543,977	117,881,804
Deficiency of Revenues Under Expenditures	(1,805,766)	844,953	(2,627,581)	(15,910,523)
Other Financing Sources (Uses)				
Proceeds from Sale of Bonds	-	-	69,500,000	3,680,000
Proceeds from Capital Lease	-	99,640	-	-
Insurance Recovery Proceeds	-	7,058	-	-
Judgements for School Districts	63,104	-	-	-
Premium on Bonds	-	-	4,229,260	65,626
Payments to Refunded Bond Escrow Agent	-	-	-	-
Proceeds from Sale of Equipment	-	-	-	-
Transfers In	500,000	8,296	4,807,640	-
Transfers Out	(500,000)	(8,296)	(4,807,640)	-
Total Other Financing Sources (Uses)	63,104	106,698	73,729,260	3,745,626
Net Change in Fund Balances	<u>\$ (1,742,662)</u>	<u>\$ 951,651</u>	<u>\$ 71,101,679</u>	<u>\$ (12,164,897)</u>
Debt Service as a Percentage of Noncapital Expenditures	7.60%	7.33%	6.48%	11.66%

Sources: District's financial records

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (CONTINUED)
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 20,578,717	\$ 22,324,265	\$ 23,049,056	\$ 26,934,495	\$ 27,815,228	\$ 28,192,843
450,909	254,284	507,375	630,426	262,562	12,883
6,997,999	7,948,440	8,180,996	8,419,022	7,865,824	5,697,275
73,165,760	77,738,139	81,245,740	84,643,137	88,388,865	88,658,895
5,631,023	6,001,036	6,337,625	6,386,645	8,026,287	14,239,411
106,824,408	114,266,164	119,320,792	127,013,725	132,358,766	136,801,307
3,034,928	3,216,599	3,324,300	3,625,972	3,834,941	4,040,543
1,711,050	2,272,377	1,917,436	1,977,926	2,111,508	2,174,687
42,655,044	45,054,539	48,552,611	51,541,333	53,517,948	52,071,478
1,070,852	1,328,788	1,468,784	1,566,580	1,824,232	1,941,100
17,713,821	19,344,830	20,410,991	21,411,230	22,846,692	23,432,129
4,660,426	5,009,747	5,903,854	5,712,035	6,451,099	6,425,878
5,949,454	6,804,013	7,314,355	7,992,523	8,758,289	9,323,447
7,030,461	7,952,867	8,865,229	8,662,300	8,704,004	9,357,114
228,524	213,205	345,496	273,087	307,685	329,037
3,956,125	4,440,845	4,527,257	4,349,676	4,342,472	4,102,205
5,867,968	6,487,651	6,629,901	6,736,551	6,096,016	5,658,840
39,920,408	18,741,280	9,555,406	3,137,908	8,475,777	11,428,121
6,630,000	5,728,082	6,095,117	6,424,177	7,136,046	7,170,488
4,719,257	4,493,461	4,327,044	3,856,422	2,947,055	3,371,697
145,148,318	131,088,284	129,237,781	127,267,720	137,353,764	140,826,764
(38,323,910)	(16,822,120)	(9,916,989)	(253,995)	(4,994,998)	(4,025,457)
20,880,000	-	-	-	-	63,780,282
1,242,851	-	893,912	131,975	2,743,685	-
-	-	-	-	-	-
113	-	-	-	-	-
401,180	-	-	-	-	3,123,445
(3,600,000)	-	(4,885,000)	(15,380,000)	-	(43,271,889)
-	-	5,000	-	240	-
-	-	-	405,914	24,857	32,238
-	-	-	(405,914)	(24,857)	(32,238)
18,924,144	-	(3,986,088)	(15,248,025)	2,743,925	23,631,838
\$ (19,399,766)	\$ (16,822,120)	\$ (13,903,077)	\$ (15,502,020)	\$ (2,251,073)	\$ 19,606,381
10.41%	8.83%	8.59%	8.16%	7.71%	8.07%

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REVENUE CAPACITY INFORMATION

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE AND LEVY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)**

Property Tax				
<u>Fiscal Year</u>	<u>General Fund</u>	<u>Community Service</u>	<u>Debt Service</u>	<u>Total</u>
2012	\$ 10,444,124	\$ 643,435	\$ 6,131,139	\$ 17,218,698
2013	10,991,538	782,279	6,565,242	18,339,059
2014	6,802,946	447,999	5,425,567	12,676,512
2015	11,084,481	860,209	8,702,875	20,647,565
2016	11,596,909	844,015	8,137,793	20,578,717
2017	12,102,045	779,461	9,442,759	22,324,265
2018	13,214,662	777,540	9,056,854	23,049,056
2019	16,712,099	813,319	9,409,077	26,934,495
2020	17,897,050	921,951	9,096,227	27,915,228
2021	18,545,246	836,209	8,811,388	28,192,843

