

Annual COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended December 31, 2021



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Show Off Shakopee photo
contest grand prize winner



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CITY OF SHAKOPEE, MINNESOTA

Scott County

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended
December 31, 2021

Department of Finance

Nathan Reinhardt, Director of Finance
Melissa Schlingman, Accounting Manager

485 Gorman Street
Shakopee, MN 55379

CITY OF SHAKOPEE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021

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CITY OF SHAKOPEE

ELECTED OFFICIALS AND ADMINISTRATION DECEMBER 31, 2021

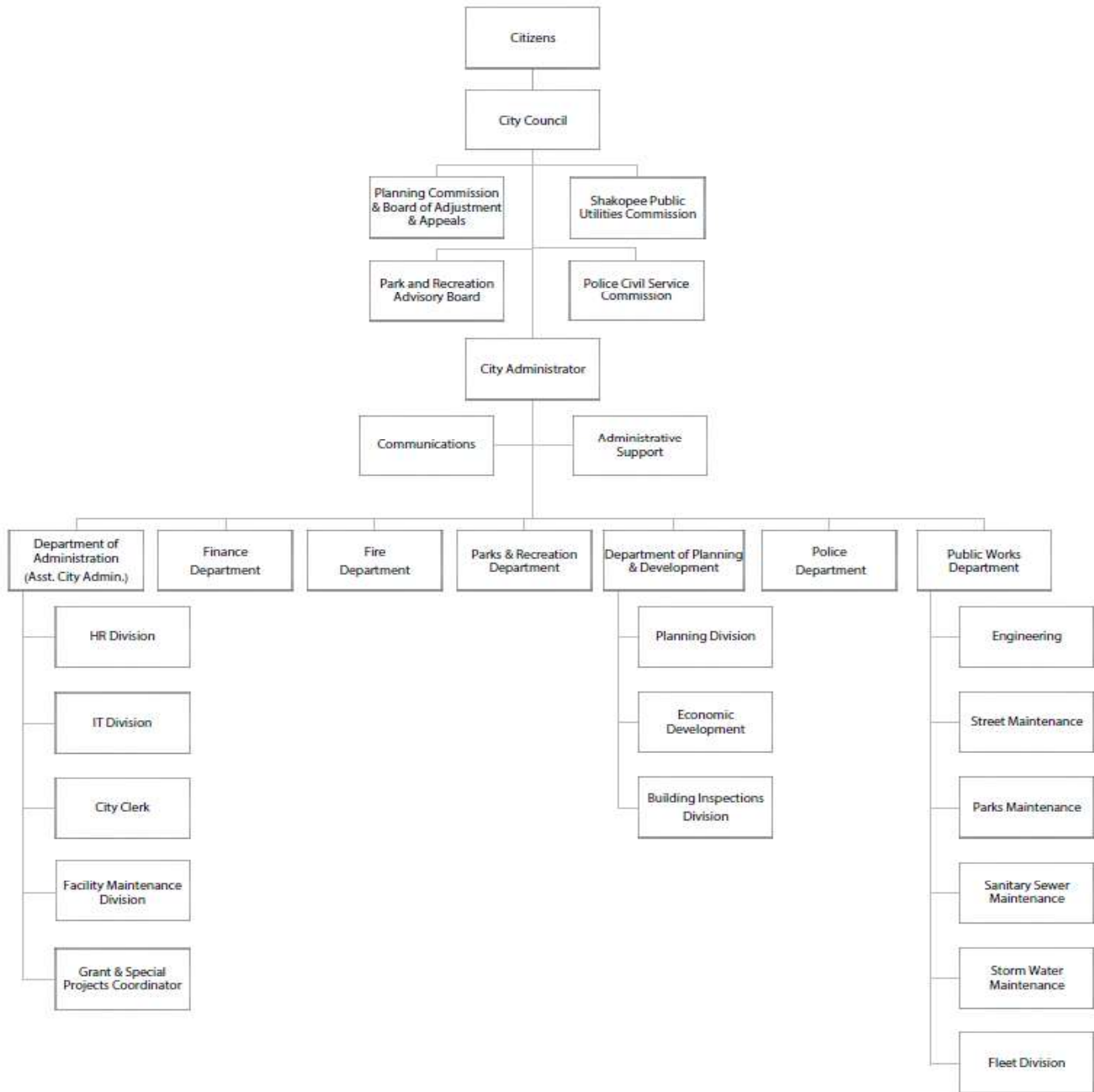
<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
William Mars	Mayor	December 31, 2022
Jody Brennan	Council Member	December 31, 2022
Angelica Contreras	Council Member	December 31, 2022
Matthew Lehman	Council Member	December 31, 2024
Jay Whiting	Council Member	December 31, 2024

<u>Administration</u>	
William H. Reynolds	City Administrator
Chelsea Petersen	Assistant City Administrator
Nathan Reinhardt	Finance Director
Michael Kerski	Director of Planning & Development
Jeff Tate	Police Chief
Rick Coleman	Fire Chief
Steve Lillehaug	Public Works Director/Engineer
Jay Tobin	Park and Recreation Director

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CITY OF SHAKOPEE

ORGANIZATION CHART DECEMBER 31, 2021



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June 2, 2022

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Shakopee:

The Annual Comprehensive Financial Report for the City of Shakopee, Minnesota, for the fiscal year ended December 31, 2021, is submitted herewith:

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. The costs of internal control should not exceed anticipated benefits and therefore the object is to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement.

The City of Shakopee's financial statements have been audited by Abdo, LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the city for the year ended December 31, 2021, are fairly presented in conformity with GAAP (generally accepted accounting principles). Based on the audit, the independent auditor concluded that there is reasonable basis for rendering an unmodified ("clean") opinion on the city's financial statements for the year ended December 31, 2021. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used; significant estimates made by management; as well as evaluation of the overall financial statement presentation. The independent auditor's report is presented as the first component of the financial section of this report.

Management Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of the City

The City of Shakopee was incorporated for the second time in 1870 and is located approximately 25 miles southwest of Minneapolis. Bound by the Minnesota River on the north, Shakopee is in the northern part of Scott County and is the county seat. In recent years, the city has been one of the most rapidly growing communities in the state. The 2000 population of the city was 20,568 and the land area covered is approximately 30 square miles. The 2020 census confirmed that the population had increased to 43,698 and is expected to continue to grow to 53,000 in 2030. The city comprises a unique blend of residential, commercial and industrial properties, which provides a wide range of opportunities that are the result of the strong economic health of the community and region. The city levies a property tax on both real and personal property located within its boundaries except for land owned or controlled by the Shakopee Mdewakanton Sioux Community (SMSC), a Federally recognized Native American Tribe. The city may also by state statute, extend its corporate limits by annexation, which historically has occurred periodically. The city recently executed an orderly annexation agreement with Jackson Township that will allow the city to actively annex certain portions of the township as market forces dictate.

Shakopee is organized in Minnesota under Plan A, which includes a City Administrator, but the City Council retains primary decision-making authority such as policy setting, adopting ordinances and budget and staffing. The City Council has four members plus the Mayor who serve staggered terms of four years. All council positions are non-partisan, part-time and members are elected at large.

The city provides typical municipal services such as police and fire protection, street and infrastructure construction, public works maintenance, parks, recreation, planning and zoning. Also provided are utilities such as sewer and storm drainage utilities, organized refuse collection, and recycling. Electric and water utilities are operated by Shakopee Public Utilities Commission which is appointed by the City Council but operates independently of the City of Shakopee.

Economic development and redevelopment are controlled by the Shakopee Economic Development Authority (the Authority). The Authority is comprised of the Mayor and City Council members and is included as an integral part of the city's report. The economic development activities of both staff and Council continue to increase from past years, as the strong economic climate in the region has provided the city with the benefit of planned commercial and industrial growth as well as expansion of several existing businesses and commercial sites.

2022 activity has already confirmed that the continuation of the growth trend will carry into the current year as the valuation of building permits for the first quarter of 2022 was \$113.6 million. Included in the first quarter 2022 valuation is 70 single-family home building permits (up from 57 in 2021). This number is also expected to increase as additional phases of existing housing developments come on-line in 2022.

The annual budget is the basis for the city's financial planning and control. The budget is prepared by fund (e.g., General), function (e.g., Public Works) and division (e.g., Engineering). Major budget requests or initiatives are submitted in July by department directors. The City Administrator reviews the submittals with the Finance Director and department directors to determine the prioritization of specific budget requests.

The City Council is presented with a proposed budget and a maximum tax levy in September of each year. This information succinctly details changes in the upcoming year budget, such as changes in personnel and position structure. It also includes funding requests that are unique to the specific budget year, the basis for the request, as well as requests for transfers and internal funding needs, such as internal service fund reviews.

City Council is required to adopt a maximum tax levy by September 30. The final tax levy and budget are adopted in December after a public meeting, which provides the City Council and community impact information relating to both the budget decisions and property tax levies. Final levy information is submitted to the County for inclusion in the development of the upcoming year property tax statements.

Budgeting control is provided by an annual budget resolution passed by City Council. Formal control is at the division level and Council action is necessary to change budgeted amounts between divisions and/or funds. The Finance Director or City Administrator may make changes within divisions.

Along with the operating budget, the city annually prepares a detailed five-year capital improvement plan (CIP), 15 year capital improvement schedule, and a long-term financial plan. These documents are the basis for the long-term goal of providing and maintaining a functional public facility program, that provides the residents and businesses with infrastructure and equipment necessary for the on-going growth and development.

The capital plans have historically provided details on the infrastructure projects and capital equipment that are funded through property tax levy, franchise taxes, special assessments, utility user-fees and other intergovernmental revenue sources. These projects primarily allow for the upgrades, expansion and coordination of transportation-based needs, as well as trails, signals and other infrastructure improvements. The City Council also reviews and discusses the park planned improvements that are funded through the Park Development fund, which provides for the use of park and community facilities that have historically been funded through the collection of Park Dedication fees. The capital plans are reviewed with the Council and city staff, and the funding sources and priorities developed for the annual and future budget practices.

The city also maintains several internal service funds including equipment, park assets, information technology, buildings and self-insurance. The funding for this program is through the internal service fund rate charges, which are determined by departmental use, replacement plans and determination of the remaining life. These charges are integrated into the individual budgets of the General fund and departments that are benefitted by the activities of the programs. Funds are accumulated over time to ensure adequate funding is available when equipment and facilities are scheduled to be replaced. The Internal Service funds continue to be reviewed and updated as community needs and council directives are considered during each budget cycle.

Local Economy

Shakopee is the county seat of Scott County, and it abuts the largest county in the region, Hennepin County. Shakopee continues to benefit from its strategic location within the metropolitan region, as well as its direct access to TH 169, which connects the city to other major regional roadways, the MSP International Airport, and major employment centers. The city is also at the heart of regional attractions which includes ValleyFair, Canterbury Park horse racing track, Mystic Lake and Little Six casinos, and the Minnesota Renaissance Festival. These and other factors have propelled the city through a period of strong and consistent growth that is likely to continue for years to come.

The City's estimated market value is \$7.0 billion for taxes payable 2022, which is an increase of \$464 million or 7.1 percent from last year. New construction accounted for \$162 million of the increase in value. Residential housing makes up 47.1% of the 2022 tax capacity base. For the valuation used to calculate the 2022 property tax statements, the median value home in the City of Shakopee is \$284,700 compared to \$266,800 in the previous valuation.

The following projects are anticipated to begin construction in the near future or are currently under construction in the City:

Residential:

- Enclave Development opened a 93-unit market rate apartment complex with underground parking and commercial space along Holmes Street in the former city hall site in 2021.

- The Shakopee Economic Development Authority (the “EDA”) sold a parcel on the Minnesota River bluff for development of a 170-unit market rate apartment complex with a restaurant, retail space and workout amenities. The project will remove the overhead powerlines from the bluff and rebuild several streets. Construction began in March 2021 and is expected to be completed by July 2022.
- Windermere by D.R. Horton has started construction in its sixth phase of development consisting of 125 new homes, including new single-family homes with an integrated park, and has submitted their seventh phase consisting of 101 residential lots.
- Arasan Apartment, a 138-unit market rate apartment complex in the West End, started construction in April 2021 and will open in June 2022. The developer has submitted for a second phase of 105 apartments that will begin construction the summer of 2022.
- Trident Development is planning a 50-unit rental townhome development on Vierling Drive. Construction will start the summer of 2022 and be completed summer of 2023.
- Core Crossings development, a 60-unit, workforce housing development that is part of the Trio development is under construction and should be completed in late 2022.
- The fourth home in West Ridge Lake Estates, a 14-lot executive development on Lake O’Dowd, has started construction. Several other lots are under contract. These homes are valued at more than \$1 million each.
- Link Construction has started construction of eight new homes as part of Jefferson Court. The one level homes will be at the corner of Adams, 10th Avenue West and Jefferson.
- Doran Development has started the second phase of Triple Crown, 300 units of a super luxury apartment complex. It is expected to be completed in 2023.
- A large-scale subdivision with more than 300 units was approved on the former Hauer farmland property at 17th Avenue. The development, Summerland Place, has all the infrastructure in and new homes and townhome are under construction.
- Lennar Multifamily Communities has been approved for a 288-unit market rate apartment complex as part of Summerland. Construction will start this summer.
- M/I Homes has begun construction of a 186-home subdivision on County Highway 83. The development includes large single-family homes, carriage houses and villas. The development includes eight acres of integrated city-owned open space and trails.
- Whispering Waters, a 125-home subdivision, has started construction. The homes along the Prior Lake Outlet Channel, will be on larger lots.
- Renovation of Shakopee Village Apartments at 1428 4th Avenue East into handicap accessible living units was completed in 2021.
- Suite Living – nursing and assisted living facility with 32 units approved within the Windermere Subdivision is under construction.
- Pulte Homes has already constructed the first sixteen townhomes at Canterbury Crossing, a 108-unit townhome community.
- Lifestyle Communities received approval for a 56-unit senior co-op development in the Canterbury Crossing Development.
- TE Miller has received approval for a 156-unit super luxury age restricted apartment complex at Canterbury’s southwest development. Construction will begin this summer with completion in 2023.

Commercial:

- Chipotle purchased a closed Taco Bell and completed a \$400,000 renovation and opened in late 2021.
- The headquarters office building for Greystone Construction was completed in 2021 and they are working on several additional developments adjacent to their building.
- Texas Roadhouse opened in late 2021 at Southbridge.
- Red Savoy opened in late 2021 at 8082 Old Carriage Court
- BBQ place will open in summer of 2022 adjacent to Red Savoy
- McDonald’s completed a major renovation of its site at 227 Marschall Road in 2022

- Pizza Hut completed a major renovation of its site adjacent to McDonalds in 2022.
- St. Francis Regional Medical Center completed its 15,000 square-foot Emergency Room expansion and expansion of the Cancer Center. They are now working on plans for a surgery center.
- A new 19,000 seat amphitheater was announced at Canterbury. This \$50 million facility will be a state-of-the-art facility with construction to be completed in 2023.

Industrial:

- Scannell Properties completed its 136,500 and 114,000 square-foot office/warehouse development.
- Johnson Anderson, which opened in 1983, has completed a 15,400 square foot addition. They are one of the largest custom envelope and printing operations in Minnesota.
- W.P.T. Capital completed the 505,000 square foot Southwest Logistics Center valued at more than \$30 million at the SM Hentges development site.
- SM Hentges has under contract all three of the remaining industrial sites in its park.
- United Properties completed the construction of a 310,000 square foot speculative warehouse building at 3200 4th Avenue East and has leased the building to two tenants.
- Mesenbrink Construction recently completed a 12,000 square-foot multi-tenant industrial building on the east side of Shakopee at 7380 County Road 101.
- Mesenbrink Construction has constructed a 2nd 12,000 square-foot build-to-suit industrial building at 7480 County Road 101
- OPUS development has land under contract in the west end for more than 1.2 million square feet of business park uses.
- Quality Forklift has acquired a site on 12 Avenue along Hwy 169 to construct a new 100,000 SF corporate HQ, sale and maintenance facility.
- Inland Development purchased 26 acres in Dean Lakes along Hwy 169 and has submitted permits for two business park buildings totaling more than 300,000 SF.

Public:

- The Ridge Creek Park was completed at the end of 2021. This \$4 million park includes a board walk, sitting areas and wildlife observation sheds.
- Scott County completed a \$60 million addition and improvements to the Scott County Government Center.
- The XCEL Energy Mountain Bike Park was completed in June 2021. This is the first mountain bike course in Shakopee and will also be used by the High School team for training and special events.
- The City completed a master plan and wayfinding signage plan for the Vierling Greenway Trail.
- The City completed a master plan for Scenic Heights Park that includes a new accessible playground and future pickleball courts.
- The City completed construction of Stagecoach Park and Jennifer Lane Park. The City also made major improvements including adding a \$250,000 playground to Scenic Heights Park.
- Shakopee Public Utilities completed construction of a new Water Tower in the Windermere Development, which is 135 feet tall and has a capacity of 750,000 gallons.
- Shakopee Public Utilities has been approved to construct a new Electrical Substation in the West End.

Major Initiatives

The city completed an Alternative Urban Area Review (AUAR) for the Southern End of Shakopee. This area is almost 450 acres and will have more than 1,000 homes at build out.

The city is installing a lift station and a new sewer line to service the West End of the city.

The city is finalizing plans for a complete reconstruction of the city's outdoor pool, SandVenture, to create a new year-round facility.

Long-Term Financial Planning

Historically, the city has issued only limited debt, in the form of bonds and internal funding for planned infrastructure projects, expansion specific to streets, underground utilities, trails and sidewalk expansion. A portion of the long-term debt is funded by special assessments against benefited properties. The city applies special assessments against benefitted properties at a rate of 30% of the assessable project costs.

City capital and equipment needs are currently identified and funded in a manner that will not place an undue burden or single year expense fluctuation on the taxpayers. The planned CIP clearly identifies the needs for current projects as well as future use. This is based on known and anticipated programs and mandates, such as environmental program adjustments and possible community expansion and growth. The capital and equipment needs of the city require constant appraisal for replacement cost, life span and the assurance that the insurance coverage is providing for the most comprehensive, yet affordable, coverage.

In 2021, the City developed a 15-year CIP, which is a schedule of planned projects and funding sources that extend past the more detailed 5-year CIP. The document increases transparency, project coordination and financial planning of future projects. The City also developed a Long-term Financial Plan that included trend analysis and ten year General Fund projections, which allowed for a view on city finances from a wider perspective. These documents have been reviewed and discussed with the City Council and included as part of the adopted 5-year CIP.

Relevant Financial Policies

The city's target General Fund balance is to maintain an unassigned level between 35% and 50% of expenditures. This level is to provide working capital for cash flow, expected declines in revenues, and for unforeseen expenditures such as natural disasters, or for unforeseen but urgent requests. Replenishing the fund balance when it falls below the target level shall be accomplished by inter-fund transfers, or adjusting of expenditures or revenues, over a period not to exceed three years.

The accounting, auditing and financial reporting policies are designed to maintain a system of financial monitoring, control and reporting for all operations and funds to provide effective means of ensuring that overall city goals and objectives will be met and to assure the city's residents and investors that the city is well managed and fiscally sound.

The investment policy provides for conservative investing, preserving capital and maintaining adequate liquidity for forecasted cash needs. A third-party investment manager handles the longer duration portion of the portfolio and all investments are held in a trust account.

The debt policy ensures that the city's debt; 1) does not weaken the city's financial structure; and 2) provides limits on debt to avoid problems in servicing debt. This policy is critical for maintaining the best possible credit rating.

Capital policies include having expenditures forecasted ahead for five to ten years and are updated annually. Internal Service Funds for major equipment, major buildings and facilities, park asset replacement and information technology costs stabilize the annual impact of those items to the General fund and taxpayers.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Shakopee for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2020. This was the 36th consecutive year that the city has received this award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the Finance Department, Accounting Manager Melissa Schlingman, and the entire city staff. We express appreciation to those staff members who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and City Councilors for their support in maintaining the highest standards of professionalism in the management of the City of Shakopee's finances.

Respectfully submitted,



William H. Reynolds
City Administrator



Nathan J. Reinhardt
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Shakopee
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Shakopee, Minnesota

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Shakopee, Minnesota (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Shakopee Public Utilities Commission, as of December 31, 2021, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Shakopee Public Utilities Commission is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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 City'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 generally accepted auditing standards 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 generally accepted auditing standards 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 City'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, that raise substantial doubt about the City'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 starting on page 17 and the Schedules of Employer's Share of the Net Pension Liability, the Schedules of Employer's Contributions, Schedule of Changes in the Net Pension Liability and Related Ratios and the Schedule of Funding Progress for Other Post-Employment Benefit Plan starting on page 102 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information is presented for purposes of additional analysis and are 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, 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 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 June 2, 2022, on our consideration of the City'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 the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Abdo
Minneapolis, Minnesota
June 2, 2022



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CITY OF SHAKOPEE

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2021

As management of the City of Shakopee (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Letter of Transmittal, which can be found on pages 5 to 11 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent year by \$301.6 million (net position). Of this amount, \$54.6 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased \$24.7 million. Before transfers, the net increase in governmental activities accounts for 70.6 percent of the total increase and business-type activities accounts for 29.4 percent of the increase.
- As of the close of the current year, the City's governmental funds reported combined ending fund balances of \$32.1 million, which is an increase of \$3.2 million from the prior year. Approximately 36.3 percent of this total amount, \$11.7 million is available for spending at the City's discretion (unassigned fund balance)
- At the end of the current year, unassigned fund balance for the General Fund was \$16.1 million, or 52.8 percent of total General Fund 2021 expenditures and 50.0 percent of the 2022 budgeted expenditures.
- The City's total outstanding bonded debt decreased by \$3.7 million during the current year and did not issue any additional bonded debt.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business.

The Statement of Net Position presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused employee leaves).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, economic development and recreation. The business-type activities of the City include sewer, storm drainage utilities and refuse.

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The government-wide financial statements include not only the City itself (known as the primary government), but also two legally separate entities for which the City is financially accountable. The component units are Shakopee Public Utilities Commission (SPUC) and the Economic Development Authority (EDA). SPUC's financial information is reported separately from the financial information presented for the primary government as a discretely presented component unit. The EDA, which functions like a department of the City although it is a legally separate entity, is presented within the City's government-wide financial statements. The City Council is the EDA Board.

The government-wide financial statements can be found on pages 29 and 31 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a City's near-term financing's requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. The governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 30 individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, and the Capital Improvement, TIF District No. 18 Canterbury Commons and TIF District No. 20 Enclave Capital Project Funds. Those are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. Budgetary comparison statements have been prepared for the fund to demonstrate compliance with the budget.

The basic governmental funds financial statements can be found on pages 32 to 37 of this report.

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Proprietary Funds

The City maintains three different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewer, storm drainage and refuse operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles and mobile equipment, its major buildings, the replacement of park assets, information technology items, insurance funding and for employee compensated absences. All of these services predominantly benefit governmental rather than business-type functions.

Proprietary funds provide the same type of information as the government-wide financial statements. The proprietary fund financial statements provide separate information for the sewer, storm drainage and refuse operations, all of which are considered to be major funds of the City. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 38 to 41 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs.

The basic fiduciary fund financial statements can be found on pages 42 to 43 of this report.

Component Units

Component units are legally separate organizations for which the City is financially accountable. The government-wide financial statements present information for the component units in a single column on the Statement of Net Position. Also, some information on the Statement of Changes in Net Position is aggregated for component units. The component units' Statements of Net Position and Statement of Changes in Net Position provide detail for each major component unit. The statements can be found on pages 44 to 45 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 46 to 100 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. These can be found on pages 102 to 116 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 122 to 136 of this report.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a City's financial position. For the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$301.6 million at the close of the most recent year.

By far the largest portion of the City's net position (79.5 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure and equipment); less any related debt used to acquire those assets that is still outstanding. The City used these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net Position (Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$ 65,098	\$ 56,591	\$ 24,540	\$ 24,598	\$ 89,638	\$ 81,189
Capital Assets	182,293	175,969	96,269	88,975	278,562	264,944
Total Assets	<u>\$ 247,391</u>	<u>\$ 232,560</u>	<u>\$ 120,809</u>	<u>\$ 113,573</u>	<u>\$ 368,200</u>	<u>\$ 346,133</u>
Deferred Outflows of Resources	<u>11,467</u>	<u>5,468</u>	<u>309</u>	<u>87</u>	<u>11,776</u>	<u>5,555</u>
Long-Term Liabilities						
Outstanding	\$ 51,116	\$ 56,822	\$ 553	\$ 678	\$ 51,669	\$ 57,500
Other Liabilities	11,795	11,513	440	354	12,235	11,867
Total Liabilities	<u>\$ 62,911</u>	<u>\$ 68,335</u>	<u>\$ 993</u>	<u>\$ 1,032</u>	<u>\$ 63,904</u>	<u>\$ 69,367</u>
Deferred Inflows of Resources	<u>14,156</u>	<u>9,252</u>	<u>356</u>	<u>24</u>	<u>14,512</u>	<u>9,276</u>
NET POSITION:						
Net Investment in Capital Assets	\$ 143,608	\$ 135,476	\$ 96,269	\$ 88,975	\$ 239,877	\$ 224,451
Restricted	7,048	8,206	-	-	7,048	8,206
Unrestricted	<u>31,135</u>	<u>20,526</u>	<u>23,500</u>	<u>23,629</u>	<u>54,635</u>	<u>44,155</u>
Total Net Position	<u>\$ 181,791</u>	<u>\$ 164,208</u>	<u>\$ 119,769</u>	<u>\$ 112,604</u>	<u>\$ 301,560</u>	<u>\$ 276,812</u>

An additional portion of the City's net position (2.3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$54.6 million) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current year, the City was able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior year.

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During the current year, the City's net position increased \$24.7 million. Governmental activities increased as a result of significant intergovernmental revenues, park dedication revenues, building permit revenues and contributed assets from outside developers. The business-type activities increased as a result of contributed assets from outside developers during the year.

Changes in Net Position (Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
REVENUES:						
Program Revenues:						
Charges for Services	\$ 12,343	\$ 9,458	\$ 5,805	\$ 5,534	\$ 18,148	\$ 14,992
Operating Grants and Contributions	7,555	4,775	-	-	7,555	4,775
Capital Grants and Contributions	13,015	4,497	7,999	1,680	21,014	6,177
General Revenues:						
Property Taxes	21,725	20,704	-	-	21,725	20,704
Franchise Taxes	1,312	1,158	-	-	1,312	1,158
Tax Increment	2,680	2,317	-	-	2,680	2,317
Other	38	1,645	(151)	650	(113)	2,295
Total Revenues	<u>58,668</u>	<u>44,554</u>	<u>13,653</u>	<u>7,864</u>	<u>72,321</u>	<u>52,418</u>
EXPENSES:						
General Government	5,477	5,367	-	-	5,477	5,367
Public Safety	12,374	13,246	-	-	12,374	13,246
Public Works	13,880	13,862	-	-	13,880	13,862
Culture and Recreation	5,174	4,446	-	-	5,174	4,446
Natural Resources	73	24	-	-	73	24
Economic Development	3,052	5,927	-	-	3,052	5,927
Interest on Long-Term Debt	1,169	1,214	-	-	1,169	1,214
Sewer	-	-	4,390	4,497	4,390	4,497
Storm	-	-	1,863	1,760	1,863	1,760
Refuse	-	-	121	123	121	123
Total Expenses	<u>41,199</u>	<u>44,086</u>	<u>6,374</u>	<u>6,380</u>	<u>47,573</u>	<u>50,466</u>
Increase (Decrease) in Net Position before Transfers	17,469	468	7,279	1,484	24,748	1,952
Transfers	<u>114</u>	<u>(3,613)</u>	<u>(114)</u>	<u>3,613</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>17,583</u>	<u>(3,145)</u>	<u>7,165</u>	<u>5,097</u>	<u>24,748</u>	<u>1,952</u>
NET POSITION:						
January 1	164,208	167,353	112,604	107,507	276,812	274,860
December 31	<u>\$ 181,791</u>	<u>\$ 164,208</u>	<u>\$ 119,769</u>	<u>\$ 112,604</u>	<u>\$ 301,560</u>	<u>\$ 276,812</u>

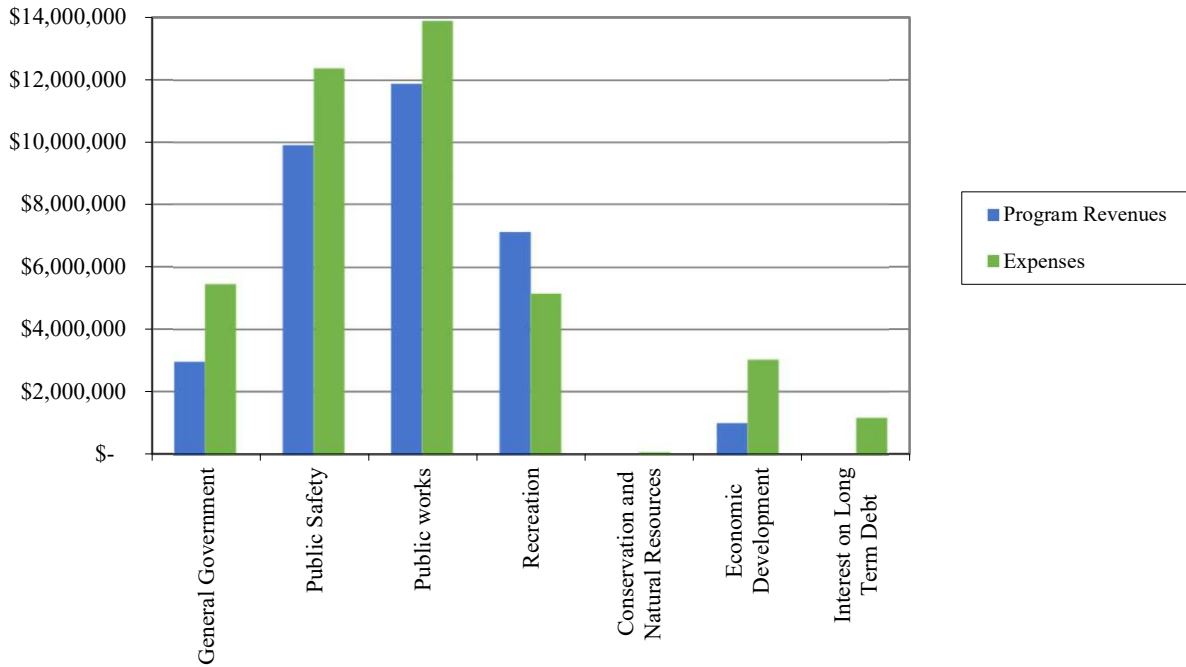
CITY OF SHAKOPEE

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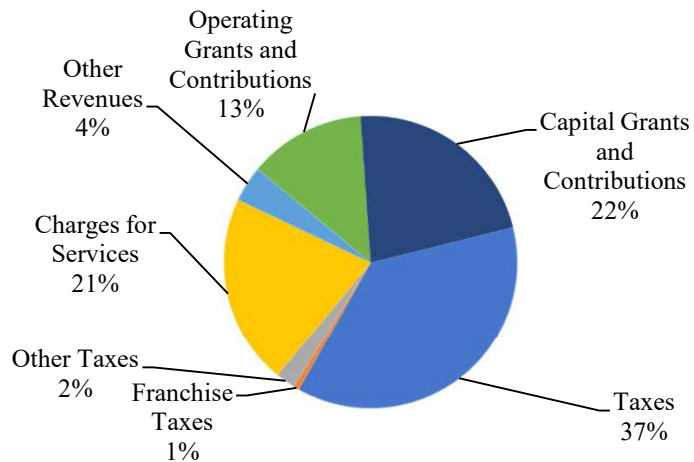
Governmental Activities

Governmental activities increased the City's net position by \$17.6 million. The major increase was related to intergovernmental revenues, park dedication revenues, building permit revenues and contributed assets from outside developers.

