

Annual Comprehensive

Financial Report



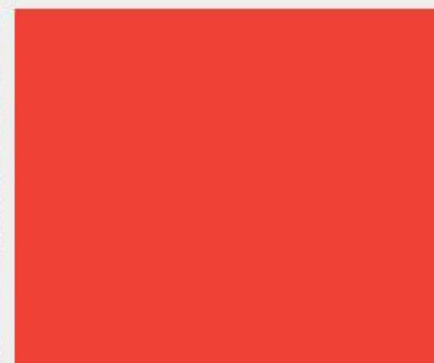
Year Ended June 30, 2025

Shakopee Public Schools
Independent School
District 720

shakopee.k12.mn.us

1200 Shakopee Town Square
Shakopee, MN 55379

952.496.5000



ANNUAL COMPREHENSIVE FINANCIAL REPORT

OF THE

SHAKOPEE PUBLIC SCHOOLS

INDEPENDENT SCHOOL DISTRICT NO. 720

SHAKOPEE, MINNESOTA

For the Year Ended

June 30, 2025

Prepared by

THE FINANCE DEPARTMENT

David Draskovich

Director of Finance and Operations

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

Independent School District No. 720
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Independent School District No. 720

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**Independent School District No. 720
Board of Education and Administration
As of June 30, 2025**

<u>Board of Education</u>	<u>Position</u>	<u>Term Expires</u>
Jeff Smith	Chairperson	December 31, 2028
Kristi Peterson	Vice Chairperson	December 31, 2026
Caroline Valdez	Clerk	December 31, 2026
Joe Aldrich	Treasurer	December 31, 2026
Chad Johnson	Director	December 31, 2026
Tim Brophy	Director	December 31, 2028
Nick Zitek	Director	December 31, 2028

<u>Administration</u>	
Dr. Mike Redmond	Superintendent
Jim Miklausich	Assistant Superintendent
Bill Menozzi	Director of Finance and Operations
Julie Fred	Director of Special Services
Bryan Drozd	Director of Instructional Technology
Lisa Rahn	Director of Community Education
Keith Gray	Director of Human Resources
Tiffany Olson	Director of Communications and Strategic Development
Nika Summer	Assistant Director of Learning, Teaching, and Equity - Elementary
Sarah Wehrenberg	Assistant Director of Learning, Teaching, and Equity - Secondary

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December 15, 2025

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

INTRODUCTION

The Annual Comprehensive Financial Report (ACFR) of Independent School District No. 720, Shakopee, Minnesota (the District) for the fiscal year ended June 30, 2025, is presented for your information and review. The ACFR is intended to fully disclose the financial position of the District and the results of operations for the fiscal year. The District administration accepts full responsibility for the accuracy, completeness and fairness in presentation of the enclosed financial reports. Questions and comments are solicited and welcome.

REPORT FORMAT

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

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

DISTRICT PROFILE/ORGANIZATION

Shakopee Public Schools serves approximately 7,650 students in Shakopee, Savage, Prior Lake, and the Jackson, Louisville, and Sand Creek Townships. The district is in the southwest suburbs in the Twin Cities. The Shakopee school district is proud to serve a very diverse population of students and families with more than 80 languages and dialects from around the world spoken in our schools.

DISTRICT PROFILE/ORGANIZATION (CONTINUED)

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

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

With over 1,100 total staff, Shakopee Public Schools is one of the major employers in the area. During 2024-2025, the District operated 11 buildings: one traditional high school, one alternative high school, two middle schools, five elementary schools, an early childhood center and the district administrative office. District buildings have an average age of 32 years and comprise over 1.6 million square feet in size. The District is currently organized by grade level with elementary schools serving students in kindergarten through grade 5, middle schools serving grades 6-8, and the high school serving grades 9-12.

Mission

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

Vision

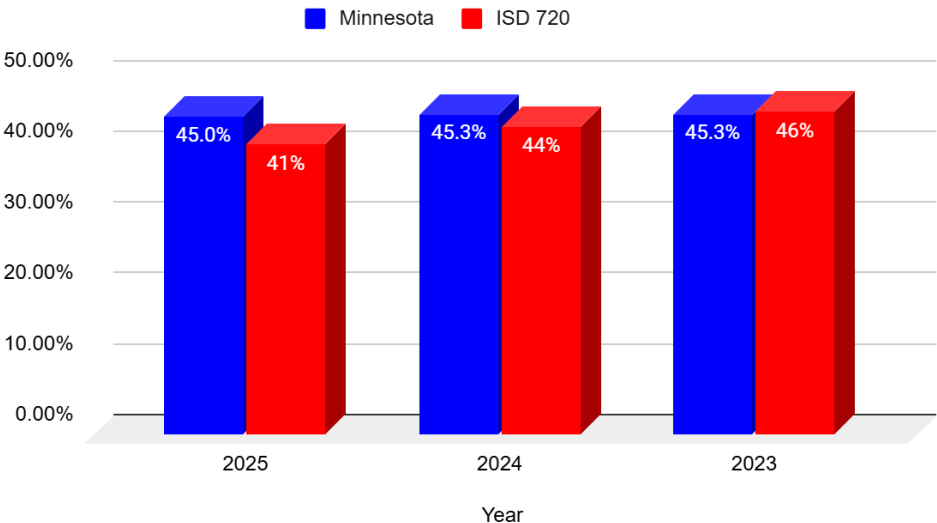
The Shakopee School District is committed to providing the best opportunities for our students. We are dedicated to helping them excel and achieve their educational goals and teaching them to be good citizens of our community, our nation, and our world.

DISTRICT PROFILE/ORGANIZATION (CONTINUED)

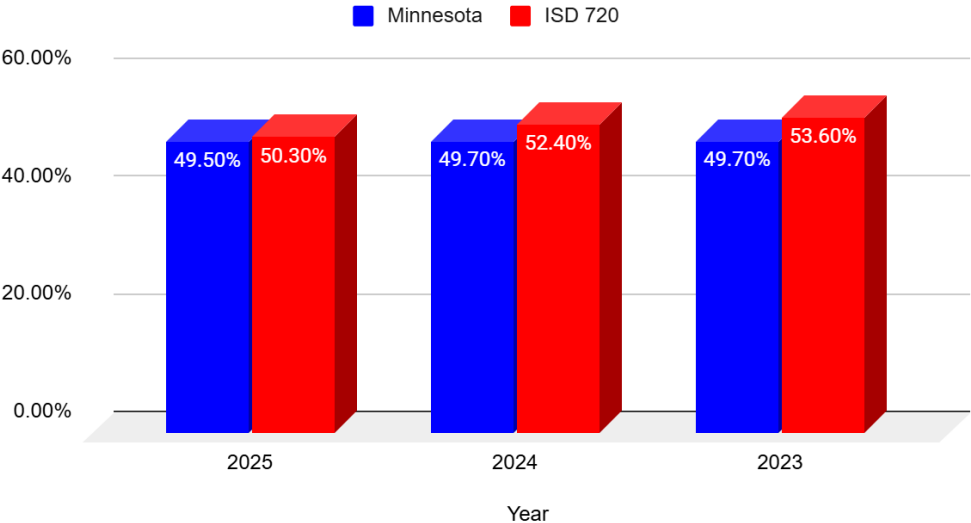
Testing Data

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

MCA Math Trend



MCA Reading Trend



REPORTING ENTITY

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

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

FINANCIAL STATEMENTS

The financial statements contained in this report disclose the financial position of the District as of June 30, 2025, and the financial operations for the fiscal year then ended. The District's financial records and reports are maintained and prepared on a modified or full accrual basis of accounting in accordance with the Uniform Financial Accounting and Reporting System for Minnesota School Districts as well as the standards of the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. These records are audited annually by an independent certified public accountant as required by Minnesota law. The accounting firm of Bergan KDV LTD performed the audit for the 2024-25 fiscal year. Their report is included in the financial section of this report. The auditor has given an unmodified opinion on the District's financial statements. An unmodified opinion means that, in the judgment of the auditor, the financial statements present fairly, in all material respects, the financial position of the District and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

FEDERAL SINGLE AUDIT AND STATE COMPLIANCE AUDIT

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

ACCOUNTING AND BUDGETING

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

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

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

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

SIGNIFICANT EVENTS

The District's finances are largely dependent on student enrollment; with the state basic general education formula allowance at \$7,281 per student for the 2024-25 school year. Since 2018, the District has been in a period of declining student enrollment, primarily derived from lower birth rates in Scott County. Over the 8-year period from 2017-18 to 2024-25, student enrollment has decreased by 610 students, or approximately 7.9% of the total enrollment. Decreasing student enrollment in Shakopee has mitigated recent advances in state aid funding for public education in Minnesota.

FINANCIAL PROSPECTS FOR FUTURE YEARS

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

Voters in the District has Board approved referendum authority of \$1,266 per pupil in November 2021. 2022-23 was the first year of the additional levy authority. The referendum money will be used to maintain high quality educational programs and experiences for students.

Like all public school districts in Minnesota, Shakopee Schools relies on student generated revenue for funding in the general fund. The ability to project enrollment accurately is an important part of budget building. During 2024-25, the revised budget enrollment projection was 7,539 average daily membership (ADM). Actual enrollment was 7,658, a positive difference of 119 ADM, or 1.58% variance from budget. Enrollment projections for the 2025-26 adopted budget are 7,457 ADM, a decrease of 201 from prior year actual.

ECONOMIC FACTORS

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

The taxable market value of property within the District continues to increase. Referendum market values increased by over \$605 million from 2023 to 2024 due to new construction and valuation increases. The communities located within the District continue to develop areas for residential and commercial expansion and growth.

In recent sessions, the State of Minnesota's general education funding has been providing an annual 2% increase. While these nominal increases are helpful, they fall far short of meeting today's educational needs.

INITIATIVES

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

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

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

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

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

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

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

INDEPENDENT AUDIT AND CERTIFICATE OF EXCELLENCE

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

This report has been prepared following the guidelines provided by the Association of School Business Officials International (ASBO) for their Certificate of Excellence in Financial Reporting Program. In 2024, the District received recognition from this program by receiving the Certificate of Excellence. Continuing to achieve recognition by this program is a goal of the District's Business Office and provides a clear indication of the District's high standards for financial reporting. The District plans to submit the 2024-2025 ACFR to the ASBO Certificate Program for consideration.

ACKNOWLEDGMENTS

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

Sincerely,



Dr. Mike Redmond
Superintendent



David Draskovich
Director of Finance and Operations

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



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Shakopee Public Schools

for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2024.

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



A handwritten signature in black ink, reading 'Ryan S. Stechschulte'.

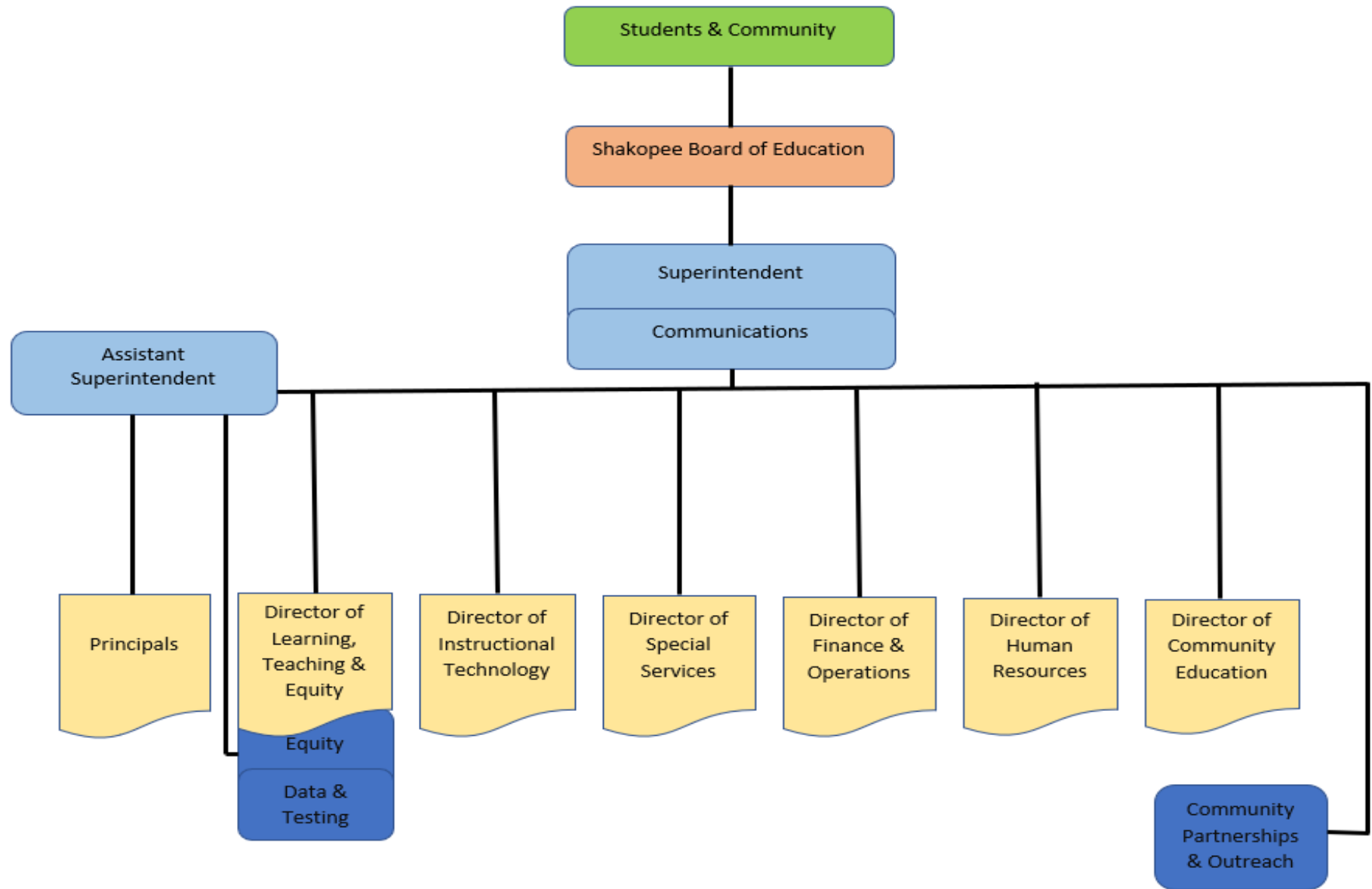
Ryan S. Stechschulte
President

A handwritten signature in black ink, reading 'James M. Rowan'.

James M. Rowan, CAE, SFO
CEO/Executive Director

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Independent School District No. 720
Organizational Chart
As of June 30, 2025



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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 720, Shakopee, Minnesota, as of and for the year ended June 30, 2025, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 720, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Independent School District No. 720 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

The District has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The management of Independent School District No. 720 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and Required Supplementary Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

BerganKDV, Ltd.

Minneapolis, Minnesota
November 24, 2025

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Independent School District No. 720 Management's Discussion and Analysis

This section of Independent School District No. 720's (the "District") annual financial report presents Management's Discussion and Analysis (MD&A) of the District's financial performance during the fiscal year ended June 30, 2025. Please read it in conjunction with the other components of the District's annual financial report.

Overview of the Financial Statements

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

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

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

Government-Wide Statements

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

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

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

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

Independent School District No. 720 Management's Discussion and Analysis

Overview of the Financial Statements (Continued)

Fund Financial Statements

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

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

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

The District maintains the following three kinds of funds:

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

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

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

**Independent School District No. 720
Management's Discussion and Analysis**

Financial Analysis of the District as a Whole

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

**Table 1
Summary Statement of Net Position
as of June 30, 2025 and 2024**

	2025	2024
Assets and Deferred Outflows		
Current and other assets	\$ 105,804,355	\$ 103,928,841
Capital assets, net of depreciation	238,751,417	244,462,485
Total assets	<u>344,555,772</u>	<u>348,391,326</u>
Deferred outflows of resources	<u>21,391,261</u>	<u>24,509,960</u>
Total assets and deferred outflows of resources	<u><u>\$ 365,947,033</u></u>	<u><u>\$ 372,901,286</u></u>
Liabilities and Deferred Inflows		
Current and other liabilities	\$ 11,488,929	\$ 13,920,121
Long-term liabilities, including due within one year	208,430,070	222,868,741
Total liabilities	<u>219,918,999</u>	<u>236,788,862</u>
Deferred inflows of resources	<u>77,840,467</u>	<u>64,411,387</u>
Net Position		
Net investment in capital assets	\$ 116,852,040	\$ 103,977,608
Restricted	19,000,098	21,752,764
Unrestricted	(67,664,571)	(54,029,335)
Total net position	<u>68,187,567</u>	<u>71,701,037</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 365,947,033</u></u>	<u><u>\$ 372,901,286</u></u>

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

The financial position of the District declined this year as measured by total net position. For the year ended June 30, 2025, total net position decreased by \$3,513,470 including the change in accounting principle. Net investment in capital assets increased by \$12,874,432, restricted decreased by \$2,752,666, and unrestricted decreased by \$13,635,236.