Sources: District's financial records

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
TAX CAPACITIES AND MARKET VALUE
LAST TEN FISCAL YEARS
(UNAUDITED)**

For Taxes Collectible	Tax Capacity Valuation					Taxable Market Value	Tax Capacity as a Percentage of Market Value
	Agricultural	Non-Agricultural	Personal Tax	Tax Increment	Total Taxable		
Blue Earth							
2012	\$ 1,770,840	\$ 39,597,313	\$ 964,783	\$ (893,044)	\$ 41,439,892	\$ 3,328,254,200	1.25%
2013	1,969,976	39,473,735	1,008,391	(973,903)	41,478,199	3,308,989,500	1.25%
2014	2,475,159	40,429,590	1,032,906	(612,697)	43,324,958	3,375,973,500	1.28%
2015	2,764,923	41,799,636	1,093,500	(812,444)	44,845,615	3,486,049,800	1.29%
2016	2,386,298	46,047,970	1,175,436	(998,916)	48,610,788	3,777,999,600	1.29%
2017	2,326,515	48,617,320	1,357,248	(1,007,116)	51,293,967	3,969,890,600	1.29%
2018	2,389,684	52,091,308	1,474,005	(1,074,728)	54,880,269	4,266,724,000	1.29%
2019	2,314,647	54,361,046	1,536,961	(1,099,746)	57,112,908	4,469,507,200	1.28%
2020	2,391,282	56,320,861	1,504,110	(1,284,139)	58,932,114	4,643,346,500	1.27%
2021	2,252,714	57,963,776	1,587,696	(1,329,164)	60,475,022	4,794,800,450	1.26%
Nicollet							
2012	586,329	10,850,190	207,938	(52,436)	11,592,021	1,037,370,900	1.12%
2013	688,588	10,676,277	220,366	(242,538)	11,342,693	1,012,979,200	1.12%
2014	840,993	10,775,417	233,582	(240,045)	11,609,947	1,022,561,900	1.14%
2015	940,745	11,273,310	248,664	(255,229)	12,207,490	1,064,897,800	1.15%
2016	853,399	11,693,483	257,518	(257,824)	12,546,576	1,099,933,000	1.14%
2017	892,619	12,366,536	259,184	(314,983)	13,203,356	1,160,852,600	1.14%
2018	827,471	13,189,942	269,329	(313,969)	13,972,773	1,227,140,400	1.14%
2019	875,881	14,349,975	269,658	(319,666)	15,175,848	1,328,065,300	1.14%
2020	903,798	14,921,747	309,883	(362,059)	15,773,369	1,377,302,200	1.15%
2021	808,038	15,595,869	355,319	(464,654)	16,294,572	1,434,150,400	1.14%
Le Sueur							
2012	71,980	479,148	606	-	551,734	36,588,900	1.51%
2013	87,712	459,264	618	-	547,594	35,030,600	1.56%
2014	98,815	478,776	622	-	578,213	36,270,800	1.59%
2015	100,550	480,126	632	-	581,308	36,046,500	1.61%
2016	98,674	496,048	724	-	595,446	35,959,200	1.66%
2017	106,746	498,777	774	-	606,297	35,840,700	1.69%
2018	107,680	502,505	738	-	610,923	36,799,700	1.66%
2019	106,430	532,359	756	-	639,545	38,504,000	1.66%
2020	107,897	623,988	582	-	732,467	45,348,100	1.62%
2021	103,987	652,667	658	-	757,312	48,282,900	1.57%

Source: School Tax Report issued by the Minnesota Department of Education
and Blue Earth, Nicollet, and Le Sueur Counties