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



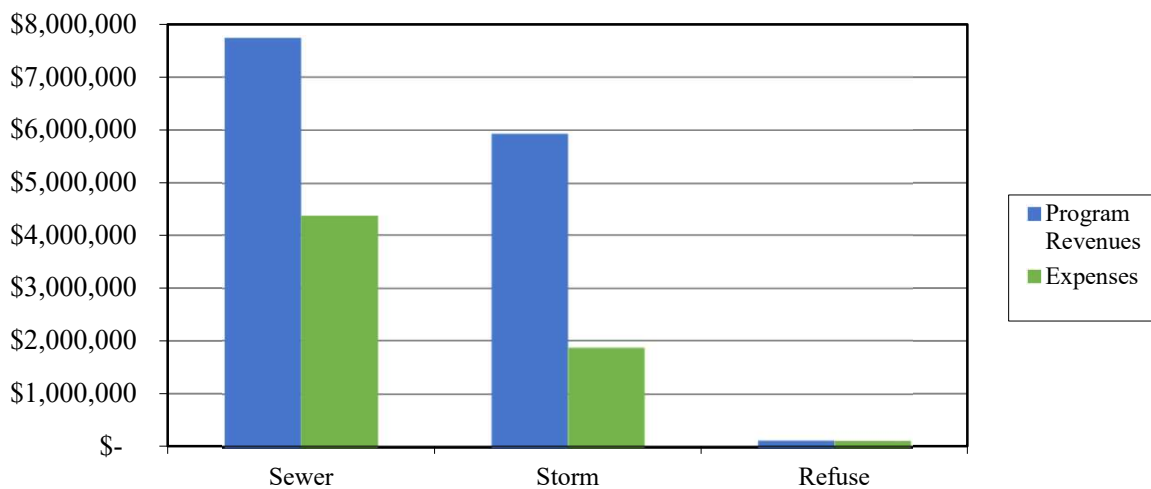
CITY OF SHAKOPEE

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2021

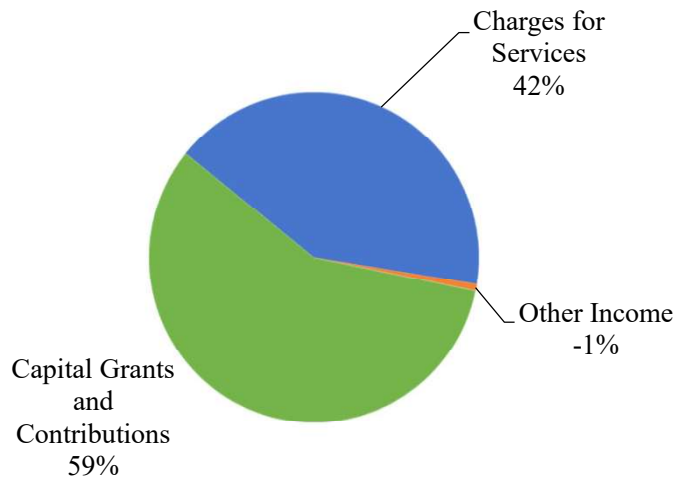
Business-Type Activities

Business-type activities increased the City's net position by \$7.2 million. The increase in net position was primarily the result from developer contributed capital in 2021 which totaled approximately \$6.9 million, related to sewer and storm water infrastructure in various developments throughout the city. The sewer and storm water activities will continue to experience ongoing expenses as capital investment is required to maintain and reconstruct the City's utilities. In addition, new development will also require investment of the City.

Expenses and Program Revenues – Business-Type Activities



Revenues by Source – Business-Type Activities



CITY OF SHAKOPEE

MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2021

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, assigned and unassigned fund balance may serve as a useful measure of a City's net resources available for spending at the end of the year.

As of the end of the current year, the City's governmental funds reported combined ending fund balances of \$32,132,424, an increase of \$3,191,730 in comparison with the prior year. Approximately 36.3 percent, \$11,674,266, of the total amount constitutes unassigned fund balance, which is available for spending at the City's discretion. Approximately 31.8 percent, \$10,229,194, of the total amount constitutes assigned fund balance, which is assigned for designated purposes. Approximately 4.5 percent, \$1,430,000, of the total amount constitutes committed fund balance through formal action of the City Council. The remainder of fund balance, \$8,798,964, is not available for new spending because it has already been restricted or is non-spendable.

Following is a discussion of the major governmental funds:

The General Fund is the chief operating fund of the City. At the end of the current year, fund balance of the General Fund was \$17,771,897. As a measure of the General Fund's liquidity, it may be useful to compare fund balance (unassigned) to total fund expenditures. Unassigned fund balance represents 52.8 percent of total General Fund expenditures or 50 percent of the 2022 budgeted expenditures.

Fund balance of the City's General Fund increased by \$1,638,012 during the current year, primarily as a result of revenues exceeding expectations. Overall General Fund revenues increased \$5,404,952 as a result of the Coronavirus Local Fiscal Recovery Funds received as part of the American Rescue Plan Act. The General Fund exceeded expectations in building permit revenue and engineering fees as a result of an influx of development.

Overall General Fund expenditures increased by \$1,679,246 due to cost of living increases, new positions added in 2021, and additional staff hours of the fire department. The largest operational increase of \$785,293 was in public safety.

Additionally, the General Fund had one-time transfers of \$4,542,862 to establish the Local Projects Fund and \$680,000 to the Capital Improvements Fund.

The Capital Improvement fund had a fund balance increase of \$328,113. In 2021, the City invested \$3,455,749 in infrastructure including \$2,205,628 in pavement overlays and \$989,441 in street reconstruction.

The TIF District No. 18 Canterbury Common fund had a fund balance decrease of \$1,182,407. In 2021, the City invested \$1,124,049 in infrastructure including \$974,999 on construction for Unbridled Avenue.

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The TIF District No. 20 Enclave fund had a fund balance decrease of \$136,528. A redevelopment grant of \$50,000 was issued for public redevelopment costs for the property, which will be repaid from tax increment revenues. The fund also accrued interest on its interfund advance.

Proprietary funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the enterprise funds (expressed in thousands):

	Sewer	Storm Drainage	Refuse
Beginning of Year	\$ 8,230	\$ 15,298	\$ (433)
Change During Year	720	(1,062)	127
End of Year	<u>\$ 8,950</u>	<u>\$ 14,236</u>	<u>\$ (306)</u>

The City has undertaken several new development projects and recently completed a study to ensure fees charged are covering operations of the funds. A portion of these projects are funded through special assessments, but a significant portion of this is funded through the anticipated future revenues collected for services. The Refuse fund was created during 2014 with the City's purchase of garbage carts. The negative net position is anticipated to be reduced each year as an agreement is in place with the refuse hauler to repay the cost of carts over the next few years.

GENERAL FUND BUDGETARY HIGHLIGHTS

Budget amendments that net to an additional \$867,662 of revenues between original and final amended budget were approved during 2021. Following are the main components of the amendments:

- Revenues were increased \$2,341,184 primarily as a result of Federal American Rescue Act Plan funds.
- Expenditures were increased \$1,473,522. The expenditure budget adjustments included a two percent cost of living adjustment, professional services related to master planning, and new positions added including a building inspector, graduate engineer, and communications specialist.

Actual revenues of \$36,818,240 were \$5,354,956 over budget. The variances are noted below:

- Licenses and permits came in over budget on account of an increase in development and building and conservative budgeting and an influx of development.
- Intergovernmental exceeded budget expectations as a result of Federal American Rescue Act Plan Funds.
- Charges for services came in over budget as a result of engineering fees related to development activities.
- Investment income came in under budget, as a result of a unrealized loss from the market value of investments being impacted from rising interest rates.

Actual expenditures of \$30,562,766 were \$782,856 under budget. The variances are noted below:

- General government was under budget as a result of not spending contingency funds and due to parklets and signage projects being accounted for in the Local Projects fund.
- Transfers out exceeded budget, as a result of the City Council approved transfers to the Local Projects and Capital Improvements Fund.

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CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business type activities as of December 31, 2021, amounts to \$278,562,530 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvement, machinery and equipment, park facilities, roads, highways and bridges.

Capital Assets (Net of Depreciation) Expressed in Thousands

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 24,743	\$ 23,259	\$ 3,797	\$ 3,796	\$ 28,540	\$ 27,055
ROW	1,089	890	508	508	1,597	1,398
Construction in Progress	6,402	8,448	4,870	4,831	11,272	13,279
Line Rights	-	-	668	693	668	693
Infrastructure	80,710	73,694	84,985	77,627	165,695	151,321
Buildings	54,687	56,086	-	-	54,687	56,086
Machinery and Equipment	14,662	13,592	1,441	1,520	16,103	15,112
Total	<u>\$ 182,293</u>	<u>\$ 175,969</u>	<u>\$ 96,269</u>	<u>\$ 88,975</u>	<u>\$ 278,562</u>	<u>\$ 264,944</u>

Major capital assets events during the current year included the following:

- Developer contributed assets of streets, sanitary sewer and storm sewer at Windermere South, Canterbury Crossing, Valley Crest, Summerland, Whispering Waters, and Hentges Industrial Park.
- Construction of the Quarry Lake mountain bike trail.
- Ridge Creek Park boardwalk and storm improvements.
- Memorial park bridge and various other parks around the city
- Vehicle replacements in police, streets, park, sewer and storm.

Additional information on the City's capital assets can be found in Note 6 on pages 66 to 68 of this report.

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Long-Term Debt

At the end of the current year, the City had total bonded debt outstanding of \$37,395,000. The full amount is debt backed by the full faith and credit of the government.

Outstanding Debt G.O. and Revenue Bonds Expressed in Thousands

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
G.O. Bonds	\$ 37,395	\$ 40,985	\$ -	\$ -	\$ 37,395	\$ 40,985
Special Assessment Debt with Governmental Commitment	-	90	-	-	-	90
		-	-	-	-	-
Total	<u>\$ 37,395</u>	<u>\$ 41,075</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,395</u>	<u>\$ 41,075</u>

The City's total outstanding bonded debt decreased by \$3,680,000 during the current year. The City retired \$3,680,000 in principal in 2021 including the retirement of General Obligation Improvement Bonds, 2010A and General Obligation Refunding Bonds, 2012A.

Minnesota Statutes limit the amount of general obligation (G.O.) debt a government entity may issue to a net figure of three percent of the taxable market value. The current legal debt margin for the City is \$128.2 million, which is significantly in excess of the City's outstanding G.O. debt.

The City maintains an "AA+" debt rating from S&P Global Ratings.

Additional information on the City's long-term debt can be found in Note 8 on pages 69 to 71 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In December 2021, the unemployment rate in Shakopee was 2.6%, down 3.5% from a year ago. The large decline in unemployment is a result of a rebounding workforce after the Covid-19 outbreak caused large layoffs. This compares favorably to the state's December unemployment rate of 2.6% and the national rate of 3.9%.

The City's taxable market value is \$6.0 billion for taxes payable 2022, which is an increase of \$507 million or 9.2 percent from the previous year. New construction accounted for \$162 million of the increase in value. The City is currently experiencing the construction and development of several new industrial, commercial and residential sites. The City's past years commercial and industrial growth has spurred the need for new housing. The City is seeing all types of housing, from single family to multi-family and senior housing filling this need. The diversified commercial and industrial base provides a strong base of jobs and tax base.

The 2022 City property tax levy is increasing by \$1,468,200 to \$22,486,000. Despite the levy increase the tax rate will remain flat as a result of new growth.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general view of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director, 485 Gorman St., Shakopee, Minnesota, 55379.

BASIC FINANCIAL STATEMENTS

CITY OF SHAKOPEE

STATEMENT OF NET POSITION
December 31, 2021

	Governmental Activities	Business-Type Activities	Total	Component Unit
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Assets				
Cash and Investments (Including Cash Equivalents)	\$ 50,998,534	\$ 20,292,447	\$ 71,290,981	\$ 55,539,293
Restricted Cash and Investments	1,719,381	-	1,719,381	19,477,475
Property Tax Receivable	114,979	-	114,979	-
Accounts Receivable (Net of Allowance for Uncollectible Accounts)	684,739	77,943	762,682	7,239,067
Interest Receivable	117,776	50,514	168,290	49,977
Due From Other Governments	6,134,074	565,123	6,699,197	108,769
Special Assessments Receivable	2,238,852	118,777	2,357,629	-
Inventories	30,157	2,738	32,895	1,471,972
Prepaid Expenses	466,855	-	466,855	76,179
Land Held for Resale	3,861,463	-	3,861,463	-
Advances from Other Funds (Internal Balances)	(3,432,697)	3,432,697	-	-
Net Pension Asset	2,163,427	-	2,163,427	-
Capital Assets, Net of Accumulated Depreciation (Where Applicable):				
Land and Land Improvements	24,743,369	3,796,803	28,540,172	6,329,702
Right of Way	1,089,211	507,746	1,596,957	-
Construction in Progress	6,401,943	4,870,157	11,272,100	8,760,622
Line Rights	-	668,274	668,274	-
Infrastructure	80,709,584	84,985,305	165,694,889	-
Plant in Service	-	-	-	93,505,981
Buildings	54,687,458	-	54,687,458	-
Machinery and Equipment	14,661,707	1,440,973	16,102,680	-
Total Assets	247,390,812	120,809,497	368,200,309	192,559,037
Deferred Outflows of Resources				
Deferred Outflows of Resources Related to Pensions	10,917,265	285,164	11,202,429	1,972,247
Deferred Outflows of Resources Related to OPEB	550,400	24,384	574,784	-
Total Deferred Outflows of Resources	11,467,665	309,548	11,777,213	1,972,247
Total Assets and Deferred Outflows of Resources	\$ 258,858,477	\$ 121,119,045	\$ 379,977,522	\$ 194,531,284
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
Liabilities				
Accounts and Contracts Payable	\$ 2,800,813	\$ 178,100	\$ 2,978,913	\$ 5,124,919
Other Current Liabilities	-	-	-	398,457
Due to Other Governments	592,803	235,115	827,918	272,757
Salaries and Benefits Payable	758,831	-	758,831	-
Deposits Payable	4,131,034	-	4,131,034	1,698,719
Interest Payable	507,732	-	507,732	-
Unearned Revenue	157,241	-	157,241	-
Customer Advances	-	-	-	1,270,254
Bond Principal Payable, Net:				
Payable Within One Year	1,475,000	-	1,475,000	-
Payable After One Year	38,255,992	-	38,255,992	-
Compensated Absences Payable:				
Payable Within One Year	1,371,659	27,006	1,398,665	-
Payable After One Year	1,676,472	33,007	1,709,479	-
OPEB Liability:				
Payable After One Year	3,043,840	134,854	3,178,694	-
Net Pension Liability:				
Payable After One Year	8,140,135	385,460	8,525,595	2,707,464
Total Liabilities	62,911,552	993,542	63,905,094	11,472,570
Deferred Inflows of Resources				
Regulatory Collections to Cover Future Costs	-	-	-	182,161
Deferred Inflows of Resources Related to Pensions	14,100,841	353,953	14,454,794	2,697,572
Deferred Inflows of Resources Related to OPEB	55,420	2,456	57,876	-
Total Deferred Inflows of Resources	14,156,261	356,409	14,512,670	2,879,733
Total Liabilities and Deferred Inflows of Resources	77,067,813	1,349,951	78,417,764	14,352,303
Net Position				
Net Investment in Capital Assets	143,607,647	96,269,258	239,876,905	108,596,305
Restricted for:				
Economic Development	1,402,943	-	1,402,943	-
SCDP Grant	18,368	-	18,368	-
Forfeiture	183,336	-	183,336	-
Debt Service	1,239,273	-	1,239,273	-
Component Units Water and Electric	-	-	-	17,775,005
Capital Improvements	4,204,381	-	4,204,381	-
Unrestricted	31,134,716	23,499,836	54,634,552	53,807,671
Total Net Position	181,790,664	119,769,094	301,559,758	180,178,981
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 258,858,477	\$ 121,119,045	\$ 379,977,522	\$ 194,531,284

The Notes to the Financial Statements are an integral part of this statement.

CITY OF SHAKOPEE

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$ 5,476,971	\$ 2,890,048	\$ 96,836	\$ -
Public Safety	12,373,811	5,271,207	4,628,859	-
Public Works	13,880,078	1,850,883	1,315,314	8,719,900
Culture and Recreation	5,173,536	2,330,335	1,181,156	3,604,435
Conservation and Natural Resources	72,748	-	-	-
Economic Development	3,051,908	-	332,732	690,803
Interest on Long-Term Debt	1,169,247	-	-	-
Total Governmental Activities	<u>41,198,299</u>	<u>12,342,473</u>	<u>7,554,897</u>	<u>13,015,138</u>
Business-Type Activities				
Sewer	4,394,259	4,377,349	-	3,364,550
Storm Drainage	1,918,958	1,296,199	-	4,635,199
Refuse	121,379	131,240	-	-
Total Business-Type Activities	<u>6,434,596</u>	<u>5,804,788</u>	<u>-</u>	<u>7,999,749</u>
Total Primary Government	<u>\$ 47,632,895</u>	<u>\$ 18,147,261</u>	<u>\$ 7,554,897</u>	<u>\$ 21,014,887</u>
Component Unit - SPUC				
Electric	\$ 48,984,094	\$ 53,114,827	\$ -	\$ 98,931
Water	5,717,633	6,775,190	-	6,685,954
Total Component Unit	<u>\$ 54,701,727</u>	<u>\$ 59,890,017</u>	<u>\$ -</u>	<u>\$ 6,784,885</u>

General Revenues

Property Taxes
Lodging Tax
Franchise Taxes
Tax Increments
Unrestricted Investment Earnings
Gain on Sale of Asset

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

The Notes to the Financial Statements are an integral part of this statement.

Net (Expense) Revenues
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total	Component Units
\$ (2,490,087)	\$ -	\$ (2,490,087)	\$ -
(2,473,745)	-	(2,473,745)	-
(1,993,981)	-	(1,993,981)	-
1,942,390	-	1,942,390	-
(72,748)	-	(72,748)	-
(2,028,373)	-	(2,028,373)	-
(1,169,247)	-	(1,169,247)	-
<u>(8,285,791)</u>	<u>-</u>	<u>(8,285,791)</u>	<u>-</u>
-	3,347,640	3,347,640	-
-	4,012,440	4,012,440	-
-	9,861	9,861	-
<u>-</u>	<u>7,369,941</u>	<u>7,369,941</u>	<u>-</u>
(8,285,791)	7,369,941	(915,850)	-
-	-	-	4,229,664
-	-	-	7,743,511
<u>-</u>	<u>-</u>	<u>-</u>	<u>11,973,175</u>
21,724,568	-	21,724,568	-
341,450	-	341,450	-
1,312,325	-	1,312,325	-
2,680,139	-	2,680,139	-
(355,723)	(91,157)	(446,880)	(188,455)
51,932	-	51,932	31,057
114,197	(114,197)	-	-
<u>25,868,888</u>	<u>(205,354)</u>	<u>25,663,534</u>	<u>(157,398)</u>
<u>17,583,097</u>	<u>7,164,587</u>	<u>24,747,684</u>	<u>11,815,777</u>
<u>164,207,567</u>	<u>112,604,507</u>	<u>276,812,074</u>	<u>168,363,204</u>
<u>\$ 181,790,664</u>	<u>\$ 119,769,094</u>	<u>\$ 301,559,758</u>	<u>\$ 180,178,981</u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF SHAKOPEE

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2021

	General Fund	Capital Projects			Other Governmental Funds	Total Governmental Funds
		Capital Improvement	TIF District No. 18 Canterbury Common	TIF District No. 20 Enclave		
ASSETS						
Cash and Investments	\$ 18,366,688	\$ 1,714,519	\$ -	\$ 702	\$ 12,613,963	\$ 32,695,872
Restricted Cash and Investments	-	-	1,605,531	-	113,850	1,719,381
Delinquent Taxes Receivable	114,979	-	-	-	-	114,979
Special Assessments Receivable:					-	-
Delinquent	2,556	22,857	-	-	-	25,413
Deferred	28,197	2,185,242	-	-	-	2,213,439
Accounts Receivable	414,642	226,829	-	-	37,805	679,276
Interest Receivable	38,543	10,596	-	-	20,052	69,191
Due from Other Funds	8,689	3,092,399	-	-	-	3,101,088
Due From Other Governments	2,721,763	2,922,471	91,367	-	398,473	6,134,074
Advance to Other Funds	1,605,183	1,014,839	-	-	-	2,620,022
Inventories	30,157	-	-	-	-	30,157
Prepaid Items	167,407	-	-	-	24,831	192,238
Land Held for Resale	-	-	3,104,836	-	756,627	3,861,463
Total Assets	<u>\$ 23,498,804</u>	<u>\$ 11,189,752</u>	<u>\$ 4,801,734</u>	<u>\$ 702</u>	<u>\$ 13,965,601</u>	<u>\$ 53,456,593</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts Payable	\$ 370,149	\$ 707,864	\$ 560,164	\$ 700	\$ 1,033,063	\$ 2,671,940
Due to Other Funds	-	-	3,092,399	-	8,689	3,101,088
Deposits Payable	4,131,034	-	-	-	-	4,131,034
Due to Other Governments	163,920	17,693	131,927	-	279,263	592,803
Salaries and Benefits Payable	758,831	-	-	-	-	758,831
Advance from Other Funds	-	-	258,712	2,560,308	2,173,699	4,992,719
Unearned Revenue	157,241	-	-	-	-	157,241
Total Liabilities	<u>5,581,175</u>	<u>725,557</u>	<u>4,043,202</u>	<u>2,561,008</u>	<u>3,494,714</u>	<u>16,405,656</u>
Deferred Inflows of Resources						
Unavailable Revenue - Property Taxes	114,979	-	-	-	-	114,979
Unavailable Revenue - Special Assessments	30,753	2,208,099	-	-	-	2,238,852
Unavailable Revenue - Other	-	2,564,682	-	-	-	2,564,682
Total Deferred Inflows of Resources	<u>145,732</u>	<u>4,772,781</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,918,513</u>
Fund Balances						
Nonspendable	197,564	-	-	-	24,831	222,395
Restricted	-	-	758,532	-	7,818,037	8,576,569
Committed	1,430,000	-	-	-	-	1,430,000
Assigned	-	5,691,414	-	-	4,537,780	10,229,194
Unassigned	16,144,333	-	-	(2,560,306)	(1,909,761)	11,674,266
Total Fund Balances	<u>17,771,897</u>	<u>5,691,414</u>	<u>758,532</u>	<u>(2,560,306)</u>	<u>10,470,887</u>	<u>32,132,424</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 23,498,804</u>	<u>\$ 11,189,752</u>	<u>\$ 4,801,734</u>	<u>\$ 702</u>	<u>\$ 13,965,601</u>	<u>\$ 53,456,593</u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF SHAKOPEE

**RECONCILIATION OF THE BALANCE SHEET TO
THE STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS
December 31, 2021**

Total Fund Balances - Governmental Funds	\$ 32,132,424
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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	261,479,531
Less Accumulated Depreciation	(110,105,358)

Long-term assets from pensions reported in governmental activities are not financial resources and therefore are not reported as assets in the funds.

2,163,427

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	(37,395,000)
Unamortized Bond Premium	(2,335,992)
Net OPEB Obligation	(3,043,840)
Net Pension Liability	(8,140,135)

Delinquent property taxes and assessments receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unavailable revenue in the funds.

Property Taxes	114,979
Special Assessments	25,413

Deferred special assessments receivable are not available to pay for current expenditures and, therefore, are reported as unavailable revenue in the funds.

Deferred Special Assessments	2,213,439
------------------------------	-----------

Governmental funds do not report a liability for accrued interest due and payable.

(507,732)

Long-term assets are not available to pay current-period expenditures and therefore, are unavailable in the funds.

Intergovernmental receivable	2,564,682
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Deferred Outflows of Resources and Deferred Inflows of Resources are created as a result of various differences related to pensions and OPEB that are not recognized in the governmental funds.

Deferred Inflows of Resources Related to Pensions	(14,100,841)
Deferred Outflows of Resources Related to Pensions	10,917,265
Deferred Inflows of Resources Related to OPEB	(55,420)
Deferred Outflows of Resources Related to OPEB	550,400

Internal service funds are used by management to charge the costs of equipment, buildings, park assets and employee benefits to individual funds. A portion of the assets and liabilities of those funds are included in governmental activities in the Statement of Net Position.

45,313,422

Total Net Position - Governmental Activities	<u><u>\$ 181,790,664</u></u>
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The Notes to the Financial Statements are an integral part of this statement.

CITY OF SHAKOPEE

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2021**

		Capital Projects				
			TIF District No.		Other	Total
	General Fund	Capital Improvement	18 Canterbury Common	TIF District No. 20 Enclave	Governmental Funds	Governmental Funds
REVENUES						
Taxes	\$ 18,481,046	\$ 1,598,672	\$ -	\$ -	3,298,826	\$ 23,378,544
Tax Increment	-	-	437,687	-	2,242,452	2,680,139
Special Assessments	7,393	1,391,467	-	-	-	1,398,860
Licenses and Permits	4,640,347	-	-	-	3,488,754	8,129,101
Intergovernmental	6,153,016	-	-	-	1,099,026	7,252,042
Charges for Services	7,512,607	-	-	-	32,936	7,545,543
Fines and Forfeitures	2,484	-	-	-	50,902	53,386
Miscellaneous	118,642	-	-	-	1,299,783	1,418,425
Investment Income	(97,295)	7,870	638	1	(119,600)	(208,386)
Total Revenues	<u>36,818,240</u>	<u>2,998,009</u>	<u>438,325</u>	<u>1</u>	<u>11,393,079</u>	<u>51,647,654</u>
EXPENDITURES						
Current						
General Government	5,048,503	-	-	-	341,502	5,390,005
Public Safety	14,323,606	-	-	-	35,857	14,359,463
Public Works	6,926,799	-	-	-	159,828	7,086,627
Culture and Recreation	4,190,443	-	-	-	-	4,190,443
Conservation and Natural Resources	-	-	-	-	79,244	79,244
Economic Development	-	-	95,146	60,442	2,691,990	2,847,578
Debt Service						
Principal	-	-	-	-	3,680,000	3,680,000
Interest and Other Charges	-	-	7,620	76,087	1,313,731	1,397,438
Capital Outlay	<u>73,415</u>	<u>3,455,749</u>	<u>1,124,049</u>	<u>-</u>	<u>5,004,013</u>	<u>9,657,226</u>
Total Expenditures	<u>30,562,766</u>	<u>3,455,749</u>	<u>1,226,815</u>	<u>136,529</u>	<u>13,306,165</u>	<u>48,688,024</u>
Excess of Revenues Over (Under) Expenditures	<u>6,255,474</u>	<u>(457,740)</u>	<u>(788,490)</u>	<u>(136,528)</u>	<u>(1,913,086)</u>	<u>2,959,630</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	605,400	785,853	-	-	4,940,479	6,331,732
Transfers Out	(5,222,862)	-	(393,917)	-	(482,853)	(6,099,632)
Total Other Financing Sources (Uses)	<u>(4,617,462)</u>	<u>785,853</u>	<u>(393,917)</u>	<u>-</u>	<u>4,457,626</u>	<u>232,100</u>
Net Change in Fund Balances	1,638,012	328,113	(1,182,407)	(136,528)	2,544,540	3,191,730
FUND BALANCES						
Beginning of Year	<u>16,133,885</u>	<u>5,363,301</u>	<u>1,940,939</u>	<u>(2,423,778)</u>	<u>7,926,347</u>	<u>28,940,694</u>
End of Year	<u>\$ 17,771,897</u>	<u>\$ 5,691,414</u>	<u>\$ 758,532</u>	<u>\$ (2,560,306)</u>	<u>\$ 10,470,887</u>	<u>\$ 32,132,424</u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF SHAKOPEE

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO
THE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2021**

Net Change in Fund Balances - Governmental Funds \$ 3,191,730

Amounts reported for governmental activities in the Statement of Activities are

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	7,047,278
Depreciation Expense	(6,356,655)
Loss on Disposal of Capital Assets	(35,758)
Contributed Assets	5,410,182

Principal payments on long-term debt are recognized as expenditures in the governmental funds but as an increase in the net position in the Statement of Activities.	3,680,000
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Payments on capital leases are recognized as expenditures in the governmental funds but as an increase in the net position in the Statement of Activities.	5,481
--	-------

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.	61,066
--	--------

Governmental funds report the effects of bond premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities	
Current year amortization of bond premium	161,644

Certain revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Special Assessments Delinquent	(7,741)
Special Assessments Deferred	(951,972)
Intergovernmental	2,564,682

OPEB obligations are recognized when paid in the government funds but recognized when incurred in the Statement of Activities	(340,643)
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Delinquent receivables will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are not revenues in the funds.	(201)
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Capital assets transferred from proprietary funds to governmental funds	(302,891)
---	-----------

Governmental funds recognized 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	1,998,599

Internal service funds are used by management to charge the costs of certain activities such as buildings, equipment, park assets and employee benefits to individual funds. (See Note 2.B.)	1,458,296
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Change in Net Position - Governmental Activities	<u>\$ 17,583,097</u>
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The Notes to the Financial Statements are an integral part of this statement.