**Independent School District No. 720
Management's Discussion and Analysis
June 30, 2025**

Financial Analysis of the District as a Whole (Continued)

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

**Table 2
Summary Statement of Activities
for the Years Ended June 30, 2025 and 2024**

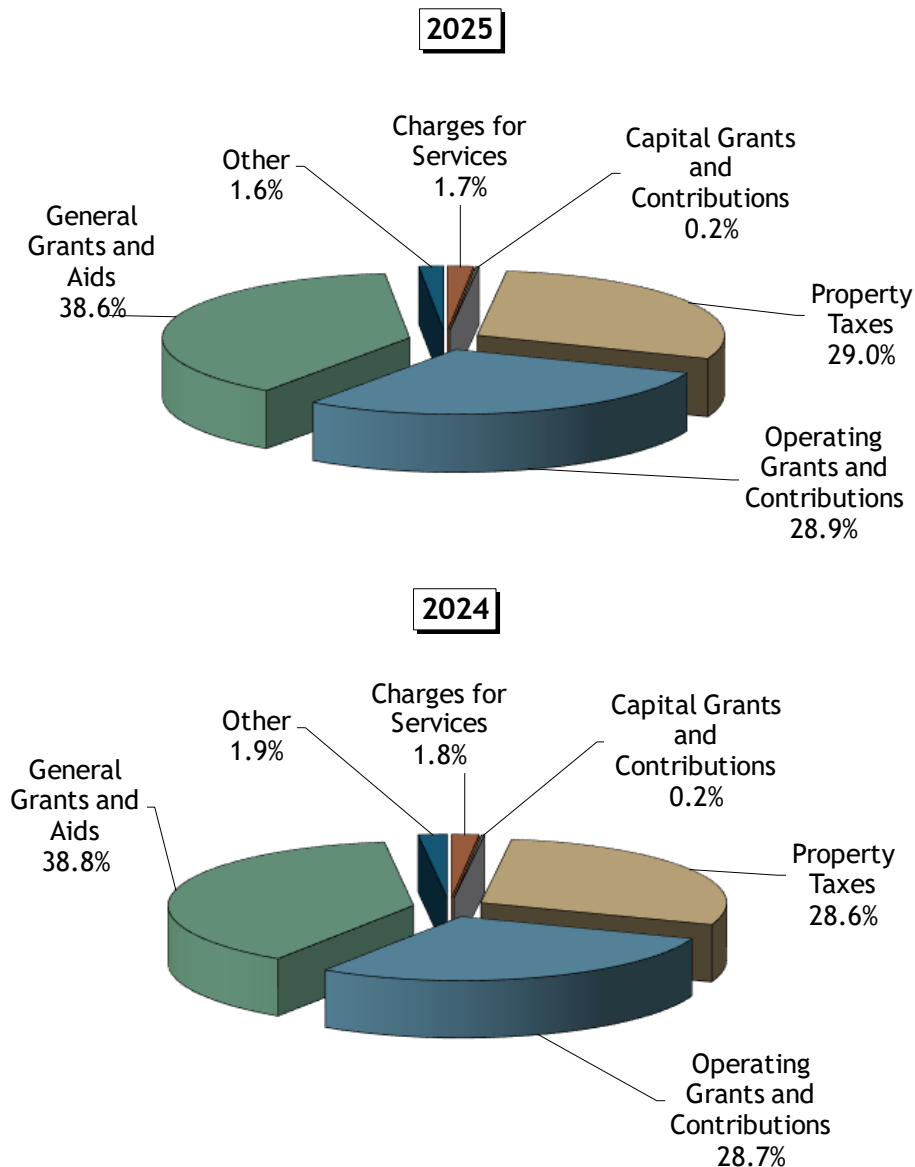
	2025	2024
Revenues		
Program revenues		
Charges for services	\$ 2,821,409	\$ 2,773,290
Operating grants and contributions	46,969,543	45,120,962
Capital grants and contributions	312,333	372,518
General revenues		
Property taxes	47,037,797	44,926,069
General grants and aids	62,692,060	60,978,134
Other	2,599,419	3,022,402
Total revenues	<u>162,432,561</u>	<u>157,193,375</u>
Expenses		
Administration	3,723,272	5,011,352
District support services	3,156,008	3,152,360
Elementary and secondary regular instruction	58,407,342	50,815,607
Vocational education instruction	1,336,943	1,146,530
Special education instruction	26,629,978	22,724,449
Instructional support services	8,989,425	8,713,449
Pupil support services	14,543,420	10,477,558
Sites and buildings	12,842,662	12,300,863
Fiscal and other fixed cost programs	786,776	677,888
Food service	5,751,706	5,614,035
Community service	3,635,654	3,499,132
Depreciation not allocated to other functions	3,562,530	4,071,908
Interest and fiscal charges	978,780	3,134,806
Total expenses	<u>144,344,496</u>	<u>131,339,937</u>
Change in net position	18,088,065	25,853,438
Net position - beginning	71,701,037	45,847,599
Change in accounting principle	(21,601,535)	-
Net position - beginning, restated	<u>50,099,502</u>	<u>45,847,599</u>
Net position - ending	<u>\$ 68,187,567</u>	<u>\$ 71,701,037</u>

**Independent School District No. 720
Management's Discussion and Analysis
June 30, 2025**

Financial Analysis of the District as a Whole (Continued)

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

Figure A - Sources of Revenue for Fiscal Years 2025 and 2024



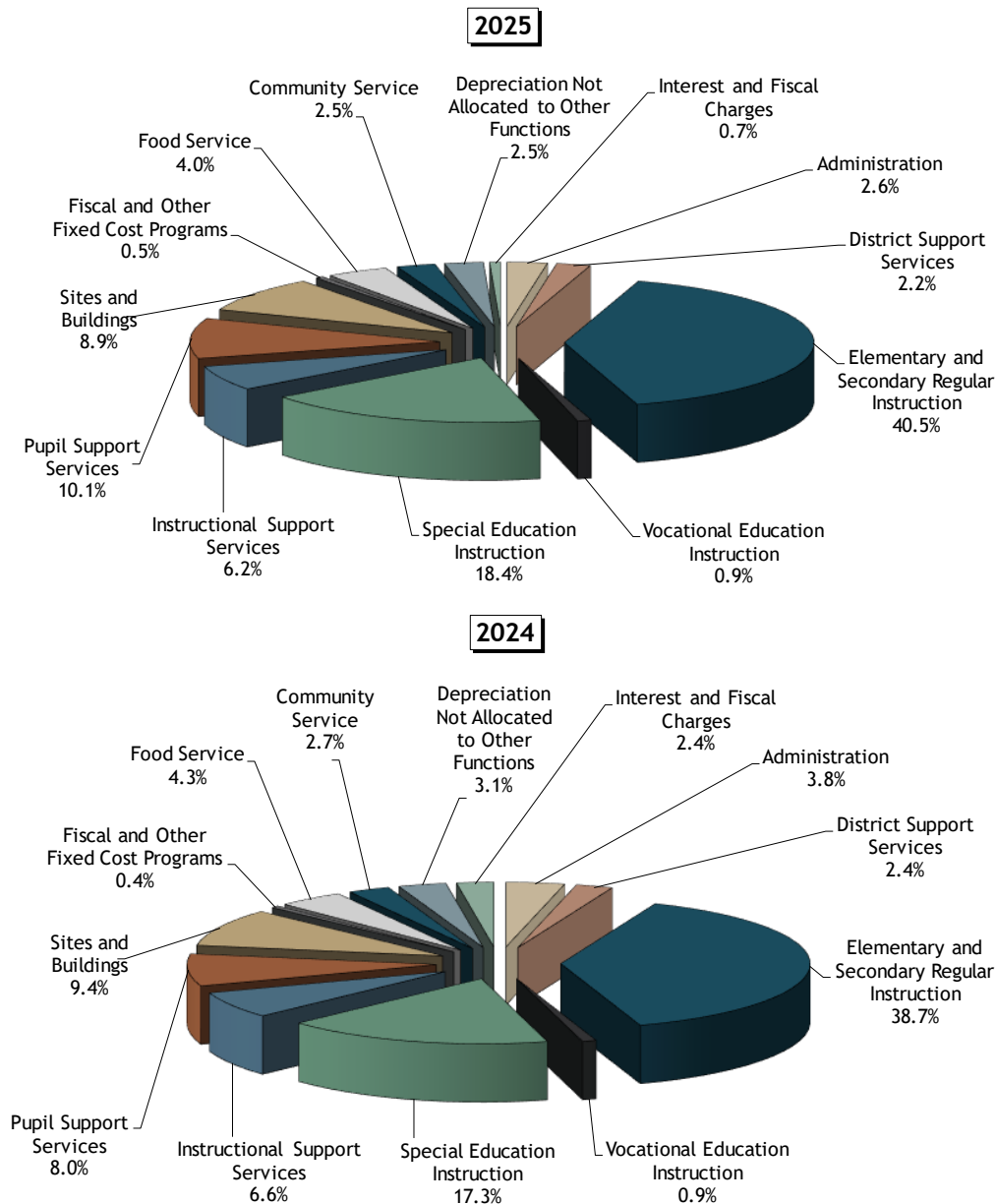
The largest share of the District's revenue is received from the state, which includes General Education Aid and most of the operating grants. Consequently, the District's funding depends significantly on the state's financial fluctuations.

**Independent School District No. 720
Management's Discussion and Analysis
June 30, 2025**

Financial Analysis of the District as a Whole (Continued)

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

Figure B - Expenses for Fiscal Years 2025 and 2024



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

**Independent School District No. 720
Management's Discussion and Analysis
June 30, 2025**

Financial Analysis of the District's Funds

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

**Table 3
Governmental Fund Balances
as of June 30, 2025 and 2024**

	2025	2024	Increase (Decrease)
Governmental Funds			
Major funds			
General	\$ 36,158,509	\$ 32,679,747	\$ 3,478,762
Debt service	6,020,406	5,197,281	823,125
Nonmajor funds			
Capital projects - building	1,695,825	3,035,168	(1,339,343)
Special revenue funds			
Food service	3,334,549	2,882,650	451,899
Community service	(110,271)	85,704	(195,975)
	<u>\$ 47,099,018</u>	<u>\$ 43,880,550</u>	<u>\$ 3,218,468</u>

Analysis of the General Fund

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

**Independent School District No. 720
Management's Discussion and Analysis
June 30, 2025**

Analysis of the General Fund (Continued)

Table 4 summarizes the operating results of the General Fund:

**Table 4
General Fund
Operating Results**

General Fund Unassigned Fund Balance

	2025 Actual	2025 Budget	2024 Actual
Unassigned Fund Balance	\$ 12,992,076	\$ 12,698,882	\$ 12,248,187
Total Expenditures	129,929,570	128,552,625	122,044,518
 Unassigned Fund Balance Percentage	 10.00%	 9.88%	 10.04%

Actual revenues were higher than budget due to increased interest earnings, slightly more students than budget, conservative estimates in the areas of state special education aid and basic skills (compensatory + EL) aid, and other changes related to legislative adjustments. Actual expenditures were higher than budget due to adjustments based on classroom needs and variances in contractual obligations.

Analysis of Remaining Funds

Activity of the Debt Service Fund is largely controlled in accordance with each outstanding debt issue's amortization plan. The Debt Service Fund has approximately \$6.02 million of year-end fund balance to help finance future debt obligations.

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

**Independent School District No. 720
Management's Discussion and Analysis
June 30, 2025**

Capital Assets and Long-Term Liabilities

Capital Assets

Table 5 shows the District's capital assets, together with changes from the previous year. The table also shows the total depreciation expense for fiscal years ending June 30, 2025, and 2024:

**Table 5
Capital Assets**

	2025	2024	Increase (Decrease)
Land	\$ 11,949,875	\$ 11,949,875	\$ -
Construction in progress	2,422,522	1,628,381	794,141
Capital assets, net of accumulated depreciation and amortization			
Site improvements	11,306,302	11,263,105	43,197
Buildings	204,047,362	211,058,820	(7,011,458)
Furniture and equipment	7,539,674	7,249,607	290,067
Leased and subscription assets	1,485,682	1,312,697	172,985
Total	<u>\$ 238,751,417</u>	<u>\$ 244,462,485</u>	<u>\$ (5,711,068)</u>
Depreciation and amortization expense	<u>\$ 11,255,411</u>	<u>\$ 11,586,874</u>	<u>\$ (331,463)</u>

Long-Term Liabilities

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

**Table 6
Outstanding Long-Term Liabilities**

	2025	2024	Increase (Decrease)
G.O. Bonds payable, net of premium	\$ 113,646,001	\$ 130,532,731	\$ (16,886,730)
Financed purchase payable	3,276,792	3,368,497	(91,705)
Lease liability	1,583,033	1,342,661	240,372
Compensated absences payable	23,944,038	532,629	23,411,409
Total	<u>\$ 142,449,864</u>	<u>\$ 135,776,518</u>	<u>\$ 6,673,346</u>

**Independent School District No. 720
Management's Discussion and Analysis
June 30, 2025**

Capital Assets and Long-Term Liabilities (Continued)

Long-Term Liabilities (Continued)

Scheduled payments resulted in the decrease of the Certificates of Participation payable. The District is leasing MacBooks and iPads from Apple as part of a district-wide technology initiative.

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

**Table 7
Limitations on Debt**

District's market value	\$ 9,144,413,406
Limit rate	<u>15.0%</u>
Legal debt limit	<u>\$ 1,371,662,011</u>

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

Factors Bearing on the District's Future

The general education program is the method by which school districts receive the majority of their financial support. This source of funding is primarily state aid and, as such, school districts rely heavily on the State of Minnesota for educational resources. The basic general education formula amount for all Minnesota school districts increased 2.0% to \$7,281 in 2025. An improving economy has reduced some of the challenges in funding education for Minnesota schools in recent years.

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

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

Independent School District No. 720
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets	
Cash and investments	\$ 68,783,771
Current property taxes receivable	21,968,863
Delinquent property taxes receivable	123,496
Accounts receivable	13,771
Interest receivable	84,836
Due from Department of Education	11,899,653
Due from Federal Government through Department of Education	721,400
Due from other Minnesota school districts	8,533
Due from other governmental units	17,767
Due from OPEB Trust Fund	504,095
Inventory	42,404
Prepaid items	1,635,766
Capital assets not being depreciated	
Land	11,949,875
Construction in progress	2,422,522
Capital assets, net of accumulated depreciation/amortization	
Site improvements	11,306,302
Buildings	204,047,362
Furniture and equipment	7,539,674
Subscription assets	48,970
Leased buildings	1,436,712
Total assets	<u>344,555,772</u>
Deferred Outflows of Resources	
Deferred outflows of resources related to pensions	21,079,508
Deferred outflows of resources related to OPEB	311,753
Total deferred outflows of resources	<u>21,391,261</u>
 Total assets and deferred outflows of resources	 <u>\$ 365,947,033</u>

Independent School District No. 720
Statement of Net Position
June 30, 2025

	Governmental Activities
Liabilities	
Accounts payable	\$ 2,210,098
Contracts payable	116,385
Salaries and benefits payable	7,388,140
Interest payable	1,191,284
Due to other Minnesota school districts	214,676
Due to other governmental units	138,777
Unearned revenue	229,569
Bonds payable, net	
Payable within one year	17,310,000
Payable after one year	96,336,001
Financed purchase agreements payable	
Payable within one year	1,629,155
Payable after one year	1,647,637
Lease liability	
Payable within one year	358,636
Payable after one year	1,224,397
Compensated absences payable	
Payable within one year	2,690,208
Payable after one year	21,253,830
Net other post employment benefit (OPEB) liability	
Payable within one year	400,000
Payable after one year	5,213,185
Net pension liability	60,367,021
Total liabilities	<u>219,918,999</u>
Deferred Inflows of Resources	
Property taxes levied for subsequent year's expenses	45,520,714
Deferred amount on refunding	6,332,899
Deferred inflows of resources related to pensions	21,892,473
Deferred inflows of resources related to OPEB	4,094,381
Total deferred inflows of resources	<u>77,840,467</u>
Net Position	
Net investment in capital assets	116,852,040
Restricted	
Debt service	3,307,245
Food service	3,334,549
Community service	637,504
Other purposes	11,720,800
Unrestricted	(67,664,571)
Total net position	<u>68,187,567</u>
 Total liabilities, deferred inflows of resources, and net position	 <u><u>\$ 365,947,033</u></u>

Independent School District No. 720
Statement of Activities
Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expense) and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
Administration	\$ 3,723,272	\$ -	\$ -	\$ -	\$ (3,723,272)
District support services	3,156,008	12,324	24,282	-	(3,119,402)
Elementary and secondary regular instruction	58,407,342	534,340	13,755,700	-	(44,117,302)
Vocational education instruction	1,336,943	-	27,066	-	(1,309,877)
Special education instruction	26,629,978	-	22,377,622	-	(4,252,356)
Instructional support services	8,989,425	1,180	3,349,359	-	(5,638,886)
Pupil support services	14,543,420	200	488,864	-	(14,054,356)
Sites and buildings	12,842,662	42,823	127,454	300,602	(12,371,783)
Fiscal and other fixed cost programs	786,776	-	-	-	(786,776)
Food service	5,751,706	421,899	5,810,657	-	480,850
Community education and services	3,635,654	1,808,643	1,008,539	11,731	(806,741)
Depreciation not allocated to other functions	3,562,530	-	-	-	(3,562,530)
Interest and fiscal charges on long-term debt	978,780	-	-	-	(978,780)
Total governmental activities	<u>\$ 144,344,496</u>	<u>\$ 2,821,409</u>	<u>\$ 46,969,543</u>	<u>\$ 312,333</u>	(94,241,211)
General revenues					
Taxes					
Property taxes, levied for general purposes					27,883,982
Property taxes, levied for community service					603,143
Property taxes, levied for debt service					18,550,672
State aid-formula grants					62,692,060
Other general revenues					2,252
Investment income					2,365,317
Gain on sale of capital assets					231,850
Total general revenues					<u>112,329,276</u>
Change in net position					18,088,065
Net position - beginning					<u>71,701,037</u>
Change in accounting principle (Note 9)					<u>(21,601,535)</u>
Net position - beginning, as restated					<u>50,099,502</u>
Net position - ending					<u>\$ 68,187,567</u>

See notes to basic financial statements.

Independent School District No. 720
Balance Sheet - Governmental Funds
June 30, 2025

	General	Debt Service	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 43,592,815	\$ 15,671,223	\$ 5,600,220	\$ 64,864,258
Current property taxes receivable	13,034,592	8,621,978	312,293	21,968,863
Delinquent property taxes receivable	71,774	50,091	1,631	123,496
Accounts receivable	13,771	-	-	13,771
Interest receivable	84,836	-	-	84,836
Due from Department of Education	11,683,820	41,485	174,348	11,899,653
Due from Federal Government through Department of Education	665,573	-	55,827	721,400
Due from other Minnesota school districts	831	-	7,702	8,533
Due from other governmental units	17,742	-	25	17,767
Due from OPEB Trust Fund	504,095	-	-	504,095
Inventory	-	-	42,404	42,404
Prepaid items	1,635,766	-	-	1,635,766
Total assets	<u>\$ 71,305,615</u>	<u>\$ 24,384,777</u>	<u>\$ 6,194,450</u>	<u>\$ 101,884,842</u>
Liabilities				
Accounts payable	\$ 941,558	\$ -	\$ 112,540	\$ 1,054,098
Contracts payable	16,830	-	99,555	116,385
Salaries and benefits payable	7,226,024	-	162,085	7,388,109
Due to other Minnesota school districts	214,676	-	-	214,676
Due to other governmental units	138,209	-	568	138,777
Unearned revenue	-	-	229,569	229,569
Total liabilities	<u>8,537,297</u>	<u>-</u>	<u>604,317</u>	<u>9,141,614</u>
Deferred Inflows of Resources				
Property taxes levied for subsequent year's expenditures	26,538,035	18,314,280	668,399	45,520,714
Unavailable revenue - delinquent property taxes	71,774	50,091	1,631	123,496
Total deferred inflows of resources	<u>26,609,809</u>	<u>18,364,371</u>	<u>670,030</u>	<u>45,644,210</u>
Fund Balances				
Nonspendable	1,635,766	-	42,404	1,678,170
Restricted	11,720,800	6,020,406	5,623,843	23,365,049
Committed	414,844	-	-	414,844
Assigned	9,395,023	-	-	9,395,023
Unassigned	12,992,076	-	(746,144)	12,245,932
Total fund balances	<u>36,158,509</u>	<u>6,020,406</u>	<u>4,920,103</u>	<u>47,099,018</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 71,305,615</u>	<u>\$ 24,384,777</u>	<u>\$ 6,194,450</u>	<u>\$ 101,884,842</u>

Independent School District No. 720
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
June 30, 2025

Total fund balances - governmental funds	\$ 47,099,018
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.

Cost of capital assets	379,202,735
Less accumulated depreciation	(140,451,318)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

Bond principal payable	(109,201,535)
Premium on bonds and certificates of participation payable	(4,444,466)
Deferred amount on refunding	(6,332,899)
Financed purchase agreements	(3,276,792)
Lease liability	(1,583,033)
Compensated absences payable	(23,944,038)
Net OPEB liability	(5,613,185)
Net pension liability	(60,367,021)

Deferred outflows of resources and deferred inflows of resources are created as a result of differences related to pensions and OPEB that are not recognized in the governmental funds:

Deferred outflows of resources related to pensions	21,079,508
Deferred inflows of resources related to pensions	(21,892,473)
Deferred outflows of resources related to OPEB	311,753
Deferred inflows of resources related to OPEB	(4,094,381)

Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.