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
TAX CAPACITY RATES
LAST TEN FISCAL YEARS
(UNAUDITED)**

	2011/2012	2012/2013	2013/2014	2014/2015
	Tax	Tax	Tax	Tax
	Capacity	Capacity	Capacity	Capacity
Taxing Body	Rates	Rates	Rates	Rates
The District.....	21.081%	19.017%	24.169%	22.687%
The District-Referendum Value.....	0.148	0.167	0.155	0.158
Blue Earth County.....	43.902	43.994	38.748	37.166
City of Mankato.....	43.994	44.842	43.554	44.065
City of North Mankato.....	50.598	54.566	54.009	53.620
City of Eagle Lake.....	44.660	45.947	45.219	43.437
City of Madison Lake.....	59.010	60.188	49.641	52.339
City of Skyline.....	23.904	26.176	25.976	25.934
Decoria Township.....	15.339	15.199	13.693	15.091
Jamestown Township.....	11.700	10.805	11.848	11.484
Judson Township.....	6.688	6.114	4.639	4.131
LeRay Township.....	14.274	16.615	15.191	16.436
Lime Township.....	12.126	11.911	12.248	11.596
Mankato Township.....	11.600	12.212	11.419	11.042
Rapidan Township.....	16.259	14.037	12.981	11.476
South Bend Township.....	14.147	19.405	17.228	15.960
Madison Lake Sanitation District.....	NA	NA	2.584	3.233
Jamestown Sanitation District.....	3.613	3.582	2.584	3.233
LeRay Sanitation District.....	NA	NA	2.584	3.233
Region 9.....	0.387	0.382	0.342	0.309
Le Sueur County.....	45.084	46.418	45.433	46.877
Kasota Township.....	9.136	8.701	8.243	8.170
Lake Washington Sanitation District.....	3.613	3.582	2.584	3.233
Waseca-Le Sueur Regional Library.....	0.949	1.023	1.462	1.567
Nicollet County.....	54.457	52.698	51.811	48.893
Belgrade Township.....	18.481	15.415	13.540	14.211
Nicollet Township.....	12.394	11.038	9.146	8.449
Oshawa Township.....	12.477	11.954	10.159	9.193
Nicollet Housing Redevelopment Authority.....	0.367	0.352	0.323	0.301

City of Mankato Residents

	2011/2012	2012/2013	2013/2014	2014/2015
	Tax	Tax	Tax	Tax
	Capacity	Capacity	Capacity	Capacity
Taxing Body	Rates	Rates	Rates	Rates
The District.....	21.081%	19.017%	24.169%	22.687%
The District-Referendum Value.....	0.148	0.167	0.155	0.158
Blue Earth County.....	43.902	43.994	38.748	37.166
City of Mankato.....	43.994	44.842	43.554	44.065
Region 9.....	0.387	0.382	0.342	0.309
Total.....	<u>109.364%</u>	<u>108.235%</u>	<u>106.813%</u>	<u>104.227%</u>

Source: Blue Earth, Nicollet, & Le Sueur Counties, PMA Municipal Advisors

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
TAX CAPACITY RATES (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)**

2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Tax Capacity Rates	Tax Capacity Rates	Tax Capacity Rates	Tax Capacity Rates	Tax Capacity Rates	Tax Capacity Rates
24.200%	22.498%	22.320%	22.511%	21.807%	21.503%
0.148	0.159	0.207	0.195	0.193	0.197
38.148	39.105	39.990	41.645	42.096	42.490
43.624	43.727	43.823	43.956	44.062	44.040
53.606	52.485	52.124	50.950	49.668	48.827
38.487	38.439	32.545	33.400	34.790	36.756
52.139	55.017	53.759	57.295	56.180	60.490
24.423	23.659	22.492	19.868	17.560	16.688
14.051	14.677	15.997	16.748	16.343	17.235
12.287	12.071	11.058	11.866	15.476	14.510
5.232	5.352	5.189	5.442	4.986	5.327
19.534	19.368	18.302	20.607	19.634	19.784
12.028	11.083	10.801	10.526	11.863	11.508
12.825	13.034	12.316	11.864	11.751	13.367
12.559	11.907	12.585	14.125	13.771	13.934
17.812	16.630	17.410	22.355	35.418	36.025
3.456	3.357	3.047	3.239	3.043	3.188
5.538	5.383	4.933	4.976	5.749	5.768
3.456	3.357	3.047	3.239	3.043	3.188
0.327	0.332	0.343	0.347	0.347	0.361
48.952	50.608	53.257	53.793	54.977	55.210
5.076	4.980	4.746	3.810	3.589	5.233
3.456	5.383	4.933	4.976	5.749	5.768
1.695	1.733	1.781	1.791	1.776	1.742
53.204	53.133	55.715	54.623	55.634	59.101
18.068	16.280	16.851	15.646	15.421	16.485
9.506	9.271	10.387	10.756	11.250	13.647
10.539	10.223	10.592	10.092	9.490	11.151
0.315	0.309	0.315	0.295	0.291	0.306