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CITY OF SHAKOPEE

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2021**

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 18,368,600	\$ 18,368,600	\$ 18,481,046	\$ 112,446
Special Assessments	7,000	7,000	7,393	393
Licenses and Permits	2,139,100	2,583,100	4,640,347	2,057,247
Intergovernmental	1,441,200	3,238,384	6,153,016	2,914,632
Charges for Services	6,929,500	7,029,500	7,512,607	483,107
Fines and Forfeitures	1,700	1,700	2,484	784
Miscellaneous Revenues:				
Investment Income	210,000	210,000	(97,295)	(307,295)
Contributions and Donations	-	-	25,988	25,988
Rents	10,700	10,700	10,897	197
Other	14,300	14,300	81,757	67,457
Total Revenues	<u>29,122,100</u>	<u>31,463,284</u>	<u>36,818,240</u>	<u>5,354,956</u>
EXPENDITURES				
Current				
General Government	4,948,700	5,307,640	5,048,503	(259,137)
Public Safety	13,895,700	14,231,367	14,323,606	92,239
Public Works	6,849,300	7,032,600	6,926,799	(105,801)
Culture and Recreation	4,178,400	4,288,458	4,190,443	(98,015)
Capital Outlay				
General Government	-	435,557	50	(435,507)
Public Safety	-	50,000	45,315	(4,685)
Culture and Recreation	-	-	28,050	28,050
Total Expenditures	<u>29,872,100</u>	<u>31,345,622</u>	<u>30,562,766</u>	<u>(782,856)</u>
Excess of Revenues Over (Under) Expenditures	<u>(750,000)</u>	<u>117,662</u>	<u>6,255,474</u>	<u>6,137,812</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	250,000	250,000	605,400	355,400
Transfers Out	<u>-</u>	<u>-</u>	<u>(5,222,862)</u>	<u>(5,222,862)</u>
Total Other Financing Sources (Uses)	<u>250,000</u>	<u>250,000</u>	<u>(4,617,462)</u>	<u>(4,867,462)</u>
Net Change in Fund Balances	<u>\$ (500,000)</u>	<u>\$ 367,662</u>	<u>\$ 1,638,012</u>	<u>\$ 1,270,350</u>
FUND BALANCES				
Beginning of Year			<u>16,133,885</u>	
End of Year			<u>\$ 17,771,897</u>	

The Notes to the Financial Statements are an integral part of this statement.

CITY OF SHAKOPEE

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

December 31, 2021

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Storm Drainage	Refuse	Total	
ASSETS					
Current Assets					
Cash and Investments, Including Cash Equivalents	\$ 8,622,327	\$ 11,051,141	\$ -	\$ 19,673,468	\$ 18,921,641
Accounts Receivable	45,000	-	32,943	77,943	5,463
Interest Receivable	22,186	28,375	(47)	50,514	48,585
Special Assessment Receivable:					
Delinquent	-	126	-	126	-
Deferred	116,171	2,480	-	118,651	-
Due from Other Funds	18,324	-	-	18,324	-
Due from Other Governments	425,140	139,983	-	565,123	-
Inventories	149	2,589	-	2,738	-
Prepaid Expenses	-	-	-	-	274,617
Total Current Assets	9,249,297	11,224,694	32,896	20,506,887	19,250,306
Noncurrent Assets					
Advances to Other Funds, Noncurrent	320,110	3,432,697	-	3,752,807	150,000
Capital Assets:					
Land	4,500	3,792,303	-	3,796,803	221,876
Right of Way	-	507,746	-	507,746	-
Construction in Progress	765,491	4,104,666	-	4,870,157	58,119
Line Rights	1,368,569	-	-	1,368,569	-
Infrastructure	56,473,159	60,804,456	-	117,277,615	4,906,791
Buildings	-	-	-	-	32,982,397
Machinery and Equipment	2,197,918	1,388,496	1,172,068	4,758,482	19,726,774
Total Cost	60,809,637	70,597,667	1,172,068	132,579,372	57,895,957
Less Accumulated Depreciation	(18,092,762)	(17,396,936)	(820,416)	(36,310,114)	(26,976,858)
Net Capital Assets	42,716,875	53,200,731	351,652	96,269,258	30,919,099
Total Noncurrent Assets	43,036,985	56,633,428	351,652	100,022,065	31,069,099
Total Assets	52,286,282	67,858,122	384,548	120,528,952	50,319,405
Deferred Outflows of Resources					
Deferred Outflows of Resources Related to Pensions	111,327	173,837	-	285,164	-
Deferred Outflows of Resources Related to OPEB	12,192	12,192	-	24,384	-
Total Deferred Outflows of Resources	123,519	186,029	-	309,548	-
Total Assets and Deferred Outflows of Resources	\$ 52,409,801	\$ 68,044,151	\$ 384,548	\$ 120,838,500	\$ 50,319,405
LIABILITIES AND NET POSITION					
Current Liabilities					
Accounts Payable	\$ 148,566	\$ 29,534	\$ -	\$ 178,100	\$ 128,873
Due to Other Funds	-	-	18,324	18,324	-
Due to Other Governments	209,204	25,911	-	235,115	-
Current Compensated Absences	12,305	14,701	-	27,006	1,371,659
Total Current Liabilities	370,075	70,146	18,324	458,545	1,500,532
Noncurrent Liabilities					
Advance from Other Funds	-	-	320,110	320,110	1,210,000
Compensated Absences	15,040	17,967	-	33,007	1,676,472
Total OPEB Liability	67,427	67,427	-	134,854	-
Net Pension Liability	150,482	234,978	-	385,460	-
Total Noncurrent Liabilities	232,949	320,372	320,110	873,431	2,886,472
Total Liabilities	603,024	390,518	338,434	1,331,976	4,387,004
Deferred Inflows of Resources					
Deferred Inflows of Resources Related to Pensions	138,182	215,771	-	353,953	-
Deferred Inflows of Resources Related to OPEB	1,228	1,228	-	2,456	-
Total Deferred Inflows of Resources	139,410	216,999	-	356,409	-
Net Position					
Investment in Capital Assets	42,716,875	53,200,731	351,652	96,269,258	30,919,099
Unrestricted	8,950,492	14,235,903	(305,538)	22,880,857	15,013,302
Total Net Position	51,667,367	67,436,634	46,114	119,150,115	45,932,401
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 52,409,801	\$ 68,044,151	\$ 384,548		\$ 50,319,405
Adjustment to Reflect the Consolidation of Internal Service Fund Activity Related to Enterprise Funds (See Note 2c)				618,979	
Total Business-Type Activities Net Position				\$ 119,769,094	

The Notes to the Financial Statements are an integral part of this statement.

CITY OF SHAKOPEE

**STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
For the Year Ended December 31, 2021**

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Storm Drainage	Refuse	Total	
OPERATING REVENUES					
Charges for Services	\$ 4,370,561	\$ 1,276,009	\$ 131,240	\$ 5,777,810	\$ -
Rental Charges	2,520	-	-	2,520	4,553,886
Other Charges	4,268	16,500	-	20,768	7,564
Special Assessments	-	3,690	-	3,690	-
Total Operating Revenues	<u>4,377,349</u>	<u>1,296,199</u>	<u>131,240</u>	<u>5,804,788</u>	<u>4,561,450</u>
OPERATING EXPENSES					
Salaries and Benefits	348,908	607,456	-	956,364	-
Depreciation	955,710	938,142	117,111	2,010,963	2,069,986
Professional Services	180,398	149,659	-	330,057	18,949
Sewer Disposal Charges	2,633,011	-	-	2,633,011	-
Repairs and Maintenance	129,810	57,021	-	186,831	95,016
Materials and Supplies	93,011	86,355	-	179,366	402,442
Rent	31,300	23,100	-	54,400	-
Insurance	47,800	9,700	-	57,500	748,249
Utilities	22,278	16,390	-	38,668	-
Total Operating Expenses	<u>4,442,226</u>	<u>1,887,823</u>	<u>117,111</u>	<u>6,447,160</u>	<u>3,334,642</u>
Operating Income (Loss)	<u>(64,877)</u>	<u>(591,624)</u>	<u>14,129</u>	<u>(642,372)</u>	<u>1,226,808</u>
NONOPERATING REVENUES (EXPENSES)					
Investment Income (Loss)	(58,220)	(33,335)	398	(91,157)	(147,337)
Insurance Dividends	-	-	-	-	142,519
Interest Expense	-	-	(4,268)	(4,268)	(16,500)
Gain (Loss) on Sale of Asset	<u>(3,832)</u>	<u>(63,450)</u>	<u>-</u>	<u>(67,282)</u>	<u>51,932</u>
Total Nonoperating Revenues (Expenses)	<u>(62,052)</u>	<u>(96,785)</u>	<u>(3,870)</u>	<u>(162,707)</u>	<u>30,614</u>
Income before Capital Contributions and Transfers	(126,929)	(688,409)	10,259	(805,079)	1,257,422
Capital Grants and Contribution	-	-	-	-	100,000
Capital Contributions from Special Assessments	32,627	-	-	32,627	-
Capital Contributions from Outside Developers	3,331,923	4,635,199	-	7,967,122	-
Capital Contributions from Governmental Funds	-	117,903	-	117,903	184,988
Transfers In	7,100	10,800	-	17,900	-
Transfers Out	<u>(125,000)</u>	<u>(125,000)</u>	<u>-</u>	<u>(250,000)</u>	<u>-</u>
Change in Net Position	<u>3,119,721</u>	<u>3,950,493</u>	<u>10,259</u>	<u>7,080,473</u>	<u>1,542,410</u>
NET POSITION					
Beginning of Year	<u>48,547,646</u>	<u>63,486,141</u>	<u>35,855</u>	<u>112,069,642</u>	<u>44,389,991</u>
End of Year	<u>\$ 51,667,367</u>	<u>\$ 67,436,634</u>	<u>\$ 46,114</u>	<u>\$ 119,150,115</u>	<u>\$ 45,932,401</u>
Adjustment to Reflect the Consolidation of Internal Service Fund Activity Related to Enterprise Funds (See Note 2d)				84,114	
Governmental Activities Contribution Revenue Reported Above				(117,903)	
Transfers In of Capital Assets from Governmental Activities				<u>117,903</u>	
Change in Net Position - Business-Type Activities				<u>\$ 7,164,587</u>	

The Notes to the Financial Statements are an integral part of this statement.

CITY OF SHAKOPEE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended December 31, 2021

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Storm Drainage	Refuse	Total	
CASH FLOWS - OPERATING ACTIVITIES					
Receipts from Customers and Users	\$ 4,416,748	\$ 1,520,165	\$ 133,211	\$ 6,070,124	\$ 4,557,054
Receipts from Interfund Services	-	-	-	-	130,720
Payments to Suppliers	(3,051,244)	(344,206)	-	(3,395,450)	(1,273,863)
Payments to Employees	(370,324)	(597,648)	-	(967,972)	-
Net Cash Flows - Operating Activities	995,180	578,311	133,211	1,706,702	3,413,911
CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES					
Payment Received (Paid) on Interfund Loan	106,704	(3,743)	(106,704)	(3,743)	(60,000)
Receipts from Interfund Services	22,593	-	-	22,593	-
Payments for Interfund Services	-	-	(22,593)	(22,593)	-
Interest Expense on Interfund Loan Repayment	-	-	(4,268)	(4,268)	(16,500)
Insurance Dividends	-	-	-	-	142,519
Transfer from Other Funds	7,100	10,800	-	17,900	-
Transfer to Other Funds	(125,000)	(125,000)	-	(250,000)	-
Net Cash Flows - Noncapital Financing Activities	11,397	(117,943)	(133,565)	(240,111)	66,019
CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES					
Trunk Charges	434,924	670,241	-	1,105,165	-
Capital Related Special Assessments	32,627	-	-	32,627	-
Donations	-	-	-	-	100,000
Proceeds from Disposal of Capital Assets	-	3,225	-	3,225	79,777
Acquisition of Capital Assets	(461,637)	(1,934,057)	-	(2,395,694)	(2,413,969)
Net Cash Flows - Capital and Related Financing Activities	5,914	(1,260,591)	-	(1,254,677)	(2,234,192)
CASH FLOWS - INVESTING ACTIVITIES					
Interest Received (Loss)	(63,259)	(35,210)	354	(98,115)	(156,284)
Net Cash Flows - Investing Activities	(63,259)	(35,210)	354	(98,115)	(156,284)
Net Change in Cash and Cash Equivalents	949,232	(835,433)	-	113,799	1,089,454
CASH AND CASH EQUIVALENTS					
Beginning of Year	7,673,095	11,886,574	-	19,559,669	17,832,187
End of Year	\$ 8,622,327	\$ 11,051,141	\$ -	\$ 19,673,468	\$ 18,921,641

The Notes to the Financial Statements are an integral part of this statement.

CITY OF SHAKOPEE

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

(Continued)

For the Year Ended December 31, 2021

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Storm Drainage	Refuse	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS - OPERATING ACTIVITIES					
Operating Income (Loss)	\$ (64,877)	\$ (591,624)	\$ 14,129	\$ (642,372)	\$ 1,226,808
Adjustments to Reconcile Operating Income (Loss) to Net Cash					
Flows - Operating Activities:					
Depreciation Expense	955,710	938,142	117,111	2,010,963	2,069,986
Pension Expense	(28,709)	(1,506)	-	(30,215)	-
Changes in:					
Accounts Receivable	(45,000)	4,293	1,971	(38,736)	(4,396)
Due from Other Governments	58,858	218,837	-	277,695	-
Special Assessments	25,541	836	-	26,377	-
Due to Other Governments	76,809	(2,341)	-	74,468	-
Accounts and Contracts Payable	9,555	(418)	-	9,137	(1,168)
Inventory	-	778	-	778	-
Prepaid Expenses	-	-	-	-	(8,039)
Compensated Absences Payable	1,016	5,037	-	6,053	130,720
Net OPEB Obligation	6,277	6,277	-	12,554	-
Total Adjustments	1,060,057	1,169,935	119,082	2,349,074	2,187,103
Net Cash Flows - Operating Activities	<u>\$ 995,180</u>	<u>\$ 578,311</u>	<u>\$ 133,211</u>	<u>\$ 1,706,702</u>	<u>\$ 3,413,911</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Contributions of Capital Assets from Developers	\$ 2,896,999	\$ 3,964,958	\$ -	\$ 6,861,957	\$ -
Transfer of Capital Assets	-	117,903	-	117,903	184,988
Book Value of Capital Asset Trade-Ins	-	63,265	-	63,265	109,203

The Notes to the Financial Statements are an integral part of this statement.

CITY OF SHAKOPEE

STATEMENT OF FIDUCIARY NET POSITION
December 31, 2021

	<u>Custodial Fund</u> <u>SW METRO</u> <u>DRUG TASK</u> <u>FORCE</u>
ASSETS	
Cash and Investments	\$ 421,654
Interest Receivable	1,075
Due from Other Governments	48,434
Prepays	<u>6,312</u>
Total Assets	<u>477,475</u>
LIABILITIES	
Accounts Payable	1,026
Deposits Payable	194,284
Due to Other Governments	<u>20,055</u>
Total Liabilities	<u>215,365</u>
NET POSITION	
Restricted for Task Force	<u>262,110</u>
Total Net Position	<u><u>\$ 262,110</u></u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF SHAKOPEE

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION For the Year Ended December 31, 2021

	Custodial Fund SW METRO DRUG TASK FORCE
Additions	
Member Contributions	\$ 57,400
Miscellaneous	5,425
Investment Income	(1,397)
Operating Grant- State	158,186
Forfeitures	36,287
Proceeds from Sale of Assets	5,260
Total Additions	<u>261,161</u>
Deductions	
Contracted Services	44,240
Vehicle Expenses	14,982
Supplies and Evidence	43,417
Insurance	24,335
Professional Fees	40,570
Training	745
Total Deductions	<u>168,289</u>
Net Increase (Decrease) in Fiduciary Net Position	<u>92,872</u>
Net Position, January 1	<u>169,238</u>
Net Position, December 31	<u><u>\$ 262,110</u></u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF SHAKOPEE

STATEMENT OF NET POSITION - COMPONENT UNIT - SPUC
December 31, 2021

	Electric	Water	Total
ASSETS			
Current Assets			
Cash and Investments	\$ 44,204,443	\$ 11,334,850	\$ 55,539,293
Accrued Interest Receivable	35,322	14,655	49,977
Customer Accounts Receivable	4,234,201	392,448	4,626,649
Allowance for Uncollectible Accounts	(80,663)	(32,540)	(113,203)
Other Accounts Receivable	2,385,045	340,576	2,725,621
Due from City of Shakopee	81,577	27,192	108,769
Due from Other Fund	-	200,000	200,000
Inventory	1,440,219	31,753	1,471,972
Prepaid Expenses	56,629	19,550	76,179
Total Current Assets	<u>52,356,773</u>	<u>12,328,484</u>	<u>64,685,257</u>
Noncurrent Assets			
Restricted Assets:			
Customer Deposits Account	1,602,470	96,249	1,698,719
Connection Account	-	15,774,600	15,774,600
Water Reconstruction Account	-	1,904,156	1,904,156
Emergency Repairs Account	100,000	-	100,000
Capital Assets:			
Plant in Service	78,663,005	78,989,856	157,652,861
Accumulated Depreciation	(33,113,187)	(24,703,991)	(57,817,178)
Construction in Progress	3,808,757	4,951,865	8,760,622
Total Noncurrent Assets	<u>51,061,045</u>	<u>77,012,735</u>	<u>128,073,780</u>
Total Assets	<u>103,417,818</u>	<u>89,341,219</u>	<u>192,759,037</u>
Deferred Outflows of Resources			
Deferred Outflows of Resources Related to Pensions	1,359,667	612,580	1,972,247
Total Assets and Deferred Outflows of Resources	<u>\$104,777,485</u>	<u>\$ 89,953,799</u>	<u>\$ 194,731,284</u>
LIABILITIES AND NET POSITION			
Current Liabilities			
Accounts Payable	\$ 4,152,391	\$ 972,528	\$ 5,124,919
Due to City of Shakopee	220,448	52,309	272,757
Due to Other Fund	200,000	-	200,000
Other Current Liabilities	266,986	131,471	398,457
Total Current Liabilities	<u>4,839,825</u>	<u>1,156,308</u>	<u>5,996,133</u>
Customer Deposits	1,602,470	96,249	1,698,719
Noncurrent Liabilities			
Customer Advances	895,089	375,165	1,270,254
Net Pension Liability	1,866,526	840,938	2,707,464
Total Noncurrent Liabilities	<u>2,761,615</u>	<u>1,216,103</u>	<u>3,977,718</u>
Total Liabilities	<u>9,203,910</u>	<u>2,468,660</u>	<u>11,672,570</u>
Regulatory Collections to Cover Future Costs	182,161	-	182,161
Deferred Inflows of Resources Related to Pensions	1,859,706	837,866	2,697,572
Total Deferred Inflows of Resources	<u>2,041,867</u>	<u>837,866</u>	<u>2,879,733</u>
Total Liabilities and Deferred Inflows of Resources	<u>11,245,777</u>	<u>3,306,526</u>	<u>14,552,303</u>
Net Position			
Investment in Capital Assets	49,358,575	59,237,730	108,596,305
Restricted for Connections & Reconstruction	-	17,775,005	17,775,005
Unrestricted	44,173,133	9,634,538	53,807,671
Total Net Position	<u>93,531,708</u>	<u>86,647,273</u>	<u>180,178,981</u>
Total Liabilities and Net Position	<u>\$104,777,485</u>	<u>\$ 89,953,799</u>	<u>\$ 194,731,284</u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF SHAKOPEE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - COMPONENT UNIT - SPUC

For the Year Ended December 31, 2021

	<u>Electric</u>	<u>Water</u>	<u>Total</u>
Operating Revenues	\$ 52,853,012	\$ 6,610,535	\$ 59,463,547
Operating Expenses	<u>48,980,140</u>	<u>5,717,448</u>	<u>54,697,588</u>
Operating Income (Loss)	<u>3,872,872</u>	<u>893,087</u>	<u>4,765,959</u>
NONOPERATING REVENUES (EXPENSES)			
Rentals and Miscellaneous	171,815	164,655	336,470
Interdepartmental Rent from Water	90,000	-	90,000
Investment Income	(168,812)	(19,643)	(188,455)
Interest Expense	(3,954)	(185)	(4,139)
Gain(Loss) on Disposition of Property	31,057	-	31,057
Total Nonoperating Revenues (Expenses)	<u>120,106</u>	<u>144,827</u>	<u>264,933</u>
Income Before Contributions	3,992,978	1,037,914	5,030,892
Capital Contributions	<u>98,931</u>	<u>6,685,954</u>	<u>6,784,885</u>
Change in Net Position	4,091,909	7,723,868	11,815,777
NET POSITION			
Beginning of Year	<u>89,439,799</u>	<u>78,923,405</u>	<u>168,363,204</u>
End of Year	<u><u>\$ 93,531,708</u></u>	<u><u>\$ 86,647,273</u></u>	<u><u>\$ 180,178,981</u></u>

The Notes to the Financial Statements are an integral part of this statement.

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Shakopee is a statutory city governed by an elected mayor and four council members. The accompanying financial statements present the government entities for which the government is considered to be financially accountable.

The financial statements present the City and its component units. The City 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 City are financially accountable and are included within the financial statements of the City because of the significance of their operational or financial relationships with the City.

The City 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 City.

As a result of applying the component unit definition criteria above, certain organizations have been defined and are presented in this report as follows:

Blended Component Unit – Reported as if they were part of the City.

Discretely Presented Component Unit – Entails reporting the component unit financial data in statements separate from the financial date of the City.

Joint Ventures and Jointly Governed Organizations – The relationship of the City with the entity is disclosed.

For each of the categories above, the specific entities are identified as follows:

1. Blended Component Unit

The Shakopee Economic Development Authority (EDA) was organized to promote development, improve housing and reduce blighted areas in the City. It is included by reason of the City Council having final approval for Shakopee EDA actions and the Shakopee EDA Board being comprised entirely of City Council Members. City staff handles Shakopee EDA activity including Shakopee EDA funds and the City approves Shakopee EDA tax levies and bonding activity. The City has operational responsibility of the EDA.

The activity of the Shakopee EDA is shown in the Shakopee EDA Special Revenue Fund in the City's financial statements. No separate financial statements for the Shakopee EDA are issued. For any information desired beyond what is presented in this report, contact the Finance Director for the City of Shakopee at 485 Gorman St., Shakopee, Minnesota 55379.

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

2. Discretely Presented Component Unit

The electric and water utilities of the Shakopee Public Utilities Commission (SPUC) are self-supporting entities and collectively comprise separate enterprise funds of the City of Shakopee (the “City”). The utility provides electric and water operations to properties within the City as well as electric distribution to certain other areas outside of the City. The utility accounts for the costs of electric and water operations on a continuing basis and is managed by the SPUC. The SPUC Board consists of five members who serve three year consecutive terms. SPUC is presented as a discretely presented component unit because of the nature and significance of its relationship with the primary government. Separate financial statements are included in this report for the SPUC Funds to emphasize that it is legally separate from the City. Based on its relationship with the City, it would be misleading to exclude SPUC as a component unit. It is this criterion that results in SPUC being reported as a discretely presented component unit. The complete financial statements can be obtained from the Shakopee Public Utility Commission, 225 Sarazin Street, Shakopee, Minnesota 55379.

3. Joint Ventures and Jointly Governed Organizations

Local Government Information Systems

Local Government Information Systems (LOGIS) is a joint venture of approximately 55 governmental entities that provides computerized data processing and support services to its members. Legally separate, the City does not appoint a voting majority of the Board and LOGIS is fiscally independent of the City. During 2021, the City paid \$301,247 to LOGIS for services provided which is included in expenditures of the General Fund and Information and Technology Internal Service Fund. Financial statements are available by contacting LOGIS, 5750 Duluth Street, Golden Valley, Minnesota 55422-4036.

4. Other Organizations

Shakopee Volunteer Fire Department Relief Association

The Shakopee Volunteer Fire Department Relief Association (the “Association”) is organized as a nonprofit organization, legally separate from the City, by its members to provide pensions and other benefits to such members in accordance with Minnesota Statutes. It is not a component unit of the City because the Board of Directors is appointed by the membership of the Association and not by the City Council. The financial oversight of the City is limited to approval authority for amending the Association bylaws when the change results in an increase in the pension benefit level requiring an increased City contribution. The Association has the authority to levy its own taxes for pensions and deficits and would continue to exist for its members if the City was dissolved. Because the Association is fiscally independent of the City, the financial statements of the Association have not been included within the City’s reporting entity.

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the City. The fiduciary funds are only reported in the Statement of Fiduciary Net Position at the fund financial statement level. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated revenues are reported as general revenues rather than program revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The South West Metro Task Force Fund is 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 City, this Fund is not incorporated into the government-wide statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Custodial Funds report using the economic resources measurement focus and the accrual basis of accounting.

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Description of Funds:

Major Governmental Funds:

General Fund – This Fund is the City’s primary operating fund. It accounts for all financial resources of the general City, except those required to be accounted for in another fund.

Capital Improvement Capital Project Fund – This Fund accounts for the capital projects of the City not accounted for in separate capital funds.

TIF District No. 18 Canterbury Commons Capital Project Fund – This Fund accounts for tax increment financing district number 18- Canterbury Commons development project.

TIF District No. 20 Enclave Capital Project Fund – This Fund accounts for tax increment financing district number 20- old city hall redevelopment project.

Proprietary Funds:

Sewer Fund – This Fund accounts for operations of the City’s sewer utility.

Storm Drainage Fund – This Fund accounts for the activities of the City’s storm drainage utility.

Refuse Fund – This Fund accounts for operations associated with the City’s garbage carts and recycling operations.

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Description of Funds: (Continued)

Internal Service Funds:

Equipment Fund – This Fund accounts for the City's funds accumulated for the acquisition of larger pieces of equipment.

Buildings Fund – This Fund accounts for the City's funds accumulated for construction, improvement or major repairs of major public buildings.

Park Assets Fund – This Fund accounts for the City's funds accumulated for the replacement of park assets.

Employee Benefits Fund – This Fund accounts for the City's funds accumulated for compensated absences and OPEB.

Information and Technology Fund – This Fund accounts for the City's funds accumulated for information technology resources.

Self Insurance Fund – This Fund is used to account for all revenues and expenses associated with premiums, deductibles and claims for general liability and workers compensation policy through LMCIT.

The City's internal service funds are allocated between governmental and business-type activities and are combined, as allocated in Note 2, with the respective governmental activities and business-type activities in the government-wide financial statements.

Fiduciary Fund:

Southwest Metro Drug Task Force Custodial Fund – This Fund accounts for the activity related to the task force held by the City in a strictly custodial capacity.

Component Unit Funds:

Electric Fund – This Fund accounts for the operations of the SPUC's electric utility.

Water Fund – This Fund accounts for the operations of the SPUC's water utility.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments, where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's utility function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

1. Deposits and Investments

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. All funds of the City are included in the pooled investments with the exclusion of the 2020A bond proceeds which are included in the non-pooled investments and classified as restricted cash and investments.

The City and Component Unit's cash and cash equivalents are considered to be cash on hand, demand deposits and highly liquid debt instruments purchased with original maturities of three months or less from the date of acquisition.

Certain investments for the City and Component Unit are reported at fair value as disclosed in Note 4. The City and Component Unit 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 valued using matrix pricing model; Level 3 inputs are significant unobservable inputs.

Minnesota Statutes authorizes the City and Component Unit 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 and in the Minnesota Municipal Money Market Fund.

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

1. Deposits and Investments (Continued)

In accordance with GASB Statement No. 79, the Minnesota Municipal Investment Pool securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M 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.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as “advances to/from other funds”. All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “interfund balances”.

All trade and property tax receivables are shown at a gross amount since both are assessable to the property taxes and are collectible upon the sale of the property.

The City levies its property tax for the subsequent year during the month of December. December 28 is the last day the City can certify a tax levy to the County Auditor for collection the following year. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. 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 City 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. Taxes not collected as of December 31 each year are shown as delinquent taxes receivable.

The County Auditor prepares the tax list for all taxable property in the City, applying the applicable tax rate to the tax capacity of individual properties, to arrive at the actual tax for each property. The County Auditor also collects all special assessments, except for certain prepayments paid directly to the City.

The County Auditor submits the list of taxes and special assessments to be collected on each parcel of property to the County Treasurer in January of each year.

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

3. Inventory, Prepaid Items and Other Assets

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid expenditures of governmental funds are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

Inventories of enterprise funds are valued at average cost using the first in, first out (FIFO) method. Inventory in the governmental funds are recorded as an expenditure when consumed rather than when purchased.

Other assets include the Emergency Repairs Account and the asset and related amortization relating to the Electric Plant Acquisition.

4. Land Held for Resale

Land is acquired by the City for subsequent resale for redevelopment purposes. Land held for resale is reported as an asset at the lower of cost or estimated realized value in the fund that acquired it.

5. Restricted Assets

Certain cash and investments are classified as restricted. The City restricted cash and investments are restricted for unspent bond proceeds related to TIF District No. 18 Canterbury Commons. The Component Unit Electric Fund has monies restricted for customer deposits and debt service. The Component Unit Water Fund has monies restricted for water production and trunk distribution facility acquisition, based on trunk and connection fees collected from users, construction projects and debt service.

6. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City, excluding the component unit, as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Capital assets for the component unit are defined as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

6. Capital Assets (Continued)

Property, plant and equipment of the City are depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Buildings	30-50
Park Buildings	30
Building Improvements	25
Light Vehicles	4-10
Machinery and Equipment	4-20
Utility Distribution System	50-75
Infrastructure	30-50
Fire Trucks	20-25

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 City has two items that qualify for reporting in this category. The City presents deferred outflows of resources on the Statement of Net Position for the deferred charge related to pensions and other postemployment benefit resources. A deferred charge on refunding 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. Accordingly, the items, deferred pension resources and deferred other postemployment benefit resources, are reported only in the statement of net position. These items result from actuarial calculations and current year pension contributions and OPEB contributions made subsequent to the measurement dates.

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City only has one type of item, which arises only under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item is reported only in the governmental funds balance sheet as unavailable revenue.

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

7. Deferred Outflows/Inflows of Resources

The governmental funds report unavailable revenues from three sources: property taxes, special assessments and intergovernmental revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The City presents deferred inflows of resources on the Statements of Net Position for deferred inflows of resources related to pensions and other postemployment benefit resources. Deferred inflows of resources related to pensions results from the net difference between projected and actual earnings on plan investments, changes in proportionate share and the differences between expected and actual economic experience.

8. Compensated Absences

Vacation and sick leave benefits are recorded as expenditures in the Employee Benefits Internal Service Fund and governmental funds when the obligations have matured and are expected to be liquidated with expendable financial resources. City employees earn vacation time based on years of City service. Employees who have 0 to 15 years of employment may accumulate no more than 240 hours. Employees who have 16 or more years of service may accumulate no more than 360 hours of vacation leave. Upon termination, employees will receive compensation for all unused vacation. Employees earn sick leave and may accumulate to a maximum of 960 hours. The City compensates employees who leave municipal service at the rate of 45% up to 15 years of service. After 15 years of service, employees who leave are compensated at the rate of 55% plus 2% for each year of service beyond 15 years up to 75% of unused sick leave.

9. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type Statement of Net Position. Enterprise fund bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

10. 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 the relief association and additions to/deductions from PERA's and the relief association's fiduciary net position have been determined on the same basis as they are reported by PERA and the relief association except that PERA's fiscal year end is June 30. 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. The General fund is typically used to liquidate governmental pension liability.