123,496

The self-insured Health and Dental Internal Service Funds are used by management to charge the costs of the self-insured plans. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position and interfund activity is removed.

2,763,482

Governmental funds do not report a liability for accrued interest on bonds and certificates of participation until due and payable.

(1,191,284)

Total net position - governmental activities	<u>\$ 68,187,567</u>
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Independent School District No. 720
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2025

	General	Debt Service	Nonmajor Funds	Total Governmental Funds
Revenues				
Local property taxes	\$ 27,905,569	\$ 18,566,828	\$ 603,701	\$ 47,076,098
Other local and county revenues	4,246,625	254,259	2,211,898	6,712,782
Revenue from state sources	95,715,059	415,804	3,768,805	99,899,668
Revenue from federal sources	3,462,567	-	2,979,453	6,442,020
Sales and other conversion of assets	13,735	-	421,899	435,634
Total revenues	<u>131,343,555</u>	<u>19,236,891</u>	<u>9,985,756</u>	<u>160,566,202</u>
Expenditures				
Current				
Administration	3,515,151	-	-	3,515,151
District support services	3,224,775	-	-	3,224,775
Elementary and secondary regular instruction	54,272,719	-	-	54,272,719
Vocational education instruction	1,332,351	-	-	1,332,351
Special education instruction	27,029,707	-	-	27,029,707
Instructional support services	8,471,794	-	-	8,471,794
Pupil support services	14,349,988	-	-	14,349,988
Sites and buildings	9,314,073	-	-	9,314,073
Fiscal and other fixed cost programs	786,776	-	-	786,776
Food service	-	-	5,825,948	5,825,948
Community education and services	-	-	3,588,132	3,588,132
Capital outlay				
Administration	107,213	-	-	107,213
District support services	1,169	-	-	1,169
Elementary and secondary regular instruction	267,352	-	-	267,352
Vocational education instruction	6,129	-	-	6,129
Special education instruction	-	-	-	-
Instructional support services	2,701,417	-	-	2,701,417
Pupil support services	316,537	-	-	316,537
Sites and buildings	1,135,705	-	1,566,619	2,702,324
Food service	-	-	48,864	48,864
Community education and services	-	-	51,343	51,343
Debt service				
Principal	2,729,211	15,900,000	-	18,629,211
Interest and fiscal charges	367,503	2,513,766	-	2,881,269
Total expenditures	<u>129,929,570</u>	<u>18,413,766</u>	<u>11,080,906</u>	<u>159,424,242</u>
Excess of revenues over (under) expenditures	1,413,985	823,125	(1,095,150)	1,141,960
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	231,850	-	-	231,850
Lease issuance	1,830,475	-	-	1,830,475
Insurance recovery	2,452	-	11,731	14,183
Total other financing sources (uses)	<u>2,064,777</u>	<u>-</u>	<u>11,731</u>	<u>2,076,508</u>
Net change in fund balances	3,478,762	823,125	(1,083,419)	3,218,468
Fund Balances				
Beginning of year	<u>32,679,747</u>	<u>5,197,281</u>	<u>6,003,522</u>	<u>43,880,550</u>
End of year	<u>\$ 36,158,509</u>	<u>\$ 6,020,406</u>	<u>\$ 4,920,103</u>	<u>\$ 47,099,018</u>

See notes to basic financial statements.

Independent School District No. 720
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to
the Statement of Activities - Governmental Funds
Year Ended June 30, 2025

Net change in fund balances - total governmental funds	\$ 3,218,468
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense:

Capital outlays	5,062,592
Depreciation and amortization expense	(11,255,411)
Net effect of lease remeasurement	4,266

Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	(1,809,874)
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Governmental funds recognize OPEB contributions as expenditures at the time of payment, whereas the Statement of Activities recognizes when the expenses are incurred.	129,187
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Principal payments on long-term debt are recognized as expenditures or other financing uses in the governmental funds but has no impact on net position in the Statement of Activities.	18,709,293
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	157,654
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The accreted value of capital appreciation bonds is reported in the statement of net position but does not require the use of current financial resources.	(384,724)
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Governmental funds report the effect of bond premiums when the debt is first issued as an other financing source, whereas these amounts are deferred and amortized in the Statement of Activities. Deferred amounts on refundings do not effect current financial resources.	2,049,477
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Issuances of long-term debt are recognized as other financing sources in the governmental funds increasing fund balance but having no effect on net position in the Statement of Activities.	(1,830,475)
--	-------------

Governmental funds recognize pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective:	
Pension expense	2,863,375

The self-insured Health and Dental Internal Service Funds are used by management to charge the costs of the self-insured plans. The increase in net position is reported within the governmental activities in the Statement of Activities.	1,212,538
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Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	(38,301)
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Change in net position - governmental activities	\$ 18,088,065
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Independent School District No. 720
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Over (Under)
Revenues				
Local property taxes	\$ 27,143,451	\$ 27,688,451	\$ 27,905,569	\$ 217,118
Other local and county revenues	1,951,113	2,766,063	4,246,625	1,480,562
Revenue from state sources	89,883,615	93,372,720	95,715,059	2,342,339
Revenue from federal sources	2,146,851	2,424,837	3,462,567	1,037,730
Sales and other conversion of assets	42,810	42,450	13,735	(28,715)
Total revenues	121,167,840	126,294,521	131,343,555	5,049,034
Expenditures				
Current				
Administration	6,277,170	5,636,789	3,515,151	(2,121,638)
District support services	3,067,897	3,265,955	3,224,775	(41,180)
Elementary and secondary regular instruction	51,428,031	52,546,279	54,272,719	1,726,440
Vocational education instruction	1,336,924	1,270,704	1,332,351	61,647
Special education instruction	25,303,861	26,507,628	27,029,707	522,079
Instructional support services	9,164,938	9,113,807	8,471,794	(642,013)
Pupil support services	10,291,529	11,397,543	14,349,988	2,952,445
Sites and buildings	7,681,885	8,172,525	9,314,073	1,141,548
Fiscal and other fixed cost programs	555,358	813,466	786,776	(26,690)
Capital outlay				
Administration	101,591	449,221	107,213	(342,008)
District support services	5,286	5,286	1,169	(4,117)
Elementary and secondary regular instruction	1,672,389	1,672,389	267,352	(1,405,037)
Vocational education instruction	4,762	4,762	6,129	1,367
Special education instruction	12,000	12,000	-	(12,000)
Instructional support services	1,825,230	3,389,038	2,701,417	(687,621)
Pupil support services	-	-	316,537	316,537
Sites and buildings	1,045,000	1,045,000	1,135,705	90,705
Debt service				
Principal	3,083,151	2,897,441	2,729,211	(168,230)
Interest and fiscal charges	250,292	352,792	367,503	14,711
Total expenditures	123,107,294	128,552,625	129,929,570	1,376,945
Excess of revenues over (under) expenditures	(1,939,454)	(2,258,104)	1,413,985	3,672,089
Other Financing Sources				
Proceeds from sale of capital assets	-	-	231,850	231,850
Lease issuance	-	1,563,808	1,830,475	266,667
Insurance recovery	-	-	2,452	2,452
Total other financing sources	-	1,563,808	2,064,777	500,969
Net change in fund balance	\$ (1,939,454)	\$ (694,296)	3,478,762	\$ 4,173,058
Fund Balance				
Beginning of year			32,679,747	
End of year			\$ 36,158,509	

See notes to basic financial statements.

Independent School District No. 720
Statement of Net Position - Proprietary Funds
June 30, 2025

	Governmental Activities - Internal Service Funds
Assets	
Current	
Cash and cash equivalents	\$ 3,919,513
Liabilities	
Current	
Incurred but not reported claims	\$ 1,156,000
Benefits payable	31
Total liabilities	1,156,031
Net Position	
Unrestricted	2,763,482
Total liabilities and net position	\$ 3,919,513

Independent School District No. 720
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended June 30, 2025

	Governmental Activities - Internal Service Funds
Operating Revenue	
Charges for services	<u>\$ 13,019,934</u>
Operating Expenses	
Insurance	11,774,783
Salaries	47,938
Benefits	7,405
Total operating expenses	<u>11,830,126</u>
Operating income	1,189,808
Nonoperating Revenue	
Investment income	<u>22,730</u>
Change in net position	1,212,538
Net Position	
Beginning of year	<u>1,550,944</u>
End of year	<u><u>\$ 2,763,482</u></u>

Independent School District No. 720
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2025

	Governmental Activities - Internal Service Funds
Cash Flows - Operating Activities	
Receipts from District contributions	\$ 13,019,934
Employee claims paid	(11,620,783)
Payments to employees	(55,312)
Net cash flows - operating activities	<u>1,343,839</u>
Cash Flows - Investing Activities	
Interest received	<u>22,730</u>
Net change in cash and cash equivalents	1,366,569
Cash and Cash Equivalents	
Beginning of year	<u>2,552,944</u>
End of year	<u><u>\$ 3,919,513</u></u>
Reconciliation of Operating Income to Net Cash Flows - Operating Activities	
Operating income	\$ 1,189,808
Adjustments to reconcile operating income to net cash flows - operating activities	
Incurred but not reported claims	154,000
Benefits payable	31
Net adjustments	<u>154,031</u>
Net cash flows - operating activities	<u><u>\$ 1,343,839</u></u>

Independent School District No. 720
Statement of Fiduciary Net Position
June 30, 2025

	OPEB Trust Fund	Custodial Fund
Assets		
Cash and cash equivalents	\$ -	\$ 32,718
Investments		
Brokered money markets	196,974	-
Mutual funds - fixed income	2,413,604	-
Mutual funds - equity	3,884,044	-
Total assets	<u>6,494,622</u>	<u>32,718</u>
Liabilities		
Accounts payable	4,720	-
Due to General Fund	504,095	-
Total liabilities	<u>508,815</u>	<u>-</u>
Net Position		
Held in trust for OPEB	5,985,807	-
Held in trust for scholarships	<u>-</u>	<u>32,718</u>
Total net position held in trust	<u>\$ 5,985,807</u>	<u>\$ 32,718</u>

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2025

	OPEB Trust Fund	Custodial Fund
Additions		
Contributions	\$ -	\$ 43,283
Investment income	676,177	564
Total additions	<u>676,177</u>	<u>43,847</u>
Deductions		
Health insurance benefits	400,271	-
Professional fees	33,502	-
Scholarships	-	28,500
Total deductions	<u>433,773</u>	<u>28,500</u>
Change in net position	242,404	15,347
Net Position		
Beginning of year	<u>5,743,403</u>	<u>17,371</u>
End of year	<u>\$ 5,985,807</u>	<u>\$ 32,718</u>

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Independent School District No. 720
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

The student activity accounts of the District are under board control and are reported in the General Fund.

B. Basic Financial Statement Information

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

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

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

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statement Information (Continued)

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

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

C. Measurement Focus and Basis of Accounting

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

1. Revenue Recognition

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

2. Recording of Expenditures

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

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

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

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Description of Funds:

Major Funds:

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

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

Nonmajor Funds:

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

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

Building Construction Capital Project Fund - This fund is used to account for financial resources used for the acquisition or construction of major capital facilities.

Proprietary Funds:

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

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

Fiduciary Funds:

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

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

D. Cash and Investments

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

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Investments (Continued)

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

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

1. Funds Other than OPEB Trust Fund

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

Cash and investments as of June 30, 2025, were comprised of deposits, brokered money market accounts, shares in the Minnesota School District Liquid Asset Fund (MSDLAF), and shares in MNTrust funds. MSDLAF and MNTrust securities are valued at amortized cost, which approximates fair value.

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

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

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Investments (Continued)

2. OPEB Trust Fund

These funds represent investments administered by the District's OPEB Fund Investment Managers. As of June 30, 2025, they were comprised of a brokered money market account and mutual funds. The District's investment policy extends to the OPEB Trust Fund investments.

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

E. Property Tax Receivable

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

F. Property Taxes Levied for Subsequent Year's Expenditures

Property taxes levied for subsequent year's expenditures consist principally of property taxes levied in the current year which will be collected and recognized as revenue in the District's following year to properly match those revenues with the budgeted expenditures for which they were levied. This amount is equal to the amount levied by the School Board in December 2024, less various components and their related adjustments as mandated by the state. These portions of that levy were recognized as revenue in fiscal year 2025. The remaining portion of the levy will be recognized when measurable and available.

G. Inventories

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

H. Prepaid Items

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

I. Property Taxes

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

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Property Taxes (Continued)

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

J. Capital Assets

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

Capital assets are defined by the District as assets with an initial individual cost of more than \$10,000 for equipment and \$20,000 for construction and improvements with an estimated useful life in excess of one year. The District uses a capitalization threshold of \$175,000 for purchases of group assets. Such assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at its acquisition value at the date of donation.

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

Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purpose. Useful lives vary from 15 to 50 years for site improvements and buildings and 5 to 20 years for furniture and equipment.

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

K. Right-to-Use Lease Assets/Lease Liabilities/Subscription Asset and Liabilities

The right-to-use lease assets and subscription assets are initially measured at an amount equal to the initial measurement of the related liability plus any payments made prior to the term, less incentives, and plus ancillary charges necessary to place the asset into service. The right-to-use assets and subscription assets are amortized on a straight-line basis over the life of the related liability.

Key estimates and judgments related to leases include (1) the discount rate, (2) term, and (3) payments.

The District uses the interest rate charged by the lessor or vendor as the discount rate. When the interest rate charged by the lessor is not provided, the District determines its estimated direct borrowing rate. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase options the District is reasonably certain to exercise. The subscription term includes the noncancellable period of the right to use the underlying assets. Payments included in the measurement of the subscription liability are composed of fixed payments and purchase options the District is reasonably certain to exercise.

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Right-to-Use Lease Assets/Lease Liabilities/Subscription Asset and Liabilities (Continued)

The District monitors changes in circumstances that would require re-measurement and will remeasure the affected assets and liabilities if certain changes occur.

L. Deferred Outflows/Inflows of Resources

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

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

M. Long-Term Obligations

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

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Long-Term Obligations (Continued)

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

N. Compensated Absences

The liability for compensated absences reported in the Statement of Net Position consists of leave that has not been used that is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

Under the terms of collectively bargained contracts, eligible employees accrue vacation and sick leave at varying rates as specified by contract, portions of which may be carried over to future years. Employees are reimbursed for any unused, accrued vacation upon termination.

O. Pensions

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

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

P. Postemployment Benefits Other than Pensions (OPEB)

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

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to employees for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in the District's insurance coverage during the year ended June 30, 2025.

R. Fund Equity

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

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

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

S. Net Position

Net position represents the difference between assets and deferred outflows of resources; and liabilities and deferred inflows of resources in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statement when there are limitations on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net investment in capital assets excludes unspent bond proceeds of \$1,695,825.

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Use of Estimates

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

U. Budgetary Information

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS

A. Deposits

District Funds and OPEB Trust Fund

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

Custodial Credit Risk - Deposits: This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a deposit policy that requires the District's deposits be collateralized as required by *Minnesota Statutes* for an amount exceeding federal deposit coverage. *Minnesota Statutes* require all deposits be protected by federal depository insurance, corporate surety bonds or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by Federal Deposit Insurance Corporation (FDIC) insurance or corporate surety bonds. As of June 30, 2025, the District's bank balances were not exposed to custodial credit risk because they were insured by FDIC insurance or fully collateralized.

As of June 30, 2025, the District had the following deposits:

Checking accounts	\$ 3,769,886
Certificates of deposit	959,300
Total deposits	\$ 4,729,186

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 2 - DEPOSITS AND INVESTMENTS

B. Investments

1. District Funds Other than OPEB Trust Fund

As of June 30, 2025, the District had the following investments:

Investment Type	Investment Maturities		S&P/Moody's Rating
	Amount	Less than 1 Year	
Pooled investments			
MNTrust Investment Shares	\$ 40,315,649	\$ 40,315,649	AAA
MNTrust Term Series	9,669,996	9,669,996	N/A
MNTrust Limited Term Duration Series	5,378,733	5,378,733	N/A
MSDLAF+ Liquid Class	375,402	375,402	AAAm
MSDLAF+ MAX Class	4,492	4,492	AAAm
Total pooled investments	<u>55,744,272</u>	<u>55,744,272</u>	
Construction investments			
Brokered money market account	8,200,754	8,200,754	N/A
MNTrust Investment Shares	<u>34,274</u>	<u>34,274</u>	AAA
Total nonpooled construction investments	<u>8,235,028</u>	<u>8,235,028</u>	
Health and Dental self-insurance investments			
MSDLAF+ Liquid Class	<u>108,003</u>	<u>108,003</u>	AAAm
Total	<u>\$ 64,087,303</u>	<u>\$ 64,087,303</u>	

The District's investments have the following recurring fair value measurements as of June 30, 2025:

- \$8,200,754 are valued using quoted market prices (Level 1 inputs).

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

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

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

1. District Funds Other than OPEB Trust Fund (Continued)

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. The District's investment policy places no limit on the amount the District may invest in any one issuer, though it does state the District shall diversify its investments to avoid incurring unreasonable risks inherent in overinvesting in specific instruments, individual financial institutions, or maturities. The District's investments were not exposed to concentration of credit risk as of June 30, 2025.

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

2. OPEB Trust Fund

As of June 30, 2025, the District's OPEB Trust Fund had the following investments:

<u>OPEB Investment Type</u>	<u>Amount</u>	<u>S&P Rating</u>
Brokered money market account	\$ 196,974	N/A
Mutual funds - fixed income	2,413,604	N/A
Mutual funds - equity	<u>3,884,044</u>	N/A
Total	<u><u>\$ 6,494,622</u></u>	

The District's OPEB Trust Fund investments have the following recurring fair value measurements as of June 30, 2025:

- \$6,494,622 are valued using quoted market prices (Level 1 inputs).

C. Deposits and Investments

The following is a summary of total deposits and investments:

District funds other than trust funds	
Deposits (Note 2.A.)	\$ 4,729,186
Investments (Note 2.B.)	64,087,303
OPEB Trust Fund	
Deposits (Note 2.A.)	
Investments (Note 2.B.)	<u>6,494,622</u>
Total deposits and investments	<u><u>\$ 75,311,111</u></u>

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

C. Deposits and Investments (Continued)

Deposits and investments are presented in the June 30, 2025, basic financial statements as follows:

Statement of Net Position

Cash and investments	\$ 68,783,771
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Statement of Fiduciary Net Position

Custodial Fund	32,718
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OPEB Trust Fund	6,494,622
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Total deposits and investments	\$ 75,311,111
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NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Remeasurement	Ending Balance
Governmental activities					
Capital assets not being depreciated					
Land	\$ 11,949,875	\$ -	\$ -	\$ -	\$ 11,949,875
Construction in progress	1,628,381	2,378,651	1,584,510	-	2,422,522
Total capital assets not being depreciated	13,578,256	2,378,651	1,584,510	-	14,372,397
Other capital assets					
Site improvements	20,272,912	902,946	-	-	21,175,858
Buildings	305,852,143	486,004	-	-	306,338,147
Furniture and equipment	32,047,865	2,771,602	-	-	34,819,467
Subscription assets	150,654	13,903	64,196	-	100,361
Leased buildings	2,030,927	93,996	-	271,582	2,396,505
Total other capital assets at historical cost	360,354,501	4,268,451	64,196	271,582	364,830,338
Less accumulated depreciation for					
Site improvements	9,009,807	859,749	-	-	9,869,556
Buildings	94,793,323	7,497,462	-	-	102,290,785
Furniture and equipment	24,798,258	2,481,535	-	-	27,279,793
Less accumulated amortization for					
Subscription assets	78,866	36,721	64,196	-	51,391
Leased buildings	790,018	379,944	-	(210,169)	959,793
Total accumulated depreciation and amortization	129,470,272	11,255,411	64,196	(210,169)	140,451,318
Total other capital assets, net	230,884,229	(6,986,960)	-	481,751	224,379,020
Governmental activities capital assets, net	<u>\$ 244,462,485</u>	<u>\$ (4,608,309)</u>	<u>\$ 1,584,510</u>	<u>\$ 481,751</u>	<u>\$ 238,751,417</u>

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 3 - CAPITAL ASSETS (CONTINUED)

Depreciation and amortization expense for the year ended June 30, 2025, was charged to the following governmental functions.