2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Tax Capacity Rates	Tax Capacity Rates	Tax Capacity Rates	Tax Capacity Rates	Tax Capacity Rates	Tax Capacity Rates
24.200%	22.498%	22.320%	22.511%	21.807%	21.503%
0.148	0.159	0.207	0.195	0.193	0.197
38.148	39.105	39.990	41.645	42.096	42.490
43.624	43.727	43.823	43.956	44.062	44.040
0.162	0.167	0.167	0.177	0.172	0.177
106.134%	105.497%	106.300%	108.289%	108.137%	108.210%

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

Taxpayer	2020			2011		
	Net Tax Capacity	Rank	Percentage of Tax Capacity Value	Net Tax Capacity	Rank	Percentage of Tax Capacity Value
Xcel Energy	\$ 1,372,078	1	2.84%	\$ 911,050	2	2.78%
River Hills Mall	836,570	2	1.73%	1,012,740	1	3.09%
Wal-Mart Stores, Inc.	543,288	3	1.13%			
Highland Hills of Mankato	363,796	4	0.75%	230,701	8	0.70%
Mankato Clinic LTD	349,044	5	0.72%			
Kearney Properties LTD	316,800	6	0.66%			
Minnesota Gas Company	316,788	7	0.66%			
Inland Real Estate Corp	309,994	8	0.64%	315,600	3	0.96%
PDL Leasing LLC	306,132	9	0.63%			
Archer-Daniels Midland	281,914	10	0.58%	285,518	4	0.87%
Monks Road Associates				245,850	6	0.75%
ISJ Mayo Health Systems				237,687	7	0.73%
Verizon Communications				283,578	5	0.87%
Harvest States				228,302	9	0.70%
City of Mankato				226,519	10	0.69%
Individual						
Total	<u>\$ 4,996,404</u>		<u>10.34%</u>	<u>\$ 3,977,545</u>		<u>12.14%</u>

Source: Blue Earth County Administrative Services

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
PROPERTY TAX LEVIES, COLLECTIONS,
AND RECEIVABLES
LAST TEN FISCAL YEARS
(UNAUDITED)**

For Taxes Collectible	Original Levy				Collections	
	Local Spread	Fiscal Disparities	Property Tax Credits	Total Spread	First Year Levy Recognized Amount	Percentage of Levy
2012	\$ 17,376,648	\$ -	\$ - *	\$ 17,376,648	\$ 9,065,963	52.2%
2013	17,384,673	53,784	-	17,438,457	9,221,454	52.9%
2014	20,240,136	53,784	-	20,293,920	10,486,583	51.7%
2015	20,267,503	56,784	-	20,324,287	10,449,780	51.4%
2016	22,162,352	53,784	-	22,216,136	10,992,788	49.5%
2017	22,806,352	53,784	-	22,860,136	11,672,271	51.1%
2018	26,925,325	53,784	-	26,979,109	14,268,687	52.9%
2019	27,730,616	53,784	-	27,784,400	13,937,264	50.2%
2020	28,089,665	60,577	-	28,150,242	14,941,813	53.1%
2021	28,954,969	53,784	-	29,008,753	15,219,538	52.5%

* Property tax credits replaced by homestead market value exclusion in 2012

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

Note 2: Delinquent taxes receivable are written off after seven years. The amount of collections has been adjusted to reflect the write off of delinquent taxes receivable.

Note 3: Only a portion of the taxes levied for the most recent fiscal year is collected by June 30.

Source: State of Minnesota School Tax Report

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
PROPERTY TAX LEVIES, COLLECTIONS,
AND RECEIVABLES (COLLECTIONS)
LAST TEN FISCAL YEARS
(UNAUDITED)**

Received in Subsequent Years	Collections		Uncollected Taxes Receivable as of June 30, 2021			
	Total to Date		Delinquent		Current	
	Amount	Percentage of Levy	Amount	Percent	Amount	Percent
\$ 8,310,685	\$ 17,376,648	100.0%	\$ -	- %	\$ -	- %
8,217,003	17,438,457	100.0%	-	-	-	-
9,807,337	20,293,920	100.0%	-	-	-	-
9,837,144	20,286,924	99.8%	37,363	-	-	-
11,212,507	22,205,295	100.0%	10,841	-	-	-
11,177,123	22,849,394	100.0%	10,742	-	-	-
12,680,791	26,949,478	99.9%	29,631	-	-	-
13,799,549	27,736,813	99.8%	47,587	-	-	-
13,136,887	28,078,700	99.7%	71,542	-	-	-
-	15,219,538	52.5%	-	-	13,789,215	-
			<u>\$ 207,706</u>		<u>\$ 13,789,215</u>	

