

COMPREHENSIVE ANNUAL FINANCIAL REPORT



Shakopee Public
Schools
ISD No. 720
Shakopee, MN

YEAR ENDED
JUNE 30, 2019

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952.496.5000

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

OF THE

SHAKOPEE PUBLIC SCHOOLS

INDEPENDENT SCHOOL DISTRICT NO. 720

SHAKOPEE, MINNESOTA

For the Year Ended

June 30, 2019

Prepared by

THE FINANCE DEPARTMENT

Jeff Priess

Director of Finance and Operations

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

Independent School District No. 720
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Independent School District No. 720
Board of Education and Administration
June 30, 2019

| <u>Board of Education</u> | <u>Position</u> | <u>Term Expires</u> |
|---------------------------|--------------------------------------|---------------------|
| Reggie Bowerman | Chairperson | December 31, 2020 |
| Judith Tomczik | Vice Chairperson | December 31, 2022 |
| Angela Tucker | Clerk | December 31, 2020 |
| Joe Aldrich | Treasurer | December 31, 2022 |
| Matt McKeand | Director | December 31, 2020 |
| Kristi Peterson | Director | December 31, 2022 |
| Paul Christiansen | Director | December 31, 2022 |
| <u>Administration</u> | | |
| Dr. Mike Redmond | Superintendent | |
| Dave Orlofsky | Assistant Superintendent | |
| Jeff Priess | Director of Finance and Operations | |
| Julie Fred | Director of Special Services | |
| Bryan Drozd | Director of Instructional Technology | |
| Bob Greeley | Director of Community Education | |
| Keith Gray | Director of Human Resources | |
| Nancy Thul | Director of Teaching and Learning | |

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December 9, 2019

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

INTRODUCTION

The Comprehensive Annual Financial Report (CAFR) of Independent School District No. 720, Shakopee, Minnesota (the District) for the fiscal year ended June 30, 2019 is presented for your information and review. The CAFR is intended to fully disclose the financial position of the District and the results of operations for the fiscal year. The District administration accepts full responsibility for the accuracy, completeness and fairness in presentation of the enclosed financial reports. Questions and comments are solicited and welcome.

REPORT FORMAT

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

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

DISTRICT PROFILE/ORGANIZATION

Shakopee Public Schools serves more than 8,100 students in Shakopee, Savage, Prior Lake, and the Jackson, Louisville, and Sand Creek Townships. The district is located in one of the fastest growing suburbs in the Twin Cities. The Shakopee school district is proud to serve a very diverse population of students and families with more than 70 languages and dialects from around the world spoken in our schools.

DISTRICT PROFILE/ORGANIZATION (CONTINUED)

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

The Shakopee School District is committed to providing the best opportunities for students and is dedicated to helping them excel and achieve their educational goals. Five years ago, the district began to look at the current curriculum, and together with the instructional staff, began re-imagining academics in the district. The junior high model has transformed into a middle school model and a new vision for Shakopee High School, the Academies of Shakopee, was created to ensure a welcoming, inclusive environment within a large high school setting and to improve student success in post-secondary programs and career. There are six academies: Arts & Communication, Business & Entrepreneurship, Engineering & Manufacturing, Health Sciences, Human Services, Science & Technology and a Freshman Academy. Shakopee school district staff and leadership implemented these academies in the fall of 2018.

With over 1,100 total staff, Shakopee Public Schools is one of the major employers in the area. During 2018-2019, the District operated 11 buildings: one traditional high school, one alternative high school, two middle schools, five elementary schools, an early childhood center and the district administrative office. District buildings have an average age of 27.23 years and comprise over 1.6 million square feet in size. The District is currently organized by grade level with elementary schools serving students in kindergarten through grade 5, middle schools serving grades 6-8, and the high school serving grades 9-12.

Mission

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

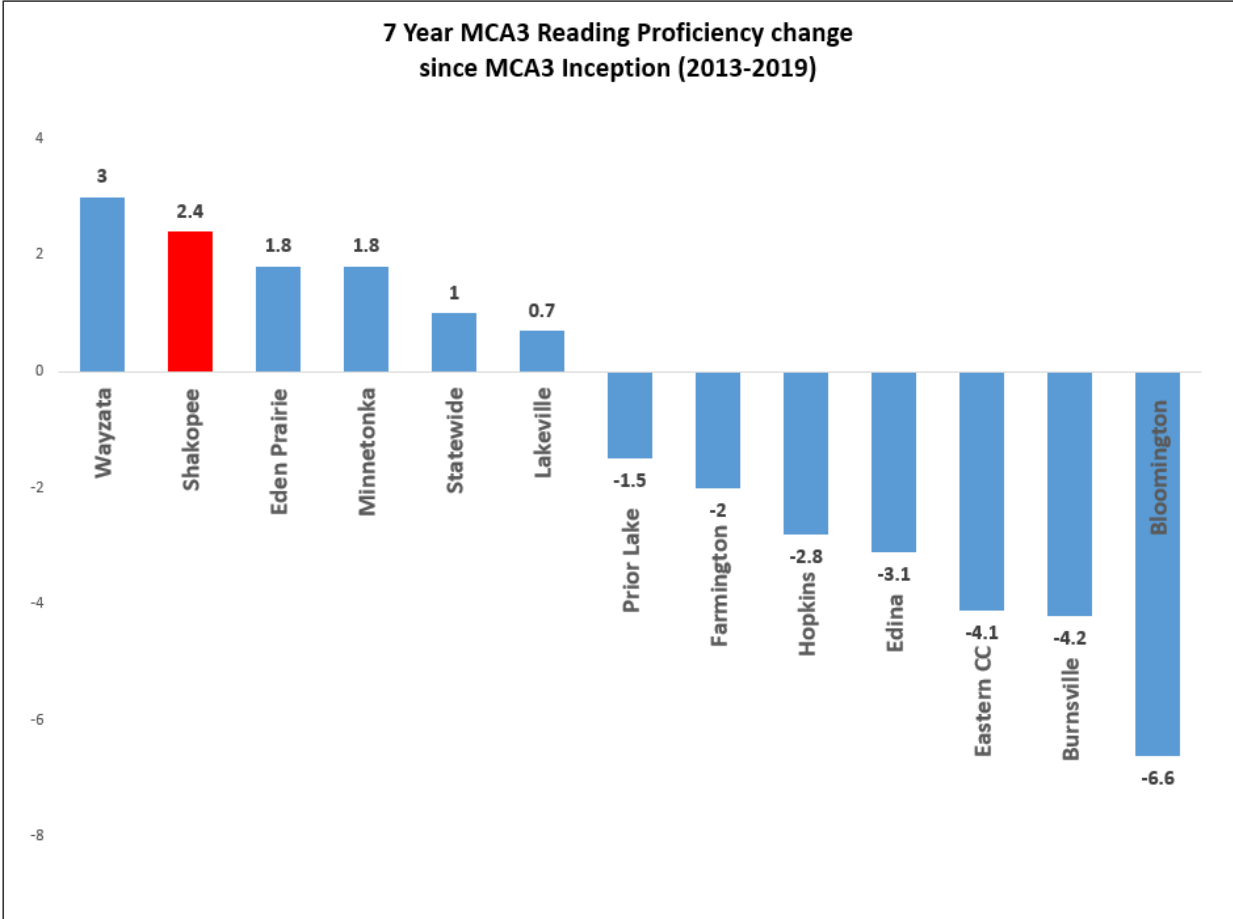
Vision

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

DISTRICT PROFILE/ORGANIZATION (CONTINUED)

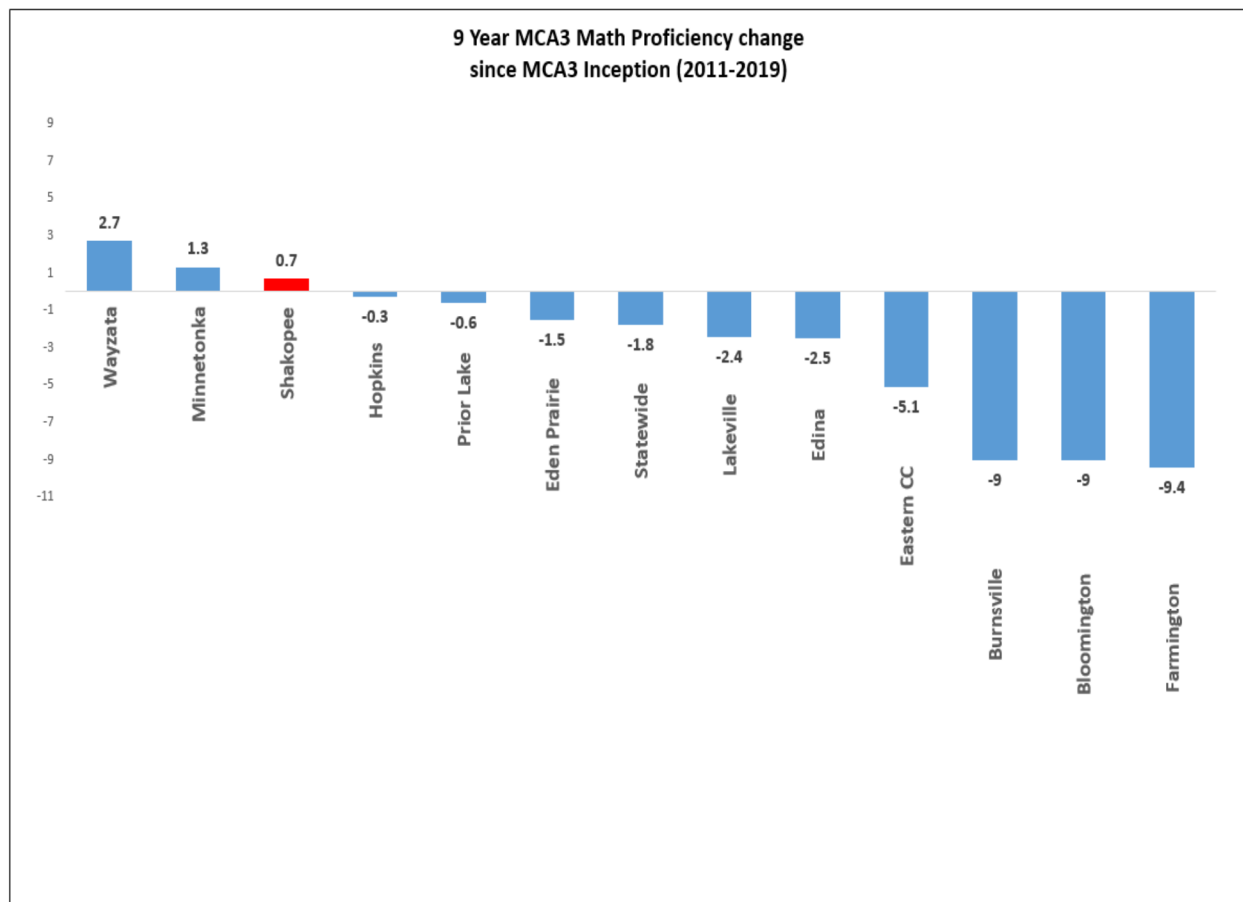
Testing Data

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



DISTRICT PROFILE/ORGANIZATION (CONTINUED)

Testing Data (Continued)



REPORTING ENTITY

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

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

FINANCIAL STATEMENTS

The financial statements contained in this report disclose the financial position of the District as of June 30, 2019, and the financial operations for the fiscal year then ended. The District's financial records and reports are maintained and prepared on a modified or full accrual basis of accounting in accordance with the Uniform Financial Accounting and Reporting System for Minnesota School Districts as well as the standards of the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. These records are audited annually by an independent certified public accountant as required by Minnesota law. The accounting firm of BerganKDV LTD performed the audit for the 2018-19 fiscal year. Their report is included in the financial section of this report. The auditor has given an unmodified opinion on the District's financial statements. An unmodified opinion means that, in the judgment of the auditor, the financial statements present fairly, in all material respects, the financial position of the District and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

FEDERAL SINGLE AUDIT AND STATE COMPLIANCE AUDIT

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

ACCOUNTING AND BUDGETING

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

ACCOUNTING AND BUDGETING (CONTINUED)

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

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

The budget is adopted by the School Board in the spring of each year for the following fiscal year beginning July 1. If needed, the budget is revised based upon enrollment changes, effects of negotiated employee contracts, or other new information impacting revenues or expenditures in the fall, winter and spring. The revised budget is presented to the School Board for approval. To accurately track and report financial activities with a focus on site-based accounting, approximately 15,000 active accounts have been defined in the District's chart of accounts.

SIGNIFICANT EVENTS

The District's finances are largely dependent on student enrollment; with the state basic general education formula allowance at \$6,312 per student for the 2018-19 school year. Shakopee has experienced increasing enrollment from FY09 to FY19. During that time, just under 1,500 students joined the district, an increase of 22%.

With the continued enrollment, the voters of Shakopee approved a bond referendum in the spring of 2015 to expand the high school among other projects. The expansion, completed in the fall of 2018 allowed for the previously discussed grade reconfiguration.

FINANCIAL PROSPECTS FOR FUTURE YEARS

The voters supported the district and approved a Building Bond issue of \$102.5 million and a Capital Projects referenda of \$2.5 million in 2015. The Building Bond enabled the expansion of the high school and provided security improvements around the district as well as additional outdoor facilities. The Capital Projects money is utilized to support the Shakopee School District's 1 to 1 computer initiative.

FINANCIAL PROSPECTS FOR FUTURE YEARS (CONTINUED)

As the District continues with various academic program improvements, the District will need to access additional operating referendum authority. Currently, the District has Board approved referendum authority of \$300 per student, the lowest authority of its comparable districts. Shakopee Schools has been able to offer a robust set of academic and co-curricular activities because of the growth of the District. Increased operating referendum authority would need to be approved by the voters of the school district to sustain the current high-quality programming.