11. Other Postemployment Benefits

Under Minnesota statute 471.61, subdivision 2b, public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in a group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees are able to add dependent coverage during open enrollment period or qualifying life event prior to retirement. All premiums are funded on a pay-as-you-go basis. The liability was determined, in accordance with GASB Statement No. 75, at January 1, 2020. The General fund is typically used to liquidate governmental other postemployment benefits payable.

12. 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.

13. Use of Estimates

The preparation of 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 financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

14. Fund Equity

a. Classification

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent. Non-spendable fund balances include amounts that cannot be spent because they are not in spendable form. Amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through enabling legislation are classified as restricted fund balances. Amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council (highest level of decision making authority) through resolution are classified as committed fund balances. Amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed are classified as assigned fund balances. Assignments are made by the City's Finance Director based on the City Council's direction. Positive unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to a specific purpose in the General Fund. For governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund. The City's policy is to consider unrestricted fund balance to be spent by City Council action, appropriations or emergency situations.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

b. Minimum Fund Balance

The City's target General Fund balance is to maintain an unassigned level between 35% (minimum) and 50% of ensuing year's budgeted expenditures. This level is to provide working capital for cash flow, expected decline in revenues and unforeseen expenditures such as natural disasters.

Replenishing fund balance when it falls below the target level shall be accomplished by interfund transfers or budgeting for expenditures and other uses to be less than revenues or other sources over a period not to exceed three years. Annually the City Council will decide what to do with the General Fund unassigned fund balance that exceeds 50% of the ensuing year's expenditure budget. Any excess fund balance transfers will not be used as a funding source for ongoing recurring expenditures.

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund Balance Sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that “Internal Service Funds are used by management to charge the costs of providing certain services for the City.”

Net Position of the Internal Service Funds	\$ 45,932,401
Less Portion Loss Related to Business-Type Activities	<u>(618,979)</u>
Net Adjustment to Increase Fund Balance- Total Governmental Funds to Arrive at Net Position- Governmental Activities	<u><u>\$ 45,313,422</u></u>

B. Explanation of Certain Differences between the Governmental Fund Statements of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

Another element of that reconciliation states that “Internal Service Funds are used by management to charge the costs of providing various services for the City.” The details of this difference are as follows:

Change in Net Position of the Internal Service Fund	\$ 1,542,410
Less the Net of Indirect Revenues and Expense	<u>(84,114)</u>
Net Adjustment to Increase Net Change in Fund Balances - Total Government Funds to Arrive at Changes in Net position of Government Activities	<u><u>\$ 1,458,296</u></u>

C. Explanation of Certain Differences between the Proprietary Fund Statements of Net Position and the Government-Wide Statement of Net Position

The proprietary fund Statement of Net Position includes reconciliation between net position – total enterprise funds and net position of business-type activities as reported in the government-wide Statement of Net Position. The description of the sole reconciliation is “adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.” The details are as follows:

Internal Payable Representing Costs less than Charges to Business- Type Activities- Current Year	<u><u>\$ 618,979</u></u>
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CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

D. Explanation of Certain Differences between the Proprietary Fund Statements of Revenues, Expenses, and Changes in Net Position and the Government-Wide Statement of Activities

Another element of that reconciliation states that “Internal Service Funds are used by management to charge the costs of providing various services for the City.” The details of this difference are as follows:

Net adjustment to Increase Net Change in Fund Balances- Total Enterprise Funds	
to Arrive at Changes in Net Position of Business- Type Activities	<u>\$ 84,114</u>

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annually appropriated budgets are adopted for the General Fund and EDA.

Budgeted amounts present the originally adopted budget and final amended budget approved by the City Council. The City does not use encumbrances. Budgeted expenditure appropriations lapse at year-end.

1. In August of each year, City staff submits to the City Council, a proposed operating budget for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution after obtaining taxpayer comments.
4. Expenditures may not legally exceed budgeted appropriations at the division level. The division level expenditures are presented in the schedule of revenues, expenditures and changes in fund balances – budget and actual – general fund. No fund’s budget can be increased without City Council approval. The City Council may authorize transfer of budgeted amounts between divisions within any fund. Management may amend budgets within a division level, so long as the total division budget is not changed.
5. An annual budget is adopted for the General Fund and EDA. Annual appropriated budgets are not adopted for Debt Service Funds because effective budgetary control is alternatively achieved through bond indenture provisions. Budgetary control for Capital Projects Funds is accomplished through the use of project controls and budgets are not adopted.
6. Budgeted amounts are as originally adopted and as amended in December by the City Council. Budgeted expenditure appropriations lapse at year-end.

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

B. Deficit Net Position and Fund Balance

The TIF District No. 17 Amazon capital project fund had a negative fund balance of \$642,189 on December 31, 2021 as a result of street improvements costs. Future tax increment revenue is anticipated to eliminate this deficit.

The TIF District No. 19 Riverfront capital project fund had a negative fund balance of \$1,267,572 on December 31, 2021 as a result of property acquisition costs. Future tax increment revenue is anticipated to eliminate this deficit.

The TIF District No. 20 Enclave capital project fund had a negative fund balance of \$2,560,306 on December 31, 2021 as a result of lot improvements at the old city hall site. Future tax increment revenue is anticipated to eliminate this deficit.

The Employee Benefits internal service fund had a negative net position of \$1,393,902 on December 31, 2021. This deficit has been in place for many years and is not expected to be resolved. Management's position is that the cash balance should be sufficient enough to cover the current compensated absences and not necessarily the noncurrent portion of compensated absences.

C. Excess of Expenditures Over Appropriations

For the year ended December 31, 2021 expenditures exceeded appropriations in the following fund:

	<u>Budget</u>	<u>Actual</u>	<u>Excess of Expenditures Over Appropriations</u>
Nonmajor			
Economic Development Authority	\$ 570,308	\$ 987,716	\$ 417,408

The excess expenditures were funded by revenues in excess of expectations.

NOTE 4 – DEPOSITS AND INVESTMENTS

A. Deposits

In accordance with applicable Minnesota Statutes, the City and the Component Unit maintains deposits at depository banks authorized by the City Council and the Commissioners.

Custodial 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 188A.05 limit investments that are in the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy references Minnesota Statutes and further limits the types of investments that the City is allowed to invest in. The Commission has a deposit policy that requires the Commission's deposits to be collateralized as required by Minnesota Statutes 118.03 for an amount exceeding FDIC, SAIF, BIF, FCUA, or other federal deposit coverage. As of December 31, 2021, the City and Commission's bank balances were not exposed to custodial credit risk because they were insured through Federal Deposit Insurance Corporation (FDIC) and properly collateralized with securities held by the pledging financial institutions' trust departments or agents in the City's name.

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

As of December 31, 2021, the City had the following deposits:

City Deposits	\$ 6,906,420
Component Unit Deposits	<u>10,443,261</u>
Total Deposits	<u><u>\$ 17,349,681</u></u>

B. Investments

As of December 31, 2021, the City held the following investments:

	Value	Years to Maturity				Concentration	Moody's Rating
		Less than One Year	1-5 Years	5-10 Years	10-15 Years		
Pooled Investments:							
Certificate of Deposit	\$ 7,263,643	\$ 2,501,568	\$ 4,519,589	\$ 242,486	\$ -	11.21%	NR
Money Market Fund	2,114,889	2,114,889	-	-	-	3.26%	NR
Agencies							
FFCB	493,770	-	493,770	-	-	0.76%	AAA
FHLB	10,294,147	-	10,294,147	-	-	15.89%	AAA
FNMA	3,046,478	-	3,046,478	-	-	4.70%	AAA
TVA	986,210	-	986,210	-	-	1.52%	AAA
Agencies- Mortgage Backed							
FHLMC	968,845	421	44,494	552,664	371,266	1.50%	AAA
FNMA	4,459,597	-	-	1,148,675	3,310,922	6.88%	AAA
SBA	290,862	-	-	290,862	-	0.45%	AAA
Municipal Bond	9,651,992	2,087,148	4,966,659	2,598,185	-	14.89%	AAA-AA3
US Treasury Notes	25,231,360	6,714,198	18,017,879	499,283	-	38.94%	AAA
Total Investments	<u><u>\$ 64,801,793</u></u>	<u><u>\$ 13,418,224</u></u>	<u><u>\$ 42,369,226</u></u>	<u><u>\$ 5,332,155</u></u>	<u><u>\$ 3,682,188</u></u>		

As of December 31, 2021, the City held the following restricted cash for unspent bond proceeds:

	Value	Years to Maturity				Concentration	Moody's Rating
		Less than One Year	1-5 Years	5-10 Years	10-15 Years		
Non-Pooled Investments:							
Money Market Fund	<u><u>\$ 1,719,381</u></u>	<u><u>\$ 1,719,381</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	100.00%	NR
Total Investments	<u><u>\$ 1,719,381</u></u>	<u><u>\$ 1,719,381</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>		

As of December 31, 2021, the component units had the following investments:

	Value	Years to Maturity				Concentration	Moody's Rating
		Less than One Year	1-5 Years	5-10 Years	10-15 Years		
Pooled Investments:							
4M Fund	\$ 359,878	\$ 359,878	\$ -	\$ -	\$ -	0.56%	NR
4M Plus Fund	8,008,785	8,008,785	-	-	-	12.40%	NR
Money Market Fund	2,385,557	2,385,557	-	-	-	3.69%	NR
Commercial Paper	12,973,818	12,973,818	-	-	-	20.09%	N/A
US Treasuries	37,223,204	3,924,656	33,298,548	-	-	57.65%	N/A
US Agencies	3,620,565	783,660	2,836,905	-	-	5.61%	AAA
Total Investments	<u><u>\$ 64,571,807</u></u>	<u><u>\$ 28,436,354</u></u>	<u><u>\$ 36,135,453</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>		

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The City's investment policy, which covers all funds except the component units, addresses the following risks. The City's component units also have a formal policy to address the following risks.

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 188A.05 limit investments that are in the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy references Minnesota Statutes and further limits the types of investments that the City is allowed to invest in. The Commission's policy states to ensure safety, it is the policy of the Shakopee Public Utilities Commission that when Considering an investment, all depositories under consideration be cross-checked against existing investments to make certain that funds in excess of insurance limits are not made in the same institution unless collateralized as outlined below. Furthermore, the Shakopee Public Utilities Commission will approve all financial institutions, brokers, and advisers with which the Shakopee Public Utilities Commission will do business.

Custodial Credit Risk – Investments: For an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy states all securities purchased, including appropriate collateral, shall be placed with an independent third party for custodial safekeeping. The Commission's policy states they will minimize risk by only purchasing investments that are held in safekeeping with a Federal Reserve bank, United States Bank with corporate trust powers, a primary reporting dealer to the Federal Reserve Bank of New York, or a broker dealer having its principal executive office in Minnesota and that designated brokers have insurance through the SIPC (Securities Investor Protection Corporation). As of December 31, 2021, all investments of the City and the component units were insured, registered and held by the City or its agent and in the City's name, or by the SPUC and in the SPUC's name.

Interest Rate Risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. The City's policy states the investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. To the extent possible, the City shall attempt to match its investments in short-term operating funds with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than ten years from the date of purchase. Long-term funds shall not be invested in securities exceeding 10 years in modified duration, at time of purchase. The Commission's policy states that will minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operation, thereby avoiding the need to sell securities on the open market prior to maturity.

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. According to the City's investment policy, the aggregate investment portfolio shall be diversified by:

- Limiting investments to avoid over concentration in securities from a specific issuer or business sector (excluding securities backed by the U.S. government).
- Limiting investments in securities that have higher credit risks.
- Investing in securities with varying maturities.
- Continuously investing a portion of the portfolio in readily available funds, such as Local Government Investment Pools (LGIP), money market funds or repurchase agreements to ensure appropriate liquidity is maintained in order to meet ongoing obligations.
- Having all investments, other than those in direct obligations or agencies of the United States, secured by collateral or repurchase agreements, shall not exceed 50% of the aggregate investment portfolio. Mortgage backed securities shall not exceed 30% of the aggregate investment portfolio, at the time of investment.
- Limiting investments in any one corporation to 5% of the aggregate investment portfolio.

The Commission's policy states they will minimize risk by only purchasing investments that are held in safekeeping with the Federal Reserve bank, United States Bank with corporate trust powers, a primary reporting dealer to the Federal Reserve Bank of New York, or a broker dealer having its principal executive office in Minnesota and that designated brokers have insurance through a SIPC (Securities Investor Protection Corporation). As of December 31, 2021 the City held investments that exceeded 5% of its total investments for all funds as noted in the table on the previous page. The component units' investments noted in the table above exceeded 5% of its total investments as of December 31, 2021.

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The City has the following recurring fair value measurements as of December 31, 2021:

	Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments at Fair Value:				
Certificate of Deposit	\$ 7,263,643	\$ -	\$ 7,263,643	\$ -
Agencies				
FFCB	493,770	-	493,770	-
FHLB	10,294,147	-	10,294,147	-
FNMA	3,046,478	-	3,046,478	-
TVA	986,210	-	986,210	-
Agencies- Mortgage Backed				
FHLMC	968,845	-	968,845	-
FNMA	4,459,596	-	4,459,596	-
SBA	290,862	-	290,862	-
Municipal Bond	9,651,992	-	9,651,992	-
US Treasury Notes	25,231,361	25,231,361	-	-
Total/Subtotal	62,686,904	<u>\$ 25,231,361</u>	<u>\$ 37,455,543</u>	<u>\$ -</u>

Investments at Amortized Cost:

Money Market Fund	3,834,270
Total	<u>\$ 66,521,174</u>

The Commission has the following recurring fair value measurements as of December 31, 2021:

	Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments at Fair Value:				
Agencies	\$ 3,620,565	\$ -	\$ 3,620,565	\$ -
Commercial Paper	12,973,818		12,973,818	
US Treasury Notes	37,223,204	37,223,204	-	-
Total/Subtotal	53,817,587	<u>\$ 37,223,204</u>	<u>\$ 16,594,383</u>	<u>\$ -</u>

Investments at Amortized Cost:

4M	359,878
4M Plus	8,008,785
Money Market Fund	2,385,557
Total	<u>\$ 64,571,807</u>

Publicly traded assets are valued in accordance with market quotation or valuation methods from services believed by our broker to be reliable. Assets, which are not publicly traded, may reflect values from other external sources or special valuations prepared by our broker. Assets for which a current value is not available may be reflected as not valued, at par value, or at a nominal value of \$1.00.

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The following is a summary of total deposits and investments as of December 31, 2021:

Deposits (Note 3.A.)	\$ 17,349,681
City Investments	64,801,793
Restricted Cash and Investments	1,719,381
Component Unit Investments	64,571,807
City Petty Cash	4,422
Component Unit Petty Cash	1,700
	<u>1,700</u>
Total Deposits and Investments	<u><u>\$ 148,448,784</u></u>

Deposits and investments are presented in the December 31, 2021 basic financial statements as follows:

	Primary Government	Fiduciary Funds	Component Unit	Total
Statement of Net Position:				
Cash and Investments	\$ 71,290,981	\$ 421,654	\$ 55,539,293	\$ 127,251,928
Restricted Cash and Investments	1,719,381	-	19,477,475	21,196,856
	<u>1,719,381</u>	<u>-</u>	<u>19,477,475</u>	<u>21,196,856</u>
Total	<u><u>\$ 73,010,362</u></u>	<u><u>\$ 421,654</u></u>	<u><u>\$ 75,016,768</u></u>	<u><u>\$ 148,448,784</u></u>

NOTE 5 – RECEIVABLES/UNAVAILABLE REVENUE

A. Taxes and Assessments

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current year, the various components of unavailable revenue reported in the governmental funds were as follows:

	Delinquent Property Taxes	Delinquent Special Assessments	Deferred Special Assessments	Intergovernmental Revenue	Total
General Fund	\$ 114,979	\$ 2,556	\$ 28,197	\$ -	\$ 145,732
Capital Improvement	-	22,857	2,185,242	2,564,682	4,772,781
	<u>-</u>	<u>22,857</u>	<u>2,185,242</u>	<u>2,564,682</u>	<u>4,772,781</u>
Total	<u><u>\$ 114,979</u></u>	<u><u>\$ 25,413</u></u>	<u><u>\$ 2,213,439</u></u>	<u><u>\$ 2,564,682</u></u>	<u><u>\$4,918,513</u></u>

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5 – RECEIVABLES/UNAVAILABLE REVENUE (CONTINUED)

B. Forgivable Loan

The Economic Development Authority (EDA) offers a commercial exterior improvement program which is used to encourage property owners to maintain and invest in their properties in order to promote economic growth. The program offers up to 50 percent of project costs for eligible improvements as a no-interest forgivable loan. Forgiveness of the loan takes place over a five-year period with 20 percent of the aware forgiven annually. The city may extend or reduce the repayment period based on the dollar amount of the reward. As of December 31, 2021, the balance of these loans is \$334,486. There has been an allowance for doubtful accounts recorded for the same amount, as it is fully expected that these loans will be forgiven.

NOTE 6 – CAPITAL ASSETS

Governmental capital asset activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets not being				
Depreciated:				
Land	\$ 23,258,561	\$ 1,484,808	\$ -	\$ 24,743,369
Right-Of-Way	889,965	199,246	-	1,089,211
Construction in Progress	8,448,214	2,060,998	4,107,269	6,401,943
Total Capital Assets				
not being Depreciated	32,596,740	3,745,052	4,107,269	32,234,523
Capital Assets being				
Depreciated:				
Buildings	73,551,369	219,691	-	73,771,060
Infrastructure	173,922,264	12,299,633	-	186,221,897
Machinery and Equipment	25,036,171	2,741,330	629,494	27,148,007
Total Capital Assets				
being Depreciated	272,509,804	15,260,654	629,494	287,140,964
Less Accumulated				
Depreciation for:				
Buildings	17,464,962	1,618,640	-	19,083,602
Infrastructure	100,227,996	5,284,317	-	105,512,313
Machinery and Equipment	11,444,483	1,498,505	456,688	12,486,300
Total Accumulated				
Depreciation	129,137,441	8,401,462	456,688	137,082,215
Total Capital Assets being				
Depreciated, Net	143,372,363	6,859,192	172,806	150,058,749
Governmental Activities Capital				
Assets, Net	\$175,969,103	\$ 10,604,244	\$ 4,280,075	\$182,293,272

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6 – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the City as follows:

Governmental Activities:

General Government	\$ 362,714
Public Safety	713,937
Public Works	5,448,307
Parks and Recreation	1,826,763
Economic Development	<u>49,741</u>

Total Depreciation Expense- Governmental Activities	<u><u>8,401,462</u></u>
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Business-type capital asset activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets not being Depreciated:				
Land	\$ 3,796,803	\$ -	\$ -	\$ 3,796,803
Right-Of-Way	507,746	-	-	507,746
Construction in Progress	<u>4,830,525</u>	<u>645,671</u>	<u>606,039</u>	<u>4,870,157</u>
Total Capital Assets not being Depreciated	<u>9,135,074</u>	<u>645,671</u>	<u>606,039</u>	<u>9,174,706</u>
Capital Assets being Depreciated:				
Line Rights	1,368,569	-	-	1,368,569
Plant in Service	108,216,072	9,061,543	-	117,277,615
Machinery and Equipment	<u>4,591,456</u>	<u>264,341</u>	<u>97,315</u>	<u>4,758,482</u>
Total Capital Assets being Depreciated	<u>114,176,097</u>	<u>9,325,884</u>	<u>97,315</u>	<u>123,404,666</u>
Less Accumulated Depreciation for:				
Line Rights	675,562	24,733	-	700,295
Plant in Service	30,588,913	1,703,397	-	32,292,310
Machinery and Equipment	<u>3,071,522</u>	<u>282,833</u>	<u>36,846</u>	<u>3,317,509</u>
Total Accumulated Depreciation	<u>34,335,997</u>	<u>2,010,963</u>	<u>36,846</u>	<u>36,310,114</u>
Total Capital Assets being Depreciated, Net	<u>79,840,100</u>	<u>7,314,921</u>	<u>60,469</u>	<u>87,094,552</u>
Business-Type Activities Capital Assets, Net	<u><u>\$ 88,975,174</u></u>	<u><u>\$ 7,960,592</u></u>	<u><u>\$ 666,508</u></u>	<u><u>\$ 96,269,258</u></u>

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6 – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the City as follows:

Business-Type Activities:

Sanitary Sewer	\$ 955,710
Storm Drainage	938,142
Refuse	<u>117,111</u>

Total Depreciation Expense- Business-Type Activities	<u><u>2,010,963</u></u>
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Component unit capital asset activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Component Unit Capital Assets not being Depreciated:				
Land and Land Rights	\$ 6,329,702	\$ -	\$ -	\$ 6,329,702
Construction in Progress	<u>4,026,967</u>	<u>6,933,093</u>	<u>2,199,438</u>	<u>8,760,622</u>
Total Capital Assets not being Depreciated	<u>10,356,669</u>	<u>6,933,093</u>	<u>2,199,438</u>	<u>15,090,324</u>
Capital Assets being Depreciated:				
Distribution	127,398,434	6,751,570	12,182	134,137,822
General	<u>16,670,739</u>	<u>577,989</u>	<u>63,391</u>	<u>17,185,337</u>
Total Capital Assets being Depreciated	<u>144,069,173</u>	<u>7,329,559</u>	<u>75,573</u>	<u>151,323,159</u>
Less Accumulated Depreciation	<u>53,629,581</u>	<u>4,260,677</u>	<u>73,080</u>	<u>57,817,178</u>
Total Capital Assets being Depreciated, Net	<u>90,439,592</u>	<u>3,068,882</u>	<u>2,493</u>	<u>93,505,981</u>
Governmental Activities Capital Assets, Net	<u><u>\$100,796,261</u></u>	<u><u>\$ 10,001,975</u></u>	<u><u>\$ 2,201,931</u></u>	<u><u>\$108,596,305</u></u>

Depreciation expense was charged to functions/programs of the Component Unit as follows:

Component Units:

Electric	\$ 2,482,782
Water	<u>1,777,895</u>

Total Depreciation Expense- Component Unit Activities	<u><u>4,260,677</u></u>
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CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7 – LEASES

A. Operating Leases

The government leases fitness equipment under noncancelable operating leases. Total costs for such leases were \$43,232 for the year ended December 31, 2021. The future minimum lease payments for these leases are as follows:

2022	\$ 40,740
2023	40,740
2024	40,740
2025	<u>16,975</u>
Total	<u><u>\$ 139,195</u></u>

NOTE 8 – LONG-TERM DEBT

A. General Obligation Bonds

The City issues general obligation (G.O.) bonds to provide for financing tax increment projects, street improvements and construction of government buildings. Debt service is covered respectively by tax increments and special assessments against benefited properties with any shortfalls being paid from general taxes.

G.O. bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as serial bonds with equal debt service payments each year. G.O. bonds currently outstanding are shown on the following page.

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8 – LONG-TERM DEBT (CONTINUED)

B. Components of Long-Term Liabilities

	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding	Due Within One Year
Governmental Activities:						
G.O. Bonds:						
G.O. Tax Abatement Bonds 2016A	01/21/16	3.00%-5.00%	29,500,000	02/01/36	\$ 25,010,000	\$ 1,265,000
G.O. Tax Increment Bonds:						
2019A	10/17/19	2.25%-5.00%	4,220,000	02/01/36	4,220,000	210,000
2020A	07/02/20	2.00%-4.00%	8,165,000	02/01/37	8,165,000	-
Total G.O. Bonds					<u>37,395,000</u>	<u>1,475,000</u>
Unamortized Premiums					2,335,992	-
Compensated Absences					<u>3,048,131</u>	<u>1,371,659</u>
Total Governmental Activities					<u>\$ 42,779,123</u>	<u>\$ 2,846,659</u>
Business-Type Activities						
Compensated Absences					<u>\$ 60,013</u>	<u>\$ 27,006</u>

Long-term bonded indebtedness listed above were issued to finance acquisition and construction of capital facilities or to refinance (refund) previous bond issues. For the most part, the General Fund and the Employee Benefits Internal Service Fund are typically used to liquidate governmental compensated absences payable.

C. Changes in Long-Term Liabilities

Long-term liability information for the year ended December 31, 2021 was as follows.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 41,075,000	\$ -	\$ 3,680,000	\$ 37,395,000	\$ 1,475,000
Unamortized Premiums	2,497,636	-	161,644	2,335,992	-
Capital Lease	5,481	-	5,481	-	-
Compensated Absences	<u>2,917,411</u>	<u>1,725,901</u>	<u>1,595,181</u>	<u>3,048,131</u>	<u>1,371,659</u>
Total Governmental Activities	<u>\$ 46,495,528</u>	<u>\$ 1,725,901</u>	<u>\$ 5,442,306</u>	<u>\$ 42,779,123</u>	<u>\$ 2,846,659</u>
Business-Type Activities					
Compensated Absences	<u>\$ 53,960</u>	<u>\$ 47,047</u>	<u>\$ 40,994</u>	<u>\$ 60,013</u>	<u>\$ 27,006</u>

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8 – LONG-TERM DEBT (CONTINUED)

D. Governmental Activity G.O. Bonds

Debt service to maturity for outstanding G.O. bonds is as follows:

Year Ending December 31,	Principal	Governmental Bonds Interest	Total
2022	\$ 1,475,000	\$ 1,192,369	\$ 2,667,369
2023	1,960,000	1,128,493	3,088,493
2024	2,010,000	1,053,369	3,063,369
2025	2,110,000	954,693	3,064,693
2026	2,210,000	851,194	3,061,194
2027-2031	12,405,000	2,955,092	15,360,092
2032-2036	14,265,000	1,093,503	15,358,503
2037-2041	960,000	9,600	969,600
Total	<u>\$ 37,395,000</u>	<u>\$ 9,238,313</u>	<u>\$ 46,633,313</u>

NOTE 9 – NON-EXCHANGE FINANCIAL GUARANTEE

In conjunction with a Development Agreement dated as of October 1, 1997, between the Scott County Development Agency (Agency), the City of Shakopee, and the Shakopee EDA the Agency issued Bonds to finance the acquisition and construction of a mixed use project within Tax Increment Financing District No. 10. The Project consisted of the construction of 52-units of multifamily rental housing and related parking facilities, an approximately 25,000 square foot retail facility, a public plaza, and public parking facility.

The Agency issued its Governmental Development Refunding Bonds (City of Shakopee, Minnesota – General Obligation), Series 2013A (River City Centre Project), on December 26, 2013, in the original aggregate principal amount of \$2,330,000 (the “Series 2013A Bonds”). The Series 2013A Bonds refunded the outstanding principal balance of the Series 2006A Bonds on February 1, 2014. The Series 2013A Bonds are secured the net revenues of the housing component of the Project and a pledge of the full faith and credit of the City. The Series 2013A Bonds are currently outstanding in the principal amount of \$1,120,000 and mature on February 1, 2027. If housing lease revenues are insufficient to pay the principal of and interest on the Series 2013A Bonds, the City may be called upon to levy ad valorem taxes.

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 9 – NON-EXCHANGE FINANCIAL GUARANTEE (CONTINUED)

The Agency issued its Governmental Tax Increment Development Refunding Bonds (City of Shakopee, Minnesota – General Obligation), Series 2013E (River City Centre Project), on December 26, 2013, in the original aggregate principal amount of \$1,220,000 (the “Series 2013E Bonds”). The Series 2013E Bonds refunded the outstanding principal balance of the Series 2006E Bonds on February 1, 2014. The Series 2013E Bonds are secured by (i) the lease revenues generated by the retail component of the Project; (ii) a Tax Increment Pledge Agreement from the EDA to the City, assigned by the City to the Agency and by the Agency to the Trustee; and (iii) a pledge of the full faith and credit of the City pursuant to a guaranty made by the City in favor of the bond holders. The Series 2013E Bonds are currently outstanding in the principal amount of \$420,000 and mature February 1, 2023. The City has committed to provide \$39,276 in tax increment each year during the life of the Series 2013E Bonds. If retail lease revenues and tax increment are insufficient to pay the principal of and interest on the Series 2013E Bonds, the City may be called upon to levy ad valorem taxes.

To date, no funds of the City (except tax increment) have been used to pay principal of or interest on the 2013 Bonds.

NOTE 10 – CONDUIT DEBT OBLIGATIONS

Conduit debt obligations are certain limited obligation revenue bonds or similar debt instruments issued for the express purpose of providing capital financing for a specific third party. The City has issued various revenue bonds to provide funding to private-sector entities for projects deemed to be in the public interest. Although these bonds bear the name of the City, the City has no obligation for such debt beyond the resources provided by related leases or loans. Accordingly, the bonds are not reported as liabilities in the financial statements of the City.

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10 – CONDUIT DEBT OBLIGATIONS (CONTINUED)

As of December 31, 2021, the following conduit debt was outstanding:

Project	Date of Issue	Original Amount of Issue	Balance Outstanding
St. Francis Regional Medical Center Health Care Facilities Revenue Refunding Bond Series 2014	06/18/14	41,865,000	\$ 31,805,000
Benedictine Health System Obligated Group Senior Housing Revenue Bonds Series 2018	12/01/18	52,440,000	52,440,000
Scott County CDA Housing Development 2020B Refunding- North Ridge Court Project	11/24/20	4,000,000	4,000,000
Shakopee Village Apartments Project Multifamily Housing Revenue Bonds Series 2021	07/08/21	6,825,000	6,825,000
Total			\$ 95,070,000

NOTE 11 – INTERFUND ASSETS/LIABILITIES

The composition of interfund balances as of December 31, 2021 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 8,689
Capital Improvement Fund	TIF District No. 18 Canterbury Common	3,092,399
Sewer Fund	Refuse Fund	18,324
	Total	\$ 3,119,412

The due from/due to other funds balance represents borrowing to eliminate a cash deficit. This will be repaid as funds are available.

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 12 – ADVANCE FROM/TO OTHER FUNDS

The composition of advance from/to other funds as of December 31, 2021 is as follows:

	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
(1)	General Fund	Nonmajor Governmental Funds	\$ 1,267,572
(2)	Capital Improvement Fund	Nonmajor Governmental Funds	756,127
(3)	Capital Improvement Fund	TIF District No. 18 Canterbury Commons	258,712
(4)	Sewer Fund	Refuse Fund	320,110
(5)	Storm Drainage Fund	Internal Service Fund	1,210,000
(6)	Internal Service Fund	Nonmajor Governmental Funds	150,000
(7)	General Fund	TIF District No. 20 Enclave	337,611
(8)	Storm Drainage Fund	TIF District No. 20 Enclave	2,222,697
Total			\$ 6,522,829

- (1) The advance represents a long term interfund loan related to the TIF District No. 19 Riverfront agreement to be repaid over 25 years with Tax Increment Financing at a rate of 4% interest.
- (2) The advance represents a long term interfund loan agreement for TIF District No. 17 Amazon to be repaid over 9 years with Tax Increment Financing at a rate of 0% interest.
- (3) The advance represents a long term interfund loan related to the TIF District No. 18 Canterbury agreement to be repaid over 25 years with Tax Increment Financing at a rate of 4% interest.
- (4) The advance is a long term interfund loan which was used to purchase garbage carts. This will be repaid over 10 years with revenue collected for cart usage at rate of 1% interest.
- (5) The advance is a long term interfund loan which was used as a financing source related to the building of the new City hall building. This will be repaid over 15 years with rent collection at rate of 1.25% interest.
- (6) The advance represents a long term interfund loan which was used to purchase property, this will be repaid over 10 years with proceeds from the sale of land or tax levy at rate of 0% interest.
- (7) The advance related to the TIF District No. 20 Old City Hall agreement (Enclave). This will be repaid over 25 years with Tax Increment Financing at a rate of 4% interest.
- (8) The advance related to the TIF District No. 20 Old City Hall agreement (Enclave). This will be repaid over 25 years with Tax Increment Financing at a rate of 3% interest.