Administration	\$ 1,314
District Support Services	36,575
Elementary and Secondary Regular Instruction	3,921,698
Special Education Instruction	16,966
Instructional Support Services	320,183
Pupil Support	69,386
Sites and Buildings	3,243,512
Food Service	68,859
Community Service	14,388
Unallocated	<u>3,562,530</u>
Total depreciation and amortization expense	<u><u>\$ 11,255,411</u></u>

NOTE 4 - LONG-TERM DEBT

A. Components of Long-Term Liabilities

	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding	Due Within One year
Long-term liabilities						
G.O. Bonds, including						
Refunding Bonds						
2016A Crossover Refunding Bonds	05/04/16	3.00%-5.00%	\$ 15,025,000	02/01/26	\$ 5,410,000	\$ 5,410,000
2020A Capital Facilities	02/20/20	2.00%-5.00%	4,990,000	02/01/35	4,175,000	220,000
2020B Facilities Maintenance	03/26/20	2.00%-5.00%	11,335,000	02/01/35	8,250,000	685,000
2020C Facilities Maintenance	11/24/20	0.87%-1.78%	24,068,822	02/01/30	23,609,567	-
Accretion on 2020C Bonds					1,571,968	-
2021A School Building Refunding Bonds	03/09/21	0.43%-2.09%	76,470,000	02/01/36	45,340,000	7,320,000
2021B School Building Refunding Bonds	11/18/21	2.00-4.00%	7,845,000	02/01/33	5,980,000	675,000
2024A School Building Refunding Bonds	02/01/24	4.00-5.00%	14,865,000	02/01/36	14,865,000	3,000,000
Total G.O. bonds					<u>109,201,535</u>	<u>17,310,000</u>
Unamortized bond premium					4,444,466	-
Financed purchase agreements					3,276,792	1,629,155
Lease liability					1,583,033	358,636
Compensated absences payable					<u>23,944,038</u>	<u>2,690,208</u>
Total all long-term liabilities					<u><u>\$ 142,449,864</u></u>	<u><u>\$ 21,987,999</u></u>

The long-term bond liabilities listed above were issued to finance acquisition and construction of capital facilities and to refinance (refund) previous bond issues. G.O. bonds are liquidated from the Debt Service Fund while financed purchase agreements, subscription liabilities, and lease liabilities are liquidated from the General Fund.

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 4 - LONG-TERM DEBT (CONTINUED)

A. Components of Long-Term Liabilities (Continued)

The District entered into various financed purchase agreements for the purchase of technology equipment. The District entered into various lease agreements for the leasing of building space. The District entered into a subscription-based information technology arrangement for the use of learning software.

B. Minimum Debt Payments for Long-Term Liabilities

Minimum annual principal and interest payments required to retire long-term liabilities:

Year Ending June 30,	G.O. Bonds		
	Principal	Interest	Total
2026	\$ 17,310,000	\$ 2,332,318	\$ 19,642,318
2027	12,451,914	2,293,436	14,745,350
2028	12,545,099	2,233,212	14,778,311
2029	12,687,335	2,207,690	14,895,025
2030	12,760,219	2,133,097	14,893,316
2031-2035	33,830,000	2,923,802	36,753,802
2036	6,045,000	138,007	6,183,007
Total	107,629,567	<u>\$ 14,261,562</u>	<u>\$ 121,891,129</u>
Accretion on Capital Appreciation Bonds	1,571,968		
Total	<u>\$ 109,201,535</u>		

Year Ending June 30,	Financed Purchase Agreements		
	Principal	Interest	Total
2026	\$ 1,629,155	\$ 74,706	\$ 1,703,861
2027	1,069,349	87,813	1,157,162
2028	578,288	31,390	609,678
Total	<u>\$ 3,276,792</u>	<u>\$ 193,909</u>	<u>\$ 3,470,701</u>

Year Ending June 30,	Lease Liability		
	Principal	Interest	Total
2026	\$ 358,636	\$ 62,823	\$ 421,459
2027	390,024	46,979	437,003
2028	298,045	29,765	327,810
2029	327,074	16,537	343,611
2030	198,570	4,011	202,581
2031	10,684	38	10,722
Total	<u>\$ 1,583,033</u>	<u>\$ 160,153</u>	<u>\$ 1,743,186</u>

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 4 - LONG-TERM DEBT (CONTINUED)

C. Changes in Long-Term Liabilities

	Beginning Balance	Change in Accounting Principle	Beginning Balance, Restated	Additions	Reductions	Remeasurement	Ending Balance
Long-term liabilities							
G.O. Bonds	\$ 125,366,811	\$ -	\$ 125,366,811	\$ -	\$ 16,165,276	\$ -	\$ 109,201,535
Premium/discount	5,165,920	-	5,165,920	-	721,454	-	4,444,466
Financed purchase agreements	3,368,497	-	3,368,497	1,736,479	1,828,184	-	3,276,792
Lease liability	1,342,661	-	1,342,661	93,996	331,109	477,485	1,583,033
Compensated absences payable	532,629	21,601,535	22,134,164	1,809,874	-	-	23,944,038
Total long-term liabilities	<u>\$ 135,776,518</u>	<u>\$ 21,601,535</u>	<u>\$ 157,378,053</u>	<u>\$ 3,640,349</u>	<u>\$ 19,046,023</u>	<u>\$ 477,485</u>	<u>\$ 142,449,864</u>

The change in compensated absences liability is presented as a net change.

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 5 - FUND BALANCES/NET POSITION

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

A. Fund Balances

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

	General Fund	Debt Service	Nonmajor Funds	Total
Nonspendable				
Inventory	\$ -	\$ -	\$ 42,404	\$ 42,404
Prepaid items	1,635,766	-	-	1,635,766
Total nonspendable	<u>1,635,766</u>	<u>-</u>	<u>42,404</u>	<u>1,678,170</u>
Restricted for				
Student Activities	238,596	-	-	238,596
Literacy Incentive Aid	697,253	-	-	697,253
Capital Projects Levy	2,549,022	-	-	2,549,022
Operating Capital	3,913,315	-	-	3,913,315
Literacy Aid	306,659	-	-	306,659
Teacher Compensation for Read Act Training	167,720	-	-	167,720
Long Term Facilities Maintenance	2,662,299	-	-	2,662,299
Medical Assistance	1,185,936	-	-	1,185,936
Debt Service	-	6,020,406	-	6,020,406
Food Service	-	-	3,292,145	3,292,145
Early Childhood and Family Education	-	-	635,873	635,873
Capital Projects	-	-	1,695,825	1,695,825
Total restricted	<u>11,720,800</u>	<u>6,020,406</u>	<u>5,623,843</u>	<u>23,365,049</u>
Committed for				
Facilities Projects	<u>414,844</u>	<u>-</u>	<u>-</u>	<u>414,844</u>
Assigned for				
Building Activities	9,119,241	-	-	9,119,241
District Programming	103,525	-	-	103,525
One-to-One Insurance	172,257	-	-	172,257
Total assigned	<u>9,395,023</u>	<u>-</u>	<u>-</u>	<u>9,395,023</u>
Unassigned	<u>12,992,076</u>	<u>-</u>	<u>(746,144)</u>	<u>12,245,932</u>
Total fund balance	<u>\$ 36,158,509</u>	<u>\$ 6,020,406</u>	<u>\$ 4,920,103</u>	<u>\$ 47,099,018</u>

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

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

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 5 - FUND BALANCES/NET POSITION (CONTINUED)

A. Fund Balances (Continued)

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

Restricted for Literacy Incentive Aid - This balance represents the resources available to support implementation of evidence-based reading instruction.

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

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

Restricted for Literacy Aid - This balance represents resources available for literacy aid for evidence-based literacy supports for children in prekindergarten through grade 12 based on structured literacy.

Restricted for Teacher Compensation for READ Act Training - This balance represents resources available for teacher compensation for Read Act training.

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

Restricted for Medical Assistance - This balance represents available resources to be used for medical assistance expenditures (*Minnesota Statutes* § 125A.21, subd. 3).

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

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

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

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

Committed for Facilities Projects - This balance represents resources from facilities rental revenue that have been set aside for future facilities updates.

Assigned for Building Activities - This balance represents resources set aside for future school district programming in accordance with the District's long range financial plan.

**Independent School District No. 720
Notes to Basic Financial Statements**

NOTE 5 - FUND BALANCES/NET POSITION (CONTINUED)

A. Fund Balances (Continued)

Assigned for District Programming - This balance represents resources set aside for future educational programming.

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

Unassigned for Community Education - This balance represents the resources available to provide programming such as: nonvocational, recreational and leisure time activities, programs for adults with disabilities, noncredit summer programs, youth development and youth service programming, and extended day programs. The balance as of June 30, 2025, is a deficit (negative) amount, which is presented within unassigned fund balance for the purposes of reporting in accordance with generally accepted accounting principles.

Unassigned for School Readiness - This balance represents the resources available to provide for services for school readiness programs (*Minnesota Statutes* § 124D.16). The balance as of June 30, 2025, is a deficit (negative) amount, which is presented within unassigned fund balance for the purposes of reporting in accordance with generally accepted accounting principles.

B. Net Position

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

NOTE 6 - DEFINED BENEFIT PENSION PLANS - STATE-WIDE

The District participates in various pension plans. Total pension expense for the plans for the year ended June 30, 2025, was \$5,619,171. The components of pension expense are noted in the following plan summaries.

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

Teachers' Retirement Association

A. Plan Description

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

Educators employed in Minnesota's public elementary and secondary schools, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those teachers employed by St. Paul Schools or Minnesota State Colleges and Universities). Educators first hired by Minnesota State may elect either TRA coverage or coverage through the Defined Contribution Retirement Plan (DCR) administered by Minnesota State. A teacher employed by Minnesota State and electing the DCR plan is not a member of TRA except for purposes of social security coverage.

Independent School District No. 720
Notes to Basic Financial Statements

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

B. Benefits Provided

TRA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by *Minnesota Statute* and vest after three years of service credit. The defined retirement benefits are based on a member's highest average salary for any consecutive 60 months of formula service, age and years of formula service credit at termination of service. TRA members belong to either the Basic or Coordinated Plan.

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

Tier I Benefits

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

With these provisions:

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

Or

For years of service prior to July 1, 2006, a level formula of 1.7% per year for coordinated members and 2.7% per year for basic members is applied. For years of service July 1, 2006, and after, a level formula of 1.9% per year for Coordinated members and 2.7% for Basic members applies. An early retirement reduction is applied to members retiring prior to age 65. Members who reach age 62 with 30 years of service have a lower (more favorable to the member) reduction rate applied.

Tier II Benefits

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. After July 1, 2024, the age will change to not to exceed 65. An early retirement reduction is applied to members retiring before age 66 but will be age 65 after July 1, 2024. Members who reach age 62 with 30 years of service have a lower (more favorable to the member) early retirement reduction rate applied.

**Independent School District No. 720
Notes to Basic Financial Statements**

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

Teachers' Retirement Association (Continued)

B. Benefits Provided (Continued)

Tier II Benefits (Continued)

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

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

C. Contributions

Per *Minnesota Statutes* Chapter 354 sets the contribution rates for employees and employers. Rates for the fiscal year 2025 for coordinated were 7.75% for the employee and 8.75% for the employer. Basic rates were 11.25% for the employee and 12.75% for the employer. The District's contributions to TRA for the plan's fiscal year ended June 30, 2025 were \$5,334,113. The District's contributions were equal to the required contributions for each year as set by state statute.

Independent School District No. 720
Notes to Basic Financial Statements

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

Teachers' Retirement Association (Continued)

D. Actuarial Assumptions

The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information

Experience study	August 2, 2023 (demographic and economic assumptions)*
Actuarial cost method	Entry Age Normal
Actuarial assumptions	
Investment rate of return	7.00%
Price inflation	2.50%
Wage growth rate	2.85% before July 1, 2028, and 3.25% after June 30, 2028.
Projected salary increase	2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% after June 30, 2028.
Cost of living adjustment	1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

Mortality Assumptions

Pre-retirement	PubT-2010(A) Employee Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.
Post-retirement	PubT-2010(A) Retiree Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.
Beneficiaries	Pub-2010(A) Contingent Survivor Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.
Disabled retirees	PubNS-2010 Disabled Retiree Mortality Table, male rates set forward 1 year and female rates unadjusted. Generational projection uses the MP-2021 scale.

- * The assumptions prescribed are based on the experience study dated August 2, 2023. For GASB 67 purposes, the long-term rate of return assumptions is selected by TRA management in consultation with the actuary.

Independent School District No. 720
Notes to Basic Financial Statements

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

Teachers' Retirement Association (Continued)

D. Actuarial Assumptions (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Geometric Mean)
Domestic equity	33.5 %	5.10 %
International stocks	16.5	5.30
Private markets	25.0	5.90
Fixed income	25.0	0.75
Total	100 %	

Changes in actuarial assumptions since the previous valuation:

- Mortality tables were updated for active employees, retirees, disabled retirees, and contingent beneficiaries to recently published tables derived from public plan data known as the Pub-2010 family.
- Retirement rates were increased for some of the Tier II early retirement ages and some of the unreduced retirement rates were modified for both tiers to better align with actual experience.
- Probability that new female retirees elect either the Straight Life Annuity or 100% Joint and Survivor Annuity were refined to reflect the actual experience.
- Termination rates were reduced in the first 10 years of employment and slightly increased in years 16 to 25 to better match the observed experience.
- Disability rates were decreased beyond age 45 by 15% to reflect the continued lower than expected observations.

E. Discount Rate

The discount rate used to measure the total pension liability was 7.0%. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2024 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. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Independent School District No. 720
Notes to Basic Financial Statements

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

Teachers' Retirement Association (Continued)

F. Net Pension Liability

On June 30, 2025, the District reported a liability of \$54,132,461 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis, and Minneapolis School District. District proportionate share was 0.8519% at the end of the measurement period and 0.8600% for the beginning of the year.

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

District's proportionate share of net pension liability	\$ 54,132,461
State's proportionate share of the net pension liability associated with the District	<u>3,540,306</u>
Total	<u><u>\$ 57,672,767</u></u>

For the year ended June 30, 2025, the District recognized pension expense of \$5,186,316. Included in this amount, the District recognized \$194,612 as pension expense for the support provided by direct aid.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$176 million to the Fund. The State of Minnesota is not included as a non-employer contributing entity in the plan pension allocation schedules for the \$176 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The District recognized \$1,500,765 for the year ended June 30, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Fund.

Independent School District No. 720
Notes to Basic Financial Statements

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

Teachers' Retirement Association (Continued)

F. Net Pension Liability (Continued)

As of June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,546,604	\$ 694,757
Net difference between projected and actual earnings on plan investments	-	8,621,416
Changes in actuary assumptions	5,118,282	6,455,443
Changes in proportion	5,905,767	1,721,895
District's contributions to TRA subsequent to the measurement date	5,334,113	-
Total	<u>\$ 18,904,766</u>	<u>\$ 17,493,511</u>

The \$5,334,113 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026.

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

Year Ended June 30,	Pension Expense
2026	\$ (2,926,689)
2027	4,973,707
2028	(3,047,653)
2029	(1,956,453)
2030	(965,770)
Total	<u>\$ (3,922,858)</u>

Independent School District No. 720
Notes to Basic Financial Statements

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

Teachers' Retirement Association (Continued)

G. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0% as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.0%) and 1% higher (8.0%) than the current rate.

Sensitivity of NPL to Changes in the Discount Rate		
1% Decrease in Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
\$ 95,330,430	\$ 54,132,461	\$ 20,225,554

H. Pension Plan Fiduciary Net Position

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

Public Employees' Retirement Association

A. Plan Description

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

General Employees Retirement Plan

Membership in the General Plan includes employees of counties, cities, townships, schools in non-certified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than \$425 in a month, unless the employee meets exclusion criteria.

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service. When a member is "vested", they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

**Independent School District No. 720
Notes to Basic Financial Statements**

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

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

General Employees Plan Benefits

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any 5 successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the highest average salary for each of the first 10 years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of the highest average salary for all years of service. For members hired prior to July 1, 1989, a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1.0% and a maximum of 1.5%. The 2024 annual increase was 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. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

C. Contributions

Minnesota Statutes Chapters 353, 353E, 353G, and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

General Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2025 and the District was required to contribute 7.5% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2025, were \$1,161,875. The District's contributions were equal to the required contributions as set by state statute.

Independent School District No. 720
Notes to Basic Financial Statements

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

D. Pension Costs

General Employees Fund Pension Costs

At June 30, 2025, the District reported a liability of \$6,234,560 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled \$161,213.

District's proportionate share of net pension liability	\$ 6,234,560
State of Minnesota's proportionate share of the net pension liability associated with the District	<u>161,213</u>
Total	<u><u>\$ 6,395,773</u></u>

The net pension liability was measured as of June 30, 2024, 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, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.1686% at the end of the measurement period and 0.1668% for the beginning of the period.

For the year ended June 30, 2025, the District recognized pension expense of \$432,855 for its proportionate share of the General Employees Plan's pension expense. Included in this amount, the District recognized \$4,322 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.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedule for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The District recognized \$286,859 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund.

Independent School District No. 720
Notes to Basic Financial Statements

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

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs

As of June 30, 2025, the District reported its proportionate share of deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual economic experience	\$ 582,284	\$ -
Changes in actuarial assumptions	28,626	2,340,860
Net difference between projected and actual investment earnings	-	1,949,206
Change in proportion	401,957	108,896
District's contributions to GERF subsequent to the measurement date	<u>1,161,875</u>	<u>-</u>
Total	<u><u>\$ 2,174,742</u></u>	<u><u>\$ 4,398,962</u></u>

The \$1,161,875 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense
	<u> </u>
2026	\$ (1,960,209)
2027	(212,153)
2028	(735,895)
2029	<u>(477,838)</u>
Total	<u><u>\$ (3,386,095)</u></u>

Independent School District No. 720
Notes to Basic Financial Statements

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

Public Employees' Retirement Association (Continued)

E. Long-Term Expected Return on Investment

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

Asset Class	Final Target	Long-Term Expected Real Rate of Return
Domestic equity	33.5 %	5.10 %
International stocks	16.5	5.30
Fixed income	25.0	0.75
Private markets	25.0	5.90
Total	100.0 %	

F. Actuarial Methods and Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2024, using the entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0%. The 7.0% assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates considered reasonable by the actuary. An investment return of 7.0% is within that range.