ECONOMIC FACTORS

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

The taxable market value of property within the District continues to bounce back from the economic downturn. Taxable market values increased by over \$1 billion from 2013 to 2019 due to new construction and valuation increases. The communities located within the District continue to develop areas for residential and commercial expansion and growth.

In recent years, the State of Minnesota's general education funding has been providing an annual 2% increase, the 2019 Legislative session again provided a 2.0% annual increase in the general education formula allowance. These increases fall far short of meeting today's educational needs and will necessitate the district enhancing local operating revenue.

INITIATIVES

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

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

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

INITIATIVES (CONTINUED)

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

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

The technology referendum fuels our efforts to ensure our students are ready for a global and interconnected world. The past three years we have placed devices into the hands of students at both the secondary and elementary levels.

All of this work requires a significant investment of time and resources for training teachers to use a more personalized, student-driven, technology-rich learning environment. Our strategic plan will continue to require a time, talent and resources until we have fully implemented our changes over the next three to five years.

INDEPENDENT AUDIT AND CERTIFICATE OF EXCELLENCE

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

INDEPENDENT AUDIT AND CERTIFICATE OF EXCELLENCE (CONTINUED)

This report has been prepared following the guidelines provided by the Association of School Business Officials International (ASBO) for their Certificate of Excellence in Financial Reporting Program. In 2018, the District received recognition from this program by receiving the Certificate of Excellence. Continuing to achieve recognition by this program is a goal of the District’s Business Office and provides a clear indication of the District’s high standards for financial reporting. The District plans to submit the 2018-2019 CAFR to the ASBO Certificate Program for consideration.

ACKNOWLEDGMENTS

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

Sincerely,



Dr. Mike Redmond
Superintendent



Jeff Priess
Director of Finance and Operations

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ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Shakopee Public School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2018.**

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



A handwritten signature in black ink, reading 'Tom Wohlleber'.

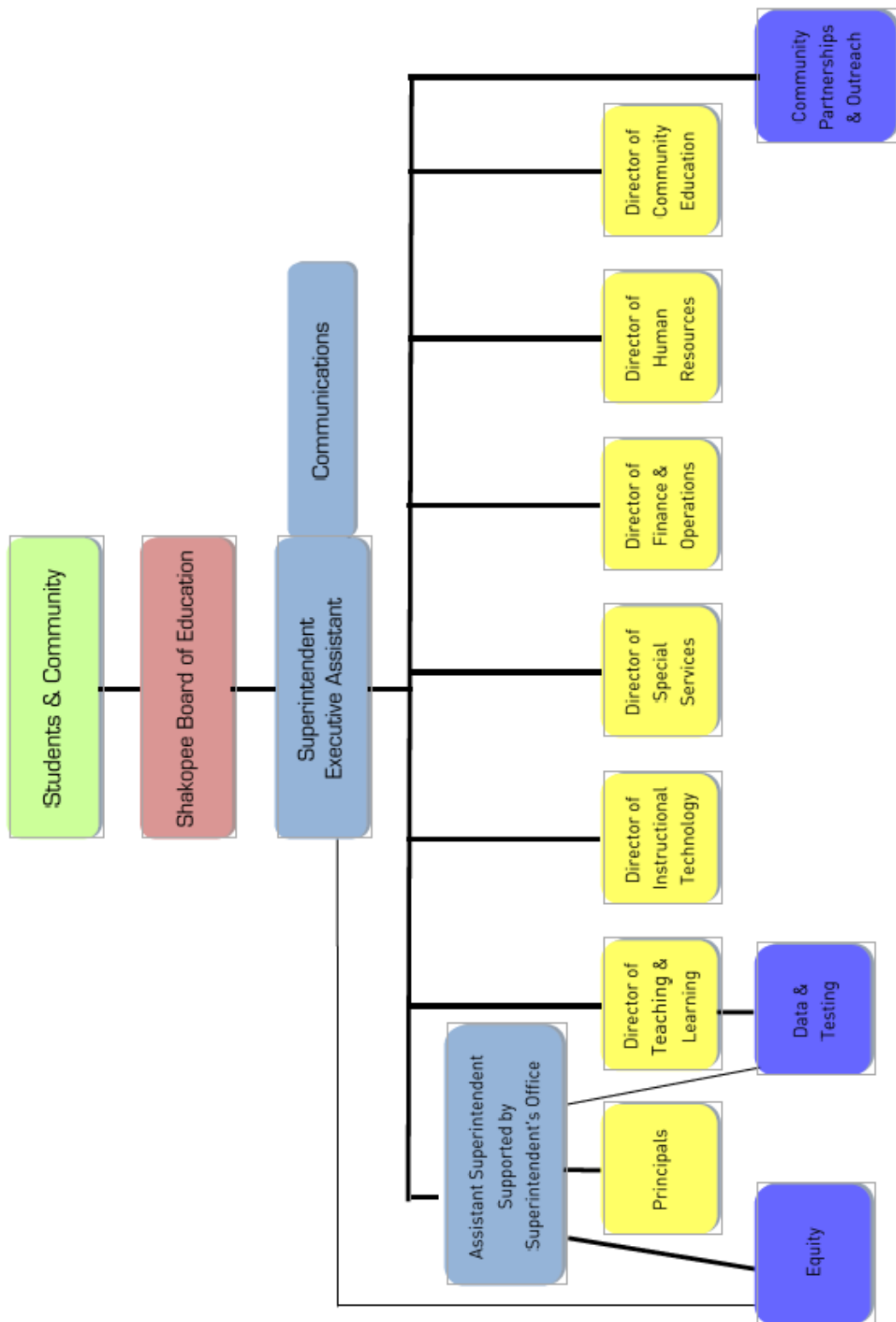
Tom Wohlleber, CSRM
President

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

David J. Lewis
Executive Director

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Independent School District No. 720
Organizational Chart
as of June 20, 2019



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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 720, Shakopee, Minnesota, as of and for the year ended June 30, 2019, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 720, Shakopee, Minnesota, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2019, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

The financial statements include partial year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2018, from which such partial information was derived.

We also have previously audited the District's 2018 basic financial statements and our report, dated November 13, 2018, expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Minneapolis, Minnesota
December 9, 2019

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Independent School District No. 720
Management's Discussion and Analysis
June 30, 2019

This section of Independent School District No. 720's (the "District") annual financial report presents Management's Discussion and Analysis (MD&A) of the District's financial performance during the fiscal year ended June 30, 2019. Please read it in conjunction with the other components of the District's annual financial report.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-Wide Statements

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

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

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

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

Independent School District No. 720
Management's Discussion and Analysis
June 30, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements

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

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

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

The District maintains the following three kinds of funds:

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

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

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

Independent School District No. 720
Management's Discussion and Analysis
June 30, 2019

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

Table 1
Summary Statement of Net Position
as of June 30, 2019 and 2018

| | 2019 | 2018 |
|--|-------------------------------|-------------------------------|
| Assets and Deferred Outflows | | |
| Current and other assets | \$ 61,660,310 | \$ 68,637,011 |
| Capital assets, net of depreciation | 237,495,204 | 233,982,698 |
| Total assets | <u>299,155,514</u> | <u>302,619,709</u> |
| Deferred outflows of resources | <u>79,278,018</u> | <u>105,764,967</u> |
| Total assets and deferred outflows of resources | <u><u>\$ 378,433,532</u></u> | <u><u>\$ 408,384,676</u></u> |
| Liabilities and Deferred Inflows | | |
| Current and other liabilities | \$ 16,842,125 | \$ 19,311,567 |
| Long-term liabilities, including due within one year | 250,722,831 | 390,763,234 |
| Total liabilities | <u>267,564,956</u> | <u>410,074,801</u> |
| Deferred inflows of resources | <u>143,489,584</u> | <u>65,649,052</u> |
| Total liabilities and deferred inflows of resources | <u><u>\$ 411,054,540</u></u> | <u><u>\$ 475,723,853</u></u> |
| Net Position | | |
| Net investment in capital assets | \$ 55,529,637 | \$ 45,526,236 |
| Restricted | 2,446,033 | 1,970,243 |
| Unrestricted | <u>(90,596,678)</u> | <u>(114,835,656)</u> |
| Total net position | <u><u>\$ (32,621,008)</u></u> | <u><u>\$ (67,339,177)</u></u> |

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

The financial position of the District did improve this year as measured by total net position. For the year ended June 30, 2019, total net position increased by \$34,718,169, mostly as a result of a negative pension expense related to GASB Statement No. 68.

Independent School District No. 720

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

Table 2
Summary Statement of Activities
for the Years Ended June 30, 2019 and 2018

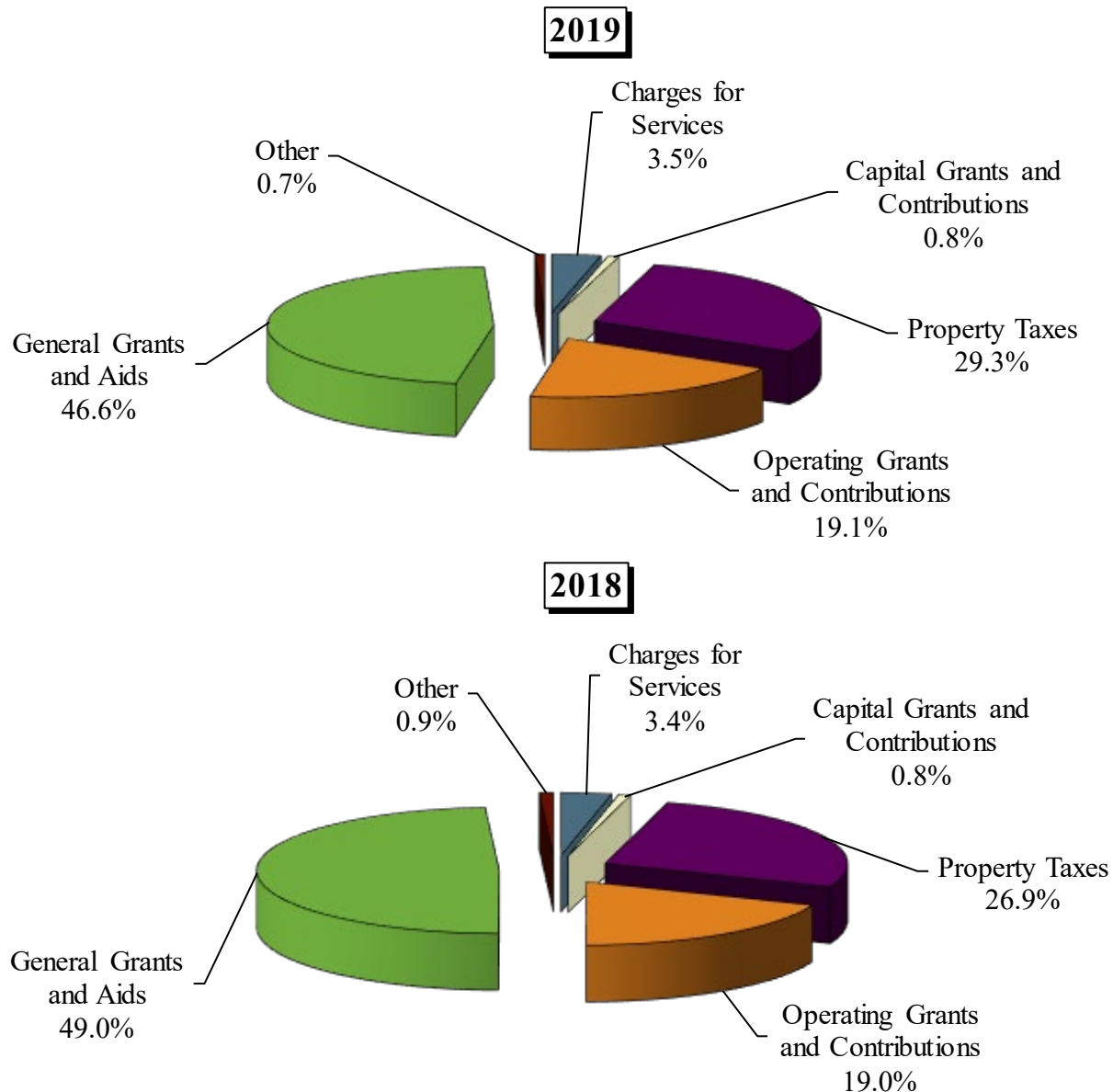
| | 2019 | 2018 |
|---|------------------------|------------------------|
| Revenues | | |
| Program revenues | | |
| Charges for services | \$ 4,353,585 | \$ 4,164,904 |
| Operating grants and contributions | 23,702,928 | 23,511,826 |
| Capital grants and contributions | 965,654 | 979,803 |
| General revenues | | |
| Property taxes | 36,341,081 | 33,351,744 |
| General grants and aids | 57,877,841 | 60,765,061 |
| Other | 863,583 | 1,157,097 |
| Total revenues | <u>124,104,672</u> | <u>123,930,435</u> |
| Expenses | | |
| Administration | 3,607,620 | 7,340,382 |
| District support services | 2,374,571 | 2,106,366 |
| Elementary and secondary regular instruction | 30,458,137 | 63,492,106 |
| Vocational education instruction | 528,644 | 945,260 |
| Special education instruction | 12,698,736 | 24,552,734 |
| Instructional support services | 6,601,313 | 9,547,642 |
| Pupil support services | 7,691,554 | 8,625,780 |
| Sites and buildings | 11,550,383 | 8,170,286 |
| Fiscal and other fixed cost programs | 172,683 | 199,020 |
| Food service | 4,173,484 | 4,480,777 |
| Community service | 2,282,557 | 3,303,658 |
| Depreciation not allocated to other functions | 1,713,784 | 1,589,799 |
| Interest and fiscal charges | 5,533,037 | 6,559,035 |
| Total expenses | <u>89,386,503</u> | <u>140,912,845</u> |
| Change in net position | 34,718,169 | (16,982,410) |
| Net position - beginning | <u>(67,339,177)</u> | <u>(50,356,767)</u> |
| Net position - ending | <u>\$ (32,621,008)</u> | <u>\$ (67,339,177)</u> |