DEBT CAPACITY INFORMATION

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Governmental Activities				Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Capital Leases	Special Assessments	Total Primary Government		
2012	\$ 51,528,206	\$ 1,537,474	\$ -	\$ 53,065,680	1.35 %	\$ 1,007
2013	47,155,380	1,474,802	-	48,630,182	1.24	921
2014	116,743,973	1,328,706	-	118,072,679	2.85	2,235
2015	112,953,093	1,186,472	-	114,139,565	2.66	2,157
2016	123,767,968	2,220,378	-	125,988,346	2.94	2,372
2017	118,342,224	1,657,296	-	119,999,520	2.68	2,256
2018	107,847,799	1,851,091	-	109,698,890	2.35	2,061
2019	86,376,657	1,293,889	-	87,670,546	1.83	1,643
2020	80,027,402	2,991,528	-	83,018,930	1.60	1,554
2021	96,612,012	2,096,156	-	98,708,168	N/A	1,557

N/A - Not Available

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

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

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

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO TAX CAPACITY AND
NET OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Gross Bonded Debt	Less Debt Service Funds on Hand	Net Bonded Debt	Tax Capacity	Percent Net Debt to Tax Capacity	Percent of Estimated Actual Market Value of Property (1)	Estimated Population	Net Bonded Debt per Capita
2012	\$ 51,528,206	\$ 2,328,394	\$ 49,199,812	\$ 53,583,647	91.82 %	0.82 %	39,309	\$ 1,252
2013	47,155,380	2,463,445	44,691,935	53,368,486	83.74	0.77	39,309	1,137
2014	116,743,973	6,719,847	110,024,126	55,513,118	198.19	1.98	39,309	2,799
2015	112,953,093	7,224,616	105,728,477	57,634,413	183.45	1.87	39,309	2,690
2016	123,767,968	21,950,173	101,817,795	61,752,810	164.88	1.66	39,309	2,590
2017	118,342,224	21,870,331	96,471,893	65,103,620	148.18	1.88	39,309	2,454
2018	107,847,799	16,679,230	91,168,569	69,463,965	131.25	2.06	39,309	2,319
2019	86,376,657	1,677,758	84,698,899	72,928,301	116.14	1.83	39,309	2,155
2020	80,027,402	2,030,129	77,997,273	75,437,950	103.39	1.30	39,309	1,984
2021	96,612,012	2,005,231	94,606,781	77,526,906	122.03	1.52	39,309	2,407

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

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

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
(UNAUDITED)**

Governmental Unit	2020/21 Taxable Net Tax Capacity	Bonded Debt ¹	Percent Allocable to ISD No. 77	Portion Allocable to ISD No. 77
Independent School District No. 77	\$ 77,526,906	\$ 91,013,111	100.0000 %	\$ 91,013,111
Overlapping Debt				
Blue Earth County	93,097,972	21,010,000	63.65 %	13,372,865
Le Sueur County	42,535,033	41,475,000	1.78 %	738,439
Nicollet County	40,346,009	22,015,000	33.23 %	7,315,585
City of Mankato	48,280,966	55,394,790	99.87 %	55,322,777
City of North Mankato	13,679,965	7,985,000	100.00 %	7,985,000
City of Eagle Lake	2,208,431	3,591,000	100.00 %	3,591,000
Total Overlapping Debt				<u>88,325,665</u>
Total Direct and Overlapping Debt				<u>\$ 179,338,776</u>

1) Does not include non-general obligation debt, self-supporting general obligation revenue debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

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

Source: Official Statements obtained on EMMA

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year			
	2012	2013	2014	2015
Debt Limit	\$ 660,936,015	\$ 658,089,900	\$ 682,325,235	\$ 715,401,449
Total Net Debt Applicable to Limit	<u>40,768,206</u>	<u>36,920,380</u>	<u>108,353,973</u>	<u>105,933,093</u>
Legal Debt Margin	<u>\$ 620,167,809</u>	<u>\$ 621,169,520</u>	<u>\$ 573,971,262</u>	<u>\$ 609,468,356</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	6.17%	5.61%	15.88%	14.81%