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service.

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023, actuarial valuation.

Independent School District No. 720
Notes to Basic Financial Statements

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

Public Employees' Retirement Association (Continued)

F. Actuarial Methods and Assumptions (Continued)

The following changes in actuarial assumptions and plan provisions occurred in 2024:

Changes in Actuarial Assumptions

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: Increase the rate of assumed unreduced
- retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early
- retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions

- The workers' compensation offset for disability benefits was eliminated. The actuarial
- equivalent factors updated to reflect the changes in assumptions.

G. Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
District's Proportionate share of the PERA net pension liability	\$ 13,617,287	\$ 6,234,560	\$ 161,597

I. Pension Plan Fiduciary Net Position

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

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 7 - POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description

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

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

B. Benefits Provided

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

C. Members

As of the July 1, 2024, valuation date, the following were covered by the benefit terms:

Active employees	875
Retirees receiving payments	20
Spouses receiving payments	<u>6</u>
Total	<u><u>901</u></u>

D. Contributions

Retirees and their families have access to the health care plan at the same premium rate as District employees. This results in the retirees receiving an implicit rate subsidy. The premiums are based on the contract terms. The required contributions are on projected pay-as-you-go financing requirements. For fiscal year 2025, the District contributed \$400,271 to the plan.

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 7 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2024, with a measurement date of June 30, 2025, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability	
Discount rate	5.20%
Investment rate of return	7.50%, net of investment expense
Salary increases	Service graded
Inflation	2.50%
Healthcare cost trend increases	6.25% as of June 30, 2025, decreasing to 5.00% over the next 5 years, then to 4.00%
Mortality Assumption	Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2021 Generational Improvement Scale

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

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The long-term expected investment return was changed from 7.3% to 7.5%.
- The discount rate was changed from 4.4% to 5.2%.

The long-term return on assets has been set based on the plan's target investment allocation along with long-term return expectations by asset class. When there is sufficient historical evidence of market outperformance, historical average returns may be considered. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the table below:

Asset Class	Target	Long-Term Expected Real Rate of Return
Domestic equity	51.00 %	9.00 %
Fixed income	30.00	5.20
International equity	5.00	8.30
Cash	3.00	3.30
Real estate	3.00	3.70
Other	8.00	9.10
Total	100.00 %	7.50 %

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 7 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

E. Actuarial Assumptions (Continued)

The details of the investments and the investment policy are described in Note 2. of the District's basic financial statements. For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 11.8%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

F. Discount Rate

The discount rate used to measure the total OPEB liability was 5.2%. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate.

G. Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at July 1, 2024	\$ 12,504,831	\$ 5,743,403	\$ 6,761,428
Changes for the year			
Service cost	575,626	-	575,626
Interest	566,829	-	566,829
Assumption changes	(309,426)	-	(309,426)
Differences between expected and actual economic experience	(1,338,597)	245,422	(1,584,019)
Projected investment return	-	430,755	(430,755)
Benefit payments	(400,271)	(400,271)	-
Administrative expense	-	(33,502)	33,502
Net changes	(905,839)	242,404	(1,148,243)
Balances at June 30, 2025	\$ 11,598,992	\$ 5,985,807	\$ 5,613,185
Plan fiduciary net position as a percentage of the total OPEB liability			51.61%

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 7 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

H. OPEB Liability Sensitivity

The following presents the District's net OPEB liability calculated using the discount rate of 5.2% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

	1% Decrease in Discount Rate (4.2%)	Current Discount Rate (5.2%)	1% Increase in Discount Rate (6.2%)
Net OPEB liability	\$ 6,359,179	\$ 5,613,185	\$ 4,894,339

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

	1% Decrease in Trend Rate (5.25% Decreasing to 4.0%, then 3.0%)	Current Trend Rate (6.25% Decreasing to 5.0%, then 4.0%)	1% Increase in Trend Rate (7.25% Decreasing to 6.0%, then 5.0%)
Net OPEB liability	\$ 4,466,556	\$ 5,613,185	\$ 6,925,821

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

For the year ended June 30, 2025, the District recognized OPEB expense of (\$129,187). As of June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ 244,684
Liability losses/gains	-	2,357,295
Changes of assumptions	311,753	1,492,402
Total	<u>\$ 311,753</u>	<u>\$ 4,094,381</u>

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 7 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

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

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

Year Ending June 30,	Total
2026	\$ (694,261)
2027	(883,796)
2028	(808,414)
2029	(407,379)
2030	(356,717)
Thereafter	(632,061)
Total	<u>\$ (3,782,628)</u>

J. OPEB Payable

As of June 30, 2025, the General Fund reported a receivable of \$504,095 from the OPEB Trust Fund to cover deficit cash in the OPEB Trust Fund related to service fees paid from pooled cash and benefit payments paid from pooled cash.

NOTE 8 - COMMITMENTS

As of June 30, 2025, the District had construction commitments totaling \$653,822.

NOTE 9 - CHANGE IN ACCOUNTING PRINCIPLE

As of July 1, 2024, the District implemented changes related to GASB Statement No. 101, *Compensated Absences*. The liability was previously calculated based on vacation balances accrued as of year-end as well as sick leave balances that were accrued as of year-end for vested employees. The liability is now consists of leave that has not been used that is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave. The resulted in a change in accounting principle on the Statement of Activities in the amount of \$21,601,535.

	Governmental Activities
June 30, 2024, as previously reported	\$ 71,701,037
Change in accounting principle	<u>(21,601,535)</u>
June 30, 2024, as restated	<u>\$ 50,099,502</u>

Independent School District No. 720
Notes to Basic Financial Statements

NOTE 10 - GASB STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 103, *Financial Reporting Model Improvements*. The changes required by this Statement provide clarity, enhance the relevance of information, provide more useful information for decision-making, and provide for greater comparability amongst government entities. This Statement will be effective for the year ending June 30, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The disclosures required by this Statement provide users of the financial statements with essential information about certain types of capital assets. This Statement will be effective for the year ending June 30, 2026.

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REQUIRED SUPPLEMENTARY INFORMATION

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

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Total OPEB Liability				
Service cost	\$ 1,026,321	\$ 958,236	\$ 661,857	\$ 751,335
Interest	369,801	430,395	489,794	337,303
Differenced between expected and actual experience	-	-	(2,941,709)	-
Changes of assumptions	(335,006)	(300,738)	(466,086)	433,912
Plan changes	-	-	(1,054,865)	-
Benefit payments	(299,365)	(290,672)	(203,286)	(260,707)
Net change in total OPEB liability	<u>761,751</u>	<u>797,221</u>	<u>(3,514,295)</u>	<u>1,261,843</u>
Beginning of year	<u>11,874,048</u>	<u>12,635,799</u>	<u>13,433,020</u>	<u>9,918,725</u>
End of year	<u>\$ 12,635,799</u>	<u>\$ 13,433,020</u>	<u>\$ 9,918,725</u>	<u>\$ 11,180,568</u>
Plan Fiduciary Net Pension (FNP)				
Employer contributions	\$ 126,365	\$ 106,667	\$ -	\$ -
Projected investment return	180,697	202,898	208,337	212,519
Differences between expected and actual experience	85,258	103,230	95,205	78,681
Benefit payments	(299,365)	(290,672)	(203,286)	(260,707)
Administrative expense	-	(3,291)	(3,000)	-
Net change in plan fiduciary net position	<u>92,955</u>	<u>118,832</u>	<u>97,256</u>	<u>30,493</u>
Beginning of year	<u>4,633,266</u>	<u>4,726,221</u>	<u>4,845,053</u>	<u>4,942,309</u>
End of year	<u>\$ 4,726,221</u>	<u>\$ 4,845,053</u>	<u>\$ 4,942,309</u>	<u>\$ 4,972,802</u>
Net OPEB liability	<u>\$ 7,909,578</u>	<u>\$ 8,587,967</u>	<u>\$ 4,976,416</u>	<u>\$ 6,207,766</u>
Plan FNP as a percentage of the total OPEB liability	37.40%	36.07%	49.83%	44.48%
Covered-employee payroll	\$ 55,218,930	\$ 56,875,498	\$ 54,323,169	\$ 55,952,864
Net OPEB liability as a percentage of covered-employee payroll	14.32%	15.10%	9.16%	11.09%

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

<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2024</u>	<u>June 30, 2025</u>
\$ 915,182	\$ 740,840	\$ 722,088	\$ 699,242	\$ 575,626
311,257	283,736	464,979	500,117	566,829
(39,274)	-	(401,200)	-	(1,338,597)
(365,431)	(1,093,262)	207,292	(275,290)	(309,426)
-	-	-	-	-
(250,292)	(314,799)	(339,394)	(441,528)	(400,271)
571,442	(383,485)	653,765	482,541	(905,839)
11,180,568	11,752,010	11,368,525	12,022,290	12,504,831
<u>\$ 11,752,010</u>	<u>\$ 11,368,525</u>	<u>\$ 12,022,290</u>	<u>\$ 12,504,831</u>	<u>\$ 11,598,992</u>
\$ 250,292	\$ -	\$ -	\$ 441,528	\$ -
213,830	280,015	247,437	370,246	430,755
900,642	(1,115,192)	226,523	301,293	245,422
(250,292)	(314,799)	(339,394)	(441,528)	(400,271)
-	-	-	-	(33,502)
1,114,472	(1,149,976)	134,566	671,539	242,404
4,972,802	6,087,274	4,937,298	5,071,864	5,743,403
<u>\$ 6,087,274</u>	<u>\$ 4,937,298</u>	<u>\$ 5,071,864</u>	<u>\$ 5,743,403</u>	<u>\$ 5,985,807</u>
<u>\$ 5,664,736</u>	<u>\$ 6,431,227</u>	<u>\$ 6,950,426</u>	<u>\$ 6,761,428</u>	<u>\$ 5,613,185</u>
51.80%	43.43%	42.19%	45.93%	51.61%
\$ 59,163,976	\$ 60,938,895	\$ 63,577,883	\$ 65,485,219	\$ 62,449,393
9.57%	10.55%	10.93%	10.33%	8.99%

Independent School District No. 720
Schedule of Investment Returns

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

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

<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2024</u>	<u>June 30, 2025</u>
22.40%	-13.70%	9.60%	14.70%	11.80%

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

For Plan's Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	District's Covered- Employee Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.1839%	\$ 9,530,652	\$ -	\$ 9,530,652	\$ 10,626,680	89.69%	78.19%
2016	0.1931%	15,678,762	204,852	15,883,614	11,984,533	130.82%	68.91%
2017	0.1912%	12,206,082	153,497	12,359,579	12,318,853	99.08%	75.90%
2018	0.1849%	10,257,494	336,349	10,593,843	12,426,720	82.54%	79.53%
2019	0.1749%	9,669,829	300,487	9,970,316	12,174,187	79.43%	80.23%
2020	0.1786%	10,707,886	330,180	11,038,066	12,739,760	84.05%	79.06%
2021	0.1688%	7,208,516	220,064	7,428,580	12,151,920	59.32%	87.00%
2022	0.1586%	12,561,172	368,369	12,929,541	11,883,027	105.71%	76.67%
2023	0.1668%	9,327,269	257,123	9,584,392	13,265,293	70.31%	83.10%
2024	0.1686%	6,234,560	161,213	6,395,773	14,273,040	43.68%	89.08%

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

For Plan's Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	District's Covered- Employee Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.7817%	\$ 48,355,876	\$ 5,931,424	\$ 54,287,300	\$ 39,672,933	121.9%	76.77%
2016	0.8321%	198,475,704	19,921,322	218,397,026	43,284,507	458.5%	44.88%
2017	0.8541%	170,493,853	16,481,743	186,975,596	45,978,120	370.8%	51.57%
2018	0.8207%	51,547,642	4,843,020	56,390,662	45,343,640	113.7%	78.07%
2019	0.8065%	51,406,479	4,549,459	55,955,938	46,052,918	111.6%	78.21%
2020	0.7943%	58,683,948	4,918,087	63,602,035	46,159,078	127.1%	75.48%
2021	0.7987%	34,953,500	2,948,067	37,901,567	47,794,994	73.1%	86.63%
2022	0.7514%	60,168,137	4,461,905	64,630,042	46,445,264	129.5%	76.17%
2023	0.8600%	71,003,526	4,973,471	75,976,997	54,681,649	129.8%	76.42%
2024	0.8519%	54,132,461	3,540,306	57,672,767	56,436,686	95.9%	82.07%

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

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2016	\$ 898,840	\$ 898,840	\$ -	\$ 11,984,533	7.50%
2017	923,914	923,914	-	12,318,853	7.50%
2018	932,004	932,004	-	12,426,720	7.50%
2019	913,064	913,064	-	12,174,187	7.50%
2020	955,482	955,482	-	12,739,760	7.50%
2021	911,394	911,394	-	12,151,920	7.50%
2022	891,227	891,227	-	11,883,027	7.50%
2023	994,897	994,897	-	13,265,293	7.50%
2024	1,070,478	1,070,478	-	14,273,040	7.50%
2025	1,161,875	1,161,875	-	15,491,667	7.50%

Schedule of District Contributions -
TRA Retirement Fund
Last Ten Years

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2016	\$ 3,246,338	\$ 3,246,338	\$ -	\$ 43,284,507	7.50%
2017	3,448,359	3,448,359	-	45,978,120	7.50%
2018	3,400,773	3,400,773	-	45,343,640	7.50%
2019	3,550,680	3,550,680	-	46,052,918	7.71%
2020	3,655,799	3,655,799	-	46,159,078	7.92%
2021	3,885,733	3,885,733	-	47,794,994	8.13%
2022	3,873,535	3,873,535	-	46,445,264	8.34%
2023	4,675,281	4,675,281	-	54,681,649	8.55%
2024	4,938,210	4,938,210	-	56,436,686	8.75%
2025	5,334,113	5,334,113	-	60,961,291	8.75%

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

TRA Retirement Fund

2024 Changes

Changes in Actuarial Assumptions

- Mortality tables were updated for active employees, retirees, disabled retirees, and contingent beneficiaries to recently published tables derived from public plan data known as the Pub-2010 family.
- Retirement rates were increased for some of the Tier II early retirement ages and some of the unreduced retirement rates were modified for both tiers to better align with actual experience.
- Probability that new female retirees elect either the Straight Life Annuity or 100% Joint and Survivor Annuity were refined to reflect the actual experience. Termination rates were reduced in the first 10 years of employment and slightly increased in years 16 to 25 to better match the observed experience.
- Disability rates were decreased beyond age 45 by 15% to reflect the continued lower than expected observations.

Changes of Benefit Terms

- The Normal Retirement Age (NRA) for active and eligible deferred Tier II members will be 65 effective July 1, 2024.

2023 Changes

Changes in Actuarial Assumptions

- None

2022 Changes

Changes in Actuarial Assumptions

- None

2021 Changes

Changes in Actuarial Assumptions

- The investment return assumption was changed from 7.5% to 7.0%.

2020 Changes

Changes in Actuarial Assumptions

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

2019 Changes

Changes in Actuarial Assumptions

- None

2018 Changes

Changes in Actuarial Assumptions

- The discount rate was increased to 7.5% from 5.12%.

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

TRA Retirement Fund (Continued)

2018 Changes

Changes in Actuarial Assumptions

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

2017 Changes

Changes in Actuarial Assumptions

- The discount rate was increased to 5.12% from 4.66%.
- The cost-of-living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- The COLA was not assumed to increase to 2.5% but remain at 2.0% for all future years.
- Adjustments were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the non-vested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 2.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for ten years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

2016 Changes

Changes in Actuarial Assumptions

- The discount rate was decreased to 4.66% from 8.0%
- The COLA was not assumed to increase for funding or the GASB calculation. It remained at 2% for all future years.

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

TRA Retirement Fund (Continued)

2016 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- The price inflation assumption was lowered from 3% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes as some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP 2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP 2015 scale.
- The post-retirement mortality assumption was changed to the RP 2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP 2015 scale.
- The post-disability mortality assumption was changed to the RP 2014 disabled retiree mortality table, without adjustment.
- Separate retirement assumptions for members hired before or after July 1, 1989, were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional form of annuity payment at retirement were made.

2015 Changes

Changes of Benefit Terms

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

Changes in Actuarial Assumptions

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

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

General Employees Fund

2024 Changes

Changes in Actuarial Assumptions

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: Increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

2023 Changes

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5% to 7.0%.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2021 Changes

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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

General Employees Fund (Continued)

2020 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018 Changes

Changes in Actuarial Assumptions

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

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.

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

General Employees Fund (Continued)

2018 Changes (Continued)

Changes in Plan Provisions (Continued)

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

2017 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2016 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

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

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

General Employees Fund (Continued)

2015 Changes (Continued)

Changes in Plan Provisions

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

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

Post Employment Health Care Plan

2025 Changes

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The long-term expected investment return was changed from 7.3% to 7.5%.
- The discount rate was changed from 4.4% to 5.2%.

2024 Changes

Changes in Actuarial Assumptions

- The long-term expected investment return was changed from 5.0% to 7.3%.
- The discount rate was changed from 4.0% to 4.4%.

2023 Changes

Changes in Actuarial Assumptions

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Retirement Plans Headcount-Weighted Mortality Tables with MP-2019 Generational Improvement Scale to the Pub-2010 Retirement Plans Headcount-Weighted Mortality Tables with MP-2021 General Improvement Scale.
- The salary increase rates for non-teachers were updated to reflect the latest experience study.
- The withdrawal rates were updated to reflect the latest experience study.
- The long-term expected investment return was changed from 4.6% to 5.0%.
- The discount rate was changed from 3.9% to 4.0%.

2022 Changes

Changes in Actuarial Assumptions

- The long-term expected investment return was changed from 4.3% to 4.6%.
- The discount rate was changed from 2.3% to 3.9%.