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

**Independent School District No. 720
Management's Discussion and Analysis
June 30, 2019**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Figure A – Sources of Revenue for Fiscal Years 2019 and 2018



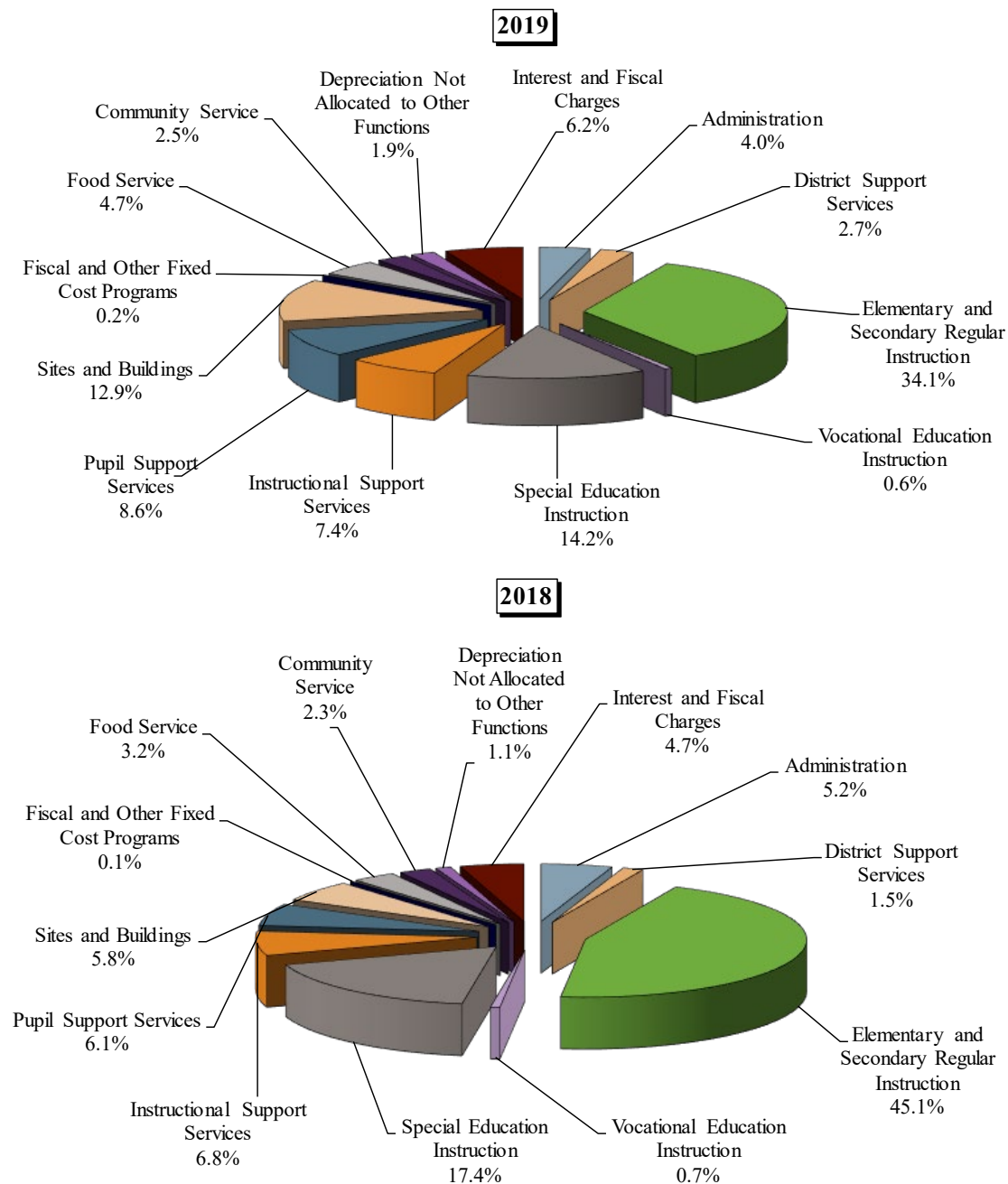
The largest share of the District's revenue is received from the state, which includes General Education Aid and most of the operating grants. Consequently, the District's funding depends significantly on the state's financial fluctuations.

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

**Independent School District No. 720
Management's Discussion and Analysis
June 30, 2019**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Figure B – Expenses for Fiscal Years 2019 and 2018



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

**Independent School District No. 720
Management's Discussion and Analysis
June 30, 2019**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

**Table 3
Governmental Fund Balances
As of June 30, 2019 and 2018**

| | 2019 | 2018 | Increase (Decrease) |
|---|----------------------|----------------------|------------------------|
| Governmental Funds | | | |
| Major funds | | | |
| General | \$ 4,836,175 | \$ 2,833,633 | \$ 2,002,542 |
| Capital projects – building construction | 2,022,715 | 11,214,101 | (9,191,386) |
| Debt service | 3,223,859 | 2,988,464 | 235,395 |
| Nonmajor funds | | | |
| Special revenue funds | | | |
| Food service | 757,032 | 674,555 | 82,477 |
| Community service | 377,577 | 278,285 | 99,292 |
| Total governmental funds | <u>\$ 11,217,358</u> | <u>\$ 17,989,038</u> | <u>\$ (6,771,680)</u> |

ANALYSIS OF THE GENERAL FUND

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

**Independent School District No. 720
Management's Discussion and Analysis
June 30, 2019**

ANALYSIS OF THE GENERAL FUND (CONTINUED)

Table 4 summarizes the operating results of the General Fund:

**Table 4
General Fund Operating Results**

| | 2019 Actual | Over (Under) Final Budget | | Over (Under) Prior Year | |
|-------------------------------------|---------------------|------------------------------|---------|----------------------------|---------|
| | | Amount | Percent | Amount | Percent |
| Revenue and other financing sources | \$ 100,895,541 | \$ 368,777 | 0.4% | \$ 3,145 | 0.0% |
| Expenditures | <u>98,892,999</u> | (994,811) | (1.0%) | (1,727,192) | (1.8%) |
| Net change in fund balances | <u>\$ 2,002,542</u> | | | | |

Actual expenditures were under budget largely due to a staffing contingency budget that was not utilized.

ANALYSIS OF REMAINING MAJOR FUNDS

The District's activity in the Capital Projects – Building Construction Fund is related to projects financed with general obligation (G.O.) building bonds. Voters approved a \$102.5 million building project in the spring of 2015. The money for the project was received in fiscal year 2016. A majority of the money was spent in fiscal years 2017 and 2018. The main component of the project increases the size of the current high school by over 300,000 square feet. The District also used the Capital Projects fund to improve security at several locations and to make improvements at some outdoor facilities.

Activity of the Debt Service Fund is largely controlled in accordance with each outstanding debt issue's amortization plan. The Debt Service Fund has approximately \$3.2 million of year-end fund balance to help finance future debt obligations.

**Independent School District No. 720
Management's Discussion and Analysis
June 30, 2019**

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

Table 5 shows the District's capital assets, together with changes from the previous year. The table also shows the total depreciation expense for fiscal years ending June 30, 2019 and 2018:

**Table 5
Capital Assets**

| | 2019 | 2018 | Increase (Decrease) |
|---|------------------------|------------------------|------------------------|
| Land | \$ 14,627,269 | \$ 14,627,269 | \$ - |
| Construction in progress | 94,604,902 | 88,992,061 | 5,612,841 |
| Capital assets, net of accumulated depreciation | | | |
| Site improvements | 8,891,321 | 9,566,109 | (674,788) |
| Buildings | 110,190,325 | 112,897,804 | (2,707,479) |
| Furniture and equipment | 9,181,387 | 7,899,455 | 1,281,932 |
| Total | <u>\$ 237,495,204</u> | <u>\$ 233,982,698</u> | <u>\$ 3,512,506</u> |
| Accumulated depreciation | <u>\$ (80,223,299)</u> | <u>\$ (74,975,248)</u> | <u>\$ (5,248,051)</u> |
| Depreciation expense | <u>\$ 7,117,252</u> | <u>\$ 6,904,270</u> | <u>\$ 212,982</u> |

Independent School District No. 720
Management's Discussion and Analysis
June 30, 2019

CAPITAL ASSETS AND LONG-TERM LIABILITIES (CONTINUED)

Long-Term Liabilities

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

Table 6
Outstanding Long-Term Liabilities

| | 2019 | 2018 | Increase (Decrease) |
|---|-----------------------|-----------------------|------------------------|
| G.O. Bonds payable, net of premium | \$ 169,305,858 | \$ 185,367,299 | \$ (16,061,441) |
| Certificates of participation payable, net of premium | 10,475,705 | 11,075,758 | (600,053) |
| Capital leases payable | 3,779,547 | 2,720,782 | 1,058,765 |
| Compensated absences payable | 380,169 | 311,493 | 68,676 |
| Total | <u>\$ 183,941,279</u> | <u>\$ 199,475,332</u> | <u>\$ (15,534,053)</u> |

There were no additional bonds in fiscal year 2019. Scheduled payments resulted in the decrease of the Bonds payable and Certificates of Participation payable. The District is leasing MacBooks and iPads from Apple as part of a district-wide technology initiative and entered into new lease agreements during the current year.

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

Table 7
Limitations on Debt

| | |
|-------------------------|-----------------------|
| District's market value | \$ 5,059,941,354 |
| Limit rate | <u>15.0%</u> |
| Legal debt limit | <u>\$ 758,991,203</u> |

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

**Independent School District No. 720
Management's Discussion and Analysis
June 30, 2019**

FACTORS BEARING ON THE DISTRICT'S FUTURE

The general education program is the method by which school districts receive the majority of their financial support. This source of funding is primarily state aid and, as such, school districts rely heavily on the State of Minnesota for educational resources. The basic general education formula amount for all Minnesota school districts increased 2% to \$6,312 in 2019, the eighth increase since fiscal year 2009. An improving economy has reduced some of the challenges in funding education for Minnesota schools in recent years.

Shakopee Public Schools will need to continue to look at possible ways to increase other non-state revenue and continue to identify efficiencies to control expenses for fiscal year 2019-20 and beyond. The District utilizes a financial planning model that incorporates anticipated revenue and expenditure increases to more closely monitor the finances of the District on a long-range basis. The model is intended to show the total amount of reductions necessary for the District to adhere to its fund balance policy, while striving to maintain its commitment to academic excellence and educational opportunity for students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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BASIC FINANCIAL STATEMENTS

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Independent School District No. 720
Statement of Net Position
June 30, 2019
(with Comparative Totals as of June 30, 2018)

| | Governmental Activities | |
|--|-------------------------|----------------------|
| | 2019 | 2018 |
| Assets | | |
| Cash and investments | \$ 33,919,010 | \$ 42,717,612 |
| Current property taxes receivable | 18,561,974 | 17,471,653 |
| Delinquent property taxes receivable | 85,536 | 82,648 |
| Accounts receivable | 128,327 | 40,705 |
| Interest receivable | - | 51,981 |
| Due from Department of Education | 7,580,904 | 7,048,622 |
| Due from Federal Government through Department of Education | 949,743 | 853,319 |
| Due from other Minnesota school districts | 140,877 | 115,955 |
| Due from other governmental units | 528 | - |
| Inventory | 48,294 | 45,582 |
| Prepaid items | 245,117 | 208,934 |
| Capital assets not being depreciated | | |
| Land | 14,627,269 | 14,627,269 |
| Construction in progress | 94,604,902 | 88,992,061 |
| Capital assets, net of accumulated depreciation | | |
| Site improvements | 8,891,321 | 9,566,109 |
| Buildings | 110,190,325 | 112,897,804 |
| Furniture and equipment | 9,181,387 | 7,899,455 |
| Total assets | <u>299,155,514</u> | <u>302,619,709</u> |
| Deferred Outflows of Resources | | |
| Deferred outflows of resources related to pensions | 79,278,018 | 105,764,967 |
| Total assets and deferred outflows of resources | <u>\$378,433,532</u> | <u>\$408,384,676</u> |
| Liabilities | | |
| Accounts payable | \$ 2,183,312 | \$ 2,259,509 |
| Contracts payable | 3,411,552 | 5,723,477 |
| Salaries and benefits payable | 7,517,932 | 7,506,959 |
| Interest payable | 2,883,426 | 3,161,608 |
| Due to other Minnesota school districts | 381,428 | 362,001 |
| Due to other governmental units | 278,133 | 27,766 |
| Unearned revenue | 186,342 | 270,247 |
| Bonds payable, net | | |
| Payable within one year | 16,255,000 | 14,315,000 |
| Payable after one year | 153,050,858 | 171,052,299 |
| Certificates of participation payable, net | | |
| Payable within one year | 610,000 | 590,000 |
| Payable after one year | 9,865,705 | 10,485,758 |
| Capital lease payable | | |
| Payable within one year | 1,627,943 | 1,575,993 |
| Payable after one year | 2,151,604 | 1,144,789 |
| Compensated absences payable | | |
| Payable within one year | 380,169 | 311,493 |
| Net other post employment benefit (OPEB) liability | 4,976,416 | 8,587,967 |
| Net pension liability | 61,805,136 | 182,699,935 |
| Total liabilities | <u>267,564,956</u> | <u>410,074,801</u> |
| Deferred Inflows of Resources | | |
| Property taxes levied for subsequent year's expenditures | 36,897,513 | 34,969,346 |
| Deferred amount on refunding | 427,172 | 506,724 |
| Deferred inflows of resources related to pensions | 102,450,586 | 29,500,575 |
| Deferred inflows of resources related to OPEB | 3,714,313 | 672,407 |
| Total deferred inflows of resources | <u>143,489,584</u> | <u>65,649,052</u> |
| Net Position | | |
| Net investment in capital assets | 55,529,637 | 45,526,236 |
| Restricted | | |
| Debt service | 388,700 | - |
| Food service | 757,032 | 674,555 |
| Community service | 421,268 | 440,705 |
| Other purposes | 879,033 | 854,983 |
| Unrestricted | (90,596,678) | (114,835,656) |
| Total net position | <u>(32,621,008)</u> | <u>(67,339,177)</u> |
| Total liabilities, deferred inflows of resources, and net position | <u>\$378,433,532</u> | <u>\$408,384,676</u> |