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

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
LEGAL DEBT MARGIN INFORMATION (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 757,425,120	\$ 795,174,405	\$ 850,699,305	\$ 895,991,550	\$ 933,611,055	\$ 962,119,748
117,427,968	112,712,224	107,847,799	86,376,657	80,027,402	96,612,012
<u>\$ 639,997,152</u>	<u>\$ 682,462,181</u>	<u>\$ 742,851,506</u>	<u>\$ 809,614,893</u>	<u>\$ 853,583,653</u>	<u>\$ 865,507,736</u>
15.50%	14.17%	12.68%	9.64%	8.57%	10.04%

DEMOGRAPHIC AND ECONOMIC INFORMATION

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**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Calendar Year	Population (1)	Estimated Personal Income (1)	Per Capita Personal Income (1)	Total ISD No. 77 Population (1)	School Enrollment (2)	City of Mankato Unemployment Rate (1)
2012	39,628	\$ 3,925,997,000	\$ 31,689	52,703	7,478	5.1%
2013	40,183	3,935,076,000	35,337	52,829	7,574	4.3
2014	40,743	4,139,348,000	37,835	52,829	7,646	3.6
2015	41,198	4,293,454,000	39,012	52,919	7,859	3.2
2016	41,727	4,289,810,000	39,212	53,122	8,141	2.7
2017	42,799	4,469,283,000	40,484	53,198	8,483	2.4
2018	42,986	4,675,851,000	43,165	53,223	8,571	2.4
2019	43,567	4,797,688,000	44,076	53,368	8,656	2.3
2020	44,389	5,193,859,000	44,713	53,423	8,809	3.4
2021	n/a	n/a	n/a	63,382	8,505	n/a

n/a - Not Available

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

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

Sources:

- (1) City of Mankato Comprehensive Annual Financial Report for the year ended December 31, 2020
- (2) City of North Mankato Comprehensive Annual Financial Report for the year ended December 31, 2020
- (3) ISD No. 191 - average daily membership (for students served or tuition paid)
- (4) Bureau of Economic Analysis

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

Employer	2020		2011	
	Employees	Rank	Employees	Rank
Independent School District No. 77	2,500	1	1,000	4
Immanuel St. Joseph's-Mayo Health System	1,871	2	2,200	1
Minnesota State University-Mankato	1,700	3	1,800	2
Mankato Clinic	689	4	725	5
Walmart Distribution Center	525	5		
Blue Earth County	509	6	416	9
MRCI Industrial Operation	319	7	1,554	3
City of Mankato	310	8		
Minnesota Elevator, Inc.	307	9		
Verizon Wireless	300	10	422	8
MTU Onsite Energy			400	10
Monarch Healthcare Mgmt (Formerly Thro Co.)			700	6
Bethany Lutheran College			432	7
Total	9,030		9,649	

Source: State Department of Commerce.

OPERATING INFORMATION

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
EMPLOYEES BY CLASSIFICATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

Employees	Fiscal Years									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Principals	15	15	17	17	18	20	20	20	21	21
Non-Affiliated	62	65	72	71	72	81	84	86	92	94
Teachers	598	603	605	614	636	659	687	707	732	722
Clerical	72	72	73	75	72	75	73	74	69	68
Paraprofessionals	334	346	336	322	325	327	330	323	329	299
Community Education	241	257	267	281	299	294	296	284	223	229
Food Service	45	44	48	49	46	51	49	51	51	49
Custodians	66	65	64	67	72	78	79	76	78	79
Total	<u>1,433</u>	<u>1,467</u>	<u>1,482</u>	<u>1,496</u>	<u>1,540</u>	<u>1,585</u>	<u>1,618</u>	<u>1,621</u>	<u>1,595</u>	<u>1,561</u>

Note 1: This schedule is a headcount based on contract group. If an employee has multiple contract groups, they are reflected multiple times. Full and part-time employees count the same.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
STANDARDIZED TESTING
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Years									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Standardized Tests										
MCA Reading (See Note 1)									(see note 2)	
Grade 3	90.0 %	67.0 %	66.0 %	73.0 %	70.0 %	69.7 %	64.1 %	60.9 %		57.3 %
Grade 5	82.0	65.0	78.0	75.0	73.0	77.7	73.9	72.0		60.9
Grade 7	71.0	63.0	63.0	55.0	65.0	61.2	59.2	58.0		49.8
Grade 10	80.0	68.0	55.0	53.0	64.0	64.0	59.0	67.1		63.6
MCA Math (See Note 1)									(see note 2)	
Grade 3	84.0	83.0	83.0	83.0	82.0	77.6	70.8	72.6		66.0
Grade 5	73.0	65.0	73.0	71.0	66.0	65.7	66.4	60.6		45.3
Grade 7	65.0	64.0	63.0	63.0	68.0	60.6	58.8	53.4		40.8
Grade 11	49.0	49.0	51.0	51.0	49.0	54.4	45.1	42.8		38.9
ACT										
Independent School District No. 77										
Average Composite Score	22.6	23.1	23.0	22.7	21.9	21.9	22.2	21.8	20.9	20.3
State Average Composite Score (1)	22.8	23.0	22.9	22.7	21.1	21.5	21.3	21.4	21.3	N/A