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 13 – INTERFUND TRANSFERS

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General Fund (1) (4) (5) (6)	\$ 605,400	\$ 5,222,862
Capital Improvement (2) (6)	785,853	-
TIF District No. 18 Canterbury Common (3)	-	393,917
Other Governmental Funds (2) (3) (4) (5)	4,940,479	482,853
Total Governmental Funds	<u>6,331,732</u>	<u>6,099,632</u>
Proprietary Funds:		
Sewer (1) (4)	7,100	125,000
Storm Drainage (1) (4)	10,800	125,000
Total Proprietary Funds	<u>17,900</u>	<u>250,000</u>
Total	\$ 6,349,632	\$ 6,349,632

- (1) Annual transfer to finance General Fund
- (2) Transfer to close bond funds as the final payment was made during the year
- (3) Transfer tax increment revenue for future debt payments on tax increment bonds
- (4) Transfer to cover Council approved 2021 cost of living adjustment
- (5) Transfer of available fund balance to establish the Local Projects Capital Project fund
- (6) Transfer to fund future infrastructure projects

NOTE 14 – PENSION PLANS

The City participates in various pension plans. Total pension expense for the year ended December 31, 2021 was \$543,746. The components of pension expense are noted in the following plan summaries.

Public Employees' Retirement Association (PERA)

A. Plan Description

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

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 14 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

A. Plan Description (Continued)

General Employees Retirement Plan (General Employees Plan (accounted for in the General Employees Fund) (GERF))

All full-time and certain part-time employees of the City are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan members are covered by Social Security.

Public Employees Police and Fire Plan (Police and Fire Plan (accounted for in the Police and Fire Fund) (PEPFF))

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to a local relief association that elected to merge with and transfer assets and administration to PERA.

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.

General Employees Plan Benefits

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

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 14 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

General Employees Plan Benefits (Continued)

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

Police and Fire Plan Benefits

Benefits for the Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2015, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2015, vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months 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 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

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

C. Contributions

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary and the City was required to contribute 7.50 percent of pay for Coordinated Plan members in fiscal year 2021. The City's contributions to the General Employees Fund for the year ended December 31, 2021, was \$643,525. The City's contributions were equal to the required contributions as set by state statute. The Commission's contributions to the General Employees Fund for the year ended December 31, 2021, was \$359,999. The Commission's contributions were equal to the required contributions as set by state statute.

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 14 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

C. Contributions (Continued)

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2021 and the City was required to contribute 17.7 percent for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2021, was \$1,044,257. The City's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2021 the City reported a liability of \$4,876,852 for its proportionate share of the General Employees Fund's net pension liability. The City'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 City totaled \$148,945. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021 relative to the total employer contributions received from all of PERA's participating employers. The City's proportion was 0.1142 percent, which was an increase of 0.0034 percent from its proportion measured as of June 30, 2020.

City's proportionate share of the net pension liability	\$ 4,876,852
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>148,945</u>
Total	\$ 5,025,797

For the year ended December 31, 2021, the City recognized pension expense of \$294,677 for its proportionate share of General Employees Fund's pension expense. In addition, the City recognized an additional \$12,017 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.

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 14 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

At December 31, 2021, the City reported its proportionate share of the General Employees Plan's 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	\$ 27,863	\$ 148,731
Changes in actuarial assumptions	2,977,704	103,286
Net difference between projected and actual earnings on plan investments	-	4,226,202
Changes in proportion	271,062	-
Contributions to GERP subsequent to the measurement date	331,280	-
	<u>\$ 3,607,909</u>	<u>\$ 4,478,219</u>

The \$331,280 reported as deferred outflows of resources related to pensions resulting from City contributions to General Employees Fund subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2022	\$ (51,477)
2023	44,787
2024	(42,913)
2025	<u>(1,151,987)</u>
Total	<u>\$ (1,201,590)</u>

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 14 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

Police and Fire Fund Pension (PEPFF) Costs

At December 31, 2021 the City reported a liability of \$3,648,743 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2020, the City's proportionate share was 0.4727 percent.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2021. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2020. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. Strong asset returns for the fiscal year ended 2021 will accelerate the phasing out of these state contributions, although we do not anticipate them to be phased out during the fiscal year ending 2022.

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2021, the City recognized negative pension expense of (\$329,685) for its proportionate share of Police and Fire Fund's pension expense. In addition the City recognized an additional \$29,877 for the year ended December 31, 2021 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in fire state aid. The City also recognized \$42,543 for the year ended December 31, 2021 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 Police and Fire Fund.

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 14 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

At December 31, 2021, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 715,317	\$ 63,798
Changes in actuarial assumptions	5,537,023	2,244,201
Net difference between projected and actual earnings on plan investments	-	6,928,437
Changes in proportion	306,229	388,159
Contributions to PEPFF subsequent to the measurement date	544,210	-
	<u>\$ 7,102,779</u>	<u>\$ 9,624,595</u>

The \$544,210 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense on the following page.

Year Ending December 31,	Pension Expense Amount
2022	\$ (2,484,102)
2023	(489,071)
2024	(448,999)
2025	(817,852)
2026	1,173,998
Total	<u>\$ (3,066,026)</u>

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 14 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

Component Unit's General Employees Fund Pension Costs

At December 31, 2021, the Commission reported a liability of \$2,707,464 for its proportionate share of the General Employees Fund's net pension liability. The Commission'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 Commission totaled \$82,761. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on the Commission's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2021, the Commission's proportion share was 0.0634 percent, which was a decrease of 0.0044 percent from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the Commission recognized pension expense of \$587 for its proportionate share of General Employees Fund's pension expense.

At December 31, 2021, the Commission reported its proportionate share of General Employees Fund's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources are below.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,635	\$ 82,857
Changes in actuarial assumptions	1,653,121	59,891
Net difference between projected and actual earnings on plan investments	-	2,344,778
Changes in proportion	124,225	210,046
Contributions to GERF subsequent to the measurement date	178,266	-
	<u>\$ 1,972,247</u>	<u>\$ 2,697,572</u>

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 14 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

\$178,266 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense below.

Year Ending December 31,	Pension Expense Amount
2022	\$ (130,604)
2023	(45,449)
2024	(87,994)
2025	(639,544)
Total	<u>\$ (903,591)</u>

E. Actuarial Assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using an individual 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 6.5 percent. This 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 deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan and 2.25 percent for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan. The Police and Fire Plan benefit increase is fixed at 1 percent per year and that increase was used in the valuation.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 29 years of service and 6.0 percent per year thereafter. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.0 percent after 24 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan is based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and become effective with the July 1, 2020 valuation. The most recent four-year experience study for the Police and Fire Plan was completed in 2020 and were adopted by the Board and became effective with the July 1, 2021 actuarial valuation. The following page shows the changes in actuarial assumptions that occurred in 2021.

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 14 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

E. Actuarial Assumptions (Continued)

General Employees Fund

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions

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

Police and Fire Fund

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 14 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

E. Actuarial Assumptions (Continued)

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis 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 table below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5%	5.10%
Alternative Assets (Private Markets)	25.0%	5.90%
Bonds (Fixed Income)	25.0%	0.75%
International Equity	16.5%	5.30%
Total	100.0%	

F. Discount Rate

The discount rate used to measure the total pension liability in 2021 was 6.5 percent. 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 those assumptions, the fiduciary net position of the General Employees Fund and the Police and Fire Plan 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.

G. Pension Liability Sensitivity

The following table presents the City'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 City's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (5.5%)	Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
City's proportionate share of the General Employees Fund net pension liability	\$ 9,946,288	\$ 4,876,852	\$ 717,070
Commission's proportionate share of the General Employees Fund net pension liability	\$ 5,521,845	\$ 2,707,464	\$ 398,093
	1% Decrease in Discount Rate (5.5%)	Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
City's proportionate share of the Police and Fire Fund net pension liability	\$ 11,584,142	\$ 3,648,743	\$ (2,856,318)

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 14 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

H. Pension Plan Fiduciary Net Position

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

I. Public Employees Defined Contribution Plan (Defined Contribution Plan)

Four Council Members of the City are covered the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

NOTE 14 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

I. Public Employees Defined Contribution Plan (Defined Contribution Plan) (Continued)

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.0 percent of employer contributions and twenty-five hundredths of 1.0 percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by the City during fiscal year 2021 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 2,518	\$ 2,518	5%	5%	5%

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 14 – PENSION PLANS (CONTINUED)

Defined Benefit Pension Plan – Volunteer Fire Fighter's Relief Association

A. Plan Description

The Shakopee Firefighter's Relief Association is the administrator of a single employer defined benefit pension plan established to provide benefits for members of the Shakopee Fire Department per Minnesota State Statutes.

The Association issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Shakopee Fire Relief Association, 485 Gorman Street, Shakopee, Minnesota 55379 or by calling 952-233-9570.

B. Benefits Provided

Volunteer firefighters of the City are members of the Shakopee Fire Fighter's Relief Association. Full retirement benefits are payable to members who have reached age 50 and have completed 20 years of service for lump sum service pension. Partial benefits are payable to members who have reached 50 and have completed 5 years of service. Disability benefits and widow and children's survivor benefits are also payable to members or their beneficiaries based upon requirements set forth in the bylaws. These benefit provisions and all other requirements are consistent with enabling state statutes.

C. Employees Covered by Benefit Terms

At December 31, 2020, the following employees were covered by the benefit terms:

Inactive employees entitled to but not yet receiving benefits	17
Active Employees	<u>46</u>
Total	<u><u>63</u></u>

D. Contributions

Minnesota Statutes Chapter 424A.092 specifies minimum support rates required on an annual basis. The minimum support rates from the municipality and from State aids are determined as the amount required to meet the normal cost plus amortizing any existing prior service costs over a ten year period. The City's obligation is the financial requirement for the year less state aids. Any additional payments by the City shall be used to amortize the unfunded liability of the relief association. The Association is comprised of volunteers; therefore, there are no payroll expenditures (i.e. there are no covered payroll percentage calculations). During the year, the City recognized as revenue and as an expenditure an on behalf payment of \$306,082 made by the State of Minnesota for the Relief Association.

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 14 – PENSION PLANS (CONTINUED)

Defined Benefit Pension Plan – Volunteer Fire Fighter's Relief Association (Continued)

E. Net Pension Liability

The City's net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions.

The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 %
Salary increase	0 %, average, including inflation
Investment rate of return	4.75 %, net of pensions plan investment expense: including inflation

The Association is comprised of volunteers; therefore, there are no salary increases.

The value of death benefits is similar to the value of the retirement pension. Because of low retirement ages, the plan assumes no pre-retirement mortality. Post-retirement mortality does not apply as the benefit structure and form of payment do not reflect lifetime benefits.

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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of the measurement date are summarized in the table below.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	40.0%	4.90%
International Equity	15.0%	5.32%
Fixed Income	30.0%	1.40%
Real Estate and Alternatives	0.0%	4.43%
Cash and Equivalents	15.0%	0.09%
Total	<u>100.0%</u>	

Discount rate.

The discount rate used to measure the total pension liability was 4.75%. 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 municipal bond rate. The equivalent single rate is the discount rate.

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 14 – PENSION PLANS (CONTINUED)

Defined Benefit Pension Plan – Volunteer Fire Fighter's Relief Association (Continued)

F. Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at January 1, 2021	<u>\$ 3,244,088</u>	<u>\$ 5,218,495</u>	<u>\$ (1,974,407)</u>
Changes for the year			
Service Cost	172,427	-	172,427
Interest	179,367	-	179,367
Difference Between Expected and Actual Experience	15,993	-	15,993
Change of Benefit Terms	62,996	-	62,996
Changes of Assumptions	109,548	-	109,548
Contributions- State and Local	-	287,106	(287,106)
Net Investment Income	-	459,053	(459,053)
Administrative Expense	-	(16,808)	16,808
Net Changes	<u>540,331</u>	<u>729,351</u>	<u>(189,020)</u>
Balances at December 31, 2021	<u><u>\$ 3,784,419</u></u>	<u><u>\$ 5,947,846</u></u>	<u><u>\$ (2,163,427)</u></u>

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability (asset) of the City, calculated using the discount rate disclosed on the proceeding page, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (3.75%)	Discount Rate (4.75%)	1% Increase in Discount Rate (5.75%)
City's proportionate share of the Relief net pension asset	\$ (1,977,609)	\$ (2,163,427)	\$ (2,339,168)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued relief association financial report.

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 14 – PENSION PLANS (CONTINUED)

Defined Benefit Pension Plan – Volunteer Fire Fighter's Relief Association (Continued)

G. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2020, the City recognized pension expense of \$263,481. At December 31, 2020, the City 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
Contributions paid subsequent to the measurement date	\$ 306,082	\$ -
Difference between expected and actual liability	14,390	63,999
Changes in assumptions	171,269	-
Net difference between projected and actual earnings on pension plan investments	-	287,981
	<u>\$ 491,741</u>	<u>\$ 351,980</u>

\$306,082 reported as deferred outflows of resources related to pensions resulting from State contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2022	\$ (96,152)
2023	(765)
2024	(119,985)
2025	(24,321)
2026	16,484
Thereafter	58,418
Total	<u>\$ (166,321)</u>

H. Payable to the Pension Plan

At December 31, 2021, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2021.

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 15 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

The City provides a single-employer defined benefit health care plan to eligible retirees and their spouses. The plan offers medical coverage administered by Medica. It is the City's policy to periodically review its medical coverage and to obtain requests for proposals in order to provide the most favorable benefits and premiums for City employees and retirees.

At December 31, 2021, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	11
Active employees waiving coverage	15
Active plan members	<u>145</u>
 Total plan members	 <u><u>171</u></u>

B. Funding Policy

Retirees and their spouses contribute to the health care plan at the same rate as City employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the City, based on the contract terms with Medica. The required contributions are based on projected pay-as-you-go financing requirements. For the year ended December 31, 2021, the City's average contribution rate was 23.2 percent of covered-employee payroll. For the year 2021, the City contributed \$32,691 to the Plan.

C. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

The City's total OPEB liability of \$3,178,694 was measured as of December 31, 2020, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of December 31, 2019.

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.00%
Expected Long-Term Investment Return	N/A
20-Year Municipal Bond Yield	2.00%
Inflation Rate	2.50%
Medical Trend Rate	6.20% in 2020 gradually decreasing over several decades to an ultimate rate of 4.00% in 2075 and later years

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 15 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

C. Actuarial Methods and Assumptions (Continued)

The Actuarial Standards Board provides coordinated guidance for measuring pension and retiree group benefit obligations through a series of Actuarial Standards of Practice (ASOPs). ASOP No. 27, Selection of Economic Assumptions for Measuring Pension Obligations, requires that the actuary disclose the rationale used in selecting each non-prescribed economic assumption and any changes to non-prescribed economic assumptions. All non-prescribed economic assumptions are summarized below.

The discount rate used to measure the total OPEB liability was 2.00 percent. Per GASB guidance, the single rate that produces the same present value of expected benefit payments as (1) the expected long-term rate of return on plan assets during the period when projected assets are sufficient to pay future retiree benefits, and (2) the 20-year municipal bond rate after assets are projected to be exhausted. The Fidelity 20-Year Municipal GO AA Index is used because it meets the GASB requirements and is based on a large amount of municipal security data.

Mortality rates were based on the current actuarial assumptions for the pension plan in which the current or future retiree participates.

The inflation rate used to measure the OPEB liability was 2.5 percent. Based on analysis of historical Consumer Price Index for All Urban Consumers (CPI-U) and 30-year Treasury Inflation-Protected Securities (TIPS) data, the Federal Open Market Committee target inflation rate, and the 2018 Survey of Capital Market Assumptions produced by Horizon Actuarial Services.

Annual salary increases were based on the most recently disclosed assumption for the pension plan in which the employee participates.

D. Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Balances at December 31, 2020	\$ 2,770,086
Changes for the Year:	
Service cost	212,676
Interest	80,808
Differences between expected and actual experience	(11,389)
Changes in assumptions or other inputs	215,072
Benefit payments	(88,559)
Net Changes	408,608
Balances at December 31, 2021	\$ 3,178,694

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 15 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

D. Changes in the Total OPEB Liability (Continued)

Since the prior measurement date, the following benefit terms changed:

- The discount rate was changed from 2.75% as of 12/31/2019 to 2.00% as of 12/31/2020 based on updated 20-year municipal bond rates as of each measurement date.

Since the prior measurement date, the following benefit terms changed:

- The discount rate was changed from 3.71% as of 12/31/2018 to 2.75% as of 12/31/2019 based on updated 20-year municipal bond rates as of each measurement date.

E. Sensitivity of the Total OPEB Liability

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1 percent) or 1-percentage-point higher (3 percent) than the current discount rate:

1% Decrease (1%)	Current (2%)	1% Increase (3%)
\$ 3,495,308	\$ 3,178,694	\$ 2,895,789

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a Healthcare Cost Trend Rates that is 1-percentage point lower (5.20 percent decreasing to 3.00 percent) or 1-percentage-point higher (7.20 percent decreasing to 5.00 percent) than the current discount rate:

1% Decrease (5.2% Decreasing to 3%)	Healthcare Cost Trend Rates (6.2% Decreasing to 4%)	1% Increase (7.2% Decreasing to 5%)
\$ 2,727,296	\$ 3,178,694	\$ 2,895,789

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 15 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2021, the City recognized OPEB expense of \$353,197. At December 31, 2021, the City 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
Changes in actuarial assumptions	\$ 369,683	\$ 47,688
Differences between expected and actual experience	107,042	10,188
Contributions to OPEB subsequent to the measurement date	98,059	-
	<u>\$ 574,784</u>	<u>\$ 57,876</u>

Deferred outflows of resources totaling \$98,059 related to pensions resulting from the City's contributions to OPEB subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	Pension Expense Amount
2022	\$ 54,423
2023	54,423
2024	54,423
2025	54,423
2026	54,423
Thereafter	146,734
Total	<u>\$ 418,849</u>

NOTE 16 – SEGMENT INFORMATION

The City maintains three enterprise funds that account for the sewer, storm drainage and refuse utilities. The City considers each of its enterprise funds to be a segment. Since the required segment information is already included in the City's proprietary funds' Balance Sheet and Statement of Revenues, Expenses and Changes in Fund Net Position balances, this information has not been repeated in the Notes to the Financial Statements.

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 17 – FUND BALANCE DETAIL

Fund balances are classified as follows to reflect the limitations and restrictions of the respective funds.

	General Fund	Capital Improvement	TIF District No. 18 Canterbury Common	TIF District No. 20 Enclave	Other Governmental Funds	Total
Nonspendable:						
Prepaid Items	\$ 197,564	\$ -	\$ -	\$ -	\$ 24,831	\$ 222,395
Restricted:						
Forfeitures	-	-	-	-	181,269	181,269
SCDP Grant	-	-	-	-	18,368	18,368
Economic Development	-	-	-	-	1,380,179	1,380,179
Debt Service	-	-	-	-	1,747,005	1,747,005
Capital Improvements	-	-	758,532	-	4,491,216	5,249,748
Total Restricted	-	-	758,532	-	7,818,037	8,576,569
Committed:						
Building Permits	1,430,000	-	-	-	-	1,430,000
Assigned:						
Telecommunications	-	-	-	-	46,300	46,300
Capital Improvements	-	5,691,414	-	-	4,491,480	10,182,894
Total Assigned	-	5,691,414	-	-	4,537,780	10,229,194
Unassigned	16,144,333	-	-	(2,560,306)	(1,909,761)	11,674,266
Total Fund Balance	\$ 17,771,897	\$ 5,691,414	\$ 758,532	\$ (2,560,306)	\$ 10,470,887	\$ 32,132,424

The City has the following construction commitments at December 31, 2021.

	Project Authorization	Work Completed	12/31/2021 Commitment
Unbridled Avenue Construction	\$ 6,234,424	\$ 5,924,662	\$ 309,762
2020 Lateral Pipe Rehabilitation	434,570	384,605	49,965
Jennifer Lane Park	285,707	109,557	176,150
Gateway Signs	91,556	45,778	45,778
Downtown Signs	31,033	15,517	15,517
2021 Street and Utility Reconstruction	1,007,870	994,487	13,383
Stagecoach Park	118,324	100,660	17,664
Red Oak Trail	178,796	176,167	2,629
Fuel Island Upgrade	54,540	44,054	10,486
Park Planning- Confluence	542,584	425,427	117,157

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 19 – RISK MANAGEMENT

The City purchases commercial insurance coverage through the League of Minnesota Cities Insurance Trust (LMCIT) with other cities in the state which is a public entity risk pool currently operating as a common risk management and insurance program. The City pays an annual premium to the LMCIT for its insurance coverage. The LMCIT is self-sustaining through member premiums and reinsures through commercial companies for excess claims. The City is covered through the pool for any claims incurred but unreported, however, retains risk for the deductible portion of its insurance policies. The amount of these deductibles range from \$10,000 to \$50,000 and is considered immaterial to the financial statements.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three years.

Through the pool, the City is subject to reassessment but due to reserves and reinsurance contracts, the likelihood is very low. The policy limits through the pool included \$2,000,000 aggregate for liability, \$2,000,000 for automobile coverage, \$1,000,000 faithful performance employee bonding and \$2,000,000 for universal umbrella coverage. Property coverage is at approximately \$111,000,000.

NOTE 20 – TAX ABATEMENT AGREEMENT

The City has entered into four Tax Abatement Financing agreements which meet the criteria for disclosure under Governmental Accounting Standards Board Statement No. 77 Tax Abatement Disclosures. The City's authority to enter into these agreements comes from Minnesota Statute 469. The City entered into these agreements for the purpose of economic development.

Under each agreement, the City and developer agree on an amount of development costs to be reimbursed to the developer by the City through tax revenues from the additional taxable value of the property generated by the development (tax abatement).

The tax abatement agreements are as follows:

- Datacard Abatement was established in 2014. Datacard is the world's largest issuer of protected, personalized ID cards, credentials, and credit cards. The City of Shakopee awarded an eleven-year economic development property tax abatement, ending in 2024, which required the creation of 100 new full time jobs in Shakopee. The first year of disbursement occurred in 2014. The total City abatement awarded was \$334,869 with an annual maximum award of \$36,195. The total county abatement awarded was \$324,324 with an annual maximum award of \$35,055. During the year ended December 31, 2021, the total disbursed was \$35,626 with \$18,098 from Scott County and \$17,528 from the City. The 2nd half payment of \$35,624 is currently being held by the City, pending the resolution of a tax appeal.

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 20 – TAX ABATEMENT AGREEMENT (CONTINUED)

- Emerson Abatement was established in 2013. Rosemount Emerson Process Management is a leading supplier of process management products and solutions, including control valves, regulators, transmitters, analyzers, and automation systems. The City of Shakopee awarded a nine-year economic development property tax abatement, ending in 2023, which required the creation of 154 new full-time jobs in Shakopee. The first year of disbursement occurred in 2016. The total City abatement awarded was \$590,496. The total county abatement awarded was \$570,608 with an annual maximum award of \$64,401. During the year ended December 31, 2021, the total disbursed was \$158,819 with \$64,401 from Scott County and \$94,418 from the City.
- Shutterfly Abatement was established in 2014. Shutterfly, Inc. is an Internet-based social expression and personal publishing service that was founded in December of 1999. The City of Shakopee awarded a nine-year economic development property tax abatement, ending in 2024, which required the creation of 258 new jobs in Shakopee. The first year of disbursement occurred in 2017. The total City abatement awarded was \$758,771 with an annual maximum award of \$89,431. The total county abatement awarded was \$734,898 with an annual maximum award of \$86,615. During the year ended December 31, 2021, the total disbursed was \$158,783 with \$78,033 from Scott County and \$80,750 from the City.
- KEB Abatement was established in 2019. KEB America, LLC is a leading manufacturer of automation products. The City of Shakopee awarded a nine-year economic development property tax abatement, ending in 2029, which required the creation of 98 full-time equivalent new jobs in Shakopee. The total City abatement awarded was \$289,263. The first year of disbursement will occur in 2022.

NOTE 21 – TAX INCREMENT FINANCING

The City has entered into nine Tax Increment Financing (TIF) agreements which meet the criteria for disclosure under Governmental Accounting Standards Board Statement No. 77 Tax Abatement Disclosures. The City's authority to enter into these agreements comes from Minnesota Statute 469. The City entered into these agreements for the purpose of economic development.

Under each agreement, the City and developer agree on an amount of development costs to be reimbursed to the developer by the City through tax revenues from the additional taxable value of the property generated by the development (tax increment). A "pay-as-you-go" is established for this amount, on which the City makes payments for a fixed period of time with available tax increment revenue after deducting for certain administrative costs.

During the year ended December 31, 2021, the City generated \$2,680,139 in tax increment revenue.

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 21 – TAX INCREMENT FINANCING (CONTINUED)

TIF District No. 10 was established in 1996 for the purpose of establishing multifamily rental housing. River City Centre is 52-units of multifamily rental housing owned and operated by the Scott County Community Development Authority (CDA). Under this agreement, up to \$2,115,000 in development costs would be reimbursed over twenty-five years with the final year being 2024. During the year ended December 31, 2021, the City generated \$48,731 of tax increment revenue and made payments of \$43,858. The remaining unpaid pay-as-you-go balance at year end was \$3,097,430.

TIF District No. 14 was established in 2015 as an economic development TIF. J&J Minneapolis/SanMar is a wholesale apparel and accessories distribution company. This TIF required the creation of 150 new full-time jobs in Shakopee. The first year of disbursement occurred in 2016 and the final year will be in 2024. Under this agreement, up to \$2,000,000 of development costs will be reimbursed through tax increment over a 9 year period. During the year ended December 31, 2021, the City generated \$370,994 of tax increment revenue and made payments on the pay-as-you-go note of \$333,894. The remaining unpaid pay-as-you go balance at year end was \$521,701.

TIF District No. 15 was established in 2015 for the purpose of establishing a housing unit. Trident/All Saints Senior Living is an 80-unit senior community providing assisted living, memory care, and care suites with 20% of the units being affordable to persons of low and moderate income. Under the agreement, up to \$1,000,000 of development costs will be reimbursed through tax increment over a 25 year period. During the year ended December 31, 2021, the City generated \$173,883 of tax increment revenue and made payments of \$156,495. The remaining unpaid pay-as-you go balance at year end was \$287,337.

TIF District No.16 was established in 2015 for the construction of a facility. Rahr Malting Company produces and distributes malt and industry related brewing supplies. Under the agreement, up to \$1,883,086 of development costs will be reimbursed through tax increment over a 9 year period. During the year ended December 31, 2021, the City generated \$658,876 of tax increment revenue and made payments of \$319,555. The remaining unpaid pay-as-you go balance at year end was \$66,980. The 2nd half tax payment is currently being held by the City, pending the resolution of a tax appeal.

TIF District No.17 was established in 2016 to upgrade the roads surrounding the expansion of Amazon.com. The total amount authorized was \$5,698,326 with 40.7% (\$2,319,076) of these funds going to the City of Shakopee and 59.3% (\$3,379,250) going to Scott County. Under the agreement, up to \$5,698,326 of development costs will be reimbursed through tax increment over a 9 year period to the City and County. During the year ended December 31, 2021, the City generated \$950,055 of tax increment revenue and made payments of \$558,347 to the County and \$296,702 to the City. The remaining unpaid pay-as-you go balance at year end was \$975,978 for the County and \$756,127 for the City.

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 21 – TAX INCREMENT FINANCING (CONTINUED)

TIF District No. 18 was established in 2018 to aid in redeveloping the horse racetrack area known as Canterbury Commons with new and improved public infrastructure. This is a multi-year, three phase project that will entail eliminating blighted properties and in turn provide a mix of housing and other commercial and industrial redevelopment. Under the agreement, \$39,970,331 of public infrastructure costs will be reimbursed through tax increment to a combination of the City of Shakopee and the Developer over the duration of 25 years. The district was created in 2018 and certified to the State of Minnesota in 2019. During the year ended December 31, 2021, the City generated \$437,687 of tax increment revenue, which was placed in a debt service fund for future debt service payments. As of December 31, 2021, the City had bonds outstanding of \$12,385,000 and developer had certified \$11,170,761 of eligible expenses.

TIF District No. 19 was established in 2018 to aid in redeveloping property located in the downtown area along the riverfront. The developer, Gaughan Shakopee LLC purchased four properties from the City at an agreed upon amount of \$1,000,000 and develop approximately 125 market-rate luxury apartment units including underground parking and 3,500 sq. feet of commercial space. Under the agreement, the developer will reimburse the city's \$1,000,000 land purchase with 20.5% of future tax increment. The remaining increment will be directed towards reimbursement of developer costs up to a principal amount of \$2,811,700 over the course of 25 years. The district was created in 2018 and was certified to the State of Minnesota in 2019. As of December 31, 2021, no tax increment had been generated. It is anticipated that the first tax increment will be generated in 2022.

TIF District No. 20 was established in 2018 to aid in redeveloping the old downtown city hall location. The developer, Enclave Development, LLC is developing approximately 80 market-rate apartment units, including underground parking, and approximately 1,500 square feet of commercial space including all site improvements. Under the agreement, a redevelopment grant in the amount of \$2,132,400 will be issued to the developer. The city will collect 100% of the future increment over the course of the next 25 years to repay \$300,000 in city demolition costs, remediation, and administrative costs in addition to the \$2.1 million redevelopment grant. The district was created in 2018 and was certified to the State of Minnesota in 2019. As of December 31, 2021, no tax increment had been generated. It is anticipated that the first tax increment will be generated in 2022.

TIF District No. 21 was established in 2018 as a soils condition district to facilitate development of certain property by removing or remediating hazardous substances, pollution or contaminants within the city. Under the agreement, the developer, Shakopee Crossings Limited Partnership, will be reimbursed up to \$1,387,388 of soil remediation costs and will be reimbursed through tax increment collections over the next 20 years. The district was created in 2018 and was certified to the State of Minnesota in 2019. During the year ended December 31, 2021, the City generated \$39,913 of tax increment revenue and made payments of \$35,922. The remaining unpaid pay-as-you go balance at year end was \$1,529,129.