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Independent School District No. 720
Statement of Activities
Year Ended June 30, 2019
(with Comparative Totals for the Year Ended June 30, 2018)

| Functions/Programs | Program Revenues | | | Net Revenues (Expense) and Changes in Net Position | |
|---|----------------------|----------------------|------------------------------------|--|------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Governmental Activities | |
| | | | | 2019 | 2018 |
| Governmental activities | | | | | |
| Administration | \$ 3,607,620 | \$ 9,477 | \$ 197 | \$ (3,597,946) | \$ (7,323,731) |
| District support services | 2,374,571 | 55,730 | 974,708 | (1,344,133) | (1,098,417) |
| Elementary and secondary regular instruction | 30,458,137 | 544,335 | 7,567,907 | (22,345,895) | (55,561,874) |
| Vocational education instruction | 528,644 | 527 | 51,580 | (476,537) | (840,348) |
| Special education instruction | 12,698,736 | 1,844 | 11,521,154 | (1,175,738) | (13,269,385) |
| Instructional support services | 6,601,313 | - | 164,718 | (6,436,595) | (9,460,282) |
| Pupil support services | 7,691,554 | 235,796 | 273,130 | (7,182,628) | (8,174,307) |
| Sites and buildings | 11,550,383 | 61,668 | 9,754 | (10,513,307) | (7,052,834) |
| Fiscal and other fixed cost programs | 172,683 | - | - | (172,683) | (199,020) |
| Food service | 4,173,484 | 2,110,636 | 2,265,820 | 202,972 | (19,516) |
| Community education and services | 2,282,557 | 1,333,572 | 873,960 | (75,025) | (1,107,764) |
| Unallocated depreciation | 1,713,784 | - | - | (1,713,784) | (1,589,799) |
| Interest and fiscal charges on long-term debt | 5,533,037 | - | - | (5,533,037) | (6,559,035) |
| Total governmental activities | \$ 89,386,503 | \$ 4,353,585 | \$ 23,702,928 | (60,364,336) | (112,256,312) |
| General revenues | | | | | |
| Taxes | | | | | |
| Property taxes, levied for general purposes | | | | 15,759,624 | 13,953,937 |
| Property taxes, levied for community service | | | | 586,578 | 580,326 |
| Property taxes, levied for debt service | | | | 19,994,879 | 18,817,481 |
| State aid-formula grants | | | | 57,877,841 | 60,765,061 |
| Other general revenues | | | | 36,109 | 101,787 |
| Investment income | | | | 639,236 | 750,641 |
| Gain on sale of capital assets | | | | 188,238 | 304,669 |
| Total general revenues | | | | 95,082,505 | 95,273,902 |
| Change in net position | | | | 34,718,169 | (16,982,410) |
| Net position - beginning | | | | (67,339,177) | (50,356,767) |
| Net position - ending | | | | <u>\$ (32,621,008)</u> | <u>\$ (67,339,177)</u> |

Independent School District No. 720
Balance Sheet - Governmental Funds
June 30, 2019
(with Comparative Totals as of June 30, 2018)

| | General | Debt Service | Capital Projects | Nonmajor Funds |
|---|----------------------|----------------------|---------------------|---------------------|
| Assets | | | | |
| Cash and investments | \$ 11,846,781 | \$ 14,804,393 | \$ 5,142,212 | \$ 1,753,327 |
| Current property taxes receivable | 7,389,522 | 10,886,598 | - | 285,854 |
| Delinquent property taxes receivable | 35,810 | 48,267 | - | 1,459 |
| Accounts receivable | 41,048 | - | 41,826 | 34,947 |
| Interest receivable | - | - | - | - |
| Due from Department of Education | 7,336,141 | 142,403 | - | 102,360 |
| Due from Federal Government | | | | |
| through Department of Education | 909,566 | - | - | 40,177 |
| Due from other Minnesota school districts | 140,877 | - | - | - |
| Due from other governmental units | 528 | - | - | - |
| Inventory | - | - | - | 48,294 |
| Prepaid items | 245,117 | - | - | - |
| | | | | |
| Total assets | <u>\$ 27,945,390</u> | <u>\$ 25,881,661</u> | <u>\$ 5,184,038</u> | <u>\$ 2,266,418</u> |
| Liabilities | | | | |
| Accounts payable | \$ 1,121,218 | \$ - | \$ 85,340 | \$ 95,155 |
| Contracts payable | 335,643 | - | 3,075,909 | - |
| Salaries and benefits payable | 7,261,450 | - | - | 256,482 |
| Due to other Minnesota school districts | 381,428 | - | - | - |
| Due to other governmental units | 277,357 | - | 74 | 702 |
| Unearned revenue | 2,000 | - | - | 184,342 |
| Total liabilities | <u>9,379,096</u> | <u>-</u> | <u>3,161,323</u> | <u>536,681</u> |
| Deferred Inflows of Resources | | | | |
| Property taxes levied for subsequent | | | | |
| year's expenditures | 13,694,309 | 22,609,535 | - | 593,669 |
| Unavailable revenue - delinquent | | | | |
| property taxes | 35,810 | 48,267 | - | 1,459 |
| Total deferred inflows of resources | <u>13,730,119</u> | <u>22,657,802</u> | <u>-</u> | <u>595,128</u> |
| Fund Balances | | | | |
| Nonspendable | 245,117 | - | - | 48,294 |
| Restricted | 879,033 | 3,223,859 | 2,022,715 | 1,131,535 |
| Assigned | 267,230 | - | - | - |
| Unassigned | 3,444,795 | - | - | (45,220) |
| Total fund balances | <u>4,836,175</u> | <u>3,223,859</u> | <u>2,022,715</u> | <u>1,134,609</u> |
| | | | | |
| Total liabilities, deferred inflows of | | | | |
| resources, and fund balances | <u>\$ 27,945,390</u> | <u>\$ 25,881,661</u> | <u>\$ 5,184,038</u> | <u>\$ 2,266,418</u> |

| Total Governmental Funds | |
|--------------------------|----------------------|
| 2019 | 2018 |
| \$ 33,546,713 | \$ 42,192,371 |
| 18,561,974 | 17,471,653 |
| 85,536 | 82,648 |
| 117,821 | 40,705 |
| - | 51,981 |
| 7,580,904 | 7,048,622 |
| 949,743 | 853,319 |
| 140,877 | 115,955 |
| 528 | - |
| 48,294 | 45,582 |
| 245,117 | 208,934 |
| <u>\$ 61,277,507</u> | <u>\$ 68,111,770</u> |
| | |
| \$ 1,301,713 | \$ 1,180,288 |
| 3,411,552 | 5,723,477 |
| 7,517,932 | 7,506,959 |
| 381,428 | 362,001 |
| 278,133 | 27,766 |
| 186,342 | 270,247 |
| <u>13,077,100</u> | <u>15,070,738</u> |
| | |
| 36,897,513 | 34,969,346 |
| 85,536 | 82,648 |
| <u>36,983,049</u> | <u>35,051,994</u> |
| | |
| 293,411 | 254,516 |
| 7,257,142 | 16,144,307 |
| 267,230 | 185,388 |
| 3,399,575 | 1,404,827 |
| <u>11,217,358</u> | <u>17,989,038</u> |
| | |
| <u>\$ 61,277,507</u> | <u>\$ 68,111,770</u> |

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Independent School District No. 720
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
June 30, 2019
(with Comparative Totals as of June 30, 2018)

| | <u>2019</u> | <u>2018</u> |
|--|-------------------------------|-------------------------------|
| Total fund balances - governmental funds | \$ 11,217,358 | \$ 17,989,038 |
| 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 | 317,718,503 | 308,957,946 |
| Less accumulated depreciation | (80,223,299) | (74,975,248) |
| 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 | (155,315,000) | (169,630,000) |
| Certificates of participation payable | (10,340,000) | (10,930,000) |
| Premium on bonds and certificates of participation payable | (14,126,563) | (15,883,057) |
| Deferred amount on refunding | (427,172) | (506,724) |
| Capital lease payable | (3,779,547) | (2,720,782) |
| Compensated absences payable | (380,169) | (311,493) |
| Net OPEB liability | (4,976,416) | (8,587,967) |
| Net pension liability | (61,805,136) | (182,699,935) |
| Deferred outflows of resources and deferred inflows of resources are created as a result of differences related to pensions and OPEB that are not recognized in the governmental funds. | | |
| Deferred outflows of resources related to pensions | 79,278,018 | 105,764,967 |
| Deferred inflows of resources related to pensions | (102,450,586) | (29,500,575) |
| Deferred inflows of resources related to OPEB | (3,714,313) | (672,407) |
| Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds. | | |
| | 85,536 | 82,648 |
| The self-insured Health and Dental Internal Service Funds are used by management to charge the costs of the self-insured plans. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position and interfund activity is removed. | | |
| | (498,796) | (553,980) |
| Governmental funds do not report a liability for accrued interest on bonds and certificates of participation until due and payable. | | |
| | <u>(2,883,426)</u> | <u>(3,161,608)</u> |
| Total net position - governmental activities | <u><u>\$ (32,621,008)</u></u> | <u><u>\$ (67,339,177)</u></u> |

Independent School District No. 720
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2019
(with Comparative Totals for the Year Ended June 30, 2018)

| | General | Debt Service | Capital Projects | Nonmajor Funds |
|---|---------------------|---------------------|---------------------|---------------------|
| Revenues | | | | |
| Local property taxes | \$ 15,758,102 | \$ 19,993,534 | \$ - | \$ 586,557 |
| Other local and county revenues | 1,881,846 | 301,364 | 414,663 | 1,373,580 |
| Revenue from state sources | 78,077,133 | 1,430,727 | - | 1,086,624 |
| Revenue from federal sources | 2,304,973 | - | - | 2,023,834 |
| Sales and other conversion of assets | 210,949 | - | - | 2,110,636 |
| Total revenues | <u>98,233,003</u> | <u>21,725,625</u> | <u>414,663</u> | <u>7,181,231</u> |
| Expenditures | | | | |
| Current | | | | |
| Administration | 4,967,825 | - | - | - |
| District support services | 2,368,148 | - | - | - |
| Elementary and secondary regular instruction | 41,850,504 | - | - | - |
| Vocational education instruction | 867,839 | - | - | - |
| Special education instruction | 18,184,600 | - | - | - |
| Instructional support services | 7,624,820 | - | - | - |
| Pupil support services | 8,303,551 | - | - | - |
| Sites and buildings | 6,260,628 | - | 201,587 | - |
| Fiscal and other fixed cost programs | 172,683 | - | - | - |
| Food service | - | - | - | 4,184,109 |
| Community education and services | - | - | - | 2,699,409 |
| Capital outlay | | | | |
| Administration | 71,708 | - | - | - |
| District support services | 5,171 | - | - | - |
| Elementary and secondary regular instruction | 257,253 | - | - | - |
| Vocational education instruction | 1,472 | - | - | - |
| Special education instruction | 4,890 | - | - | - |
| Instructional support services | 3,043,670 | - | - | - |
| Pupil support services | 134 | - | - | - |
| Sites and buildings | 2,430,533 | - | 9,404,462 | - |
| Food service | - | - | - | 114,528 |
| Community education and services | - | - | - | 1,416 |
| Debt service | | | | |
| Principal | 2,005,536 | 14,315,000 | - | - |
| Interest and fiscal charges | 472,034 | 7,175,230 | - | - |
| Total expenditures | <u>98,892,999</u> | <u>21,490,230</u> | <u>9,606,049</u> | <u>6,999,462</u> |
| Excess of revenues over (under) expenditures | (659,996) | 235,395 | (9,191,386) | 181,769 |
| Other Financing Sources | | | | |
| Proceeds from sale of capital assets | 188,238 | - | - | - |
| Issuance of capital leases | 2,474,300 | - | - | - |
| Total other financing sources | <u>2,662,538</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | 2,002,542 | 235,395 | (9,191,386) | 181,769 |
| Fund Balances | | | | |
| Beginning of year | <u>2,833,633</u> | <u>2,988,464</u> | <u>11,214,101</u> | <u>952,840</u> |
| End of year | <u>\$ 4,836,175</u> | <u>\$ 3,223,859</u> | <u>\$ 2,022,715</u> | <u>\$ 1,134,609</u> |

See notes to financial statements.