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

(1) - Per ESSA School districts must offer a college and career readiness assessment, however the state no longer mandates ACT. State Average Composite Scores are available through MN Office of Higher Education.

(2) - Due to COVID-19 Pandemic, MCA and ACT testing did not occur in the 2019-2020 school year.

Source: MDE Report Card and State of Minnesota website

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
SCHOOL LUNCH PROGRAM DATA
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Fiscal Year</u>	<u>Average Daily Attendance (1)</u>	<u>Total Lunches Served</u>	<u>Days</u>	<u>Average Daily Participation</u>	<u>Participation as a Percent of Average Daily Attendance</u>
2012	6,948	983,557	175	5,620	80.89
2013	7,082	978,471	172	5,689	80.33
2014	7,156	951,053	169	5,628	78.64
2015	7,255	990,643	173	5,726	78.93
2016	7,591	1,046,680	173	6,050	79.70
2017	7,878	1,079,392	174	6,203	78.74
2018	7,969	1,042,464	173	6,026	75.61
2019	7,998	1,022,036	171	5,977	74.73
2020 (2)	8,164	895,859	116	7,723	94.60
2021	7,933	720,773	173	4,166	52.52

(1) Based on State Food and Nutrition Department guidelines, attendance is deemed to be 94% of enrollment.

(2) Due to COVID-19 Pandemic, School Lunch Program Data is through March 13th, 2020, at which time ISD77 went fully virtual learning and meal service operations transitioned to the Summer Food Service Program.

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
SCHOOL LUNCH PROGRAM DATA (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)**

Free Lunch		Reduced Lunch	
Number Served	Percent of Total	Number Served	Percent of Total
324,469	32.99	76,683	7.80
346,210	35.38	72,116	7.37
339,202	35.67	74,001	7.78
356,857	36.02	76,725	7.74
396,433	37.88	81,996	7.83
397,954	36.87	81,996	7.60
383,711	36.81	84,649	8.12
366,270	35.84	80,730	7.90
406,007	45.32	54,792	6.12
720,773	100.00	-	-

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
STUDENT ENROLLMENT
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Year Ended June 30,</u>	<u>Pre-Kindergarten and Handicapped Kindergarten</u>	<u>Kindergarten</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>	<u>Total Pupil Units</u>
2012	220	529	3,519	3,210	7,478	8,576
2013	206	593	3,552	3,223	7,574	8,654
2014	211	590	3,600	3,245	7,646	8,739
2015	216	574	3,746	3,323	7,859	8,523
2016	230	582	3,924	3,405	8,141	8,822
2017	247	556	4,095	3,585	8,483	9,200
2018	260	559	4,138	3,614	8,571	9,294
2019	275	557	4,142	3,682	8,656	9,393
2020	277	549	4,135	3,848	8,809	9,579
2021	224	510	3,880	3,891	8,505	9,284

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

Note 2: Beginning in fiscal 2004, ADM is limited to 1.0 ADM per student.

Note 3: ADM is weighted as follows in computing pupil units:

	<u>Pre-Kindergarten</u>	<u>Handicapped Kindergarten</u>	<u>Kindergarten</u>	<u>Elementary 1-3</u>	<u>Elementary 4-6</u>	<u>Secondary</u>
Fiscal 2011 through 2014	1.250	1.000	0.612	1.115	1.060	1.300
Fiscal 2015 through 2019	1.000	1.000	1.00	1.00	1.00	1.20

Source: Minnesota Department of Education student reporting system

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
EXPENDITURES PER STUDENT
LAST TEN FISCAL YEARS
(UNAUDITED)**

	State Average 2020	ISD No. 77 2020
Expenditures Per Student (ADM) (1)		
General Fund:		
District Level Administration	\$ 580	\$ 282
School Level Administration	513	472
Regular Instruction	5,530	5,615
Career and Technical Instruction	187	203
Special Education	2,480	2,537
Student Activities/Athletics	351	324
Instructional Support Services	683	623
Pupil Support Services	425	482
Operations, Maintenance, and Other	952	913
Student Transportation	777	492
Capital Expenditures	748	836
	<u>\$ 13,226</u>	<u>\$ 12,779</u>
Total General Fund Expenditures		
	<u>\$ 13,226</u>	<u>\$ 12,779</u>
ADM Used Per Profile Model Format		<u>8,977</u>

(1) Average daily membership (ADM) is a measure of student attendance.