2021 Changes

Changes in Actuarial Assumptions

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

2020 Changes

Changes in Actuarial Assumptions

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

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

Post Employment Health Care Plan (Continued)

2019 Changes

Benefit Changes

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

Changes in Actuarial Assumptions

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

2018 Changes

Changes in Actuarial Assumptions

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

SUPPLEMENTARY INFORMATION

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GOVERNMENTAL FUNDS

Independent School District No. 720
Combining Balance Sheet -
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue			Capital Project Building	
	Food Service	Community Service	Total	Construction	Total
Assets					
Cash and investments	\$ 3,315,680	\$ 489,160	\$ 3,804,840	\$ 1,795,380	\$ 5,600,220
Current property taxes receivable	-	312,293	312,293	-	312,293
Delinquent property taxes receivable	-	1,631	1,631	-	1,631
Due from Department of Education	61,292	113,056	174,348	-	174,348
Due from other Minnesota school districts	-	7,702	7,702	-	7,702
Due from Federal Government through Department of Education	55,827	-	55,827	-	55,827
Due from other governmental units	-	25	25	-	25
Inventory	42,404	-	42,404	-	42,404
Total assets	\$ 3,475,203	\$ 923,867	\$ 4,399,070	\$ 1,795,380	\$ 6,194,450
Liabilities					
Accounts payable	\$ 17,175	\$ 95,365	\$ 112,540	\$ -	\$ 112,540
Contracts payable	-	-	-	99,555	99,555
Salaries and benefits payable	44,817	117,268	162,085	-	162,085
Due to other governmental units	-	568	568	-	568
Unearned revenue	78,662	150,907	229,569	-	229,569
Total liabilities	140,654	364,108	504,762	99,555	604,317
Deferred Inflows of Resources					
Property taxes levied for subsequent year's expenditures	-	668,399	668,399	-	668,399
Unavailable revenue - delinquent property taxes	-	1,631	1,631	-	1,631
Total deferred inflows of resources	-	670,030	670,030	-	670,030
Fund Balances					
Nonspendable	42,404	-	42,404	-	42,404
Restricted for					
Food Service	3,292,145	-	3,292,145	-	3,292,145
Early Childhood and Family Education Programs	-	635,873	635,873	-	635,873
Capital projects	-	-	-	1,695,825	1,695,825
Unassigned	-	(746,144)	(746,144)	-	(746,144)
Total fund balances	3,334,549	(110,271)	3,224,278	1,695,825	4,920,103
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,475,203	\$ 923,867	\$ 4,399,070	\$ 1,795,380	\$ 6,194,450

Independent School District No. 720
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended June 30, 2025

	Special Revenue			Capital Project	
		Community		Building	
	Food Service	Service	Total	Construction	Total
Revenues					
Local property taxes	\$ -	\$ 603,701	\$ 603,701	\$ -	\$ 603,701
Other local and county revenues	100,603	1,884,019	1,984,622	227,276	2,211,898
Revenue from state sources	2,824,756	944,049	3,768,805	-	3,768,805
Revenue from federal sources	2,979,453	-	2,979,453	-	2,979,453
Sales and other conversion of assets	421,899	-	421,899	-	421,899
Total revenues	6,326,711	3,431,769	9,758,480	227,276	9,985,756
Expenditures					
Current					
Food service	5,825,948	-	5,825,948	-	5,825,948
Community education and services	-	3,588,132	3,588,132	-	3,588,132
Capital outlay					
Sites and buildings	-	-	-	1,566,619	1,566,619
Food service	48,864	-	48,864	-	48,864
Community education and services	-	51,343	51,343	-	51,343
Total expenditures	5,874,812	3,639,475	9,514,287	1,566,619	11,080,906
Excess of revenues over (under) expenditures	451,899	(207,706)	244,193	(1,339,343)	(1,095,150)
Other Financing Sources					
Insurance recovery	-	11,731	11,731	-	11,731
Net change in fund balances	451,899	(195,975)	255,924	(1,339,343)	(1,083,419)
Fund Balances					
Beginning of year	2,882,650	85,704	2,968,354	3,035,168	6,003,522
End of year	\$ 3,334,549	\$ (110,271)	\$ 3,224,278	\$ 1,695,825	\$ 4,920,103

Independent School District No. 720
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Food Service Fund
Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Over (Under)
Revenues				
Other local and county revenues	\$ 87,000	\$ 109,500	\$ 100,603	\$ (8,897)
Revenue from state sources	-	2,518,742	2,824,756	306,014
Revenue from federal sources	4,835,000	3,029,861	2,979,453	(50,408)
Sales and other conversion of assets	407,500	462,988	421,899	(41,089)
Total revenues	<u>5,329,500</u>	<u>6,121,091</u>	<u>6,326,711</u>	<u>205,620</u>
Expenditures				
Current				
Food service	5,370,814	6,061,095	5,825,948	(235,147)
Capital outlay				
Food service	50,000	50,000	48,864	(1,136)
Total expenditures	<u>5,420,814</u>	<u>6,111,095</u>	<u>5,874,812</u>	<u>(236,283)</u>
Net change in fund balance	<u>\$ (91,314)</u>	<u>\$ 9,996</u>	451,899	<u>\$ 441,903</u>
Fund Balance				
Beginning of year			<u>2,882,650</u>	
End of year			<u>\$ 3,334,549</u>	

Independent School District No. 720
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Community Service Fund
Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Over (Under)
Revenues				
Local property taxes	\$ 653,920	\$ 664,172	\$ 603,701	\$ (60,471)
Other local and county revenues	2,032,698	2,529,647	1,884,019	(645,628)
Revenue from state sources	749,977	584,195	944,049	359,854
Total revenues	<u>3,436,595</u>	<u>3,778,014</u>	<u>3,431,769</u>	<u>(346,245)</u>
Expenditures				
Current				
Community education and services	3,434,102	3,661,432	3,588,132	(73,300)
Capital outlay				
Community education and services	11,550	11,550	51,343	39,793
Total expenditures	<u>3,445,652</u>	<u>3,672,982</u>	<u>3,639,475</u>	<u>(33,507)</u>
Excess of revenues over (under) expenditures	(9,057)	105,032	(207,706)	(312,738)
Other Financing Sources				
Insurance recovery	<u>-</u>	<u>-</u>	<u>11,731</u>	<u>11,731</u>
Net change in fund balance	<u>\$ (9,057)</u>	<u>\$ 105,032</u>	<u>(195,975)</u>	<u>\$ (301,007)</u>
Fund Balance				
Beginning of year			<u>85,704</u>	
End of year			<u>\$ (110,271)</u>	

Independent School District No. 720
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Debt Service Fund
Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Over (Under)
Revenues				
Local property taxes	\$ 18,650,000	\$ 18,600,000	\$ 18,566,828	\$ (33,172)
Other local and county revenues	250,000	150,000	254,259	104,259
Revenue from state sources	200,000	200,000	415,804	215,804
Total revenues	<u>19,100,000</u>	<u>18,950,000</u>	<u>19,236,891</u>	<u>286,891</u>
Expenditures				
Debt service				
Principal	15,900,000	15,900,000	15,900,000	-
Interest and fiscal charges	2,519,311	2,519,311	2,513,766	(5,545)
Total expenditures	<u>18,419,311</u>	<u>18,419,311</u>	<u>18,413,766</u>	<u>(5,545)</u>
Net change in fund balance	<u>\$ 680,689</u>	<u>\$ 530,689</u>	823,125	<u>\$ 292,436</u>
Fund Balance				
Beginning of year			<u>5,197,281</u>	
End of year			<u>\$ 6,020,406</u>	

Independent School District No. 720
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Capital Projects Fund
Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Over (Under)
Revenues				
Other local and county revenues	\$ 200,000	\$ 200,000	\$ 227,276	\$ 27,276
Expenditures				
Capital outlay				
Sites and buildings	718,000	1,615,300	1,566,619	(48,681)
Net change in fund balance	<u>\$ (518,000)</u>	<u>\$ (1,415,300)</u>	(1,339,343)	<u>\$ 75,957</u>
Fund Balance				
Beginning of year			<u>3,035,168</u>	
End of year			<u>\$ 1,695,825</u>	

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INTERNAL SERVICE FUNDS

Independent School District No. 720
Combining Statement of
Net Position - Internal Service Funds
June 30, 2025

		Internal Service Funds		
		Health Insurance	Dental Insurance	Total
Assets				
Current				
	Cash and cash equivalents	\$ 3,541,393	\$ 378,120	\$ 3,919,513
Liabilities				
Current				
	Incurred but not reported claims	\$ 1,084,000	\$ 72,000	\$ 1,156,000
	Benefits payable	31	-	31
	Total liabilities	1,084,031	72,000	1,156,031
Net Position				
	Unrestricted	2,457,362	306,120	2,763,482
	Total liabilities and net position	\$ 3,541,393	\$ 378,120	\$ 3,919,513

Independent School District No. 720
Combining Statement of Revenues, Expenses, and Changes
in Fund Net Position - Internal Service Funds
Year Ended June 30, 2025

	Internal Service Funds		
	Health Insurance	Dental Insurance	Total
Operating Revenue			
Charges for services	\$ 12,092,312	\$ 927,622	\$ 13,019,934
Operating Expenses			
Insurance	10,760,407	1,014,376	11,774,783
Salaries	47,938	-	47,938
Benefits	7,405	-	7,405
Total operating expenses	10,815,750	1,014,376	11,830,126
Operating income (loss)	1,276,562	(86,754)	1,189,808
Nonoperating Revenues			
Investment income	337	22,393	22,730
Change in net position	1,276,899	(64,361)	1,212,538
Net Position			
Beginning of year	1,180,463	370,481	1,550,944
End of year	\$ 2,457,362	\$ 306,120	\$ 2,763,482

Independent School District No. 720
Combining Statement of Cash Flows -
Internal Service Funds
Year Ended June 30, 2025

	Internal Service Funds		
	Health Insurance	Dental Insurance	Total
Cash Flows - Operating Activities			
Receipts from District contributions	\$ 12,092,312	\$ 927,622	\$ 13,019,934
Employee claims paid	(10,651,407)	(969,376)	(11,620,783)
Payments to employees	(55,312)	-	(55,312)
Net cash flows - operating activities	1,385,593	(41,754)	1,343,839
Cash Flows - Investing Activities			
Interest received	337	22,393	22,730
Net change in cash and cash equivalents	1,385,930	(19,361)	1,366,569
Cash and Cash Equivalents			
Beginning of year	2,155,463	397,481	2,552,944
End of year	\$ 3,541,393	\$ 378,120	\$ 3,919,513
Reconciliation of Operating Income to Net Cash Flows - Operating Activities			
Operating income (loss)	\$ 1,276,562	\$ (86,754)	\$ 1,189,808
Adjustments to reconcile operating income to net cash flows - operating activities			
Incurred but not reported claims	109,000	45,000	154,000
Benefits payable	31	-	31
Net adjustments	109,031	45,000	154,031
Net cash flows - operating activities	\$ 1,385,593	\$ (41,754)	\$ 1,343,839

UFARS COMPLIANCE TABLE

Independent School District No. 720
Uniform Financial Accounting and Reporting Standards
Compliance Table
Year Ended June 30, 2025

	Audit	UFARS	Audit-UFARS		Audit	UFARS	Audit-UFARS
01 GENERAL FUND				06 BUILDING CONSTRUCTION FUND			
Total revenue	\$ 131,343,555	\$ 131,343,555	\$ -	Total revenue	\$ 227,276	\$ 227,276	\$ -
Total expenditures	129,929,570	129,929,570	-	Total expenditures	1,566,619	1,566,619	-
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
4.60 Nonspendable fund balance	1,635,766	1,635,766	-	4.60 Nonspendable fund balance	-	-	-
<i>Restricted/reserved:</i>				<i>Restricted/reserved:</i>			
4.01 Student Activities	238,596	238,596	-	4.07 Capital Projects Levy	-	-	-
4.02 Scholarships	-	-	-	4.13 Building Projects Funded by COP/LP	-	-	-
4.03 Staff Development	-	-	-	4.67 Long-term Facilities Maintenance	665,042	665,042	-
4.07 Capital Projects Levy	2,549,022	2,549,022	-	<i>Restricted:</i>			
4.08 Cooperative Programs	-	-	-	4.64 Restricted fund balance	1,030,783	1,030,784	(1)
4.12 Literacy Incentive Aid	697,253	697,253	-	<i>Unassigned:</i>			
4.14 Operating Debt	-	-	-	4.63 Unassigned fund balance	-	-	-
4.16 Levy Reduction	-	-	-				
4.17 Taconite Building Maintenance	-	-	-	07 DEBT SERVICE FUND			
4.20 American Indian Education Aid	-	-	-	Total revenue	\$ 19,236,891	\$ 19,236,891	\$ -
4.24 Operating Capital	3,913,315	3,913,315	-	Total expenditures	18,413,766	18,413,766	-
4.26 \$25 Taconite	-	-	-	<i>Nonspendable:</i>			
4.27 Disabled Accessibility	-	-	-	4.60 Nonspendable fund balance	-	-	-
4.28 Learning and Development	-	-	-	<i>Restricted/reserved:</i>			
4.34 Area Learning Center	-	-	-	4.25 Bond refundings	-	-	-
4.35 Contracted Alternative Programs	-	-	-	4.33 Maximum Effort Loan	-	-	-
4.36 State Approved Alternative Learning Program	-	-	-	4.51 QZAB payments	-	-	-
4.37 Quality Compensation - Alternative Teacher Professional Pay System	-	-	-	4.67 LTfM	1,810,939	1,810,939	-
4.38 Gifted and Talented	-	-	-	<i>Restricted:</i>			
4.39 English Learner	-	-	-	4.64 Restricted fund balance	4,209,467	4,209,467	-
4.40 Teacher Development and Evaluation	-	-	-	<i>Unassigned:</i>			
4.41 Basic Skills Programs	-	-	-	4.63 Unassigned fund balance	-	-	-
4.43 School Library Aid	-	-	-				
4.48 Achievement and Integration Revenue	-	-	-	08 TRUST FUND			
4.49 Safe Schools Revenue	-	-	-	Total revenue	\$ -	\$ -	\$ -
4.51 QZAB Payments	-	-	-	Total expenditures	-	-	-
4.52 OPEB Liabilities not Held in Trust	-	-	-	<i>Unrestricted:</i>			
4.53 Unfunded Severance and Retirement Levy	-	-	-	4.01 Student Activities	-	-	-
4.56 Literacy Aid	306,659	306,659	-	4.02 Scholarships	-	-	-
4.57 Teacher Compensation for Read Act Training	167,720	167,720	-	4.22 Net position	-	-	-
4.59 Basic Skills Extended Time	-	-	-				
4.67 Long-term Facilities Maintenance	2,662,299	2,662,299	-	18 CUSTODIAL			
4.71 Student Support Personnel Aid	-	-	-	Total revenue	\$ 43,847	\$ 43,847	\$ -
4.72 Medical Assistance	1,185,936	1,185,936	-	Total expenditures	28,500	28,500	-
<i>Restricted:</i>				<i>Restricted/reserved:</i>			
4.64 Restricted fund balance	-	-	-	4.01 Student Activities	-	-	-
4.75 Title VII - Impact Aid	-	-	-	4.02 Scholarships	32,718	32,718	-
4.76 Payments in Lieu of Taxes	-	-	-	4.48 Achievement and Integration	-	-	-
<i>Committed:</i>				4.64 Restricted	-	-	-
4.18 Committed for separation	-	-	-				
4.61 Committed	414,844	414,844	-	20 INTERNAL SERVICE FUND			
<i>Assigned:</i>				Total revenue	\$ 13,042,664	\$ 13,042,664	\$ -
4.62 Assigned fund balance	9,395,023	9,395,023	-	Total expenditures	11,830,126	11,830,125	1
<i>Unassigned:</i>				<i>Unrestricted:</i>			
4.22 Unassigned fund balance	12,992,076	12,992,076	-	4.22 Net position	2,763,482	2,763,482	-
02 FOOD SERVICES FUND				25 OPEB REVOCABLE TRUST			
Total revenue	\$ 6,326,711	\$ 6,326,711	\$ -	Total revenue	\$ -	\$ -	\$ -
Total expenditures	5,874,812	5,874,812	-	Total expenditures	-	-	-
<i>Nonspendable:</i>				<i>Unrestricted:</i>			
4.60 Nonspendable fund balance	42,404	42,404	-	4.22 Net position	-	-	-
<i>Restricted/reserved:</i>							
4.52 OPEB liabilities not held in trust	-	-	-	45 OPEB IRREVOCABLE TRUST			
<i>Restricted:</i>				Total revenue	\$ 676,177	\$ 676,177	\$ -
4.64 Restricted fund balance	3,292,145	3,292,144	1	Total expenditures	433,773	433,773	-
<i>Unassigned:</i>				<i>Unrestricted:</i>			
4.63 Unassigned fund balance	-	-	-	4.22 Net position	5,985,807	5,985,808	(1)
04 COMMUNITY SERVICE FUND				47 OPEB DEBT SERVICE			
Total revenue	\$ 3,431,769	\$ 3,431,769	\$ -	Total revenue	\$ -	\$ -	\$ -
Total expenditures	3,639,475	3,639,475	-	Total expenditures	-	-	-
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
4.60 Nonspendable fund balance	-	-	-	4.60 Nonspendable fund balance	-	-	-
<i>Restricted/reserved:</i>				<i>Restricted:</i>			
4.26 \$25 Taconite	-	-	-	4.25 Bond refundings	-	-	-
4.31 Community Education	(327,784)	(327,785)	1	4.64 Restricted fund balance	-	-	-
4.32 ECFE	635,873	635,873	-	<i>Unassigned:</i>			
4.40 Teacher Development and Evaluations	-	-	-	4.63 Unassigned fund balance	-	-	-
4.44 School Readiness	(418,360)	(418,360)	-				
4.47 Adult Basic Education	-	-	-				
4.52 OPEB Liabilities not Held in Trust	-	-	-				
<i>Restricted:</i>							
4.64 Restricted fund balance	-	-	-				
<i>Unassigned:</i>							
4.63 Unassigned fund balance	-	-	-				

STATISTICAL SECTION

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**Independent School District No. 720
Statistical Section (Unaudited)**

III. Statistical Section (Unaudited)

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

Financial Trends

This section contains trend information to help the reader understand how the District's financial performance and well-being have changed over time. 116

Revenue Capacity

This section contains information to help the reader assess the District's most significant local revenue source, property taxes. 125

Debt Capacity

This section presents information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future. 132

Demographic and Economic Information

This section contains demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. 140

Operating Information

This section contains service and infrastructure data to help the reader understand how the information in the District's financial report relates to services provided and activities performed. 142

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

	2016	2017	2018	2019
Governmental Activities				
Net investment in capital assets	\$ 26,336,717	\$ 35,186,072	\$ 45,526,236	\$ 55,529,637
Restricted	1,241,034	-	1,970,243	2,446,033
Unrestricted	(51,864,194)	(85,542,839)	(114,835,656)	(90,596,678)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
 Total governmental activities net position	 <u><u>\$ (24,286,443)</u></u>	 <u><u>\$ (50,356,767)</u></u>	 <u><u>\$ (67,339,177)</u></u>	 <u><u>\$ (32,621,008)</u></u>

Table 1

2020	2021	2022	2023	2024	2025
\$ 67,663,806	\$ 82,755,741	\$ 92,463,986	\$ 97,773,509	\$ 103,977,608	\$ 116,852,040
7,194,893	10,079,420	11,885,035	15,085,858	21,752,764	19,000,098
(97,349,532)	(101,178,213)	(94,279,918)	(67,011,768)	(54,029,335)	(67,664,571)
<u>\$ (22,490,833)</u>	<u>\$ (8,343,052)</u>	<u>\$ 10,069,103</u>	<u>\$ 45,847,599</u>	<u>\$ 71,701,037</u>	<u>\$ 68,187,567</u>