| Total Governmental Funds | |
|--------------------------|----------------------|
| 2019 | 2018 |
| \$ 36,338,193 | \$ 33,363,243 |
| 3,971,453 | 4,005,832 |
| 80,594,484 | 79,556,814 |
| 4,328,807 | 4,425,124 |
| 2,321,585 | 2,309,279 |
| <u>127,554,522</u> | <u>123,660,292</u> |
| 4,967,825 | 5,452,115 |
| 2,368,148 | 1,992,860 |
| 41,850,504 | 41,375,223 |
| 867,839 | 633,155 |
| 18,184,600 | 18,062,751 |
| 7,624,820 | 7,276,861 |
| 8,303,551 | 7,869,648 |
| 6,462,215 | 6,225,856 |
| 172,683 | 199,020 |
| 4,184,109 | 4,301,406 |
| 2,699,409 | 2,701,273 |
| 71,708 | 45,326 |
| 5,171 | 1,259 |
| 257,253 | 295,139 |
| 1,472 | 1,196 |
| 4,890 | 10,007 |
| 3,043,670 | 1,079,155 |
| 134 | 1,553 |
| 11,834,995 | 44,401,182 |
| 114,528 | 153,236 |
| 1,416 | 4,360 |
| 16,320,536 | 31,546,121 |
| 7,647,264 | 8,915,088 |
| <u>136,988,740</u> | <u>182,543,790</u> |
| (9,434,218) | (58,883,498) |
| 188,238 | 508,669 |
| 2,474,300 | 417,480 |
| <u>2,662,538</u> | <u>926,149</u> |
| (6,771,680) | (57,957,349) |
| <u>17,989,038</u> | <u>75,946,387</u> |
| <u>\$ 11,217,358</u> | <u>\$ 17,989,038</u> |

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Independent School District No. 720
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to
the Statement of Activities - Governmental Funds
Year Ended June 30, 2019
(with Comparative Totals for the Year Ended June 30, 2018)

| | <u>2019</u> | <u>2018</u> |
|--|----------------------|------------------------|
| Net change in fund balances - total governmental funds | \$ (6,771,680) | \$ (57,957,349) |
| Amounts reported for governmental activities in the Statement of Activities are different because: | | |
| Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. | | |
| Capital outlays | 10,629,758 | 44,442,198 |
| Depreciation expense | (7,117,252) | (6,904,270) |
| Book value of disposed capital assets | - | (206,833) |
| Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities. | (68,676) | (20,083) |
| Governmental funds recognize OPEB contributions as expenditures at the time of payment whereas the Statement of Activities recognizes when the expenses are incurred. | 569,645 | (981,084) |
| Principal payments on long-term debt are recognized as expenditures in the governmental funds but has no impact on net position in the Statement of Activities. | 16,320,536 | 31,546,121 |
| 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. | 278,182 | 520,007 |
| Governmental funds report the effect of bond premiums when the debt is first issued as an other financing source, whereas these amounts are deferred and amortized in the Statement of Activities. | 1,836,045 | 1,836,046 |
| Issuance of bonds and leases are recognized as other financing sources in the governmental funds increasing fund balance but having no effect on net position in the Statement of Activities. | (2,474,300) | (417,480) |
| Governmental funds recognize pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective. | | |
| Pension expense | 21,457,839 | (27,977,136) |
| The self-insured Health and Dental Internal Service Funds are used by management to charge the costs of the self-insured plans. The increase in net position is reported within the governmental activities in the Statement of Activities | 55,184 | (851,048) |
| Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds. | <u>2,888</u> | <u>(11,499)</u> |
| Change in net position - governmental activities | <u>\$ 34,718,169</u> | <u>\$ (16,982,410)</u> |

Independent School District No. 720
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended June 30, 2019
(with Comparative Actual Amounts for the Year Ended June 30, 2018)

| | 2019 | | |
|---|------------------|---------------|---------------|
| | Budgeted Amounts | | Actual |
| | Original | Final | Amounts |
| Revenues | | | |
| Local property taxes | \$ 15,769,200 | \$ 15,769,200 | \$ 15,758,102 |
| Other local and county revenues | 1,742,938 | 1,742,938 | 1,881,846 |
| Revenue from state sources | 78,185,014 | 78,149,997 | 78,077,133 |
| Revenue from federal sources | 2,258,755 | 2,258,755 | 2,304,973 |
| Sales and other conversion of assets | 155,874 | 155,874 | 210,949 |
| Total revenues | 98,111,781 | 98,076,764 | 98,233,003 |
| Expenditures | | | |
| Current | | | |
| Administration | 5,277,099 | 5,477,616 | 4,967,825 |
| District support services | 2,641,153 | 2,551,587 | 2,368,148 |
| Elementary and secondary regular instruction | 43,096,648 | 43,063,202 | 41,850,504 |
| Vocational education instruction | 573,305 | 856,806 | 867,839 |
| Special education instruction | 18,497,015 | 18,075,316 | 18,184,600 |
| Instructional support services | 7,421,357 | 7,737,685 | 7,624,820 |
| Pupil support services | 8,196,736 | 8,096,956 | 8,303,551 |
| Sites and buildings | 6,137,288 | 6,177,586 | 6,260,628 |
| Fiscal and other fixed cost programs | 215,000 | 215,000 | 172,683 |
| Capital outlay | | | |
| Administration | 64,252 | 64,252 | 71,708 |
| District support services | 4,500 | 4,500 | 5,171 |
| Elementary and secondary regular instruction | 282,906 | 282,906 | 257,253 |
| Vocational education instruction | 1,500 | 3,944 | 1,472 |
| Special education instruction | 1,500 | 1,500 | 4,890 |
| Instructional support services | 1,921,100 | 3,201,100 | 3,043,670 |
| Pupil support services | - | - | 134 |
| Sites and buildings | 1,881,240 | 1,881,240 | 2,430,533 |
| Debt service | | | |
| Principal | 1,725,149 | 1,725,149 | 2,005,536 |
| Interest and fiscal charges | 471,465 | 471,465 | 472,034 |
| Total expenditures | 98,409,213 | 99,887,810 | 98,892,999 |
| Excess of revenues over (under) expenditures | (297,432) | (1,811,046) | (659,996) |
| Other Financing Sources | | | |
| Proceeds from sale of capital assets | 1,150,000 | 50,000 | 188,238 |
| Issuance of capital leases | 1,000,000 | 2,400,000 | 2,474,300 |
| Total other financing sources | 2,150,000 | 2,450,000 | 2,662,538 |
| Net change in fund balance | \$ 1,852,568 | \$ 638,954 | 2,002,542 |
| Fund Balance | | | |
| Beginning of year | | | 2,833,633 |
| End of year | | | \$ 4,836,175 |

See notes to financial statements.

| 2019 | 2018 |
|---|-------------------|
| Variance with Final Budget - Over (Under) | Actual Amounts |
| \$ (11,098) | \$ 13,957,451 |
| 138,908 | 1,663,954 |
| (72,864) | 76,908,387 |
| 46,218 | 2,279,035 |
| 55,075 | 264,851 |
| 156,239 | 95,073,678 |

| | |
|-------------|------------|
| (509,791) | 5,452,115 |
| (183,439) | 1,992,860 |
| (1,212,698) | 41,375,223 |
| 11,033 | 633,155 |
| 109,284 | 18,062,751 |
| (112,865) | 7,276,861 |
| 206,595 | 7,869,648 |
| 83,042 | 5,824,702 |
| (42,317) | 199,020 |

| | |
|-----------|-----------|
| 7,456 | 45,326 |
| 671 | 1,259 |
| (25,653) | 295,139 |
| (2,472) | 1,196 |
| 3,390 | 10,007 |
| (157,430) | 1,079,155 |
| 134 | 1,553 |
| 549,293 | 1,855,778 |

| | |
|-----------|------------|
| 280,387 | 1,766,121 |
| 569 | 491,579 |
| (994,811) | 94,233,448 |

| | |
|-----------|---------|
| 1,151,050 | 840,230 |
|-----------|---------|

| | |
|--------------|-----------|
| 138,238 | 508,669 |
| 74,300 | 417,480 |
| 212,538 | 926,149 |
| \$ 1,363,588 | 1,766,379 |

| |
|--------------|
| 1,067,254 |
| \$ 2,833,633 |

Independent School District No. 720
Statement of Net Position - Proprietary Funds
As of June 30, 2019

| | Governmental Activities - Internal Service Funds |
|------------------------------------|---|
| Assets | |
| Current | |
| Cash and cash equivalents | \$ 372,297 |
| Accounts receivable | <u>10,506</u> |
| Total assets | <u><u>\$ 382,803</u></u> |
| Liabilities | |
| Current | |
| Accounts payable | \$ 1,250 |
| Incurred but not reported claims | <u>880,349</u> |
| Total liabilities | <u>881,599</u> |
| Net Position | |
| Unrestricted | <u>(498,796)</u> |
| Total liabilities and net position | <u><u>\$ 382,803</u></u> |

Independent School District No. 720
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended June 30, 2019

| | |
|-----------------------------|---|
| | Governmental Activities - Internal Service Funds |
| Operating Revenue | |
| Charges for services | <u>\$ 9,105,897</u> |
| Operating Expenses | |
| Insurance | <u>9,061,472</u> |
| Operating income | 44,425 |
| Nonoperating Revenue | |
| Investment income | <u>10,759</u> |
| Change in net position | 55,184 |
| Net Position | |
| Beginning of year | <u>(553,980)</u> |
| End of year | <u><u>\$ (498,796)</u></u> |

Independent School District No. 720
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2019

| | Governmental Activities - Internal Service Funds |
|--|---|
| Cash Flows - Operating Activities | |
| Receipts from District contributions | \$ 9,095,391 |
| Employee claims paid | <u>(9,259,094)</u> |
| Net cash flows - operating activities | (163,703) |
| Cash Flows - Investing Activities | |
| Interest received | <u>10,759</u> |
| Net change in cash and cash equivalents | (152,944) |
| Cash and Cash Equivalents | |
| Beginning of year | <u>525,241</u> |
| End of year | <u><u>\$ 372,297</u></u> |
| Reconciliation of Operating Income to | |
| Net Cash Flows - Operating Activities | |
| Operating income | \$ 44,425 |
| Adjustments to reconcile operating | |
| loss to net cash | |
| flows - operating activities | |
| Accounts payable | (767) |
| Incurred but not reported claims | (196,855) |
| Accounts receivable | <u>(10,506)</u> |
| Net adjustments | <u>(208,128)</u> |
| Net cash flows - operating activities | <u><u>\$ (163,703)</u></u> |

Independent School District No. 720
Statement of Fiduciary Net Position
June 30, 2019

| | OPEB Trust Fund | Private Purpose Trust Fund |
|----------------------------------|----------------------------|-------------------------------|
| Assets | | |
| Cash and cash equivalents | \$ - | \$ 29,673 |
| Investments | | |
| Brokered money markets | 10,700 | - |
| Mutual funds - fixed income | 2,357,092 | - |
| Mutual funds - equity | 2,495,142 | - |
| Due from other governments | 79,374 | - |
| Total assets | <u>4,942,308</u> | <u>29,673</u> |
| Liabilities | | |
| Accounts payable | <u>-</u> | <u>13,240</u> |
| Net Position | | |
| Held in trust for OPEB | 4,942,308 | - |
| Held in trust for scholarships | <u>-</u> | <u>16,433</u> |
| Total net position held in trust | <u><u>\$ 4,942,308</u></u> | <u><u>\$ 16,433</u></u> |

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2019

| | OPEB Trust Fund | Private Purpose Trust Fund |
|---------------------------|----------------------------|-------------------------------|
| Additions | | |
| Contributions | \$ - | \$ 8,040 |
| Investment income | 300,541 | 573 |
| Total additions | <u>300,541</u> | <u>8,613</u> |
| Deductions | | |
| Health insurance benefits | 201,489 | - |
| Scholarships | - | 9,240 |
| Total deductions | <u>201,489</u> | <u>9,240</u> |
| Change in net position | 99,052 | (627) |
| Net Position | | |
| Beginning of year | <u>4,843,256</u> | <u>17,060</u> |
| End of year | <u><u>\$ 4,942,308</u></u> | <u><u>\$ 16,433</u></u> |

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Independent School District No. 720
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

The student activity accounts of the District are not under the School Board's control; therefore, separate audited financial statements have been issued. As of July 1, 2019, these accounts have been taken under board control and will not be reported separately.

B. Basic Financial Statement Information

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

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

Independent School District No. 720
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statement Information (Continued)

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

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

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

C. Measurement Focus and Basis of Accounting

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

1. Revenue Recognition

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

2. Recording of Expenditures

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

Independent School District No. 720
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

2. Recording of Expenditures (Continued)

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

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

Description of Funds:

Major Funds:

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

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

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

Nonmajor Funds:

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

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

Independent School District No. 720
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Description of Funds (Continued):

Proprietary Funds:

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

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

Fiduciary Funds:

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

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

D. Cash and Investments

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

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

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

District Funds Other than OPEB Trust Fund

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

Cash and investments at June 30, 2019, were comprised of deposits and shares in the Minnesota School District Liquid Asset Fund (MSDLAF) including certificates of deposit, U.S. Treasury securities, U.S. government agencies, and commercial paper and shares in MNTrust. MSDLAf and MNTrust securities are valued at amortized cost, which approximates fair value.

Independent School District No. 720
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Investments (Continued)

District Funds Other than OPEB Trust Fund (Continued)

Minnesota Statutes requires all deposits be protected by federal deposit insurance, corporate surety bonds, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by Federal Deposit Insurance Corporation (FDIC) insurance or corporate surety bonds.

Minnesota Statutes authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days.