CITY OF SHAKOPEE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 22 – SUBSEQUENT EVENT

On April 19, 2022, the City issued \$10,000,000 General Obligation Bonds, Series 2022A. The bonds were issued to finance various street improvements in the city and public improvements located in Canterbury Commons TIF District #17. The bonds will be repaid from a combination of tax increment revenues, special assessments and debt service levy. The interest rates range of 3%, with the final maturity on February 1, 2041.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SHAKOPEE

SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY LAST 10 YEARS GENERAL EMPLOYEES RETIREMENT FUND

For the Fiscal Year Ended	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2021	0.1142%	\$ 4,876,852	\$ 148,945	\$ 5,025,797	\$ 8,222,977	61.12%	87.00%
June 30, 2020	0.1108%	6,642,966	204,816	6,847,782	7,893,394	86.75%	79.00%
June 30, 2019	0.1062%	5,871,560	182,492	6,054,052	7,502,811	80.69%	80.20%
June 30, 2018	0.1045%	5,797,232	190,111	5,987,343	7,014,843	85.35%	79.50%
June 30, 2017	0.1026%	6,549,916	82,350	6,632,266	6,194,557	107.07%	75.90%
June 30, 2016	0.0933%	7,575,497	-	7,575,497	6,246,667	121.27%	68.91%
June 30, 2015	0.0930%	4,819,743	-	4,819,743	5,275,939	91.35%	78.19%

* Schedule is to be provided prospectively beginning with the City's fiscal year ended June 30, 2015, or after.

CITY OF SHAKOPEE

SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY LAST 10 YEARS PUBLIC EMPLOYEES POLICE AND FIRE RETIREMENT FUND

For the Fiscal Year Ended	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2021	0.4727%	\$ 3,648,743	\$ 164,053	\$ 3,812,796	\$ 5,586,990	68.24%	93.70%
June 30, 2020	0.4977%	6,560,219	-	6,560,219	5,874,218	111.68%	89.30%
June 30, 2019	0.5126%	5,457,145	-	5,457,145	5,406,198	100.94%	88.80%
June 30, 2018	0.4810%	5,126,965	-	5,126,965	5,069,010	101.14%	85.40%
June 30, 2017	0.4810%	6,494,072	-	6,494,072	4,642,761	139.88%	63.88%
June 30, 2016	0.4680%	18,781,654	-	18,781,654	4,827,360	389.07%	86.61%
June 30, 2015	0.4720%	5,363,024	-	5,363,024	4,169,456	128.63%	0.00%

* Schedule is to be provided prospectively beginning with the City's fiscal year ended June 30, 2015, or after.

CITY OF SHAKOPEE

SCHEDULE OF COMPONENT UNIT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY LAST 10 YEARS GENERAL EMPLOYEES RETIREMENT FUND

For the Fiscal Year Ended	Component Unit's Proportion of the Net Pension Liability	Component Unit's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with the Component Unit	Component Unit's Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the Component Unit	Component Unit's Covered Payroll	Unit's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2021	0.0634%	\$ 2,707,464	\$ 82,761	\$ 2,790,225	\$ 4,553,229	61.28%	87.00%
June 30, 2020	0.0678%	4,064,920	125,364	4,190,284	3,516,627	119.16%	79.00%
June 30, 2019	0.0639%	3,532,888	109,829	3,642,717	4,522,507	80.55%	80.20%
June 30, 2018	0.0645%	3,578,196	117,344	3,695,540	4,333,280	85.28%	79.50%
June 30, 2017	0.0644%	4,111,253	51,656	4,162,909	4,145,653	100.42%	75.90%
June 30, 2016	0.0621%	5,042,212	65,842	5,108,054	3,854,427	132.52%	68.91%
June 30, 2015	0.0608%	3,150,972	-	3,150,972	3,516,627	89.60%	78.19%

* Schedule is to be provided prospectively beginning with the Component Unit's fiscal year ended June 30, 2015, or after.

CITY OF SHAKOPEE

SCHEDULE OF CITY CONTRIBUTIONS

LAST 10 YEARS GENERAL EMPLOYEES RETIREMENT FUND

For the Fiscal Year Ended	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a percentage of Covered Payroll
December 31, 2021	\$ 643,525	\$ 643,525	\$ -	\$ 8,580,333	7.5%
December 31, 2020	607,487	607,487	-	8,099,830	7.5%
December 31, 2019	577,643	577,643	-	7,701,906	7.5%
December 31, 2018	544,381	544,381	-	7,258,413	7.5%
December 31, 2017	499,333	499,333	-	6,657,773	7.5%
December 31, 2016	459,555	459,555	-	6,127,400	7.5%
December 31, 2015	416,647	416,647	-	5,555,293	7.5%

* Schedule is to be provided prospectively beginning with the City's fiscal year ended June 30, 2015, or after.

CITY OF SHAKOPEE

SCHEDULE OF CITY CONTRIBUTIONS

LAST 10 YEARS PUBLIC EMPLOYEES POLICE AND FIRE RETIREMENT FUND

For the Fiscal Year Ended	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a percentage of Covered Payroll
December 31, 2021	\$ 1,044,257	\$ 1,044,257	\$ -	\$ 5,899,757	17.70%
December 31, 2020	974,737	974,737	-	5,750,663	16.95%
December 31, 2019	947,168	947,168	-	5,588,012	16.95%
December 31, 2018	851,625	851,625	-	5,256,945	16.20%
December 31, 2017	788,803	788,803	-	4,869,154	16.20%
December 31, 2016	761,951	761,951	-	4,703,401	16.20%
December 31, 2015	720,513	720,513	-	4,447,611	16.20%

* Schedule is to be provided prospectively beginning with the City's fiscal year ended June 30, 2015, or after.

CITY OF SHAKOPEE

SCHEDULE OF COMPONENT UNIT CONTRIBUTIONS

LAST 10 YEARS GENERAL EMPLOYEES RETIREMENT FUND

For the Fiscal Year Ended	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a percentage of Covered Payroll
December 31, 2021	\$ 359,999	\$ 359,999	\$ -	\$ 4,799,987	7.5%
December 31, 2020	360,080	360,080	-	4,801,067	7.5%
December 31, 2019	350,018	350,018	-	4,666,907	7.5%
December 31, 2018	339,188	339,188	-	4,522,507	7.5%
December 31, 2017	315,791	315,791	-	4,210,547	7.5%
December 31, 2016	299,473	299,473	-	3,992,973	7.5%
December 31, 2015	273,227	273,227	-	3,643,027	7.5%

* Schedule is to be provided prospectively beginning with the Component Unit's fiscal year ended June 30, 2015, or after.

CITY OF SHAKOPEE

SCHEDULE OF CHANGES IN NET PENSION LIABILITY

AND RELATED RATIOS - FIRE RELIEF ASSOCIATION

	2014	2015	2016	2017	2018
Total Pension Liability (TPL)					
Service cost	\$ 135,715	\$ 139,447	\$ 151,879	\$ 136,432	\$ 143,848
Interest	224,377	228,231	247,134	244,054	208,821
Differenced between expected and actual experience	-	-	(75,511)	-	(44,100)
Changes of assumptions	-	-	31,553	-	83,689
Changes of benefit terms	-	-	-	52,084	104,791
Benefit payments, including refunds of member contributions	(599,181)	-	(130,106)	(298,088)	(1,807,369)
Net change in total pension liability	(239,089)	367,678	224,949	134,482	(1,310,320)
Beginning of year	\$ 3,903,491	\$ 3,664,402	\$ 4,032,080	\$ 4,257,029	\$ 4,391,511
End of year	<u>\$ 3,664,402</u>	<u>\$ 4,032,080</u>	<u>\$ 4,257,029</u>	<u>\$ 4,391,511</u>	<u>\$ 3,081,191</u>
Plan Fiduciary Net Pension (FNP)					
Contributions - employer	\$ 341,036	\$ 244,626	\$ 247,910	\$ 252,336	\$ 270,378
Contributions - donations and other local	-	-	-	95	-
Net investment income	315,532	(268,069)	385,789	789,234	(299,370)
Benefit payments, including refunds of member contributions	(599,181)	-	(130,106)	(298,088)	(1,807,369)
Administrative expense	(10,897)	(9,761)	(16,676)	(11,919)	(18,455)
Other Additions	-	-	-	-	-
Net change in plan fiduciary net position	46,490	(33,204)	486,917	731,658	(1,854,816)
Beginning of year	5,135,900	5,182,390	5,149,186	5,636,103	6,367,761
End of year	<u>\$ 5,182,390</u>	<u>\$ 5,149,186</u>	<u>\$ 5,636,103</u>	<u>\$ 6,367,761</u>	<u>\$ 4,512,945</u>
Net Pension Liability (NPL)	<u>\$ 1,517,988</u>	<u>\$ (1,117,106)</u>	<u>\$ 1,379,074</u>	<u>\$ 1,976,250</u>	<u>\$ 1,431,754</u>
Plan fiduciary net position as a percentage of the total pension liability	141.4%	127.7%	132.4%	145.0%	146.5%
Covered employee payroll	n/a	n/a	n/a	n/a	n/a
Net pension liability as a percentage of covered payroll	n/a	n/a	n/a	n/a	n/a

CITY OF SHAKOPEE

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - FIRE RELIEF ASSOCIATION (CONTINUED)

2019	2020
\$ 162,011	\$ 172,427
163,476	179,367
-	15,993
-	109,548
96,150	62,996
(258,740)	
<u>162,897</u>	<u>540,331</u>
<u>\$ 3,081,191</u>	<u>\$ 3,244,088</u>
<u>\$ 3,244,088</u>	<u>\$ 3,784,419</u>
\$ 269,203	\$ 287,106
-	-
710,614	459,053
(258,740)	-
(17,491)	(16,808)
1,964	-
<u>705,550</u>	<u>729,351</u>
<u>4,512,945</u>	<u>5,218,495</u>
<u>\$ 5,218,495</u>	<u>\$ 5,947,846</u>
<u>\$ 1,974,407</u>	<u>\$ 2,163,427</u>
160.9%	157.2%
n/a	n/a
n/a	n/a

CITY OF SHAKOPEE

SCHEDULE OF CITY CONTRIBUTIONS AND NON-EMPLOYER CONTRIBUTING ENTITIES - FIRE RELIEF ASSOCIATION

For the Fiscal Year Ended	Actuarial Determined Contribution	Actual Contributions Paid	Contribution Deficiency (Excess)	2% State Aid	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
December 31, 2020	\$ -	\$ -	\$ -	\$ 306,082	n/a	n/a
December 31, 2019	-	-	-	287,106	n/a	n/a
December 31, 2018	-	-	-	259,378	n/a	n/a
December 31, 2017	-	-	-	250,336	n/a	n/a
December 31, 2016	-	-	-	246,910	n/a	n/a
December 31, 2015	-	-	-	244,626	n/a	n/a
December 31, 2014	113,868	113,868	-	227,168	n/a	n/a

The Association implemented the Provisions of Governmental Accounting Standards Board Statement No. 68 for the year ended December 31, 2015. The schedules within the Required Supplementary Information section required a ten-year presentation, but does not require retroactive reporting. Information prior to 2014 is not available. Additional years will be reported as they become available.

CITY OF SHAKOPEE

SCHEDULE OF CHANGES IN THE CITY'S OPEB LIABILITY AND RELATED RATIOS

	2017	2018	2019	2020
Total OPEB Liability				
Service cost	\$ 143,652	\$ 164,694	\$ 162,381	\$ 212,676
Interest	79,747	77,453	89,919	80,808
Differenced between expected and actual experience	-	-	135,664	(11,389)
Changes of assumptions	81,560	(69,528)	164,630	215,072
Benefit payments	(72,637)	(85,589)	(87,621)	(88,559)
Net change in total OPEB liability	232,322	87,030	464,973	408,608
Total OPEB liability- beginning	1,985,761	2,218,083	2,305,113	2,770,086
Total OPEB liability- ending	\$ 2,218,083	\$ 2,305,113	\$ 2,770,086	\$ 3,178,694
Covered Employee Payroll	\$ 12,533,653	\$ 12,472,516	\$ 12,982,682	\$ 13,704,330
City's Total OPEB Liability as a Percentage of Covered Employee Payroll	17.70%	18.48%	21.34%	23.19%

Assumption changes:

In 2021, the following benefit changes occurred:

The discount rate was changed from 2.75% as of 12/31/2019 to 2.00% as of 12/31/2020 based on updated 20-year municipal bond rates as of each measurement date.

In 2020, the following benefit changes occurred:

The discount rate was changed from 3.71% as of 12/31/2018 to 2.75% as of 12/31/2019 based on updated 20-year municipal bond rates as of each measurement date.

In 2019, the following benefit changes occurred:

The discount rate was changed from 3.31% as of 12/31/2017 to 3.71% as of 12/31/2018 based on updated 20-year municipal bond rates as of each measurement date.

In 2018, the following benefit changes occurred:

The discount rate was changed from 3.81% as of 12/31/2016 to 3.31% as of 12/31/2017 based on updated 20-year municipal bond rates as of each measurement date.

Since the most recent GASB 45 valuation, the following changes have been made:

The discount rate was changed from 3.71% to 2.75% based on updated measurement dates and GASB 75 requirements.

Healthcare trend rates were reset to reflect updated cost increase expectations, including an adjustment to reflect the impact of the Affordable Care Act's Excise Tax on high-cost health insurance plans.

Medical per capita claims costs were updated to reflect recent experience and new plan offerings.

Withdrawal, retirement, mortality and salary increase rates were updated from the rates used in the 7/1/2018 PERA General and Police & Fire Employees Retirement Plan to the rates used in the 7/1/2019 valuation.

The percent of future regular retirees assumed to elect coverage at retirement changed from 50% to 30% to reflect recent plan experience.

The inflation assumption remained at 2.50% based on an updated historical analysis of inflation rates and forward looking market expectations.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

GENERAL EMPLOYEES FUND

2021 Changes

Changes in Plan Provisions

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 Changes

Changes in Plan Provisions

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

Changes in actuarial assumptions

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

2019 Changes

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The state's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

Changes in actuarial assumptions

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

GENERAL EMPLOYEES FUND (Continued)

2018 Changes

Changes in actuarial assumptions

- The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 Changes

Changes in actuarial assumptions

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

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, the inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

2015 Changes

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

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.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

POLICE AND FIRE FUND

2021 Changes

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The inflation assumption was changed from 2.50 percent to 2.25 percent. The payroll growth assumption was changed from 3.25 percent to 3.00 percent. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020. The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020). Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates. Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements. Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations. Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities. Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

2020 Changes

Changes in actuarial assumptions

- The mortality projection scale was changed from MP-2018 to MP-2019.

2019 Changes

Changes in actuarial assumptions

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

2018 Changes

Changes in Plan Provisions

- As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger. An end date of July 1, 2048 was added to the existing \$9.0 million state contribution. New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier. Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020. Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

POLICE AND FIRE FUND (Continued)

2018 Changes (Continued)

Changes in actuarial assumptions

- The morality projection scale was changed from MP-2016 to MP-2017.
- As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger.

2017 Changes

Changes in Plan Provisions

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The combined service annuity (CSA) load was 30.00 percent for vested and non-vested, deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed postretirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

Changes in actuarial assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

POLICE AND FIRE FUND (Continued)

2017 Changes (Continued)

Changes in actuarial assumptions (Continued)

- Assumed percentage of married female members was decreased from 65 percent to 60 percent.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate was changed from 5.6 percent to 7.5 percent.

2016 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% 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 changed from 7.9% to 5.6%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

2015 Changes

Changes in Plan Provisions

- The post-retirement benefit increase to be paid after attainment of the 90% funding threshold was changed, from inflation up to 2.5%, to a fixed rate of 2.5%.

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 2037 and 2.5% per year thereafter.

SUPPLEMENTARY INFORMATION

CITY OF SHAKOPEE

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2021**

	Budget		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Taxes				
General Property	\$ 15,750,400	\$ 15,750,400	\$ 15,916,680	\$ 166,280
Fiscal Disparities	2,229,200	2,229,200	2,172,962	(56,238)
Franchise	389,000	389,000	386,298	(2,702)
Aggregate	-	-	5,106	5,106
Total Taxes	<u>18,368,600</u>	<u>18,368,600</u>	<u>18,481,046</u>	<u>112,446</u>
Special Assessments	7,000	7,000	7,393	393
Licenses and Permits	2,139,100	2,583,100	4,640,347	2,057,247
Intergovernmental Revenues				
Federal Grants	16,000	1,813,184	4,588,679	2,775,495
Police Aid	485,200	485,200	488,403	3,203
Fire Aid	275,000	275,000	306,082	31,082
State Grants	665,000	665,000	722,056	57,056
Other Grants and Aids	-	-	47,796	47,796
Total Intergovernmental Revenues	<u>1,441,200</u>	<u>3,238,384</u>	<u>6,153,016</u>	<u>2,914,632</u>
Charges for Services				
General Government	2,707,000	2,707,000	2,664,486	(42,514)
Public Safety	914,900	914,900	896,474	(18,426)
Public Works	920,200	1,020,200	1,586,177	565,977
Parks and Recreation	2,387,400	2,387,400	2,365,470	(21,930)
Total Charges for Services	<u>6,929,500</u>	<u>7,029,500</u>	<u>7,512,607</u>	<u>483,107</u>
Fines and Forfeitures	1,700	1,700	2,484	784
Miscellaneous Revenues				
Investment Income	210,000	210,000	(97,295)	(307,295)
Contributions and Donations	-	-	25,988	25,988
Rents	10,700	10,700	10,897	197
Other	14,300	14,300	81,757	67,457
Total Miscellaneous Revenues	<u>235,000</u>	<u>235,000</u>	<u>21,347</u>	<u>(213,653)</u>
Total Revenues	<u>29,122,100</u>	<u>31,463,284</u>	<u>36,818,240</u>	<u>5,354,956</u>
EXPENDITURES				
General Government				
Current:				
Mayor and Council	\$ 190,300	\$ 190,600	\$ 161,695	\$ (28,905)
Administration	2,044,100	2,103,940	1,943,958	(159,982)
City Clerk	373,100	400,700	382,342	(18,358)
Finance	982,800	991,400	963,845	(27,555)
Planning	625,900	885,000	907,435	22,435
Government Buildings	601,300	604,800	648,801	44,001
Unallocated	131,200	131,200	40,427	(90,773)
Capital Outlay	-	435,557	50	(435,507)
Total General Government	<u>4,948,700</u>	<u>5,743,197</u>	<u>5,048,553</u>	<u>(694,644)</u>

CITY OF SHAKOPEE

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2021**

	Budget		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
EXPENDITURES (Continued)				
Public Safety				
Current:				
Police	9,546,000	9,731,167	9,777,256	46,089
Fire	3,104,600	3,138,700	3,167,452	28,752
Building Inspection	1,245,100	1,361,500	1,378,898	17,398
Capital Outlay	-	50,000	45,315	(4,685)
Total Public Safety	<u>13,895,700</u>	<u>14,281,367</u>	<u>14,368,921</u>	<u>87,554</u>
Public Works				
Current:				
Engineering	1,153,400	1,219,000	1,168,087	(50,913)
Streets	2,513,300	2,429,000	2,372,174	(56,826)
Shop	471,000	477,500	458,499	(19,001)
Park Maintenance	2,711,600	2,907,100	2,928,039	20,939
Total Public Works	<u>6,849,300</u>	<u>7,032,600</u>	<u>6,926,799</u>	<u>(105,801)</u>
Culture and Recreation				
Current:				
Recreation	4,178,400	4,288,458	4,190,443	(98,015)
Capital Outlay	-	-	28,050	28,050
Total Parks and Recreation	<u>4,178,400</u>	<u>4,288,458</u>	<u>4,218,493</u>	<u>(69,965)</u>
Current:				
Total Expenditures	<u>29,872,100</u>	<u>31,345,622</u>	<u>30,562,766</u>	<u>(782,856)</u>
Excess of Revenues Over (Under)				
Expenditures	(750,000)	117,662	6,255,474	6,137,812
OTHER FINANCING SOURCES (USES)				
Transfers In	250,000	250,000	605,400	355,400
Transfers Out	-	-	(5,222,862)	(5,222,862)
Total Other Financing Sources (Uses)	<u>250,000</u>	<u>250,000</u>	<u>(4,617,462)</u>	<u>(4,867,462)</u>
Net Change in Fund Balances	<u>\$ (500,000)</u>	<u>\$ 367,662</u>	1,638,012	<u>\$ 1,270,350</u>
FUND BALANCES				
Beginning of Year			<u>16,133,885</u>	
End of Year			<u>\$ 17,771,897</u>	

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CITY OF SHAKOPEE

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - ECONOMIC DEVELOPMENT AUTHORITY
For the Year Ended December 31, 2021**

	<u>Budget</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 350,000	\$ 350,000	\$ 352,569	\$ 2,569
Intergovernmental	-	176,433	550,856	374,423
Charges for Services	12,000	12,000	-	(12,000)
Miscellaneous Revenues:				
Investment Income	-	-	(11,505)	(11,505)
Other	350,000	350,000	472,679	122,679
Total Revenues	<u>712,000</u>	<u>888,433</u>	<u>1,364,599</u>	<u>476,166</u>
EXPENDITURES				
Current				
Economic Development	393,875	534,275	817,001	282,726
Capital Outlay				
Economic Development	-	36,033	170,715	134,682
Total Expenditures	<u>393,875</u>	<u>570,308</u>	<u>987,716</u>	<u>417,408</u>
Excess of Revenues Over Expenditures	<u>318,125</u>	<u>318,125</u>	<u>376,883</u>	<u>58,758</u>
OTHER FINANCING SOURCES				
Transfers In	-	-	3,700	3,700
Net Change in Fund Balances	<u>\$ 318,125</u>	<u>\$ 318,125</u>	<u>\$ 380,583</u>	<u>\$ 62,458</u>
FUND BALANCES				
Beginning of Year			<u>1,022,360</u>	
End of Year			<u>\$ 1,402,943</u>	

The Notes to the Financial Statements are an integral part of this statement.

CITY OF SHAKOPEE

COMBINING BALANCE SHEET -

NONMAJOR GOVERNMENTAL FUNDS

December 31, 2021

	Special Revenue		
		Shakopee Government Television	SCDP Grant
	Forfeiture		
ASSETS			
Cash and Investments	\$ 182,438	\$ 39,581	\$ 18,368
Restricted Cash and Investments	-	-	-
Special Assessments Receivable:			
Accounts Receivable	-	6,617	-
Interest Receivable	468	102	-
Due From Other Governments	-	-	-
Prepaid Items	2,067	-	-
Land Held for Resale	-	-	-
Total Assets	<u>\$ 184,973</u>	<u>\$ 46,300</u>	<u>\$ 18,368</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 1,637	\$ -	\$ -
Due to Other Funds	-	-	-
Due to Other Governments	-	-	-
Advance from Other Funds	-	-	-
Total Liabilities	<u>1,637</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources			
Fund Balances			
Nonspendable	2,067	-	-
Restricted for:			
Special Revenue	181,269	-	18,368
Debt Service	-	-	-
Capital Projects	-	-	-
Assigned	-	46,300	-
Unassigned	-	-	-
Total Fund Balances	<u>183,336</u>	<u>46,300</u>	<u>18,368</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 184,973</u>	<u>\$ 46,300</u>	<u>\$ 18,368</u>

Special Revenue			Debt Service		
Lodging Tax	Economic Development Authority	Total	2016A GO Tax Abatement Bonds	2019A Tax Increment Bonds	2020A Tax Increment Bonds
\$ -	\$ 779,394	\$ 1,019,781	\$ 1,211,007	\$ 290,355	\$ 128,854
-	-	-	-	-	113,850
31,188	-	37,805	-	-	-
-	2,001	2,571	3,109	746	623
-	1,903	1,903	-	-	-
-	22,764	24,831	-	-	-
-	756,627	756,627	-	-	-
<u>\$ 31,188</u>	<u>\$ 1,562,689</u>	<u>\$ 1,843,518</u>	<u>\$ 1,214,116</u>	<u>\$ 291,101</u>	<u>\$ 243,327</u>
\$ 22,499	\$ 9,746	\$ 33,882	\$ 513	\$ 513	\$ 513
8,689	-	8,689	-	-	-
-	-	-	-	-	-
-	150,000	150,000	-	-	-
<u>31,188</u>	<u>159,746</u>	<u>192,571</u>	<u>513</u>	<u>513</u>	<u>513</u>
-	22,764	24,831	-	-	-
-	1,380,179	1,579,816	-	-	-
-	-	-	1,213,603	290,588	242,814
-	-	-	-	-	-
-	-	46,300	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>1,402,943</u>	<u>1,650,947</u>	<u>1,213,603</u>	<u>290,588</u>	<u>242,814</u>
<u>\$ 31,188</u>	<u>\$ 1,562,689</u>	<u>\$ 1,843,518</u>	<u>\$ 1,214,116</u>	<u>\$ 291,101</u>	<u>\$ 243,327</u>

CITY OF SHAKOPEE

**COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
December 31, 2021**

	<u>Debt Service</u>	<u>Capital Projects</u>	
	<u>Total</u>	<u>Park Development</u>	<u>Local Projects</u>
ASSETS			
Cash and Investments	\$ 1,630,216	\$ 4,343,021	\$ 3,766,262
Restricted Cash and Investments	113,850	-	-
Special Assessments Receivable:			
Accounts Receivable	-	-	-
Interest Receivable	4,478	11,151	-
Due From Other Governments	-	396,570	-
Prepaid Items	-	-	-
Land Held for Resale	-	-	-
Total Assets	<u>\$ 1,748,544</u>	<u>\$ 4,750,742</u>	<u>\$ 3,766,262</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 1,539	\$ 990,731	\$ -
Due to Other Funds	-	-	-
Due to Other Governments	-	72	-
Advance from Other Funds	-	-	-
Total Liabilities	<u>1,539</u>	<u>990,803</u>	<u>-</u>
Deferred Inflows of Resources			
Fund Balances			
Nonspendable	-	-	-
Restricted for:			
Special Revenue	-	-	-
Debt Service	1,747,005	-	-
Capital Projects	-	3,759,939	-
Assigned	-	-	3,766,262
Unassigned	-	-	-
Total Fund Balances	<u>1,747,005</u>	<u>3,759,939</u>	<u>3,766,262</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,748,544</u>	<u>\$ 4,750,742</u>	<u>\$ 3,766,262</u>

Capital Projects

TIF District No. 10	TIF District No. 14 J&J / Sanmar	TIF District No. 15 All Saints/Trident	Datacard Abatement	TIF District No. 16 Rahr	TIF District No. 17 Amazon
\$ 4,834	\$ 214,760	\$ 101,793	\$ 35,624	\$ 376,814	\$ 394,664
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 4,834</u>	<u>\$ 214,760</u>	<u>\$ 101,793</u>	<u>\$ 35,624</u>	<u>\$ 376,814</u>	<u>\$ 394,664</u>
\$ 1,751	\$ 725	\$ 725	\$ -	\$ 725	\$ 1,535
-	-	-	-	-	-
-	-	-	-	-	279,191
-	-	-	-	-	756,127
<u>1,751</u>	<u>725</u>	<u>725</u>	<u>-</u>	<u>725</u>	<u>1,036,853</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,083	214,035	101,068	35,624	376,089	-
-	-	-	-	-	-
-	-	-	-	-	(642,189)
<u>3,083</u>	<u>214,035</u>	<u>101,068</u>	<u>35,624</u>	<u>376,089</u>	<u>(642,189)</u>
<u>\$ 4,834</u>	<u>\$ 214,760</u>	<u>\$ 101,793</u>	<u>\$ 35,624</u>	<u>\$ 376,814</u>	<u>\$ 394,664</u>

CITY OF SHAKOPEE

**COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
December 31, 2021**

	Capital Projects		
	Road Expansion Dedication	Lions Park	Tree Replacement
ASSETS			
Cash and Investments	\$ 324,517	\$ 2,000	\$ 75,817
Restricted Cash and Investments	-	-	-
Special Assessments Receivable:			
Accounts Receivable	-	-	-
Interest Receivable	833	-	195
Due From Other Governments	-	-	-
Prepaid Items	-	-	-
Land Held for Resale	-	-	-
Total Assets	<u>\$ 325,350</u>	<u>\$ 2,000</u>	<u>\$ 76,012</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-
Due to Other Governments	-	-	-
Advance from Other Funds	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources			
Fund Balances			
Nonspendable	-	-	-
Restricted for:			
Special Revenue	-	-	-
Debt Service	-	-	-
Capital Projects	-	-	-
Assigned	325,350	2,000	76,012
Unassigned	-	-	-
Total Fund Balances	<u>325,350</u>	<u>2,000</u>	<u>76,012</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 325,350</u>	<u>\$ 2,000</u>	<u>\$ 76,012</u>

Capital Projects					Total Governmental Funds
Seal Coat	TIF District No. 19 Riverfront	TIF District No. 21 Shakopee Crossing	Total		
\$ 321,032	\$ 725	\$ 2,103	\$ 9,963,966	\$ 12,613,963	
-	-	-	-	113,850	
-	-	-	-	37,805	
824	-	-	13,003	20,052	
-	-	-	396,570	398,473	
-	-	-	-	24,831	
-	-	-	-	756,627	
<u>\$ 321,856</u>	<u>\$ 725</u>	<u>\$ 2,103</u>	<u>\$ 10,373,539</u>	<u>\$ 13,965,601</u>	
\$ -	\$ 725	\$ 725	\$ 997,642	\$ 1,033,063	
-	-	-	-	8,689	
-	-	-	279,263	279,263	
-	1,267,572	-	2,023,699	2,173,699	
-	1,268,297	725	3,300,604	3,494,714	
-	-	-	-	24,831	
-	-	-	-	1,579,816	
-	-	-	-	1,747,005	
-	-	1,378	4,491,216	4,491,216	
321,856	-	-	4,491,480	4,537,780	
-	(1,267,572)	-	(1,909,761)	(1,909,761)	
<u>321,856</u>	<u>(1,267,572)</u>	<u>1,378</u>	<u>7,072,935</u>	<u>10,470,887</u>	
<u>\$ 321,856</u>	<u>\$ 725</u>	<u>\$ 2,103</u>	<u>\$ 10,373,539</u>	<u>\$ 13,965,601</u>	

CITY OF SHAKOPEE

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NON MAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2021**