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

	2016	2017	2018	2019
Expenses				
Governmental activities				
Administration	\$ 5,955,670	\$ 7,523,283	\$ 7,340,382	\$ 3,607,620
District support services	2,122,209	2,456,591	2,106,366	2,374,571
Regular instruction	45,554,644	63,959,236	63,492,106	30,458,137
Vocational education instruction	726,293	1,286,927	945,260	528,644
Special education instruction	17,425,823	25,091,784	24,552,734	12,698,736
Instructional support services	7,548,519	10,762,588	9,547,642	6,601,313
Pupil support services	7,377,729	8,401,426	8,625,780	7,691,554
Sites and buildings	7,337,340	6,929,012	8,170,286	11,550,383
Fiscal and other fixed cost programs	211,184	191,091	199,020	172,683
Food service	4,158,297	4,724,099	4,480,777	4,173,484
Community service	2,322,011	3,286,539	3,303,658	2,282,557
Depreciation not allocated to other functions	787,506	1,265,819	1,589,799	1,713,784
Interest and fiscal charges on long-term debt	8,055,214	7,322,643	6,559,035	5,533,037
Total governmental activities expenses	<u>109,582,439</u>	<u>143,201,038</u>	<u>140,912,845</u>	<u>89,386,503</u>
Program Revenues				
Governmental activities				
Charges for services				
Administration	14,225	12,993	13,376	9,477
District support services	35,292	25,189	25,579	55,730
Regular instruction	474,275	438,789	528,522	544,335
Vocational education instruction	37	140	328	527
Special education instruction	179,203	200,061	3,361	1,844
Instructional support services	562	243	68	-
Pupil support services	107,857	221,004	228,447	235,796
Sites and buildings	59	32,413	61,245	61,668
Food service	2,035,210	2,084,558	2,038,572	2,110,636
Community service	1,016,566	1,229,308	1,265,406	1,333,572
Operating grants and contributions	24,000,053	25,885,369	23,511,826	23,702,928
Capital grants and contributions	-	470,297	979,803	965,654
Total governmental activities program revenues	<u>27,863,339</u>	<u>30,600,364</u>	<u>28,656,533</u>	<u>29,022,167</u>
Net governmental activities (expense)/revenue	(81,719,100)	(112,600,674)	(112,256,312)	(60,364,336)
General Revenues and Other Changes in Net Position				
Governmental activities				
Property taxes				
General purpose	9,114,215	13,310,119	13,953,937	15,759,624
Community service	517,493	542,360	580,326	586,578
Debt service	12,620,244	18,735,124	18,817,481	19,994,879
General grants and aids	53,137,665	59,536,734	60,765,061	57,877,841
Investment earnings	938,932	657,661	750,641	639,236
Gain on sale of capital assets	21,600	4,022	304,669	188,238
Other general revenues	36,206	78,576	101,787	36,109
Total governmental activities	<u>76,386,355</u>	<u>92,864,596</u>	<u>95,273,902</u>	<u>95,082,505</u>
Total Net (Expense) Revenue	(5,332,745)	(19,736,078)	(16,982,410)	34,718,169
Net position - beginning, as previously stated	(18,953,698)	(24,286,443)	(50,356,767)	(67,339,177)
Change in accounting principle	-	(6,334,246)	-	-
Net position - beginning	<u>(18,953,698)</u>	<u>(30,620,689)</u>	<u>(50,356,767)</u>	<u>(67,339,177)</u>
Net position - ending	<u>\$ (24,286,443)</u>	<u>\$ (50,356,767)</u>	<u>\$ (67,339,177)</u>	<u>\$ (32,621,008)</u>

Table 2

2020	2021	2022	2023	2024	2025
\$ 5,843,792	\$ 5,720,333	\$ 4,552,784	\$ 4,482,529	\$ 5,011,352	\$ 3,723,272
2,599,179	2,640,387	2,574,259	2,637,366	3,152,360	3,156,008
49,786,185	50,659,122	44,164,260	42,217,922	50,815,607	58,407,342
1,000,405	1,031,568	703,393	633,209	1,146,530	1,336,943
20,164,692	20,660,274	18,643,488	16,863,980	22,724,449	26,629,978
9,380,581	7,628,921	7,522,292	7,584,349	8,713,449	8,989,425
8,882,170	8,576,605	7,884,440	8,683,206	10,477,558	14,543,420
4,347,902	6,935,247	7,839,676	11,016,737	12,300,863	12,842,662
353,795	174,026	239,205	650,290	677,888	786,776
4,261,487	3,397,836	4,461,094	4,922,941	5,614,035	5,751,706
2,993,523	2,815,962	2,615,986	2,921,769	3,499,132	3,635,654
5,803,460	3,509,260	3,628,782	4,938,937	4,071,908	3,562,530
5,252,402	6,629,000	5,006,349	4,446,187	3,134,806	978,780
120,669,573	120,378,541	109,836,008	111,999,422	131,339,937	144,344,496
1,200	-	1,163	1,254	-	-
87,978	30,696	36,595	27,220	21,544	12,324
422,253	331,052	555,584	574,552	537,895	534,340
2,353	136	613	1,647	-	-
-	-	-	50,000	27,500	-
-	92,810	100,628	1,915	6,197	1,180
64,931	58,403	8,545	2,513	-	200
59,874	2,300	58,370	43,297	32,482	42,823
1,751,141	87,173	416,184	1,820,637	459,328	421,899
1,092,977	985,334	1,233,393	1,709,871	1,688,344	1,808,643
25,548,851	30,503,605	29,538,244	36,956,482	45,120,962	46,969,543
807,794	396,516	460,646	537,140	372,518	312,333
29,839,352	32,488,025	32,409,965	41,726,528	48,266,770	50,103,285
(90,830,221)	(87,890,516)	(77,426,043)	(70,272,894)	(83,073,167)	(94,241,211)
15,441,415	14,911,733	15,813,536	26,289,248	25,740,777	27,883,982
601,809	617,670	616,245	622,159	635,006	603,143
22,296,379	23,947,552	18,804,202	16,586,279	18,550,286	18,550,672
61,464,606	62,073,034	59,031,031	60,731,518	60,978,134	62,692,060
368,966	27,838	163,856	1,542,126	2,558,558	2,365,317
202,747	413,894	227,246	176,919	449,691	231,850
40,382	46,576	1,182,082	103,141	14,153	2,252
100,416,304	102,038,297	95,838,198	106,051,390	108,926,605	112,329,276
9,586,083	14,147,781	18,412,155	35,778,496	25,853,438	18,088,065
(32,621,008)	(22,490,833)	(8,343,052)	10,069,103	45,847,599	71,701,037
544,092	-	-	-	-	(21,601,535)
(32,076,916)	(22,490,833)	(8,343,052)	10,069,103	45,847,599	50,099,502
\$ (22,490,833)	\$ (8,343,052)	\$ 10,069,103	\$ 45,847,599	\$ 71,701,037	\$ 68,187,567

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

	2016	2017	2018	2019
General Fund				
Nonspendable	\$ 115,556	\$ 657,884	\$ 208,934	\$ 245,117
Restricted	1,241,034	-	854,983	879,033
Committed	-	-	-	-
Assigned	-	20,882	185,388	267,230
Unassigned	1,164,415	388,488	1,584,328	3,444,795
	<u>1,164,415</u>	<u>388,488</u>	<u>1,584,328</u>	<u>3,444,795</u>
Total general fund	<u>\$ 2,521,005</u>	<u>\$ 1,067,254</u>	<u>\$ 2,833,633</u>	<u>\$ 4,836,175</u>
All Other Governmental Funds				
Nonspendable				
Capital Project funds	\$ 77,687	\$ -	\$ -	\$ -
Special Revenue funds	29,846	49,221	45,582	48,294
Restricted				
Capital project funds	100,430,142	53,366,000	11,214,101	2,022,715
Debt service funds	20,079,253	20,670,744	2,988,464	3,223,859
Special Revenue funds	762,437	946,735	1,086,759	1,131,535
Unassigned reported in				
Capital project funds	-	-	-	-
Special Revenue funds	(17,867)	(153,567)	(179,501)	(45,220)
	<u>(17,867)</u>	<u>(153,567)</u>	<u>(179,501)</u>	<u>(45,220)</u>
Total all other governmental funds	<u>\$ 121,361,498</u>	<u>\$ 74,879,133</u>	<u>\$ 15,155,405</u>	<u>\$ 6,381,183</u>
Total all funds	<u>\$ 123,882,503</u>	<u>\$ 75,946,387</u>	<u>\$ 17,989,038</u>	<u>\$ 11,217,358</u>

Table 3

2020	2021	2022	2023	2024	2025
\$ 26,816	\$ 1,011,456	\$ 758,345	\$ 1,864,344	\$ 1,826,845	\$ 1,635,766
4,498,587	8,195,420	8,691,394	10,937,685	15,491,543	11,720,800
-	-	-	-	287,390	414,844
210,065	235,383	499,548	1,827,010	2,825,782	9,395,023
3,743,049	1,450,809	4,449,815	9,491,506	12,248,187	12,992,076
<u>\$ 8,478,517</u>	<u>\$ 10,893,068</u>	<u>\$ 14,399,102</u>	<u>\$ 24,120,545</u>	<u>\$ 32,679,747</u>	<u>\$ 36,158,509</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
54,038	65,125	60,465	51,272	69,938	42,404
2,390,009	10,896,629	5,282,706	5,507,929	3,035,168	1,695,825
4,478,006	80,568,831	80,338,151	63,363,720	5,197,281	6,020,406
895,505	785,401	2,247,301	2,761,887	3,461,748	3,928,018
(961,751)	-	-	-	-	-
(184,444)	(139,641)	(189,141)	(253,803)	(563,332)	(746,144)
<u>\$ 6,671,363</u>	<u>\$ 92,176,345</u>	<u>\$ 87,739,482</u>	<u>\$ 71,431,005</u>	<u>\$ 11,200,803</u>	<u>\$ 10,940,509</u>
<u>\$ 15,149,880</u>	<u>\$ 103,069,413</u>	<u>\$ 102,138,584</u>	<u>\$ 95,551,550</u>	<u>\$ 43,880,550</u>	<u>\$ 47,099,018</u>

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

	2016	2017	2018	2019
Revenues				
Local sources				
Property taxes	\$ 22,312,062	\$ 32,575,051	\$ 33,363,243	\$ 36,338,193
Other	3,468,932	3,810,443	4,005,832	3,971,453
State sources	72,135,291	77,109,197	79,556,814	80,594,484
Federal sources	4,172,968	4,829,246	4,425,124	4,328,807
Sales and other conversion of assets	2,198,848	2,281,609	2,309,279	2,321,585
Total revenues	<u>104,288,101</u>	<u>120,605,546</u>	<u>123,660,292</u>	<u>127,554,522</u>
Expenditures				
Current				
Administration	5,759,082	5,648,428	5,452,115	4,967,825
District support services	2,067,743	2,175,658	1,992,860	2,368,148
Regular instruction	40,739,884	41,499,067	41,375,223	41,850,504
Vocational education instruction	747,306	868,774	633,155	867,839
Special education instruction	17,154,198	18,342,688	18,062,751	18,184,600
Instructional support services	6,459,308	8,185,448	7,276,861	7,624,820
Pupil support services	7,259,476	7,614,151	7,869,648	8,303,551
Sites and buildings	6,151,407	5,852,566	6,225,856	6,462,215
Fiscal and other fixed cost programs	211,184	191,091	199,020	172,683
Food service	4,098,498	4,534,624	4,301,406	4,184,109
Community service	2,247,122	2,653,638	2,701,273	2,699,409
Capital outlay	13,601,299	52,761,602	45,992,413	15,335,237
Debt service				
Principal	9,718,773	12,528,917	31,546,121	16,320,536
Interest and fiscal charges	7,965,462	9,136,642	8,915,088	7,647,264
Total expenditures	<u>124,180,742</u>	<u>171,993,294</u>	<u>182,543,790</u>	<u>136,988,740</u>
Excess (deficiency) of revenues over (under) expenditures	(19,892,641)	(51,387,748)	(58,883,498)	(9,434,218)
Other Financing Sources (Uses)				
Proceeds from sale of assets	21,600	4,022	508,669	188,238
Proceeds from bond issuance	112,185,000	-	-	-
Bond premium	10,805,831	-	-	-
Payment of refunding bonds	-	-	-	-
Bond discount	(24,812)	-	-	-
Lease issuance	1,239,504	3,447,610	417,480	2,474,300
Insurance recovery	-	-	-	-
Total other financing sources (uses)	<u>124,227,123</u>	<u>3,451,632</u>	<u>926,149</u>	<u>2,662,538</u>
Net change in fund balances	<u>\$ 104,334,482</u>	<u>\$ (47,936,116)</u>	<u>\$ (57,957,349)</u>	<u>\$ (6,771,680)</u>
Debt service as a percentage of noncapital expenditures	16.0%	18.0%	29.3%	19.0%

Table 4

2020	2021	2022	2023	2024	2025
\$ 38,337,767	\$ 39,429,270	\$ 35,251,220	\$ 43,449,195	\$ 44,930,583	\$ 47,076,098
3,419,569	2,195,424	3,090,016	5,162,738	7,036,378	6,712,782
81,943,845	83,563,561	80,445,778	82,970,675	95,048,841	99,899,668
4,362,307	8,542,494	8,998,616	13,670,804	8,861,458	6,442,020
1,950,047	190,379	609,537	1,854,300	487,663	435,634
130,013,535	133,921,128	128,395,167	147,107,712	156,364,923	160,566,202
5,240,795	5,701,132	4,682,246	5,425,651	5,445,394	3,515,151
2,512,734	2,680,469	2,561,123	2,644,240	3,091,793	3,224,775
42,509,914	44,166,870	42,169,525	49,432,227	51,157,883	54,272,719
914,384	929,024	778,437	860,191	1,246,039	1,332,351
19,003,712	19,869,550	19,621,000	21,607,102	24,352,165	27,029,707
8,060,941	7,507,241	7,448,804	7,815,258	8,166,547	8,471,794
8,688,459	8,419,183	7,958,440	9,157,673	10,575,128	14,349,988
5,981,313	6,140,042	6,571,045	7,796,652	9,476,786	9,314,073
353,795	174,026	239,205	650,290	677,888	786,776
4,187,792	3,346,695	4,571,303	4,948,821	5,523,342	5,825,948
2,764,912	2,660,404	2,755,210	3,131,061	3,578,262	3,588,132
21,511,279	17,272,810	9,214,325	4,844,611	7,775,517	6,202,348
18,492,943	21,545,212	15,548,599	16,181,393	17,205,214	18,629,211
7,261,294	8,103,475	7,177,912	6,339,751	5,510,555	2,881,269
147,484,267	148,516,133	131,297,174	140,834,921	153,782,513	159,424,242
(17,470,732)	(14,595,005)	(2,902,007)	6,272,791	2,582,410	1,141,960
1,266,100	413,894	227,246	176,919	2,001,227	231,850
16,325,000	115,398,822	7,845,000	-	14,865,000	-
1,905,067	1,813,386	730,098	-	3,401,555	-
-	(16,540,000)	(8,450,000)	(14,775,000)	(76,085,000)	-
-	-	-	-	-	-
1,362,995	1,428,436	1,618,834	1,738,256	1,563,808	1,830,475
-	-	-	-	-	14,183
20,859,162	102,514,538	1,971,178	(12,859,825)	(54,253,410)	2,076,508
\$ 3,388,430	\$ 87,919,533	\$ (930,829)	\$ (6,587,034)	\$ (51,671,000)	\$ 3,218,468
20.7%	22.5%	18.4%	16.5%	15.5%	13.9%

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

Table 5

Payable Year	(1) Residential Property	(2) Commercial Property	Total Assessed Value	Total Direct School Tax Rate
2016	\$ 3,423,877,400	\$ 949,275,900	\$ 4,373,153,300	53.484%
2017	3,473,072,500	1,099,461,700	4,572,534,200	49.282%
2018	3,703,806,500	1,153,737,200	4,857,543,700	52.141%
2019	3,900,645,000	1,258,375,800	5,159,020,800	52.930%
2020	4,080,936,100	1,564,066,801	5,645,002,901	50.558%
2021	4,737,444,830	1,445,367,170	6,182,812,000	37.372%
2022	5,142,844,412	1,577,296,470	6,720,140,882	52.900%
2023	6,150,243,869	1,917,219,986	8,067,463,855	45.136%
2024	6,561,478,895	2,060,992,763	8,622,471,658	49.018%
2025	6,739,747,174	2,349,647,400	9,089,394,574	47.077%

Notes:

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

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

Taxes Payable Year	ISD No. 720 Direct Rate					Overlapping Rates		
	RMV General Fund Rate	NTC General Fund Rate	NTC Community Service	NTC General Obligation Debt Service	NTC OPEB	Total Direct School Tax Rate	City of Shakopee	City of Savage
2016	0.123	14.369	1.104	38.011	-	53.607	37.902	49.905
2017	0.115	13.945	1.057	34.280	-	49.397	38.522	47.841
2018	0.128	15.228	1.042	35.870	-	52.268	37.212	47.117
2019	0.110	14.519	0.981	37.430	-	53.040	34.940	44.474
2020	0.102	13.868	0.937	35.753	-	50.660	33.965	42.357
2021	0.107	11.083	0.827	25.462	-	37.479	32.105	42.254
2022	0.253	11.966	0.005	21.473	-	33.697	32.111	40.326
2023	0.187	10.735	0.003	21.473	-	32.398	28.585	35.986
2024	0.194	12.660	0.781	30.671	-	44.306	27.402	37.606
2025	0.178	9.465	0.630	31.158	-	41.431	27.768	40.533

Notes:

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

Table 6

Overlapping Rates							Total Direct and Overlapping Tax Rate City of Shakopee
Prior Lake	Louisville Township	Jackson Township	Sand Creek Township	Metro Council	Metro Transit	Scott County	
31.953	4.959	10.843	17.476	0.921	1.485	36.175	130.09
32.685	5.004	12.129	17.761	0.850	1.407	35.896	126.07
33.039	4.918	12.681	17.837	0.853	1.410	35.896	127.64
33.020	4.589	10.636	16.583	0.679	1.560	33.841	124.06
32.496	4.494	10.436	17.737	0.609	1.401	32.718	119.35
30.265	4.134	8.495	17.111	0.634	1.249	31.025	102.49
30.465	4.218	9.907	17.687	0.650	1.185	30.492	98.14
28.113	3.406	8.068	15.936	0.538	1.085	26.578	89.18
30.303	3.164	7.790	16.255	0.633	1.018	26.228	99.59
30.502	3.212	8.705	17.429	0.532	1.062	26.977	97.77

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

Table 7

Taxpayer	2025			2016		
	Tax Capacity	Percentage of Total Tax Capacity	Rank	Tax Capacity	Percentage of Total Tax Capacity	Rank
MCP Shakopee, LLC	\$ 1,899,250	1.79%	1			
Rahr Malting Company	1,144,552	1.08%	2	\$ 447,178	0.88%	3
Stag Industrial Holdings LLC	1,053,646	1.00%	3			
Shakkin, LLC	1,048,626	0.99%	3			
J & J Minneapolis, LLC	1,032,914	0.98%	7	449,000	0.89%	2
Northern States Power Company	1,030,038	0.97%	5			
IDP Dean Lakes B1 LLC	943,362	0.89%	6			
1280 Disc Drive, LLC	884,646	0.84%	8			
Lothenbach	883,654	0.83%	9	399,250	0.79%	5
GEP X Addison, LLC	834,621	0.79%	10			
XCEL Energy				680,078	1.34%	1
Seagate Technology, LLC				419,250	0.83%	4
Shakopee Mdewakanton Sioux Community				383,790	0.76%	6
St. Francisc, RMC				374,500	0.74%	7
Certain Teed Corporation				365,250	0.72%	8
Shakopee Station LLC				353,200	0.70%	9
Canterbury Park Holding Corp.				340,760	0.67%	10
Total	<u>\$ 10,755,309</u>	<u>10.16%</u>		<u>\$ 4,212,256</u>	<u>8.32%</u>	