In accordance with GASB Statement No. 79, the various MSDLAF and MNTrust securities are valued at amortized costs, which approximates fair value. There are no restrictions or limitations on withdrawals from the MSDLAF or MNTrust. Investments in the MSDLAF MAX must be deposited for a minimum of 14 calendar days with the exception of direct investments of funds distributed by the State of Minnesota. Withdrawals prior to the 14-day restriction period may be subject to a penalty and there is a 24 hour hold on all requests for redemptions. MSDLAF+ Term investments have a maturity of 60 days to one year and early withdrawal may result in substantial early redemption penalties. Seven days' notice of redemption is required for withdrawals of investments in the MNTrust Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption.

OPEB Trust Fund

These funds represent investments administered by the District's OPEB Fund Investment Managers. As of June 30, 2019, they were comprised of mutual funds. The District's investment policy extends to the OPEB Trust Fund investments.

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

E. Property Tax Receivable

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

Independent School District No. 720
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Property Taxes Levied for Subsequent Year's Expenditures

Property taxes levied for subsequent year's expenditures consist principally of property taxes levied in the current year which will be collected and recognized as revenue in the District's following year to properly match those revenues with the budgeted expenditures for which they were levied. This amount is equal to the amount levied by the School Board in December 2018, less various components and their related adjustments as mandated by the state. These portions of that levy were recognized as revenue in fiscal year 2019. The remaining portion of the levy will be recognized when measurable and available.

G. Inventories

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

H. Prepaid Items

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

I. Property Taxes

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

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

J. Capital Assets

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

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

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

Independent School District No. 720
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purpose. Useful lives vary from 10 to 50 years for site improvements and buildings and 5 to 15 years for furniture and equipment.

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

K. Deferred Outflows/Inflows of Resources

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

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

Independent School District No. 720
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Long-Term Obligations

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

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

M. Compensated Absences

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

N. Post Employment Severance and Health Benefits

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

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

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

O. Pensions

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

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

Independent School District No. 720
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Postemployment Benefits Other than Pensions (OPEB)

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

Q. Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to employees for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in the District's insurance coverage during the year ended June 30, 2019.

R. Fund Equity

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

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

Independent School District No. 720
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Fund Equity (Continued)

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

S. Net Position

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

T. 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.

U. Comparative Data/Reclassifications

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

V. Budgetary Information

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

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

Independent School District No. 720
Notes to Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits

District Funds and OPEB Trust Fund

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

Custodial Credit Risk – Deposits: For a deposit, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a deposit policy that requires the District's deposits be collateralized as required by *Minnesota Statutes* for an amount exceeding federal deposit coverage. *Minnesota Statutes* require all deposits be protected by federal depository insurance, corporate surety bonds or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by Federal Deposit Insurance Corporation (FDIC) insurance or corporate surety bonds. As of June 30, 2019, the District's bank balance was not exposed to custodial credit risk because it was insured by FDIC insurance or fully collateralized.

As of June 30, 2019, the District had the following deposits:

| | |
|--|----------------------------|
| Checking - District funds other than trust funds | \$ 1,785,682 |
| Checking - Private Purpose Trust Fund | <u>29,673</u> |
| Total Deposits | <u><u>\$ 1,815,355</u></u> |

B. Investments

District Funds Other than OPEB Trust Fund

As of June 30, 2019, the District had the following investments:

| Investment Type | Investment Maturities | | | S&P/Moody's Rating |
|------------------------|-----------------------------|-----------------------------|--------------------|-----------------------|
| | Fair Value | Less than 1 Year | 1-5 Years | |
| Brokered Money Markets | \$ 167 | \$ 167 | \$ - | N/A |
| MNTrust | 4,248,048 | 4,248,048 | - | AAAf |
| MSDLAF+ Liquid Class | 17,790,059 | 17,790,059 | - | AAAm |
| MSDLAF+ MAX Class | <u>10,093,314</u> | <u>10,093,314</u> | <u>-</u> | AAAm |
| Total investments | <u><u>\$ 32,131,588</u></u> | <u><u>\$ 32,131,588</u></u> | <u><u>\$ -</u></u> | |

Independent School District No. 720
Notes to Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

District Funds Other than OPEB Trust Fund (Continued)

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

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

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. The District's investment policy places no limit on the amount the District may invest in any one issuer, though it does state the District shall diversify its investments to avoid incurring unreasonable risks inherent in overinvesting in specific instruments, individual financial institutions, or maturities. The District's investments were not exposed to concentration of credit risk at June 30, 2019, as no investments represented more than 5% of total investments.

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

\$32,131,588 of \$32,131,588 are not valued under Level 1 or 2, as they are not applicable to those fair value measurements.

Independent School District No. 720
Notes to Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

OPEB Trust Fund

As of June 30, 2019, the District's OPEB Trust Fund had the following investments:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>S&P Rating</u> |
|-----------------------------|----------------------------|---------------------------|
| Brokered money markets | \$ 10,700 | N/A |
| Mutual funds - fixed income | 2,357,092 | N/A |
| Mutual funds - equity | <u>2,495,142</u> | N/A |
| Total investments | <u><u>\$ 4,862,934</u></u> | |

The District's OPEB Trust Fund investments have the following recurring fair value measurements as of June 30, 2019:

- \$4,852,234 of \$4,862,934 are valued using quoted market prices (Level 1 inputs)

\$10,700 of \$4,844,423 are not valued under Level 1 or 2 as they are not applicable to those fair value measurements.

C. Deposits and Investments

The following is a summary of total deposits and investments:

| | |
|---------------------------------------|-----------------------------|
| District funds other than trust funds | |
| Deposits (Note 2.A.) | \$ 1,785,682 |
| Investments (Note 2.B.) | 32,131,588 |
| Petty cash | 1,740 |
| Private purpose trust fund | |
| Deposits (Note 2.A.) | 29,673 |
| OPEB trust fund | |
| Investments (Note 2.B.) | <u>4,862,934</u> |
| Total deposits and investments | <u><u>\$ 38,811,617</u></u> |

Independent School District No. 720
Notes to Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Deposits and Investments (Continued)

Deposits and investments are presented in the June 30, 2019 basic financial statements as follows:

| | |
|-------------------------------------|-----------------------------|
| Statement of Net Position | |
| Cash and investments | \$ 33,919,010 |
| Statement of Fiduciary Net Position | |
| Private purpose trust fund | 29,673 |
| OPEB trust fund | <u>4,862,934</u> |
| Total deposits and investments | <u><u>\$ 38,811,617</u></u> |

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|------------------------------|----------------------------|----------------------------|------------------------------|
| Governmental activities | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 14,627,269 | \$ - | \$ - | \$ 14,627,269 |
| Construction in progress | <u>88,992,061</u> | <u>8,055,862</u> | <u>2,443,021</u> | <u>94,604,902</u> |
| Total capital assets not being depreciated | <u>103,619,330</u> | <u>8,055,862</u> | <u>2,443,021</u> | <u>109,232,171</u> |
| Capital assets Being depreciated | | | | |
| Site improvements | 14,644,375 | - | - | 14,644,375 |
| Buildings | 169,600,549 | 1,192,598 | - | 170,793,147 |
| Furniture and equipment | <u>21,093,692</u> | <u>3,824,319</u> | <u>1,869,201</u> | <u>23,048,810</u> |
| Total capital assets being depreciated | <u>205,338,616</u> | <u>5,016,917</u> | <u>1,869,201</u> | <u>208,486,332</u> |
| Less accumulated depreciation for | | | | |
| Site improvements | 5,078,266 | 674,788 | - | 5,753,054 |
| Buildings | 56,702,745 | 3,900,077 | - | 60,602,822 |
| Furniture and equipment | <u>13,194,237</u> | <u>2,542,387</u> | <u>1,869,201</u> | <u>13,867,423</u> |
| Total accumulated depreciation | <u>74,975,248</u> | <u>7,117,252</u> | <u>1,869,201</u> | <u>80,223,299</u> |
| Total capital assets being depreciated, net | <u>130,363,368</u> | <u>(2,100,335)</u> | <u>-</u> | <u>128,263,033</u> |
| Governmental activities capital assets, net | <u><u>\$ 233,982,698</u></u> | <u><u>\$ 5,955,527</u></u> | <u><u>\$ 2,443,021</u></u> | <u><u>\$ 237,495,204</u></u> |

Independent School District No. 720
Notes to Financial Statements

NOTE 3 – CAPITAL ASSETS (CONTINUED)

Depreciation expense of \$7,117,252 for the year ended June 30, 2019, was charged to the following governmental functions.

| | |
|--|--------------------------------|
| Administration | \$ 576 |
| District support services | 30,164 |
| Elementary and secondary regular instruction | 3,804,477 |
| Special education instruction | 701 |
| Instructional support services | 278 |
| Pupil support | 55,798 |
| Sites and buildings | 1,367,412 |
| Food service | 49,235 |
| Community service | 94,827 |
| Unallocated | <u>1,713,784</u> |
| Total depreciation expense | <u><u>\$ 7,117,252</u></u> |

NOTE 4 – LONG-TERM DEBT

A. Components of Long-Term Liabilities

| | Issue Date | Interest Rates | Original Issue | Final Maturity | Principal Outstanding | Due Within One year |
|--|---------------|-------------------|-------------------|-------------------|------------------------------|-----------------------------|
| Long-term liabilities | | | | | | |
| G.O. bonds, including refunding bonds | | | | | | |
| 2012A Crossover Refunding Bonds | 02/01/12 | 3.00%-5.00% | \$ 39,000,000 | 02/01/25 | \$ 24,295,000 | \$ 3,755,000 |
| 2013A Crossover Refunding Bonds | 02/21/13 | 3.00%-5.00% | 38,325,000 | 02/01/26 | 28,470,000 | 3,085,000 |
| 2014A Crossover Refunding Bonds | 12/16/14 | 3.00%-5.00% | 12,055,000 | 02/01/22 | 3,325,000 | 1,065,000 |
| 2015A School Building Bonds | 07/20/15 | 3.00%-5.00% | 85,030,000 | 02/01/34 | 72,775,000 | 7,590,000 |
| 2015B School Building Bonds | 07/20/15 | 3.65%-3.75% | 12,130,000 | 02/01/36 | 12,130,000 | - |
| 2016A Crossover Refunding Bonds | 05/04/16 | 3.00%-5.00% | 15,025,000 | 02/01/26 | <u>14,320,000</u> | <u>760,000</u> |
| Total G.O. bonds | | | | | 155,315,000 | 16,255,000 |
| Certificates of participation | | | | | | |
| 2013B certificates of participation | 12/30/13 | 2.00-4.50% | 13,175,000 | 02/01/33 | 10,340,000 | 610,000 |
| Unamortized bond premium/discount | | | | | 14,126,563 | - |
| Capital lease payable | | | | | 3,779,547 | 1,627,943 |
| Compensated absences payable | | | | | <u>380,169</u> | <u>380,169</u> |
| Total all long-term liabilities | | | | | <u><u>\$ 183,941,279</u></u> | <u><u>\$ 18,873,112</u></u> |

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

Independent School District No. 720
Notes to Financial Statements

NOTE 4 – LONG-TERM DEBT (CONTINUED)

B. Minimum Debt Payments for Bonds and Certificate of Participation

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

| Year Ending June 30, | G.O. Bonds | | |
|-------------------------|-----------------------|----------------------|-----------------------|
| | Principal | Interest | Total |
| 2020 | \$ 16,255,000 | \$ 6,512,675 | \$ 22,767,675 |
| 2021 | 18,140,000 | 5,773,975 | 23,913,975 |
| 2022 | 12,665,000 | 4,882,975 | 17,547,975 |
| 2023 | 13,380,000 | 4,315,275 | 17,695,275 |
| 2024 | 14,010,000 | 3,686,475 | 17,696,475 |
| 2025-2029 | 44,260,000 | 10,923,075 | 55,183,075 |
| 2030-2034 | 24,475,000 | 4,819,750 | 29,294,750 |
| 2035-2036 | 12,130,000 | 680,675 | 12,810,675 |
| Total | <u>\$ 155,315,000</u> | <u>\$ 41,594,875</u> | <u>\$ 196,909,875</u> |

| Year Ending June 30, | Certificates of Participation | | |
|-------------------------|-------------------------------|---------------------|----------------------|
| | Principal | Interest | Total |
| 2020 | \$ 610,000 | \$ 426,369 | \$ 1,036,369 |
| 2021 | 625,000 | 408,069 | 1,033,069 |
| 2022 | 655,000 | 383,069 | 1,038,069 |
| 2023 | 680,000 | 356,868 | 1,036,868 |
| 2024 | 660,000 | 329,669 | 989,669 |
| 2025-2029 | 3,715,000 | 1,229,019 | 4,944,019 |
| 2030-2033 | 3,395,000 | 383,731 | 3,778,731 |
| Total | <u>\$ 10,340,000</u> | <u>\$ 3,516,794</u> | <u>\$ 13,856,794</u> |

Independent School District No. 720
Notes to Financial Statements

NOTE 4 – LONG-TERM DEBT (CONTINUED)

C. Changes in Long-Term Liabilities

| | Beginning Balance | Additions | Reductions | Ending Balance |
|-------------------------------|-----------------------|---------------------|----------------------|-----------------------|
| Long-term liabilities | | | | |
| G.O. bonds | \$ 169,630,000 | \$ - | \$ 14,315,000 | \$ 155,315,000 |
| Certificates of participation | 10,930,000 | - | 590,000 | 10,340,000 |
| Premium/discount | 15,883,057 | - | 1,756,494 | 14,126,563 |
| Capital leases payable | 2,720,782 | 2,474,300 | 1,415,535 | 3,779,547 |
| Compensated absences payable | 311,493 | 605,009 | 536,333 | 380,169 |
| | <u>\$ 199,475,332</u> | <u>\$ 3,079,309</u> | <u>\$ 18,613,362</u> | <u>\$ 183,941,279</u> |
| Total long-term liabilities | <u>\$ 199,475,332</u> | <u>\$ 3,079,309</u> | <u>\$ 18,613,362</u> | <u>\$ 183,941,279</u> |

D. Capital Lease Obligations

The District entered into two lease purchase option agreements commencing on July 20, 2015, with Apple Inc. for computers. The capital lease obligations totaled \$1,239,504. The capital lease agreements include annual principal and interest payments of \$69,151 and \$264,622 through July 20, 2017 and July 20, 2018, respectively. The book value of the computer equipment was \$371,851 at June 30, 2019.