	Special Revenue			
	Forfeiture	Shakopee Government Television	SCDP Grant	Lodging Tax
REVENUES				
Taxes	\$ -	\$ 27,355	\$ -	\$ 341,450
Tax Increment	-	-	-	-
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeitures	50,902	-	-	-
Miscellaneous	11,290	-	-	-
Investment Income	(1,298)	(1,299)	-	-
Total Revenues	<u>60,894</u>	<u>26,056</u>	<u>-</u>	<u>341,450</u>
EXPENDITURES				
Current				
General Government	-	52	-	341,450
Public Safety	35,857	-	-	-
Public Works	-	-	-	-
Conservation and Natural Resources	-	-	-	-
Economic Development	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and Other Charges	-	-	-	-
Capital Outlay	-	103,722	-	-
Total Expenditures	<u>35,857</u>	<u>103,774</u>	<u>-</u>	<u>341,450</u>
Excess of Revenues Over (Under) Expenditures	<u>25,037</u>	<u>(77,718)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	25,037	(77,718)	-	-
FUND BALANCES				
Beginning of Year	<u>158,299</u>	<u>124,018</u>	<u>18,368</u>	<u>-</u>
End of Year	<u>\$ 183,336</u>	<u>\$ 46,300</u>	<u>\$ 18,368</u>	<u>\$ -</u>

Special Revenue		Debt Service			
Economic Development Authority	Total	2010A GO Improvement Bonds	2012A GO Refunding Bonds	2016A GO Tax Abatement Bonds	2019A Tax Increment Bonds
\$ 352,569	\$ 721,374	\$ -	\$ -	\$ 2,188,600	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
550,856	550,856	-	-	-	-
-	-	-	-	-	-
-	50,902	-	-	-	-
472,679	483,969	-	-	-	-
(11,505)	(14,102)	(1,805)	(46,027)	(20,934)	(1,053)
1,364,599	1,792,999	(1,805)	(46,027)	2,167,666	(1,053)
-	341,502	-	-	-	-
-	35,857	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
817,001	817,001	-	-	-	-
-	-	90,000	2,385,000	1,205,000	-
-	-	2,055	26,850	900,269	136,476
170,715	274,437	-	-	-	-
987,716	1,468,797	92,055	2,411,850	2,105,269	136,476
376,883	324,202	(93,860)	(2,457,877)	62,397	(137,529)
3,700	3,700	-	-	-	263,701
-	-	(6,835)	(99,018)	-	-
3,700	3,700	(6,835)	(99,018)	-	263,701
380,583	327,902	(100,695)	(2,556,895)	62,397	126,172
1,022,360	1,323,045	100,695	2,556,895	1,151,206	164,416
\$ 1,402,943	\$ 1,650,947	\$ -	\$ -	\$ 1,213,603	\$ 290,588

CITY OF SHAKOPEE

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NON MAJOR GOVERNMENTAL FUNDS
(Continued)**

For the Year Ended December 31, 2021

	Debt Service		Capital Projects	
	2020A Tax Increment Bonds	Total	Park Development	Local Projects
REVENUES				
Taxes	\$ -	\$ 2,188,600	\$ -	\$ -
Tax Increment	-	-	-	-
Licenses and Permits	-	-	3,488,754	-
Intergovernmental	-	-	548,170	-
Charges for Services	-	-	2,979	-
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	677,858	-
Investment Income	(59)	(69,878)	(29,987)	-
Total Revenues	<u>(59)</u>	<u>2,118,722</u>	<u>4,687,774</u>	<u>-</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	101,899
Conservation and Natural Resources	-	-	-	-
Economic Development	-	-	-	-
Debt Service				
Principal	-	3,680,000	-	-
Interest and Other Charges	247,055	1,312,705	-	-
Capital Outlay	-	-	4,388,797	297,701
Total Expenditures	<u>247,055</u>	<u>4,992,705</u>	<u>4,388,797</u>	<u>399,600</u>
Excess of Revenues Over (Under) Expenditures	<u>(247,114)</u>	<u>(2,873,983)</u>	<u>298,977</u>	<u>(399,600)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	130,216	393,917	-	4,542,862
Transfers Out	-	(105,853)	-	(377,000)
Total Other Financing Sources (Uses)	<u>130,216</u>	<u>288,064</u>	<u>-</u>	<u>4,165,862</u>
Net Change in Fund Balances	(116,898)	(2,585,919)	298,977	3,766,262
FUND BALANCES				
Beginning of Year	<u>359,712</u>	<u>4,332,924</u>	<u>3,460,962</u>	<u>-</u>
End of Year	<u>\$ 242,814</u>	<u>\$ 1,747,005</u>	<u>\$ 3,759,939</u>	<u>\$ 3,766,262</u>

Capital Projects

TIF District No. 10	TIF District No. 14 J&J / Sanmar	Shutterfly Abatement	TIF District No. 15 All Saints/Trident	Datacard Abatement	TIF District No. 16 Rahr
\$ -	\$ -	\$ 158,783	\$ -	\$ 71,250	\$ -
48,731	370,994	-	173,883	-	658,876
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(1)	-	-	-	-
48,731	370,993	158,783	173,883	71,250	658,876
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
47,545	335,959	158,783	158,648	35,626	323,039
-	-	-	-	-	-
1,026	-	-	-	-	-
-	-	-	-	-	-
48,571	335,959	158,783	158,648	35,626	323,039
160	35,034	-	15,235	35,624	335,837
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
160	35,034	-	15,235	35,624	335,837
2,923	179,001	-	85,833	-	40,252
\$ 3,083	\$ 214,035	\$ -	\$ 101,068	\$ 35,624	\$ 376,089

CITY OF SHAKOPEE

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NON MAJOR GOVERNMENTAL FUNDS
(Continued)**

For the Year Ended December 31, 2021

	Capital Projects			
	TIF District No. 17 Amazon	Road Expansion Dedication	Lions Park	Tree Replacement
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Tax Increment	950,055	-	-	-
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	27,000	-	2,957
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Income	-	(2,410)	-	(2,001)
Total Revenues	<u>950,055</u>	<u>24,590</u>	<u>-</u>	<u>956</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Conservation and Natural Resources	-	-	-	79,244
Economic Development	563,305	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and Other Charges	-	-	-	-
Capital Outlay	-	-	-	43,078
Total Expenditures	<u>563,305</u>	<u>-</u>	<u>-</u>	<u>122,322</u>
Excess of Revenues Over (Under) Expenditures	<u>386,750</u>	<u>24,590</u>	<u>-</u>	<u>(121,366)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	386,750	24,590	-	(121,366)
FUND BALANCES				
Beginning of Year	<u>(1,028,939)</u>	<u>300,760</u>	<u>2,000</u>	<u>197,378</u>
End of Year	<u>\$ (642,189)</u>	<u>\$ 325,350</u>	<u>\$ 2,000</u>	<u>\$ 76,012</u>

Capital Projects

Seal Coat	TIF District No. 19 Riverfront	Emerson Abatement	TIF District No. 21 Shakopee Crossing	Total	Total Other Governmental Funds
\$ -	\$ -	\$ 158,819	\$ -	\$ 388,852	\$ 3,298,826
-	-	-	39,913	2,242,452	2,242,452
-	-	-	-	3,488,754	3,488,754
-	-	-	-	548,170	1,099,026
-	-	-	-	32,936	32,936
-	-	-	-	-	50,902
137,956	-	-	-	815,814	1,299,783
(1,221)	-	-	-	(35,620)	(119,600)
<u>136,735</u>	<u>-</u>	<u>158,819</u>	<u>39,913</u>	<u>7,481,358</u>	<u>11,393,079</u>
-	-	-	-	-	341,502
-	-	-	-	-	35,857
57,929	-	-	-	159,828	159,828
-	-	-	-	79,244	79,244
-	54,730	158,819	38,535	1,874,989	2,691,990
-	-	-	-	-	3,680,000
-	-	-	-	1,026	1,313,731
-	-	-	-	4,729,576	5,004,013
<u>57,929</u>	<u>54,730</u>	<u>158,819</u>	<u>38,535</u>	<u>6,844,663</u>	<u>13,306,165</u>
<u>78,806</u>	<u>(54,730)</u>	<u>-</u>	<u>1,378</u>	<u>636,695</u>	<u>(1,913,086)</u>
-	-	-	-	4,542,862	4,940,479
-	-	-	-	(377,000)	(482,853)
-	-	-	-	4,165,862	4,457,626
78,806	(54,730)	-	1,378	4,802,557	2,544,540
<u>243,050</u>	<u>(1,212,842)</u>	<u>-</u>	<u>-</u>	<u>2,270,378</u>	<u>7,926,347</u>
<u>\$ 321,856</u>	<u>\$ (1,267,572)</u>	<u>\$ -</u>	<u>\$ 1,378</u>	<u>\$ 7,072,935</u>	<u>\$ 10,470,887</u>

CITY OF SHAKOPEE

**COMBINING STATEMENT OF NET POSITION -
INTERNAL SERVICE FUNDS
December 31, 2021**

	Equipment	Buildings	Park Asset	Employee Benefits	Information and Technology	Self Insurance	Total
ASSETS							
Current Assets							
Cash and Investments, Including							
Cash Equivalents	\$ 5,686,625	\$ 6,652,732	\$ 1,461,480	\$ 1,649,992	\$ 1,146,280	\$ 2,324,532	\$18,921,641
Accounts Receivable	-	4,250	-	-	-	1,213	5,463
Interest Receivable	14,601	17,082	3,753	4,237	2,943	5,969	48,585
Prepaid Expenses	-	-	-	-	74,906	199,711	274,617
Total Current Assets	<u>5,701,226</u>	<u>6,674,064</u>	<u>1,465,233</u>	<u>1,654,229</u>	<u>1,224,129</u>	<u>2,531,425</u>	<u>19,250,306</u>
Noncurrent Assets							
Advances to Other Funds, Noncurrent	-	150,000	-	-	-	-	150,000
Capital Assets:							
Land	-	-	221,876	-	-	-	221,876
Construction in Progress	57,619	-	500	-	-	-	58,119
Infrastructure	-	373,982	4,532,809	-	-	-	4,906,791
Buildings	-	29,619,414	3,362,983	-	-	-	32,982,397
Machinery and Equipment	13,625,489	555,972	5,040,077	-	505,236	-	19,726,774
Total Cost	13,683,108	30,549,368	13,158,245	-	505,236	-	57,895,957
Less Accumulated Depreciation	(6,844,043)	(13,572,279)	(6,290,131)	-	(270,405)	-	(26,976,858)
Net Capital Assets	<u>6,839,065</u>	<u>16,977,089</u>	<u>6,868,114</u>	<u>-</u>	<u>234,831</u>	<u>-</u>	<u>30,919,099</u>
Total Noncurrent Assets	<u>6,839,065</u>	<u>17,127,089</u>	<u>6,868,114</u>	<u>-</u>	<u>234,831</u>	<u>-</u>	<u>31,069,099</u>
Total Assets	<u>\$12,540,291</u>	<u>\$23,801,153</u>	<u>\$ 8,333,347</u>	<u>\$ 1,654,229</u>	<u>\$ 1,458,960</u>	<u>\$ 2,531,425</u>	<u>\$50,319,405</u>
LIABILITIES AND NET POSITION							
Current Liabilities							
Accounts Payable	\$ 20,792	\$ 43,054	\$ 60,887	\$ -	\$ 2,916	\$ 1,224	\$ 128,873
Current Compensated Absences	-	-	-	1,371,659	-	-	1,371,659
Total Current Liabilities	<u>20,792</u>	<u>43,054</u>	<u>60,887</u>	<u>1,371,659</u>	<u>2,916</u>	<u>1,224</u>	<u>1,500,532</u>
Noncurrent Liabilities							
Advance from Other Funds	-	1,210,000	-	-	-	-	1,210,000
Compensated Absences	-	-	-	1,676,472	-	-	1,676,472
Total Noncurrent Liabilities	<u>-</u>	<u>1,210,000</u>	<u>-</u>	<u>1,676,472</u>	<u>-</u>	<u>-</u>	<u>2,886,472</u>
Total Liabilities	<u>20,792</u>	<u>1,253,054</u>	<u>60,887</u>	<u>3,048,131</u>	<u>2,916</u>	<u>1,224</u>	<u>4,387,004</u>
Net Position							
Investment in Capital Assets	6,839,065	16,977,089	6,868,114	-	234,831	-	30,919,099
Unrestricted	5,680,434	5,571,010	1,404,346	(1,393,902)	1,221,213	2,530,201	15,013,302
Total Net Position	<u>12,519,499</u>	<u>22,548,099</u>	<u>8,272,460</u>	<u>(1,393,902)</u>	<u>1,456,044</u>	<u>2,530,201</u>	<u>45,932,401</u>
Total Liabilities and Net Position	<u>\$12,540,291</u>	<u>\$23,801,153</u>	<u>\$ 8,333,347</u>	<u>\$ 1,654,229</u>	<u>\$ 1,458,960</u>	<u>\$ 2,531,425</u>	<u>\$50,319,405</u>

CITY OF SHAKOPEE

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION -
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2021**

	Equipment	Buildings	Park Asset	Employee Benefits	Information and Technology	Self Insurance	Total
OPERATING REVENUES							
Rental Charges	\$ 1,152,400	\$ 1,086,500	\$ 593,000	\$ -	\$ 612,000	\$ 1,109,986	\$ 4,553,886
Other Charges	3,793	-	-	-	3,209	562	7,564
Total Operating Revenues	<u>1,156,193</u>	<u>1,086,500</u>	<u>593,000</u>	<u>-</u>	<u>615,209</u>	<u>1,110,548</u>	<u>4,561,450</u>
OPERATING EXPENSES							
Depreciation	914,132	693,948	432,861	-	29,045	-	2,069,986
Professional Services	-	7,645	-	-	17	11,287	18,949
Repairs and Maintenance	-	46,666	-	-	45,316	3,034	95,016
Materials and Supplies	53,061	31,182	-	-	318,199	-	402,442
Insurance	-	-	-	-	-	748,249	748,249
Total Operating Expenses	<u>967,193</u>	<u>779,441</u>	<u>432,861</u>	<u>-</u>	<u>392,577</u>	<u>762,570</u>	<u>3,334,642</u>
Operating Income (Loss)	<u>189,000</u>	<u>307,059</u>	<u>160,139</u>	<u>-</u>	<u>222,632</u>	<u>347,978</u>	<u>1,226,808</u>
NONOPERATING REVENUES (EXPENSES)							
Investment Income (Loss)	(48,355)	(48,509)	(14,959)	(12,885)	(6,809)	(15,820)	(147,337)
Insurance Dividends	-	-	-	-	-	142,519	142,519
Interest Expense	-	(16,500)	-	-	-	-	(16,500)
Gain (Loss) on Sale of Asset	51,932	-	-	-	-	-	51,932
Total Nonoperating Revenues (Expenses)	<u>3,577</u>	<u>(65,009)</u>	<u>(14,959)</u>	<u>(12,885)</u>	<u>(6,809)</u>	<u>126,699</u>	<u>30,614</u>
Income (Loss) before Capital Contributions and Transfers	192,577	242,050	145,180	(12,885)	215,823	474,677	1,257,422
Capital Grants and Contribution	-	-	100,000	-	-	-	100,000
Capital Contributions from Governmental Funds	-	-	184,988	-	-	-	184,988
Change in Net Position	192,577	242,050	430,168	(12,885)	215,823	474,677	1,542,410
NET POSITION							
Beginning of Year	<u>12,326,922</u>	<u>22,306,049</u>	<u>7,842,292</u>	<u>(1,381,017)</u>	<u>1,240,221</u>	<u>2,055,524</u>	<u>44,389,991</u>
End of Year	<u>\$ 12,519,499</u>	<u>\$ 22,548,099</u>	<u>\$ 8,272,460</u>	<u>\$ (1,393,902)</u>	<u>\$ 1,456,044</u>	<u>\$ 2,530,201</u>	<u>\$ 45,932,401</u>

CITY OF SHAKOPEE

**COMBINING STATEMENT OF CASH FLOWS -
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2021**

	Equipment	Buildings	Park Asset	Employee Benefits	Information and Technology	Self Insurance	Total
CASH FLOWS - OPERATING ACTIVITIES							
Receipts from Customers and Users	\$ 1,156,193	\$ 1,082,250	\$ 593,000	\$ -	\$ 616,276	\$ 1,109,335	\$ 4,557,054
Receipts from Interfund Services	-	-	-	130,720	-	-	130,720
Payments to Suppliers	(86,561)	(42,439)	(35)	-	(386,871)	(757,957)	(1,273,863)
Net Cash Flows - Operating Activities	1,069,632	1,039,811	592,965	130,720	229,405	351,378	3,413,911
CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES							
Payment Paid on Interfund Loan	-	(60,000)	-	-	-	-	(60,000)
Interest Expense on Interfund Loan Repayment	-	(16,500)	-	-	-	-	(16,500)
Insurance Dividends	-	-	-	-	-	142,519	142,519
Net Cash Flows - Noncapital Financing Activities	-	(76,500)	-	-	-	142,519	66,019
CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES							
Donations	-	-	100,000	-	-	-	100,000
Proceeds from Disposal of Capital Assets	79,777	-	-	-	-	-	79,777
Acquisition of Capital Assets	(1,125,652)	(423,042)	(865,275)	-	-	-	(2,413,969)
Net Cash Flows - Capital and Related Financing Activities	(1,045,875)	(423,042)	(765,275)	-	-	-	(2,234,192)
CASH FLOWS - INVESTING ACTIVITIES							
Interest Received (Loss)	(50,257)	(51,889)	(15,047)	(13,714)	(7,697)	(17,680)	(156,284)
Net Cash Flows - Investing Activities	(50,257)	(51,889)	(15,047)	(13,714)	(7,697)	(17,680)	(156,284)
Net Change in Cash and Cash Equivalents	(26,500)	488,380	(187,357)	117,006	221,708	476,217	1,089,454
CASH AND CASH EQUIVALENTS							
Beginning of Year	5,713,125	6,164,352	1,648,837	1,532,986	924,572	1,848,315	17,832,187
End of Year	<u>\$ 5,686,625</u>	<u>\$ 6,652,732</u>	<u>\$ 1,461,480</u>	<u>\$ 1,649,992</u>	<u>\$ 1,146,280</u>	<u>\$ 2,324,532</u>	<u>\$ 18,921,641</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS - OPERATING ACTIVITIES							
Operating Income (Loss)	\$ 189,000	\$ 307,059	\$ 160,139	\$ -	\$ 222,632	\$ 347,978	\$ 1,226,808
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows - Operating Activities:							
Depreciation Expense	914,132	693,948	432,861	-	29,045	-	2,069,986
Changes in:							
Accounts Receivable	-	(4,250)	-	-	1,067	(1,213)	(4,396)
Accounts and Contracts Payable	(33,500)	43,054	(35)	-	(11,911)	1,224	(1,168)
Prepaid Expenses	-	-	-	-	(11,428)	3,389	(8,039)
Compensated Absences Payable	-	-	-	130,720	-	-	130,720
Total Adjustments	880,632	732,752	432,826	130,720	6,773	3,400	2,187,103
Net Cash Flows - Operating Activities	<u>\$ 1,069,632</u>	<u>\$ 1,039,811</u>	<u>\$ 592,965</u>	<u>\$ 130,720</u>	<u>\$ 229,405</u>	<u>\$ 351,378</u>	<u>\$ 3,413,911</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES							
Transfer of Capital Assets	\$ -	\$ -	\$ 184,988	\$ -	\$ -	\$ -	\$ 184,988
Book Value of Capital Asset Trade-Ins	109,203	-	-	-	-	-	109,203

STATISTICAL SECTION

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CITY OF SHAKOPEE

STATISTICAL SECTION

December 31, 2021

This part of the City's Annual Comprehensive Annual Financial Report (ACFR) presents detailed information for placing in context and understanding what the information shown in the financial statements, note disclosures and required supplementary information reveals about the City's overall financial health.

CONTENTS	Page
Financial Trends	140
These schedules show trend information to help the reader understand how the City's financial performance and well being have changed over time.	
Revenue Capacity	148
Portrayed is information to help the reader assess the City's most important local revenue source, the property tax.	
Debt Capacity	152
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	158
Shown are demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	160
These schedules shown service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Source: Unless noted otherwise, the information in these schedules is from the ACFR for the relevant year.

CITY OF SHAKOPEE

**NET POSITION BY COMPONENT
Years 2012 Through 2021**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental Activities:				
Net Investment in Capital Assets	\$ 115,191,768	\$ 118,166,525	\$ 117,980,552	\$ 120,831,029
Restricted	9,912,551	10,454,238	7,103,581	7,547,490
Unrestricted	<u>34,823,712</u>	<u>30,642,443</u>	<u>35,302,035</u>	<u>23,939,064</u>
Total Governmental Activities Net Position	<u>\$ 159,928,031</u>	<u>\$ 159,263,206</u>	<u>\$ 160,386,168</u>	<u>\$ 152,317,583</u>
Business-Type Activities:				
Net Investment in Capital Assets	\$ 64,124,590	\$ 65,181,465	\$ 67,831,099	\$ 68,986,369
Restricted	-	-	-	-
Unrestricted	<u>33,354,521</u>	<u>31,183,904</u>	<u>28,485,814</u>	<u>25,981,542</u>
Total Business-Type Activities Net Position	<u>\$ 97,479,111</u>	<u>\$ 96,365,369</u>	<u>\$ 96,316,913</u>	<u>\$ 94,967,911</u>
Primary Government:				
Net Investment in Capital Assets	\$ 179,316,358	\$ 183,347,990	\$ 185,811,651	\$ 189,817,398
Restricted	9,912,551	10,454,238	7,103,581	7,547,490
Unrestricted	<u>68,178,233</u>	<u>61,826,347</u>	<u>63,787,849</u>	<u>49,920,606</u>
Total Primary Government Net Position	<u>\$ 257,407,142</u>	<u>\$ 255,628,575</u>	<u>\$ 256,703,081</u>	<u>\$ 247,285,494</u>

The City implemented GASB Statement No. 68 and GASB Statement No. 71 in 2015. Years prior to 2015 have not been restated.

Table 1

2016	2017	2018	2019	2020	2021
\$ 128,559,527	\$ 135,442,110	\$ 137,799,457	\$ 139,359,387	\$ 135,476,194	\$ 143,607,647
6,637,391	6,342,643	7,136,534	6,774,024	8,205,757	7,048,301
16,719,760	15,059,730	16,107,363	21,218,968	20,525,616	31,134,716
<u>\$ 151,916,678</u>	<u>\$ 156,844,483</u>	<u>\$ 161,043,354</u>	<u>\$ 167,352,379</u>	<u>\$ 164,207,567</u>	<u>\$ 181,790,664</u>
\$ 70,099,288	\$ 75,547,444	\$ 78,642,426	\$ 83,567,240	\$ 88,975,174	\$ 96,269,258
-	-	-	-	-	-
23,281,483	22,730,751	22,999,131	23,939,802	23,629,333	23,499,836
<u>\$ 93,380,771</u>	<u>\$ 98,278,195</u>	<u>\$ 101,641,557</u>	<u>\$ 107,507,042</u>	<u>\$ 112,604,507</u>	<u>\$ 119,769,094</u>
\$ 198,658,815	\$ 210,989,554	\$ 216,441,883	\$ 222,926,627	\$ 224,451,368	\$ 239,876,905
6,637,391	6,342,643	7,136,534	6,774,024	8,205,757	7,048,301
40,001,243	37,790,481	39,106,494	45,158,770	44,154,949	54,634,552
<u>\$ 245,297,449</u>	<u>\$ 255,122,678</u>	<u>\$ 262,684,911</u>	<u>\$ 274,859,421</u>	<u>\$ 276,812,074</u>	<u>\$ 301,559,758</u>

CITY OF SHAKOPEE

**CHANGES IN NET POSITION
Years 2012 Through 2021**

	2012	2013	2014	2015	2016	2017
EXPENSES:						
Governmental Activities:						
General Government	\$ 4,603,027	\$ 4,704,956	\$ 5,514,412	\$ 4,237,647	\$ 4,205,975	\$ 4,624,885
Public Safety	9,430,785	9,868,702	10,543,861	10,582,354	13,281,715	11,981,416
Public Works	7,083,299	7,578,493	10,667,275	8,552,096	8,593,885	9,695,789
Culture and Recreation	3,817,677	4,020,974	4,250,557	4,355,453	4,653,362	5,359,259
Conservation and Natural Resources	-	-	-	-	-	-
Economic Development	152,541	338,907	1,593,968	2,603,741	2,104,584	1,630,516
Other	587,384	573,949	453,696	274,960	1,190,824	1,112,571
Total Governmental Activities Expenses	<u>25,674,713</u>	<u>27,085,981</u>	<u>33,023,769</u>	<u>30,606,251</u>	<u>34,030,345</u>	<u>34,404,436</u>
Business-Type Activities:						
Sewer	3,926,541	4,096,504	3,777,866	3,824,026	3,843,232	4,226,027
Storm	1,445,633	1,641,438	1,924,853	1,726,149	1,848,768	1,773,670
Refuse	-	-	-	127,781	127,034	125,647
Total Business-Type Activities Expenses	<u>5,372,174</u>	<u>5,737,942</u>	<u>5,702,719</u>	<u>5,677,956</u>	<u>5,819,034</u>	<u>6,125,344</u>
Total Primary Government Expenses	<u>\$ 31,046,887</u>	<u>\$ 32,823,923</u>	<u>\$ 38,726,488</u>	<u>\$ 36,284,207</u>	<u>\$ 39,849,379</u>	<u>\$ 40,529,780</u>
PROGRAM REVENUES:						
Governmental Activities:						
Charges for Services:						
General Government	\$ 2,966,953	\$ 2,647,951	\$ 2,751,336	\$ 2,486,042	\$ 2,410,321	\$ 2,544,126
Public Safety	1,524,158	1,701,875	1,879,209	2,146,840	2,744,824	2,989,770
Public Works	454,145	688,286	693,647	704,687	746,086	880,361
Culture and Recreation	2,222,430	2,012,436	1,827,046	2,140,071	1,760,925	2,813,951
Conservation and Natural Resources	-	-	-	-	-	-
Economic Development	16,500	18,000	18,000	24,000	256,312	26,520
Operating Grants and Contributions	2,106,559	1,894,436	2,880,493	2,509,986	2,777,982	2,068,419
Capital Grants and Contributions	1,479,343	689,424	6,668,531	1,735,543	2,187,039	3,847,001
Total Governmental Activities						
Program Revenues	<u>10,770,088</u>	<u>9,652,408</u>	<u>16,718,262</u>	<u>11,747,169</u>	<u>12,883,489</u>	<u>15,170,148</u>
Business-Type Activities:						
Charges for Services:						
Sewer	3,728,189	3,004,826	2,916,192	2,829,981	3,292,166	3,380,321
Storm	1,442,394	1,720,653	1,211,793	1,765,679	1,632,218	1,272,506
Refuse	-	-	72,167	103,637	105,309	131,753
Operating Grants and Contributions	-	-	-	-	-	890
Capital Grants and Contributions	348,756	7,780	496,655	65,844	183,142	2,701,892
Total Business-Type Activities						
Program Revenues	<u>5,519,339</u>	<u>4,733,259</u>	<u>4,696,807</u>	<u>4,765,141</u>	<u>5,212,835</u>	<u>7,487,362</u>
Total Primary Government						
Program Revenues	<u>\$ 16,289,427</u>	<u>\$ 14,385,667</u>	<u>\$ 21,415,069</u>	<u>\$ 16,512,310</u>	<u>\$ 18,096,324</u>	<u>\$ 22,657,510</u>
Net (Expense) Revenue:						
Governmental Activities	\$ (14,904,625)	\$ (17,433,573)	\$ (16,305,507)	\$ (18,859,082)	\$ (21,146,856)	\$ (19,234,288)
Business-Type Activities	147,165	(1,004,683)	(1,005,912)	(912,815)	(606,199)	1,362,018
Total Primary Government Net Expense	<u>\$ (14,757,460)</u>	<u>\$ (18,438,256)</u>	<u>\$ (17,311,419)</u>	<u>\$ (19,771,897)</u>	<u>\$ (21,753,055)</u>	<u>\$ (17,872,270)</u>
GENERAL REVENUES AND OTHER						
CHANGES IN NET POSITION:						
Governmental Activities:						
Taxes:						
Property	\$ 15,002,764	\$ 15,795,777	\$ 16,446,631	\$ 16,807,367	\$ 18,015,507	\$ 19,229,300
Franchise	389,819	399,496	404,312	418,545	448,023	1,251,819
Other	113,902	113,796	216,441	406,571	464,632	1,014,774
Unrestricted Investment Earnings	546,681	40,589	727,619	452,281	495,804	390,911
Gain on Disposal of Assets	11,769	256,600	52,674	87,819	50,132	1,576
Special Item	-	-	-	496,484	-	-
Transfers	100,000	162,490	(419,208)	(634,070)	1,271,853	26,990
Total Governmental Activities	<u>16,164,935</u>	<u>16,768,748</u>	<u>17,428,469</u>	<u>18,034,997</u>	<u>20,745,951</u>	<u>21,915,370</u>
Business-Type Activities:						
Investment Earnings	423,946	53,431	538,248	349,776	289,001	340,345
Gain on Disposal of Assets	-	-	-	17,438	1,911	6,217
Transfers	(100,000)	(162,490)	419,208	(496,484)	(1,271,853)	(26,990)
Total Business-Type Activities	<u>323,946</u>	<u>(109,059)</u>	<u>957,456</u>	<u>(129,270)</u>	<u>(980,941)</u>	<u>319,572</u>
Total Primary Government	<u>\$ 16,488,881</u>	<u>\$ 16,659,689</u>	<u>\$ 18,385,925</u>	<u>\$ 17,905,727</u>	<u>\$ 19,765,010</u>	<u>\$ 22,234,942</u>
Change in Net Position:						
Government Activities	\$ 1,260,310	\$ (664,825)	\$ 1,122,962	\$ (824,085)	\$ (400,905)	\$ 2,681,082
Business-Type Activities	471,111	(1,113,742)	(48,456)	(1,042,085)	(1,587,140)	1,681,590
Total Primary Government	<u>\$ 1,731,421</u>	<u>\$ (1,778,567)</u>	<u>\$ 1,074,506</u>	<u>\$ (1,866,170)</u>	<u>\$ (1,988,045)</u>	<u>\$ 4,362,672</u>

The City implemented GASB Statement No. 68 and GASB Statement No. 71 in 2015. Years prior to 2015 have not been restated.

In 2018 the City reported Conservation and Natural Resources separately from Culture and Recreation. Prior years have not been restated. In 2020 Conservation and Natural Resources was combined with Public Works.