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

Fiscal Year	Taxes Levied for the Fiscal Year					
	General Fund RMV Voter	General Fund RMV Other	General Fund Basic Levy	Community Service Levy	Debt Service Fund Levy	Total Tax Levy (1)
2016	\$ 2,500,000	\$ 5,951,726	\$ 4,647,062	\$ 548,983	\$ 18,906,524	\$ 32,554,296 (2)
2017	3,011,717	5,991,217	4,719,435	586,043	19,004,667	33,313,079 (2)
2018	3,206,596	7,009,394	5,423,209	590,824	20,341,203	36,571,228 (2)
2019	3,329,346	6,558,426	5,432,890	591,469	22,576,016	38,488,147 (2)
2020	3,527,108	6,551,159	5,233,905	618,406	24,140,695	40,071,273 (2)
2021	3,850,865	7,318,714	4,399,692	615,905	18,954,263	35,139,439 (2)
2022	15,432,430	6,404,607	4,523,233	622,431	16,758,403	43,741,104 (2)
2023	15,142,500	6,296,682	3,952,938	635,271	18,710,996	44,738,387 (2)
2024	16,560,909	6,895,231	4,458,785	603,358	18,726,933	47,245,216 (2)
2025	16,807,170	6,980,080	4,117,376	668,399	18,314,280	46,887,306 (2)

Notes:

- (1) State credits are included in the operating levy
- (2) Original Gross Levy

Table 8

Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Percentage of Levy Outstanding
Current Tax Collection	Percentage of Levy		Total Tax Collection	Percentage of Levy		
\$ 17,026,255	52.3%	\$ 15,446,446	\$ 32,472,701	99.75%	\$ 81,595	0.25%
17,036,841	51.1%	16,182,091	33,218,933	99.72%	94,146	0.28%
19,099,575	52.2%	19,049,992	38,149,567	104.32%	82,647	0.22%
18,410,550	47.8%	18,561,974	36,972,524	96.06%	85,536	0.23%
20,020,961	50.0%	20,020,961	40,041,922	99.93%	87,372	0.22%
22,633,288	64.4%	16,795,983	39,429,271	112.21%	135,057	0.34%
14,076,891	32.2%	21,173,329	35,250,220	80.59%	117,820	0.33%
16,668,039	37.3%	21,495,299	38,163,338	85.30%	166,311	0.44%
39,075,252	82.7%	23,291,774	62,367,026	132.01%	161,797	0.26%
41,587,823	88.7%	21,968,863	63,556,686	135.55%	123,496	0.19%

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

Fiscal Year	Governmental Activities			Total Primary Government	Estimated Population (3)
	General Obligation Bonds	Certificates of Participation	Financed Purchase Agreements Payable		
2016	\$ 210,545,000	\$ 12,040,000	\$ 905,731	\$ 223,490,731	40,401
2017	199,410,000	11,495,000	3,504,424	214,409,424	40,730
2018	169,630,000	10,930,000	2,720,782	183,280,782	41,222
2019	155,315,000	10,340,000	3,779,547	169,434,547	41,570
2020	169,481,564	9,855,653	3,514,599	182,851,816	44,062
2021	247,435,121	9,220,601	3,397,078	260,052,800	44,706
2022	241,697,036	-	3,563,043	245,260,079	45,623
2023	210,374,012	-	5,182,564	215,556,576	47,158
2024	130,532,731	-	3,368,497	133,901,228	48,761
2025	113,646,001	-	3,276,792	116,922,793	49,621

Notes:

- (1) Details regarding the District's outstanding debt can be found in the notes to the financial statements.
- (2) Personal income information for residents living within the District is not available
- (3) Estimated population obtained from worldpopulationreview.com. Prior years have been restated.

Table 9

	Per Capita	Assessed Value	Per Assessed Value
\$	5,532	\$ 4,373,153,300	5.1%
	5,264	4,572,534,200	4.7%
	4,446	4,857,543,700	3.8%
	4,076	5,159,020,800	3.3%
	4,150	5,645,002,901	3.2%
	5,817	6,182,812,000	4.2%
	5,376	6,720,140,882	3.6%
	4,571	8,067,463,855	2.7%
	2,746	8,622,471,658	1.6%
	2,356	9,089,394,574	1.3%

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

Fiscal Year	General Obligation Bonds (1)	Less Amounts Available In Debt Service Fund	Net Bonded Debt	Total Assessed Value
2016	\$ 210,545,000	\$ 20,079,253	\$ 190,465,747	\$ 4,373,153,300
2017	199,410,000	20,670,744	178,739,256	4,572,534,200
2018	169,630,000	2,988,464	166,641,536	4,857,543,700
2019	155,315,000	3,223,859	152,091,141	5,159,020,800
2020	169,481,564	4,478,007	165,003,557	5,645,002,901
2021	247,435,121	80,568,831	166,866,290	6,182,812,000
2022	241,697,036	80,338,151	161,358,885	6,720,140,882
2023	210,374,012	63,363,720	147,010,292	8,067,463,855
2024	130,532,731	5,197,281	125,335,450	8,622,471,658
2025	113,646,001	6,020,406	107,625,595	9,089,394,574

Notes:

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

Table 10

Percentage of Est Actual Value of Taxable Property	Estimated Population	Net Bonded Debt Per Capita
4.77%	40,401	\$ 4,043
4.29%	40,730	3,757
3.43%	41,222	3,503
2.95%	41,570	3,659
2.92%	44,062	3,745
2.70%	44,706	3,733
2.40%	45,623	3,537
1.82%	47,158	3,117
1.45%	48,761	2,570
1.18%	49,621	2,169

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Independent School District No. 720
Shakopee Public Schools
Computation of Direct and Overlapping Bonded Debt
(Unaudited)

Table 11

	12/1/2024 Adjusted Taxable Net Tax Capacity	12/1/2024 Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping				
Scott County	\$ 331,469,672	\$ 92,810,000	31.87%	\$ 29,580,008
Cities/Townships				
Shakopee	96,423,957	41,480,000	94.54%	39,213,395
Savage	62,364,547	32,835,000	6.04%	1,982,884
Prior Lake	64,262,990	26,340,000	4.53%	1,192,601
Total Overlapping				<u>71,968,888</u>
Direct				
Shakopee Public Schools ISD No. 720	105,644,602	124,178,822	100.00%	<u>124,178,822</u>
Total Direct and Overlapping Bonded Debt				<u><u>\$ 196,147,710</u></u>

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

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

Fiscal Year	Net Bonded Debt (1)	Net Tax Capacity (1)	Percent of Net Debt to Net Tax Capacity	Percent of Bonded Debt to Market Value
2016	\$ 210,545,000	\$ 54,930,192	383.30%	4.81%
2017	199,410,000	53,882,262	370.08%	4.36%
2018	169,630,000	57,032,951	297.42%	3.49%
2019	155,315,000	60,420,682	257.06%	3.01%
2020	169,481,564	65,966,758	256.92%	3.00%
2021	247,435,121	71,899,365	344.14%	4.00%
2022	241,697,036	77,133,946	313.35%	3.60%
2023	210,374,012	91,692,373	229.43%	2.61%
2024	130,532,731	101,454,931	128.66%	1.51%
2025	113,646,001	105,858,450	107.36%	1.25%

Notes:

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

Table 12

Estimated Population (1)	Net Debt per Capita	Indicated Market Value (2)	Legal Debt Limit (3)	Legal Debt Margin (4)	Percent Bonded Debt to Debt Limit
40,401	\$ 5,211	\$ 4,536,466,079	\$ 680,469,912	\$ 469,924,912	30.94%
40,730	4,896	4,906,152,575	735,922,886	536,512,886	27.10%
41,222	4,115	5,062,578,114	759,386,717	589,756,717	22.34%
41,570	3,736	5,059,941,354	758,991,203	603,676,203	20.46%
44,062	3,846	5,373,980,000	806,097,000	636,615,436	21.02%
44,706	5,535	6,816,771,775	1,022,515,766	775,080,645	24.20%
45,623	5,298	7,491,795,855	1,123,769,378	882,072,342	21.51%
47,158	4,461	8,067,463,855	1,210,119,578	999,745,566	17.38%
48,761	2,677	8,622,471,656	1,293,370,748	1,162,838,017	10.09%
49,621	2,290	9,921,114,689	1,488,167,203	1,374,521,202	7.64%

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

Table 13

Fiscal Year	Population (1)	Personal Income (thousands of dollars) (2)	Per Capita Personal Income (2)	Enrollment (3)	Scott Co. Unemployment Rate (4)
2016	40,401	\$ -	\$ -	8,012	3.4%
2017	40,730	-	-	8,153	3.2%
2018	41,222	-	-	8,265	3.0%
2019	41,570	-	-	8,184	2.3%
2020	44,062	-	-	8,190	8.4%
2021	44,706	-	-	8,074	3.0%
2022	45,623	-	-	7,936	1.8%
2023	47,158	-	-	7,827	3.1%
2024	48,761	-	-	7,666	3.7%
2025	49,621	-	-	7,658	3.5%

Sources: 1) Scott County Levy Documentation.

2) Personal income information for residents living within the District is not available.

3) Minnesota Department of Education.

4) Minnesota Employment and Economic Development.

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

Table 14

Employer	Product/Service	2025			2016		
		Employees	Percentage	Rank	Employees	Percentage	Rank
Amazon	Distribution	2,500	20.66%	1			
Valleyfair	Amusement Park	1,706	14.10%	2	1,600	19.42%	2
City of Shakopee	City Government	1,528	12.62%	3	590	7.16%	8
Imagine Print Solutions	Printing	1,380	11.40%	4	850	10.31%	4
School District No. 720	Education	1,224	10.11%	5	1,251	15.18%	3
Cyberpower Systems	Manufacturing	1,137	9.39%	6			
Datacard	Manufacturing	1,000	8.26%	8			
Scott County	Government	928	7.67%	7	750	9.10%	6
Canterbury Park	Horse Racing	700	5.78%	10	600	7.28%	7
Seagate	Manufacturing				1,800	21.84%	1
Fabcon, Inc.	Cement & Concrete				400	4.85%	9
Te Connectivity	Cable Management Systems				400	4.85%	10
Total		12,103	100.00%		8,241	100.00%	

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

	2016	2017	2018	2019
Administrative Staff				
Superintendent	1.0	1.0	1.0	1.0
Principals	11.0	15.0	14.6	9.0
Administrative Assistants (Asst. Principals and Asst. Superintendent)	13.8	10.0	10.0	15.0
Supervisory Coordinator	4.0	3.0	3.8	4.8
Total Administrative Staff	29.8	29.0	29.4	29.8
Support Service Staff				
Other Non-Instructional Staff	43.9	46.4	62.3	62.3
Counselors/Deans	11.0	11.0	9.0	10.0
Media/Librarian	10.0	9.0	5.0	5.0
Nurse	6.3	4.8	5.8	5.8
Social Worker	9.8	12.0	11.7	11.7
Psychologists	7.0	8.0	8.0	8.0
Teacher on Sp Assignment	14.5	19.5	20.1	20.1
Total Support Service Staff	102.6	110.6	121.9	122.9
Special Education Teachers				
Speech Language	20.8	20.8	20.1	20.1
Other Special Education Teachers	94.9	86.4	85.4	86.4
Total Special Education Teachers	115.7	107.2	105.6	106.5
Classroom Teachers				
K-12 Teacher	426.3	414.8	394.1	397.0
Vocational Education Teacher	4.9	5.5	4.8	4.8
Pre-K, ECFE, and Other Teacher	11.2	8.9	9.0	9.0
Total Classroom Teachers	442.4	429.2	407.9	410.8
Total	690.4	676.0	664.8	670.1

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

Table 15

2020	2021	2022	2023	2024	2025
1.0	1.0	1.0	1.0	1.0	1.0
15.0	15.0	9.0	9.0	9.0	9.0
14.0	14.0	5.0	6.0	6.0	6.0
6.0	7.0	6.0	6.0	6.0	6.0
36.0	37.0	21.0	22.0	22.0	22.0
62.3	82.2	60.2	71.2	68.2	65.0
23.7	22.0	23.0	25.0	25.0	24.0
4.0	4.0	4.0	4.0	4.0	3.6
5.9	5.4	5.4	5.6	5.8	5.8
9.6	9.6	9.6	11.0	12.0	11.0
6.7	6.5	7.0	7.0	8.0	7.0
19.6	19.9	13.8	19.0	20.0	20.0
131.8	149.6	123.0	142.8	143.0	136.5
19.8	20.3	20.3	19.3	19.3	20.3
98.9	110.1	105.9	107.3	108.3	112.3
118.7	130.4	126.2	126.6	127.6	132.6
397.4	423.8	365.8	399.8	390.0	377.5
9.0	9.0	9.0	22.0	22.0	20.0
10.3	9.8	10.1	9.1	9.9	9.5
416.7	442.6	385.0	430.9	421.9	407.0
703.2	759.6	655.2	722.3	714.5	698.1

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

Table 16

Fiscal Year	Enrollment	Total Governmental Fund Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio
2016	8,012	\$ 124,180,742	\$ 15,499	-28.93%	558.0	14.4
2017	8,153	171,993,294	21,095	36.11%	536.4	15.2
2018	8,265	182,543,790	22,086	4.70%	513.4	16.1
2019	8,184	136,988,740	16,739	-24.21%	517.4	15.8
2020	8,190	147,484,267	18,008	7.58%	535.4	15.3
2021	8,074	148,516,133	18,394	2.15%	573.0	14.1
2022	7,936	131,297,174	16,545	-10.06%	511.2	15.5
2023	7,827	140,834,921	17,993	8.76%	557.5	14.0
2024	7,666	153,782,513	20,060	11.49%	549.5	14.0
2025	7,658	159,424,242	20,818	3.78%	539.6	14.2

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

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

<u>School</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Elementary						
Sweeney Elementary						
Square feet	94,914	94,914	94,914	94,914	94,914	94,914
Building Capacity	672	672	672	672	672	672
Program Capacity	672	672	672	672	672	672
Enrollment (1)	652	640	655	652	677	650
Sun Path Elementary						
Square feet	106,455	106,455	106,455	106,455	106,455	106,455
Building Capacity	764	764	764	764	764	764
Program Capacity	764	764	764	764	764	764
Enrollment (1)	730	675	654	610	606	582
Pearson Early Learning Center						
Square feet	87,235	87,235	87,235	87,235	87,235	87,235
Building Capacity	586	586	586	586	586	586
Program Capacity	586	586	586	586	586	586
Enrollment (1)	659	680	644	-	-	75
Red Oak Elementary						
Square feet	106,818	106,818	106,818	106,818	106,818	106,818
Building Capacity	764	764	764	764	764	764
Program Capacity	764	764	764	764	764	764
Enrollment (1)	689	644	610	564	558	525
Eagle Creek Elementary						
Square feet	110,088	110,088	110,088	110,088	110,088	110,088
Building Capacity	764	764	764	764	764	764
Program Capacity	764	764	764	764	764	764
Enrollment (1)	847	839	817	777	748	715
Jackson Elementary						
Square feet	109,068	109,068	109,068	109,068	109,068	109,068
Building Capacity	764	764	764	764	764	764
Program Capacity	764	764	764	764	764	764
Enrollment (1)	852	868	864	850	794	753
Middle						
East Middle School						
Square feet	164,917	164,917	164,917	164,917	164,917	164,917
Building Capacity	985	985	985	985	985	985
Program Capacity	985	985	985	985	985	985
Enrollment (1)	841	851	883	844	743	860
West Middle School						
Square feet	207,941	207,941	207,941	207,941	207,941	207,941
Building Capacity	896	896	896	896	896	896
Program Capacity	896	896	896	896	896	896
Enrollment (1)	978	1,065	1,144	1,148	1,169	964

Source: District buildings departments and Minnesota Department of Education.

Table 17

2022	2023	2024	2025
94,914	94,914	94,914	94,914
672	672	672	672
672	672	672	672
610	631	624	603
106,455	106,455	106,455	106,455
764	764	764	764
764	764	764	764
494	532	515	523
87,235	87,235	87,235	87,235
586	586	586	586
586	586	586	586
75	75	75	95
106,818	106,818	106,818	106,818
764	764	764	764
764	764	764	764
503	517	462	462
110,088	110,088	110,088	110,088
764	764	764	764
764	764	764	764
630	645	621	629
109,068	109,068	109,068	109,068
764	764	764	764
764	764	764	764
729	755	729	675
164,917	164,917	164,917	164,917
985	985	985	985
985	985	985	985
788	795	799	826
207,941	207,941	207,941	207,941
896	896	896	896
896	896	896	896
895	930	911	895

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

	2016	2017	2018	2019	2020	2021
<u>School (Continued)</u>						
High School						
Shakopee High School						
Square feet	322,000	322,000	322,000	600,000	600,000	600,000
Building Capacity	1,612	1,612	1,612	3,000	3,000	3,000
Program Capacity	1,612	1,612	1,612	3,000	3,000	3,000
Enrollment (1)	1,611	1,719	1,728	2,479	2,629	2,780
Other						
Tokata Learning Center - ALC						
Square feet	12,351	12,351	12,351	12,351	12,351	12,351
Enrollment (1)	85	91	184	186	205	90
Central Family Center						
Square feet	64,197	64,197	64,197	64,197	64,197	64,197
Enrollment (1)	68	82	82	75	61	-
Total						
Square feet	1,385,984	1,385,984	1,385,984	1,663,984	1,663,984	1,663,984
Building Capacity	7,807	7,807	7,807	9,195	9,195	9,195
Program Capacity	7,807	7,807	7,807	9,195	9,195	9,195
Enrollment	8,012	8,153	8,265	8,185	8,190	7,994
<u>Athletics</u>						
Football fields	1	1	1	1	1	1
Running tracks	1	1	1	1	1	1
Baseball/softball	23	23	23	23	23	23
Tennis courts	14	14	14	14	14	14
Multi-purpose fields (lacrosse, soccer)	11	11	11	11	11	11
Multi-purpose gyms	13	13	13	18	18	18
Swimming pools	2	2	2	2	2	2
Playgrounds	8	8	8	8	8	8

Notes:

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

Table 17 (Continued)

2022	2023	2024	2025
644,600	644,600	644,600	644,600
3,000	3,000	3,000	3,000
3,000	3,000	3,000	3,000
2,749	2,144	2,760	2,757
17,798	17,798	17,798	17,798
81	86	88	93
64,197	64,197	-	-
-	-	-	-
1,714,031	1,714,031	1,649,834	1,649,834
9,195	9,195	9,195	9,288
9,195	9,195	9,195	9,195
7,554	7,110	7,584	7,558
1	1	1	1
1	1	1	1
23	23	23	23
14	14	14	14
11	11	11	11
18	18	18	18
2	2	2	2
8	8	8	8