The District entered into two lease purchase option agreements on July 15, 2016, with Apple Inc. for computers. The capital lease obligations totaled \$2,011,500. The capital lease agreements include annual principal and interest payments of \$78,615 and \$453,594 through July 15, 2018 and July 15, 2019, respectively. The book value of the computer equipment was \$1,005,750 at June 30, 2019.

The District entered into two lease purchase option agreements on April 12, 2017, with Apple Inc. for computers. The capital lease obligations totaled \$1,436,110. The capital lease agreements include annual principal and interest payments of \$199,906 and \$165,807 through July 15, 2020. The book value of the computer equipment was \$718,055 at June 30, 2019.

The District entered into a lease purchase option agreement on June 11, 2018, with Apple Inc. for computers. The capital lease obligations totaled \$417,480. The capital lease agreement includes annual principal and interest payments of \$141,425 through July 15, 2020. The book value of the computer equipment was \$292,236 at June 30, 2019.

The District entered into a lease purchase option agreement on July 15, 2018, with Apple Inc. for computers. The capital lease obligations totaled \$546,000. The capital lease agreement includes annual principal and interest payments of \$139,543 through July 15, 2021. The book value of the computer equipment was \$491,400 at June 30, 2019.

The District entered into a lease purchase option agreement on March 15, 2019, with Apple Inc. for iPads and Apple TV's. The capital lease obligations totaled \$742,700. The capital lease agreement includes annual principal and interest payments of \$252,488 through July 15, 2021. The book value of the computer equipment was \$668,430 at June 30, 2019.

Independent School District No. 720
Notes to Financial Statements

NOTE 4 – LONG-TERM DEBT (CONTINUED)

D. Capital Lease Obligations (Continued)

The District entered into a lease purchase option agreement on June 15, 2019, with Apple Inc. for computers. The capital lease obligations totaled \$1,185,600. The capital lease agreement includes annual principal and interest payments of \$303,379 through July 15, 2022. The book value of the computer equipment was \$1,067,040 at June 30, 2019.

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

| Year Ending <u>June 30,</u> | |
|---|--------------------------------|
| 2020 | \$ 1,656,143 |
| 2021 | 1,202,549 |
| 2022 | 695,410 |
| 2023 | <u>303,379</u> |
| Total minimum lease payments | 3,857,481 |
| Less amount representing interest | <u>(77,934)</u> |
| Present value of minimum lease payments | <u><u>\$ 3,779,547</u></u> |

E. Operating Lease Obligations

The District leases space for the Area Learning Center and is classified as an operating lease, which expires in 2019. Total lease expenditures for 2019 were \$249,175.

The District also has two three year options after the lease expires on July 31, 2019. One year of the Option Term 1 was initiated during fiscal year 2019, extending the lease through July 31, 2020. The remaining two years of Option Term 1 and all years of Option Term 2 are not included in the payment schedule on the following page.

Option Term 1

Annual rent per square foot – \$6.00

Monthly base rent – \$6,175.50

Option Term 2

Annual rent per square foot – \$7.00

Monthly base rent – \$7,204.75

Beginning on November 1, 2014, the District began leasing space for the District Office and is classified as an operating lease, the last of which expires in 2019. Total lease expenditures for 2019 were \$266,729.

Independent School District No. 720
Notes to Financial Statements

NOTE 4 – LONG-TERM DEBT (CONTINUED)

E. Operating Lease Obligations (Continued)

The District also has two three year options after the lease expires on October 31, 2019. One year of the Option Term 1 was initiated during fiscal year 2019, extending the lease through October 31, 2020. The remaining two years of Option Term 1 and all years of Option Term 2 are not included in the payment schedule below.

Option Term 1

Annual rent per square foot – \$9.50

Monthly base rent – \$20,134.46

Option Term 2

Annual rent per square foot – \$10.50

Monthly base rent – \$22,253.88

Beginning December 1, 2016, the District has an agreement with the City of Shakopee for use of the ice rink and it is classified as an operating lease, which expires March 31, 2027. Total lease expenditures for 2019 were \$125,000.

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

| Year Ending June 30, | |
|-------------------------|---------------------|
| 2020 | \$ 428,003 |
| 2021 | 211,714 |
| 2022 | 125,000 |
| 2023 | 125,000 |
| 2024 | 125,000 |
| 2025-2027 | <u>375,000</u> |
| Total | <u>\$ 1,389,717</u> |

NOTE 5 – FUND BALANCES/NET POSITION

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

A. Fund Balances

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

Independent School District No. 720
Notes to Financial Statements

NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)

A. Fund Balances (Continued)

| | General Fund | Debt Service | Capital Projects | Nonmajor Funds | Total |
|---|---------------------|---------------------|---------------------|---------------------|----------------------|
| Nonspendable | | | | | |
| Inventory | \$ - | \$ - | \$ - | \$ 48,294 | \$ 48,294 |
| Prepaid items | 245,117 | - | - | - | 245,117 |
| Total nonspendable | <u>245,117</u> | <u>-</u> | <u>-</u> | <u>48,294</u> | <u>293,411</u> |
| Restricted for | | | | | |
| Operating Capital | 728,530 | - | - | - | 728,530 |
| Capital Projects Levy | 112,719 | - | - | - | 112,719 |
| Achievement and Integration | 288 | - | - | - | 288 |
| Medical Assistance | 37,496 | - | - | - | 37,496 |
| Early Childhood and Family Education | - | - | - | 82,014 | 82,014 |
| School Readiness | - | - | - | 340,783 | 340,783 |
| Debt Service | - | 3,223,859 | - | - | 3,223,859 |
| Capital Projects | - | - | 2,022,715 | - | 2,022,715 |
| Food Service | - | - | - | 708,738 | 708,738 |
| Total restricted | <u>879,033</u> | <u>3,223,859</u> | <u>2,022,715</u> | <u>1,131,535</u> | <u>7,257,142</u> |
| Assigned for | | | | | |
| One-to-One Insurance | 267,230 | - | - | - | 267,230 |
| Unassigned | 3,444,795 | - | - | (45,220) | 3,399,575 |
| Total fund balance | <u>\$ 4,836,175</u> | <u>\$ 3,223,859</u> | <u>\$ 2,022,715</u> | <u>\$ 1,134,609</u> | <u>\$ 11,217,358</u> |

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

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

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

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

Restricted/Reserved for Achievement and Integration Revenue – This balance represents unspent resources available from the achievement and integration program.

Independent School District No. 720
Notes to Financial Statements

NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)

A. Fund Balances (Continued)

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

Restricted/Reserved for Safe Schools Levy – The unspent resources available from the safe schools levy must be restricted in this account for future use. The balance as of June 30, 2019, is a deficit (negative) \$7,172 which is presented within unassigned fund balance in the General Fund for the purposes of reporting in accordance with generally accepted accounting principles.

Restricted/Reserved for Long-Term Facilities Maintenance (LTFM) – This balance represents available resources to be used for LTFM projects in accordance with the 10-year plan (*Minnesota Statutes* 123B.595, subd. 12). The balance as of June 30, 2019, is a deficit (negative) \$154,088 which is presented within unassigned fund balance in the General Fund for the purposes of reporting in accordance with generally accepted accounting principles.

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

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

Restricted for Community Education – This balance represents the resources available to provide programming such as: nonvocational, recreational and leisure time activities, programs for adults with disabilities, noncredit summer programs, adult basic education programs, youth development and youth service programming, and extended day programs. The balance as of June 30, 2019, is a deficit (negative) \$45,220, which is presented within unassigned fund balance for the purposes of reporting in accordance with generally accepted accounting principles.

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

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

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

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

Independent School District No. 720
Notes to Financial Statements

NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)

B. Net Position

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

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

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

The District participates in various pension plans. Total pension expense for the year ended June 30, 2019, was \$(20,295,775). The components of pension expense are noted in the following plan summaries.

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

Teachers’ Retirement Association

A. Plan Description

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

Educators employed in Minnesota’s public elementary and secondary schools, charter schools, and certain educational institutions maintained by the state are required to be TRA members (except those teachers employed by the cities of Duluth and St. Paul Public Schools or Minnesota State Colleges and Universities). Educators first hired by Minnesota State may elect either TRA coverage or coverage through Minnesota State’s Individual Retirement Account Plan (IRAP) within one year of eligible employment.

B. Benefits Provided

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

Independent School District No. 720
Notes to Financial Statements

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

Teachers' Retirement Association (Continued)

B. Benefits Provided (Continued)

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

Tier I Benefits

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

With these provisions:

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

Tier II Benefits

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

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

Independent School District No. 720
Notes to Financial Statements

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

Teachers' Retirement Association (Continued)

B. Benefits Provided (Continued)

Tier II Benefits (Continued)

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

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

C. Contribution Rate

Per *Minnesota Statutes*, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year ended June 30, 2017, June 30, 2018, and June 30, 2019, were:

| | June 30, 2017 | | June 30, 2018 | | June 30, 2019 | |
|-------------|---------------|----------|---------------|----------|---------------|----------|
| | Employee | Employer | Employee | Employer | Employee | Employer |
| Basic | 11.00% | 11.50% | 11.00% | 11.50% | 11.00% | 11.71% |
| Coordinated | 7.50% | 7.50% | 7.50% | 7.50% | 7.50% | 7.71% |

Independent School District No. 720
Notes to Financial Statements

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

Teachers' Retirement Association (Continued)

C. Contribution Rate (Continued)

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

| | |
|---|--------------------------|
| Employer contributions reported in TRA's CAFR Statement of Changes in Fiduciary Net Position | \$ 378,728 |
| Deduct employer contributions not related to future contribution efforts | 522 |
| Deduct TRA's contributions not included in allocation | <u>(471)</u> |
| Total employer contributions | 378,779 |
| Total non-employer contributions | <u>35,588</u> |
| Total contributions reported in <i>Schedule of Employer and Non-Employer Allocations</i> | <u><u>\$ 414,367</u></u> |

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

Independent School District No. 720
Notes to Financial Statements

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

Teachers' Retirement Association (Continued)

D. Actuarial Assumptions

The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information

| | |
|---------------------------|---|
| Valuation date | July 1, 2018 |
| Experience study | June 5, 2015 |
| | November 6, 2017 (economic assumptions) |
| Actuarial cost method | Entry Age Normal |
| Actuarial assumptions | |
| Investment rate of return | 7.50% |
| Price inflation | 2.50% |
| Wage growth rate | 2.85% for ten years and 3.25% thereafter |
| Projected salary increase | 2.85% to 8.85% for ten years and 3.25% to 9.25% thereafter |
| Cost of living adjustment | 1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually. |

Mortality Assumptions

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

Independent School District No. 720
Notes to Financial Statements

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

Teachers’ Retirement Association (Continued)

D. Actuarial Assumptions (Continued)

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

| Asset Class | Allocations as of June 30, 2018 | Final Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------|------------------------------------|----------------------------|--|
| Domestic stocks | 33 % | 36 % | 5.10 % |
| International stocks | 16 | 17 | 5.30 |
| Private markets | 25 | 25 | 5.90 |
| Fixed income | 16 | 20 | 0.75 |
| Treasuries | 8 | 0 | 0.50 |
| Unallocated cash | 2 | 2 | 0.00 |
| | <hr/> | <hr/> | |
| Total | 100 % | 100 % | |

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

Changes in actuarial assumptions since the 2017 valuation:

- The cost of living adjustment (COLA) was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% on January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.

Independent School District No. 720
Notes to Financial Statements

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

Teachers' Retirement Association (Continued)

D. Actuarial Assumptions (Continued)

- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019, and ending July 1, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to 0.0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers was reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next six years (7.71% in 2018, 7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

E. Discount Rate

The discount rate used to measure the total pension liability was 7.5%. This is an increase from the discount rate at the prior measurement date of 5.12%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal 2018 contribution rate, contributions from school Districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in determination of the Single Equivalent Interest Rate (SEIR).

F. Net Pension Liability

On June 30, 2019, the District reported a liability of \$51,547,642 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis, and Minneapolis School District. The District's proportionate share was 0.8207% at the end of the measurement period and 0.8541% for the beginning of the year.

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

| | |
|---|---------------|
| District's proportionate share of net pension liability | \$ 51,547,642 |
| State's proportionate share of the net pension liability associated with the District | 4,843,020 |

Independent School District No. 720
Notes to Financial Statements

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

Teachers' Retirement Association (Continued)

F. Net Pension Liability (Continued)

For the year ended June 30, 2019, the District recognized pension expense of \$(20,703,835). It recognized \$(3,380,115) as an increase to pension expense for the support provided by direct aid.