Source: Minnesota Department of Education School District Profiles Report

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
SCHOOL FACILITIES
LAST TEN FISCAL YEARS
(UNAUDITED)**

Facility	Use	Constructed	Acres	Square Footage	Capacity	Enrollment (1)
East High School	School	1973/2017	51.00	333,300	1,555	1,413
West High School	School	1950/1951/1958/1975/2014	23.00	286,270	1,300	1,460
Dakota Meadows Middle School	School	1993/2015	39.00	154,487	1,000	1,048
Prairie Winds Middle School	School	2016	65.00	185,374	1,200	1,228
Eagle Lake Elementary	School	1964/1993/2005/2010	12.00	63,595	396	377
Franklin Elementary	School	1927/1958	6.10	105,000	710	418
Bridges Elementary	School	1953	4.30	60,000	280	218
Hoover Elementary	School	1964/1966/1974/2006	12.00	66,700	484	507
Jefferson Elementary	School	1961/2017	8.10	40,416	264	231
Kennedy Elementary	School	1965/1971/2004	20.00	66,700	484	368
Monroe Elementary	School	1958/2006/2011	8.50	64,950	484	469
Roosevelt Elementary	School	1927/1954	3.00	52,000	352	354
Rosa Parks Elementary	School	2010	38.50	105,000	528	455
Washington Elementary	School	1954/1962/2006	10.00	68,226	396	421
Lincoln Community Center	School	1921/1960	3.00	85,000	140	121
Futures Program	School	N/A	N/A	15,000	40	40
Early Childhood Center	School	N/A	N/A	8,000	N/A	123

N/A - Not Available

(1) Source: 2020-21 MN Department of Education School ADM Served Report

**MANKATO PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 77
SCHEDULE OF INSURANCE COVERAGE
LAST TEN FISCAL YEARS
(UNAUDITED)**

Type of Coverage	Amount of Coverage
Property Coverage:	
Real and Personal Property (Blanketed)	\$476,665,603
Property In Transit & Off Premise	500,000
Builders Risk/Shop Class	100,000
Business Income	2,000,000
Crime Coverage:	
Employee Dishonesty	200,000
Forgery or Alteration	10,000
Theft of Money and Securities - Inside the Premises	10,000
Theft of Money and Securities - Outside the Premises	10,000
Faithful Performance of Duty	100,000
Inland Marine:	
Camera/Audio Equipment	693,192
Musical Instruments	574,864
Band/Athletic Equipment & Uniforms	100,000
John Deere Golf Cart	3,000
John Deere Tractor 6110R	100,000
John Deere Loader 620R	15,000
John Deere Tractor 3045	36,300
John Deere Tractor 1575	30,400
Frontier Mower	19,200
Frontier Mower	19,200
John Deere Snowblower 359	6,500
John Deere Rotary Broom	6,400
John Deere Mower	4,400
West High School Sign	16,378
East High School Sign	16,378
General Liability Coverages:	
General:	
Each Occurrence	1,000,000
General Aggregate Limit	2,000,000
Medical Expense Limit - Any One Person	10,000
Damage to Premises Rented to You	500,000
Products/Completed Operations Aggregate	2,000,000
Personal & Advertising Injury	1,000,000
Employee Benefits Liability:	
General:	
Employee Benefit Each Claim	1,000,000
Employee Benefit Aggregate Limit	2,000,000
Umbrella Liability:	
Each Occurrence	1,000,000
Aggregate	1,000,000
Business Automobile Liability Coverage:	
Bodily Injury and Property Damage	1,000,000
Personal Injury Protection	20,000/Basic
Uninsured Motorists	1,000,000
Underinsured Motorists	1,000,000
Collision	500
Comprehensive	250
Hired & Non Owned Automobile	1,000,000
School Leaders Liability:	
Each Loss	1,000,000
Each Claimant	1,000,000
Aggregate for Each Policy Period	2,000,000
Cyber Risk Liability	
Policy Aggregate Limit of Liability	3,000,000

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