Table 2

2018	2019	2020	2021
\$ 5,267,652	\$ 5,372,566	\$ 5,366,469	\$ 5,476,971
11,376,216	12,921,133	13,246,236	12,373,811
12,431,309	12,681,165	13,862,381	13,880,078
4,953,434	5,171,408	4,445,956	5,173,536
87,555	169,247	24,223	72,748
3,069,377	3,271,933	5,927,106	3,051,908
1,009,230	666,405	1,214,033	1,169,247
38,194,773	40,253,857	44,086,404	41,198,299
3,968,897	4,216,061	4,496,890	4,394,259
1,685,266	1,785,789	1,759,785	1,918,958
124,579	123,513	122,766	121,379
5,778,742	6,125,363	6,379,441	6,434,596
\$ 43,973,515	\$ 46,379,220	\$ 50,465,845	\$ 47,632,895
\$ 2,811,252	\$ 2,738,342	\$ 2,584,666	\$ 2,890,048
3,225,764	5,386,489	4,036,947	5,271,207
1,033,398	1,325,631	978,043	1,850,883
4,167,615	3,847,457	1,712,607	2,330,335
52,384	3,683	-	-
113,908	311,737	146,145	-
2,036,547	1,881,409	4,774,564	7,554,897
5,061,933	6,527,458	4,498,321	13,015,138
18,502,801	22,022,206	18,731,293	32,912,508
3,682,569	4,222,236	4,056,714	4,377,349
1,230,592	1,304,738	1,337,694	1,296,199
104,638	137,824	139,826	131,240
-	-	-	-
4,233,507	5,213,883	1,679,881	7,999,749
9,251,306	10,878,681	7,214,115	13,804,537
\$ 27,754,107	\$ 32,900,887	\$ 25,945,408	\$ 46,717,045
\$ (19,691,972)	\$ (18,231,651)	\$ (25,355,111)	\$ (8,285,791)
3,472,564	4,753,318	834,674	7,369,941
\$ (16,219,408)	\$ (13,478,333)	\$ (24,520,437)	\$ (915,850)
\$ 20,005,373	\$ 19,416,202	\$ 20,703,562	\$ 21,724,568
1,343,650	1,305,556	1,157,614	1,312,325
1,657,231	2,405,929	2,533,400	3,021,589
508,812	1,464,670	1,371,386	(355,723)
14,588	165,784	57,627	51,932
-	-	-	-
436,480	(217,465)	(3,613,290)	114,197
23,966,134	24,540,676	22,210,299	25,868,888
318,501	812,204	649,501	(91,157)
1,875	82,498	-	-
(436,480)	217,465	3,613,290	(114,197)
(116,104)	1,112,167	4,262,791	(205,354)
\$ 23,850,030	\$ 25,652,843	\$ 26,473,090	\$ 25,663,534
\$ 4,274,162	\$ 6,309,025	\$ (3,144,812)	\$ 17,583,097
3,356,460	5,865,485	5,097,465	7,164,587
\$ 7,630,622	\$ 12,174,510	\$ 1,952,653	\$ 24,747,684

CITY OF SHAKOPEE

FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund:				
Nonspendable:				
Prepays	\$ 19,189	\$ 16,440	\$ 13,949	\$ 21,573
Committed to:				
Building Permits	-	-	-	-
Unassigned	9,503,652	9,076,549	9,824,097	9,818,537
Total General Fund	<u>\$ 9,522,841</u>	<u>\$ 9,092,989</u>	<u>\$ 9,838,046</u>	<u>\$ 9,840,110</u>
All Other Governmental Funds				
Nonspendable:				
Prepays	\$ -	\$ -	\$ -	\$ -
Restricted for:				
Forfeitures	195,823	180,696	174,580	180,555
Transit	1,045,340	941,469	635,247	-
SCDP Grant	22,447	4,546	4,627	4,683
Revolving Loans	252,639	253,065	257,601	260,865
Economic Development	562,959	685,671	361,569	674,910
Debt Service	9,574,198	8,678,680	7,053,086	3,085,157
Capital Improvements	1,815,339	1,882,231	1,634,954	1,425,798
Assigned to:				
Telecommunication	66,989	54,499	76,342	108,627
Capital Improvements	8,681,475	5,753,669	5,630,178	6,130,194
Capital Projects Funds	394,666	176,398	228,059	1,505,595
Unassigned	(384,965)	(1,716)	(7,316)	(1,715,102)
Total all Other Governmental Funds	<u>\$ 22,226,910</u>	<u>\$ 18,609,208</u>	<u>\$ 16,048,927</u>	<u>\$ 11,661,282</u>

Table 3

2016	2017	2018	2019	2020	2021
\$ 22,188	\$ 59,023	68,784	155,116	138,229	197,564
-	-	-	1,588,000	1,104,000	1,430,000
10,739,178	11,918,971	12,250,660	14,136,227	14,891,656	16,144,333
<u>\$ 10,761,366</u>	<u>\$ 11,977,994</u>	<u>\$ 12,319,444</u>	<u>\$ 15,879,343</u>	<u>\$ 16,133,885</u>	<u>\$ 17,771,897</u>
\$ -	\$ -	\$ 3,801	\$ 1,401	\$ 120	\$ 24,831
186,965	221,048	195,322	172,971	158,179	181,269
-	-	-	-	-	-
4,734	10,805	18,368	18,368	18,368	18,368
263,787	138,004	73,004	-	-	-
1,503,917	356,588	-	-	1,022,360	1,380,179
3,712,584	3,608,453	3,207,099	3,147,055	4,332,924	1,747,005
7,213,258	1,539,267	3,166,302	3,902,170	5,709,910	5,249,748
70,795	74,139	76,698	109,472	124,018	46,300
4,744,275	6,592,822	6,423,824	5,771,223	5,363,301	5,691,414
2,244,591	530,329	516,211	720,445	743,188	4,491,480
<u>(39,928)</u>	<u>(3,241,015)</u>	<u>(2,823,436)</u>	<u>(2,151,671)</u>	<u>(4,665,559)</u>	<u>(4,470,067)</u>
<u>\$ 19,904,978</u>	<u>\$ 9,830,440</u>	<u>\$ 10,857,193</u>	<u>\$ 11,691,434</u>	<u>\$ 12,806,809</u>	<u>\$ 14,360,527</u>

CITY OF SHAKOPEE

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS Last Ten Fiscal Years

	2012	2013	2014	2015
REVENUES:				
Taxes	\$ 15,141,903	\$ 15,851,560	\$ 16,798,542	\$ 17,225,535
Special Assessments	1,499,810	930,331	2,673,132	1,157,405
Licenses and Permits	2,441,246	2,349,945	2,318,447	2,989,038
Intergovernmental	2,548,692	1,857,803	4,743,014	3,427,130
Charges for Service	4,449,003	4,583,551	4,683,722	4,479,845
Fines and Forfeits	418,474	381,470	429,021	171,856
Miscellaneous	836,868	189,717	675,643	604,816
Total Revenues	<u>27,335,996</u>	<u>26,144,377</u>	<u>32,321,521</u>	<u>30,055,625</u>
EXPENDITURES:				
General Government	4,396,219	4,495,662	5,225,483	3,864,337
Police	9,483,999	9,731,407	10,193,496	10,209,739
Public Works	2,349,042	2,631,154	2,829,846	3,036,284
Culture and Recreation	3,799,723	3,771,068	3,981,999	3,891,542
Conservation and Natural Resources	-	-	-	-
Economic Development	155,692	340,904	1,595,628	2,352,621
Debt Service:				
Principal	1,950,000	2,070,000	3,160,000	5,615,000
Interest and Other Charges	634,063	618,695	504,460	365,898
Capital Outlay	2,164,053	6,883,191	7,245,157	5,461,607
Total Expenditures	<u>24,932,791</u>	<u>30,542,081</u>	<u>34,736,069</u>	<u>34,797,028</u>
Excess of Revenues Under Expenditures	<u>2,403,205</u>	<u>(4,397,704)</u>	<u>(2,414,548)</u>	<u>(4,741,403)</u>
OTHER FINANCING SOURCES (USES):				
Bonds Issued	4,865,000	-	-	-
Sale of Assets	-	150	314	-
Premium on Bonds Issued	73,480	-	-	-
Capital Lease Issued	-	-	-	-
Transfers In	3,367,400	4,890,809	3,531,038	6,135,344
Transfers Out	(3,002,400)	(4,540,809)	(2,932,028)	(5,145,452)
Special Items	-	-	-	(634,070)
Total Other Financing Sources (Uses)	<u>5,303,480</u>	<u>350,150</u>	<u>599,324</u>	<u>355,822</u>
Net Change in Fund Balance	<u>\$ 7,706,685</u>	<u>\$ (4,047,554)</u>	<u>\$ (1,815,224)</u>	<u>\$ (4,385,581)</u>
Debt Service as a Percentage of Noncapital Expenditures	11%	11%	12%	20%

In 2018 the City reported Conservation and Natural Resources separately from Culture and Recreation. Prior years have not been restated. In 2020 the City reported Conservation and Naturla Resources as part of Public Works.

Table 4

2016	2017	2018	2019	2020	2021
\$ 18,549,468	\$ 21,476,591	\$ 22,999,326	\$ 23,139,620	\$ 24,370,324	\$ 26,058,683
1,615,161	933,773	984,158	835,345	990,509	1,398,860
3,146,818	3,283,495	4,361,054	5,912,112	3,923,439	8,129,101
3,619,810	2,447,795	2,596,486	3,038,944	6,232,913	7,252,042
4,759,244	5,681,712	6,841,887	7,226,584	5,294,280	7,545,543
104,943	241,874	95,821	83,957	21,379	53,386
877,108	1,004,665	589,865	1,493,245	2,394,550	1,210,039
<u>32,672,552</u>	<u>35,069,905</u>	<u>38,468,597</u>	<u>41,729,807</u>	<u>43,227,394</u>	<u>51,647,654</u>
4,016,871	4,415,257	5,047,823	5,130,038	5,241,568	5,390,005
10,643,342	11,039,220	11,692,533	12,849,532	13,577,981	14,359,463
3,061,172	2,973,840	5,634,985	5,824,268	6,579,242	7,086,627
4,269,211	5,228,929	3,598,591	3,885,624	3,559,908	4,190,443
-	-	89,488	169,959	25,557	79,244
2,092,337	1,611,073	2,848,426	2,510,329	5,819,029	2,847,578
1,685,000	1,685,000	1,995,000	1,910,000	1,750,000	3,680,000
864,494	1,259,987	1,171,990	1,096,743	1,171,363	1,397,438
32,159,412	18,386,260	5,928,038	9,047,340	13,690,958	9,657,226
<u>58,791,839</u>	<u>46,599,566</u>	<u>38,006,874</u>	<u>42,423,833</u>	<u>51,415,606</u>	<u>48,688,024</u>
<u>(26,119,287)</u>	<u>(11,529,661)</u>	<u>461,723</u>	<u>(694,026)</u>	<u>(8,188,212)</u>	<u>2,959,630</u>
29,500,000	-	-	4,220,000	8,165,000	-
9,134	104,661	-	579	10,284	-
2,237,727	-	-	267,587	832,845	-
-	79,100	-	-	-	-
6,916,355	7,282,929	4,038,516	1,125,289	3,226,176	6,331,732
(3,378,977)	(4,794,939)	(3,132,036)	(525,289)	(2,676,176)	(6,099,632)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>35,284,239</u>	<u>2,671,751</u>	<u>906,480</u>	<u>5,088,166</u>	<u>9,558,129</u>	<u>232,100</u>
<u>\$ 9,164,952</u>	<u>\$ (8,857,910)</u>	<u>\$ 1,368,203</u>	<u>\$ 4,394,140</u>	<u>\$ 1,369,917</u>	<u>\$ 3,191,730</u>
9%	10%	9%	8%	7%	12%

CITY OF SHAKOPEE

Table 5

TAX CAPACITY AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Fiscal Year	Residential Property	Commercial Industrial Property	Other Property	Less: Tax Increment Property	Less Net Fiscal Disparities	Net Taxable Tax Capacity	Total Direct Tax Rate	Estimated Taxable Market Value	Taxable Tax Capacity as a Percentage of Estimated Market Value
2012	\$ 23,180,073	\$ 17,956,273	\$ 852,512	\$ 155,002	\$ 1,740,447	\$ 40,093,409	0.36655	\$ 3,347,179,800	1.20%
2013	22,824,263	17,577,547	576,049	107,928	1,707,617	39,162,314	0.41996	3,064,695,700	1.28%
2014	22,782,372	17,580,049	589,717	214,592	1,961,307	38,776,239	0.41437	3,206,518,700	1.21%
2015	26,419,959	18,769,230	625,872	408,172	1,918,874	43,488,015	0.37862	3,629,757,200	1.20%
2016	27,838,939	20,111,657	670,839	384,578	1,857,605	46,379,252	0.37902	3,844,106,800	1.21%
2017	28,199,409	23,224,857	608,016	827,765	2,015,785	49,188,732	0.38522	4,034,313,200	1.22%
2018	30,219,157	25,743,850	553,398	1,330,932	2,104,902	53,080,571	0.37212	4,342,662,600	1.22%
2019	32,118,359	27,272,649	508,798	1,657,341	2,239,985	56,002,480	0.34943	4,613,605,800	1.21%
2020	35,752,512	29,664,024	522,137	1,953,037	2,229,208	61,756,428	0.33965	5,063,670,900	1.22%
2021	42,728,076	29,581,004	498,051	2,554,354	2,193,946	68,058,831	0.32105	5,540,321,100	1.23%

Source: Scott County Auditor

CITY OF SHAKOPEE

Table 6

**DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years**

Fiscal Year	City Direct Rate			Shakopee School District	Scott County	Other Jurisdictions	General Obligation Debt Service Market Value Rate
	Operating Rate	Debt Service Rate	Total Direct Rate				
2012	0.34005	0.02650	0.36655	0.35512	0.38802	0.05610	0.00345
2013	0.41996	-	0.41996	0.39715	0.40674	0.05701	0.00467
2014	0.39305	0.02131	0.41437	0.36963	0.39720	0.05569	0.00524
2015	0.35235	0.02626	0.37862	0.35578	0.36638	0.05169	0.00536
2016	0.34757	0.03145	0.37902	0.53478	0.36175	0.05129	0.00605
2017	0.26948	0.11574	0.38522	0.49282	0.35896	0.04979	-
2018	0.25874	0.11337	0.37212	0.52141	0.35114	0.05732	-
2019	0.23588	0.11355	0.34943	0.52934	0.33841	0.06466	-
2020	0.23229	0.10735	0.33965	0.50558	0.32718	0.03154	-
2021	0.21692	0.10413	0.32105	0.33722	0.31025	0.00477	-

Sources: Scott County Auditor and League of Minnesota Cities Reports

CITY OF SHAKOPEE

Table 7

PRINCIPAL TAXPAYERS
Current Year and Nine Years Ago

Taxpayer	Type of Business	2021			2012		
		2019/20 Tax Cap. Value	Rank	Percentage of Total Tax Cap. Value	2011/12 Tax Cap. Value	Rank	Percentage of Total Tax Cap. Value
MCP Shakopee LLC	Distribution	\$ 1,529,250	1	2.25%			
Duke Realty Limited Partner.	Manufacturing	947,903	2	1.39%			
Rahr Malting	Grain Processing	874,073	3	1.28%	\$ 407,838	2	0.97%
Xcel Energy	Electrical Generation	751,166	4	1.10%	537,082	1	1.28%
Rosemount Inc	Manufacturing	699,544	5	1.03%			
GEP X Addison LLC	Apartments	628,135	6	0.92%			
Liberty Properties LP	Distribution	627,750	7	0.92%			
J & J Minneapolis LLC	Manufacturing	599,250	8	0.88%			
Seagate Technology LLC	Manufacturing/Research	599,250	8	0.88%	399,250	3	0.95%
Lothenbach Properties	Warehouse/Manufacturing	599,250	8	0.88%			
Shakkin LLC	Warehouse/Manufacturing	599,250	8	0.88%			
St. Francis RMC	Health Care				358,500	4	0.85%
Shakopee Crossing LTD	Retail				357,420	5	0.85%
Ryan Companies	Property Management				332,700	6	0.79%
Canterbury Park	Horse Racing				324,236	7	0.77%
Certainteed	Manufacturing				319,250	8	0.76%
Shakopee Valley Market	Retail				315,750	9	0.75%
Walmart	Retail				315,250	10	0.75%
		<u>\$ 8,454,821</u>		<u>12.41%</u>	<u>\$ 3,667,276</u>		<u>8.72%</u>

Source: Scott County Auditor

CITY OF SHAKOPEE

Table 8

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Year Collected	Tax Levy	Collections of Current Years Taxes	Percentage of Levy Collected	Collections of Prior Years Taxes	Total Collections	Percentage of Total Collections To Tax Levy	Accumulated Delinquent Taxes	Ratio of Accumulated Delinquent Taxes to Current Years Taxes
2012	\$ 14,837,438	\$ 14,553,417	98%	\$ 188,750	\$ 14,742,167	99%	\$ 235,011	1.58%
2013	15,483,223	15,109,599	98%	279,485	15,389,084	99%	293,025	1.89%
2014	16,312,179	16,177,463	99%	-	16,177,463	99%	157,555	0.97%
2015	16,773,267	16,351,700	97%	-	16,351,700	97%	145,958	0.87%
2016	17,610,195	17,316,074	98%	41,140	17,357,214	99%	76,631	0.44%
2017	18,926,341	18,628,201	98%	-	18,628,201	98%	95,933	0.51%
2018	19,610,548	19,198,990	98%	43,706	19,242,696	98%	102,862	0.52%
2019	19,580,500	18,992,066	97%	61,887	19,053,953	97%	90,928	0.46%
2020	20,730,500	20,227,478	98%	57,390	20,284,868	98%	115,180	0.56%
2021	21,367,800	21,116,697	99%	163,802	21,280,499	100%	114,979	0.54%

Source: Scott County Auditor

1. The above data does not include tax increment districts.

CITY OF SHAKOPEE

Table 9

RATIO OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-type Activities Revenue Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
	G.O. Bonds	Special Assessment Bonds	Capital Leases				
2012	\$ 10,325,000	\$ 8,735,000	\$ -	\$ -	\$ 19,060,000	1.6%	504
2013	9,865,000	7,125,000	-	-	16,990,000	1.4%	446
2014	9,390,000	4,440,000	-	-	13,830,000	1.1%	353
2015	5,100,000	3,115,000	-	-	8,215,000	0.7%	208
2016	36,070,590	2,095,000	-	-	38,165,590	2.9%	948
2017	35,284,168	1,085,000	65,330	-	36,434,498	2.7%	886
2018	33,677,746	585,000	46,542	-	34,309,288	2.5%	826
2019	36,226,324	235,000	26,616	-	36,487,940	2.6%	879
2020	43,482,636	90,000	5,481	-	43,578,117	2.8%	997
2021	39,730,992	-	-	-	39,730,992	2.3%	885

Sources: Details regarding the city's outstanding debt can be found in the notes to the financial statements. See Table 14 for income and population data.

CITY OF SHAKOPEE

Table 10

**RATIOS OF GENERAL BONDED OUTSTANDING
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Total G.O. Bonds</u>	<u>Less: Available in Debt Service</u>	<u>Net General Bonded Debt Outstanding</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>	<u>Percentage of Total Personal Income</u>
2012	\$ 10,325,000	\$ 9,574,198	\$ 750,802	0.31%	\$ 20	0.86%
2013	9,865,000	8,678,680	1,186,320	0.32%	31	0.81%
2014	9,390,000	7,053,086	2,336,914	0.29%	60	0.75%
2015	5,100,000	3,085,157	2,014,843	0.14%	51	0.40%
2016	36,070,590	3,712,584	32,358,006	0.94%	804	2.74%
2017	35,284,168	3,608,453	31,675,715	0.87%	770	2.63%
2018	33,677,746	3,207,099	30,470,647	0.78%	734	2.44%
2019	36,226,324	3,147,055	33,079,269	0.79%	797	2.60%
2020	43,482,636	4,332,924	39,149,712	0.86%	896	2.79%
2021	39,730,992	1,747,005	37,983,987	0.72%	846	2.34%

Sources:

1. Metropolitan Council estimated for population.
2. Scott County Auditor
3. Details regarding the city's outstanding debt can be found in the notes to the financial statements.

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CITY OF SHAKOPEE

Table 11

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2021

	G.O. Debt	Percentage Applicable To City of Shakopee (1)	Amount Applicable To City of Shakopee
Direct Debt:			
City of Shakopee	\$ 39,730,992	100.0%	\$ 39,730,992
Overlapping Debt:			
Independent School District No. 720	243,973,822	76.7%	187,213,771
Independent School District No. 191	132,640,000	3.3%	4,312,355
Scott County	115,680,000	25.2%	29,151,498
Metropolitan Council (2)	193,320,000	1.2%	2,226,490
Total Overlapping Debt:	685,613,822		222,904,114
Total Direct and Overlapping Debt	\$ 725,344,814		\$ 262,635,106

Source:

Scott County and Dakota County Taxation Department
Metropolitan Council

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City'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 government.

(1) The percentage of overlapping debt is estimated using net tax capacity. Applicable percentages were estimated by determining the portion of net tax capacity that is within the City's boundaries and dividing it by total net tax capacity for each entity.

(2) Excludes general obligation debt supported by wastewater revenues and housing rental payments. Includes certificates of participation.

CITY OF SHAKOPEE

LEGAL DEBT MARGIN INFORMATION Last Ten Fiscal Years

	2012	2013	2014	2015
Market Value (Taxable)	\$ 3,347,179,800	\$ 3,064,695,700	\$ 3,206,518,700	\$ 3,629,757,200
Debt Limit - Percent of Market Value (Note A)	100,415,394	91,940,871	96,195,561	108,892,716
Amount of Debt Applicable to Debt Limit:				
G.O. Bonds	10,325,000	9,865,000	9,390,000	5,100,000
Available in Debt Service Funds	(4,974,768)	(4,836,597)	(4,833,096)	(1,511,502)
Total Debt Applicable to Debt Limit	5,350,232	5,028,403	4,556,904	3,588,498
Legal Debt Margin	\$ 95,065,162	\$ 86,912,468	\$ 91,638,657	\$ 105,304,218

NOTE (A):

M.S.A. Section 475.53 (Limit on Net Debt)

Subdivision 1. Generally, except of otherwise provided in Sections 475.51 to 475.75, no municipality, except a school district or a city of the first class, shall incur or be subject to a net debt in excess of 3% of the market value of taxable property in the municipality."

NOTE (B):

M.S.A. Section 475.51 Definitions: Subdivision 4. "Net debt" means the amount remaining after deduction from its gross debt the aggregate of the principal of the following:

- (1) Obligations issued for improvements which are payable wholly or partly from the proceeds of special assessments levied upon property specially benefited thereby, including those which are general obligations of the municipality issuing them, if the municipality is entitled to reimbursement in whole or in part from the proceeds of the special assessments.
- (2) Warrants or orders having no definite or fixed maturity.
- (3) Obligations payable wholly from the income of revenue-producing conveniences.
- (4) Obligations issued to create or maintain a permanent improvement revolving fund.
- (5) Obligation issued for the acquisition, and betterment of public waterworks systems, and public lighting, heating or power systems and on any combination thereof or for any other public convenience from which a revenue is or may be derived.
- (6) Amount of all money and the face value of all securities held as a sinking fund for the extinguishment of obligations other than those deductible under this subdivision.

M.S.A. Section 469.178, subdivision 1. (tax increment bonds) "... The bonds are not included for purposes of computing the net debt of any municipality."

Table 12

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 3,844,106,800	\$ 4,034,313,200	\$ 4,342,662,600	\$ 4,613,605,800	\$ 5,063,670,900	\$ 5,540,321,100
<u>115,323,204</u>	<u>121,029,396</u>	<u>130,279,878</u>	<u>138,408,174</u>	<u>151,910,127</u>	<u>166,209,633</u>
33,935,000	35,284,168	33,677,746	36,226,324	43,482,636	39,730,992
<u>(2,443,111)</u>	<u>(2,976,808)</u>	<u>(2,795,488)</u>	<u>(2,972,459)</u>	<u>(4,232,229)</u>	<u>(1,747,005)</u>
<u>31,491,889</u>	<u>32,307,360</u>	<u>30,882,258</u>	<u>33,253,865</u>	<u>39,250,407</u>	<u>37,983,987</u>
<u>\$ 83,831,315</u>	<u>\$ 88,722,036</u>	<u>\$ 99,397,620</u>	<u>\$ 105,154,309</u>	<u>\$ 112,659,720</u>	<u>\$ 128,225,646</u>

CITY OF SHAKOPEE

Table 13

**DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (3)</u>	<u>Total Employment</u>	<u>Per Capita Income (4)</u>	<u>Personal Income (5)</u>
2012	37,841	8,392	4.6%	20,926	\$ 31,628	\$ 1,196,835,148
2013	38,120	8,452	3.8%	21,233	31,829	1,213,321,480
2014	39,144	8,698	3.6%	21,439	32,174	1,259,419,056
2015	39,523	8,939	3.0%	21,877	31,965	1,263,352,695
2016	40,254	8,927	3.2%	21,571	32,704	1,316,466,816
2017	41,143	9,036	2.6%	27,156	32,662	1,343,812,666
2018	41,519	8,636	2.4%	25,930	33,300	1,382,582,700
2019	41,506	8,807	2.8%	27,427	33,631	1,395,888,286
2020	43,698	8,665	6.1%	22,051	35,607	1,555,954,686
2021	44,918	8,572	2.3%	22,417	37,857	1,700,468,297

Source: 1. 2012-2017 are the City's estimate. 2018-2019 are Met Council estimates, 2020 is the official census figure, 2021 is Met Council estimates.
2. Shakopee School District, SACS, Bloomington Lutheran
3. Minnesota Department of Employment and Economic Development
4. Census estimates
5. Per capita income times population

CITY OF SHAKOPEE

Table 14

PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Taxpayer	Type of Business	2021			2012		
		Employees	Rank	Total City Employment	Employees	Rank	Total City Employment
Amazon	Distribution	2,500	1	11.15%			
Valley Fair	Amusement Park	1,600 (a)	2	7.14%	1,600	1	7.65%
School District No. 720	Education	1,383	3	6.17%	1,090	3	5.21%
Emerson	Manufacturing	1,192 (b)	4	5.32%			
Canterbury Park	Horse Racing	1,118 (a)	5	4.99%	750	5	3.58%
St. Francis RMC	Health Care	840	6	3.75%	1,000	4	4.78%
Datacard	Manufacturing	800 (b)	7	3.57%			
Scott County	Government	751 (b)	8	3.35%	700	6	3.35%
Imagine Print Solutions	Printing	700	9	3.12%			0.00%
Shutterfly	Printing	359	10	1.60%			
Seagate	Manufacturing/Research				1,595	2	7.62%
Northstar Auto Auction	Auto Auction				350	7	1.67%
Anchor Glass	Manufacturing				279	8	1.33%
Minnesota Correctional Faci Government					259	9	1.24%
TORO	Manufacturing				240	10	1.15%
		<u>11,243</u>		<u>50.16%</u>	<u>7,085</u>		<u>37.58%</u>
Total Employment				22,417			20,926

Source: Minnesota Department of Employment and Economic Development and a December 2021 best efforts contact of individual employers. This does not purport to be a comprehensive list. Some employers do not respond to inquiries.

(a) At seasonal peak

(b) Includes full and part-time and seasonal employees.

CITY OF SHAKOPEE

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM Last Ten Fiscal Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Government:					
Administration	6	7	8	6	8
City Clerk	3	3	3	3	3
Finance	4	4	4	4	4
Planning	5	5	5	5	5
Facilities Maintenance	4	4	4	3	3
Information Technology	2	2	2	4	5
Public Safety:					
Police:					
Licensed	49	47	47	48	48
Other	7	10	10	11	11
Fire:					
Full time	3	7	7	7	7
Paid On Call	44	44	43	43	43
Building Inspection	5	5	5	4	5
Public Works:					
Engineering	7	7	8	8	8
Street	13	13	14	14	14
Shop	3	3	4	4	4
Park and Recreation:					
Park Maintenance	8	8	9	9	9
Natural Resources	-	1	2	2	1
Recreation	7	7	7	9	12
Economic Development:					
EDA	-	1	1	1	1
Total	<u>170</u>	<u>178</u>	<u>183</u>	<u>185</u>	<u>191</u>

Source: City departments

Table 15

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
9	9	9	8	8
3	3	3	3	3
4	4	4	4	4
6	6	5	5	5
3	2	2	2	2
5	5	5	5	5
51	51	51	51	51
12	12	12	12	12
8	8	8	8	8
46	46	46	43	46
5	5	7	8	9
9	8	9	9	10
14	15	15	16	16
4	4	4	3	3
9	9	9	11	11
-	-	-	-	-
15	14	16	16	18
<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
<u>204</u>	<u>202</u>	<u>206</u>	<u>205</u>	<u>212</u>

CITY OF SHAKOPEE

OPERATING INDICATORS BY FUNCTION/PROGRAM Last Ten Fiscal Years

	2012	2013	2014	2015
General Government				
Planning				
Number of Case Files	47	49	45	75
Number of Plats Filed	5	8	7	9
Number of Acres Platted	89	99	68	335
Public Safety				
Police				
Arrests	1,798	1,387	1,524	2,121
Citations	5,636	5,656	4,934	5,510
Calls for Service	18,349	17,822	17,846	19,357
Fire				
Calls for Service	617	584	730	745
Building Inspection				
Building Permits Issued	1,413	1,066	1,519	1,054
Number of Inspections	8,191	7,408	7,854	6,835
Single Family Homes Permitted	97	66	61	50
Public Works				
Street				
Miles of Roadway	154	154	156	156
Park and Recreation				
Park Maintenance				
Acres Maintained	933	933	1,015	1,402
Recreation				
Program Participants	13,104	15,854	18,540	19,788
Community Center Members	998	1,043	2,116	2,024
Community Center Admissions	128,929	140,778	124,124	113,772
Ice Rental Hours	1,420	1,446	1,477	1,589

Source: City departments

Table 16

2016	2017	2018	2019	2020	2021
50	59	72	83	59	49
7	10	11	9	11	11
79	169	161	131	305	294
1,543	1,338	1,741	1,683	1,206	1,574
4,396	3,569	3,470	3,391	2,278	2,552
21,117	21,632	21,916	22,910	22,137	22,591
792	808	914	957	1,146	1,544
1,030	1,145	1,274	1,158	1,611	1,686
6,659	6,301	8,350	9,507	11,191	11,195
45	33	76	140	165	202
156	156	156.5	161.2	163.0	165.9
1,402	1,402	1,402	1,402	1,402	1,418
23,700	41,289	25,559	20,811	6,508	25,244
2,463	6,231	5,416	5,311	1,790	2,729
114,158	200,297	251,223	267,576	13,449	183,208
1,773	2,870	3,158	3,410	15,722	5,625

CITY OF SHAKOPEE

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM Last Ten Fiscal Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Police:					
Stations	1	1	1	1	1
Patrol Zones	4	4	4	4	4
Patrol Units	15	15	15	15	15
Fire Stations	2	2	2	2	2
Street:					
Miles of Roadway	154	154	156	156	156
Traffic Signals	29	29	30	30	30
Parks:					
Acres	933	933	1,015	1,402	1,402
Ball Fields	56	56	56	56	56
Playgrounds	26	26	27	27	27

Source: City departments

Table 17

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
1	1	1	1	1
3	3	3	3	3
16	16	16	16	16
2	2	2	2	2
156	157	161	163	166
30	30	30	30	30
1,402	1,402	1,402	1,402	1,418
57	57	57	57	57
27	27	27	27	27

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