On June 30, 2019, the District had deferred resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 539,901 | \$ 1,076,888 |
| Net difference between projected and actual earnings on plan investments | - | 4,252,228 |
| Changes of assumptions | 67,394,385 | 88,642,304 |
| Changes in proportion | 5,457,154 | 5,556,038 |
| Contributions to TRA subsequent to the measurement date | <u>3,550,680</u> | <u>-</u> |
| Total | <u><u>\$ 76,942,120</u></u> | <u><u>\$ 99,527,458</u></u> |

\$3,550,680 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

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

| Year Ended June 30, | Pension Expense Amount |
|------------------------|-------------------------------|
| 2020 | \$ 5,677,269 |
| 2021 | 3,340,696 |
| 2022 | 63,525 |
| 2023 | (20,175,321) |
| 2024 | <u>(15,042,187)</u> |
| Total | <u><u>\$ (26,136,018)</u></u> |

Independent School District No. 720
Notes to Financial Statements

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

Teachers’ Retirement Association (Continued)

G. Pension Liability Sensitivity

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

| District proportionate share of NPL | | |
|-------------------------------------|--------------------|------------------------|
| 1% decrease (6.50%) | Current (7.50%) | 1% increase (8.50%) |
| \$ 81,805,899 | \$ 51,547,642 | \$ 26,584,779 |

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

H. Pension Plan Fiduciary Net Position

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

Public Employees’ Retirement Association

A. Plan Description

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

General Employees Retirement Plan

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

B. Benefits Provided

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

Independent School District No. 720
Notes to Financial Statements

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

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first ten years of service and 1.7% for each additional year. Under Method 2, the annuity accrual rate is 1.7% for Coordinated Plan members 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.

Beginning January 1, 2019, benefit recipients will receive a future annual increase equal to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.5%. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age (not applicable to Rule of 90 retirees, disability benefit recipients, or survivors). A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30, will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30, will receive a pro rata increase.

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2019 and the District was required to contribute 7.5% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2019, were \$913,064. The District's contributions were equal to the required contributions as set by state statute.

Independent School District No. 720
Notes to Financial Statements

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

Public Employees' Retirement Association (Continued)

D. Pension Costs

General Employees Fund Pension Costs

At June 30, 2019, the District reported a liability of \$10,257,494 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled \$336,349. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the District's proportionate share was 0.1849% at the end of the measurement period and 0.1912% for the beginning of the period.

| | |
|--|-----------------------------|
| District's proportionate share of net pension liability | \$ 10,257,494 |
| State of Minnesota's proportionate share of the net pension liability associated with the District | <u>336,349</u> |
| Total | <u><u>\$ 10,593,843</u></u> |

For the year ended June 30, 2019, the District recognized pension expense of \$408,061 for its proportionate share of the General Employees Plan's pension expense. Included in this amount, the District recognized \$78,436 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

Independent School District No. 720
Notes to Financial Statements

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

Public Employees’ Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

At June 30, 2019, the District reported its proportionate share of deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual economic experience | \$ 280,335 | \$ 312,434 |
| Changes in actuarial assumptions | 1,023,301 | 1,179,419 |
| Difference between projected and actual investments earnings | - | 1,052,498 |
| Change in proportion | 119,198 | 378,777 |
| Contributions paid to PERA subsequent to the measurement date | 913,064 | - |
| | <u>\$ 2,335,898</u> | <u>\$ 2,923,128</u> |
| Total | | |

\$913,064 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30, | Pension Expense |
|------------------------|-----------------------|
| 2020 | \$ 359,675 |
| 2021 | (695,949) |
| 2022 | (949,930) |
| 2023 | (214,090) |
| | <u>(1,500,294)</u> |
| Total | <u>\$ (1,500,294)</u> |

Independent School District No. 720
Notes to Financial Statements

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

Public Employees' Retirement Association (Continued)

E. Actuarial Assumptions

The total pension liability in the June 30, 2018, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

| | |
|------------------------------|-----------------|
| Inflation | 2.50 % Per year |
| Active member payroll growth | 3.25 % Per year |
| Investment rate of return | 7.50 % |

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year.

Actuarial assumptions used in the June 30, 2018, valuation were based on the results of actuarial experience studies. The most recent six-year experience study in the General Employees Plan was completed in 2015. Economic assumptions were updated in 2017 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions occurred in 2018:

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

Independent School District No. 720
Notes to Financial Statements

NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (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 on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages.

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

| Asset Class | Final Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------|----------------------------|--|
| Domestic stocks | 36 % | 5.10 % |
| International stocks | 17 | 5.30 |
| Bonds | 20 | 0.75 |
| Alternative assets | 25 | 5.90 |
| Cash | 2 | 0.00 |
| | <hr/> | |
| Total | 100 % | |

F. Discount Rates

The discount rate used to measure the total pension liability in 2018 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

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

| | 1% Decrease in Discount Rate (6.5%) | Discount Rate (7.5%) | 1% Increase in Discount Rate (8.5%) |
|---|---|-------------------------|---|
| | <hr/> | <hr/> | <hr/> |
| District's proportionate share of the PERA net pension liability | \$ 16,669,741 | \$ 10,257,494 | \$ 4,964,367 |

Independent School District No. 720
Notes to Financial Statements

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

Public Employees’ Retirement Association (Continued)

H. Pension Plan Fiduciary Net Position

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

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

A. Plan Description

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

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

B. Benefits Provided

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

C. Members

As of July 1, 2018, the following were covered by the benefit terms:

| | |
|--|---------------------|
| Inactive employees or beneficiaries currently receiving benefits | 20 |
| Active employees | <u>1,012</u> |
| Total | <u><u>1,032</u></u> |

D. Contributions

Retirees and their families have access to the health care plan at the same premium rate as District employees. This results in the retirees receiving an implicit rate subsidy. The premiums are based on the contract terms with PreferredOne. The required contributions are on projected pay-as-you-go financing requirements. For fiscal year 2019, the District contributed \$286,001 to the plan.

Independent School District No. 720
Notes to Financial Statements

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

| | |
|---------------------------------|---|
| Investment rate of return | 4.30%, net of investment expense |
| Salary increases | 3.00% |
| Inflation | 2.50% |
| Healthcare cost trend increases | 6.50% initially in 2019, grading to 5.0% over 6 years |
| Mortality Assumption | RP-2014 White Collar Mortality Tables with MP- 2017 Generational Improvement Scale |

The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2014.

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

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The percent of administration and teachers not eligible for a post-employment medical subsidy assumed to elect coverage at retirement was lowered from 70% to 50%.
- The discount rate was changed from 3.50% to 4.20%

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

Independent School District No. 720
Notes to Financial Statements

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

E. Actuarial Assumptions (Continued)

| Asset Class | Target | Long-Term Expected Real Rate of Return |
|----------------------|-----------------|--|
| Fixed income | 50.00 % | 3.40 % |
| Domestic equity | 33.00 | 5.20 |
| International equity | 17.00 | 5.20 |
| Real estate | 0.00 | 0.00 |
| Other | 0.00 | 0.00 |
| | <u>100.00 %</u> | |
| Total | <u>100.00 %</u> | |

The details of the investments and the investment policy are described in Note 2. of the District's financial statements. For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 6.3%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

F. Discount Rate

The discount rate used to measure the total OPEB liability was 3.2%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Independent School District No. 720
Notes to Financial Statements

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

G. Changes in Net OPEB Liability

| | Increase (Decrease) | | |
|---|-----------------------------------|--|---------------------------------------|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
| Balances at July 1, 2018 | <u>\$ 13,433,020</u> | <u>\$ 4,845,053</u> | <u>\$ 8,587,967</u> |
| Changes for the year | | | |
| Service cost | 661,857 | - | 661,857 |
| Interest | 489,794 | - | 489,794 |
| Assumption changes | (466,086) | - | (466,086) |
| Differences between expected and actual economic experience | (2,941,709) | - | (2,941,709) |
| Employer contributions | - | - | - |
| Projected investment return | - | 303,542 | (303,542) |
| Benefit payments | (203,286) | (203,286) | - |
| Administrative expense | - | (3,000) | 3,000 |
| Plan changes | <u>(1,054,865)</u> | <u>-</u> | <u>(1,054,865)</u> |
| Net changes | <u>(3,514,295)</u> | <u>97,256</u> | <u>(3,611,551)</u> |
| Balances at June 30, 2019 | <u><u>\$ 9,918,725</u></u> | <u><u>\$ 4,942,309</u></u> | <u><u>\$ 4,976,416</u></u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | | | 49.83% |

H. OPEB Liability Sensitivity

The following presents the District's net OPEB liability calculated using the discount rate of 3.2% as well as the liability measured using 1 percent lower and 1 percent higher than the current discount rate.

| | 1% decrease (2.2%) | Current (3.2%) | 1% increase (4.2%) |
|----------------------------|-----------------------|-------------------|-----------------------|
| Net OPEB liability (asset) | \$ 5,790,164 | \$ 4,976,416 | \$ 4,197,917 |

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

Independent School District No. 720
Notes to Financial Statements

NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

H. OPEB Liability Sensitivity (Continued)

| | (5.50% decreasing to 4.0%) | (6.50% decreasing to 5.0%) | (7.50% decreasing to 6.0%) |
|----------------------------|-------------------------------|-------------------------------|-------------------------------|
| Net OPEB liability (asset) | \$ 3,685,480 | \$ 4,976,416 | \$ 6,509,440 |

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$569,645. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Net difference between projected and actual earnings on OPEB plan investments | \$ - | \$ 172,205 |
| Differences between expected and actual economic experience | - | 2,647,538 |
| Changes of assumptions | - | 894,570 |
| Total | <u>\$ -</u> | <u>\$ 3,714,313</u> |

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

| Year Ending June 30, | Total |
|-------------------------|-----------------------|
| 2020 | \$ (461,094) |
| 2021 | (461,093) |
| 2022 | (444,042) |
| 2023 | (423,396) |
| 2024 | (404,355) |
| Thereafter | <u>(1,520,333)</u> |
| Total | <u>\$ (3,714,313)</u> |

Independent School District No. 720
Notes to Financial Statements

NOTE 8 – COMMITMENTS

As of June 30, 2019, the District had the following construction commitments:

| <u>Project</u> | <u>Project Authorization</u> | <u>Work Completed</u> | <u>Remaining Commitment</u> |
|-------------------------------|----------------------------------|---------------------------|---------------------------------|
| High School Building Addition | \$ 94,316,401 | \$ 91,649,808 | \$ 2,666,593 |
| South Site Fields | 2,996,567 | 2,600,737 | 395,830 |
| Sweeney Roof | 1,549,120 | 335,643 | 1,213,477 |

NOTE 9 – GASB STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 84, Fiduciary Activities establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This statement will be effective for the year ending June 30, 2020.

GASB Statement No. 87, Leases establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement will be effective for the year ending June 30, 2021.

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REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

Independent School District No. 720
Schedule of Investment Returns

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

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

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

| For Plan's Fiscal Year Ended June 30, | District's Proportion of the Net Pension Liability (Asset) | District's Proportionate Share of the Net Pension Liability (Asset) | District's Proportionate Share of State of Minnesota's Proportionated Share of the Net Pension Liability | District's Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Share of the Net Pension Liability | District's Covered Payroll | District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|--|---|--|---|--|----------------------------------|--|--|
| 2014 | 0.1966% | \$ 9,235,283 | \$ - | \$ 9,235,283 | \$ 10,320,166 | 89.49% | 78.75% |
| 2015 | 0.1839% | 9,530,652 | - | 9,530,652 | 10,626,680 | 89.69% | 78.19% |
| 2016 | 0.1931% | 15,678,762 | 204,852 | 15,883,614 | 11,984,533 | 130.82% | 68.91% |
| 2017 | 0.1912% | 12,206,082 | 153,497 | 12,359,579 | 12,318,853 | 99.08% | 75.90% |
| 2018 | 0.1849% | 10,257,494 | 336,349 | 10,593,843 | 12,426,720 | 82.54% | 79.53% |

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

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

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

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

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

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

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

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

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

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

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

TRA Retirement Fund

2018 Changes

Changes in Actuarial Assumptions

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

2017 Changes

Changes in Actuarial Assumptions

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

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

TRA Retirement Fund (Continued)

2016 Changes

Changes in Actuarial Assumptions

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

2015 Changes

Changes of Benefit Terms

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

Changes in Actuarial Assumptions

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

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

General Employees Fund

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2017 Changes

Changes in Actuarial Assumptions

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

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.

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

General Employees Fund (Continued)

2015 Changes

Changes in Plan Provisions

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

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.

Post Employment Health Care Plan

2019 Changes

Benefit Changes

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

Assumption Changes

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

2018 Changes

Changes in Actuarial Assumptions

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

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SUPPLEMENTARY INFORMATION

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GOVERNMENTAL FUNDS

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Independent School District No. 720
Combining Balance Sheet -
Nonmajor Governmental Funds
June 30, 2019

| | Special Revenue | | |
|--|---------------------|---------------------|---------------------|
| | | Community | |
| | Food Service | Service | Total |
| Assets | | | |
| Cash and investments | \$ 912,808 | \$ 840,519 | \$ 1,753,327 |
| Current property taxes receivable | - | 285,854 | 285,854 |
| Delinquent property taxes receivable | - | 1,459 | 1,459 |
| Accounts receivable | - | 34,947 | 34,947 |
| Due from Department of Education | 18,954 | 83,406 | 102,360 |
| Due from Federal Government through Department of Education | 40,177 | - | 40,177 |
| Inventory | 48,294 | - | 48,294 |
| Total assets | <u>\$ 1,020,233</u> | <u>\$ 1,246,185</u> | <u>\$ 2,266,418</u> |
| Liabilities | | | |
| Accounts payable | \$ 40,784 | \$ 54,371 | \$ 95,155 |
| Salaries and benefits payable | 94,625 | 161,857 | 256,482 |
| Due to other governmental units | - | 702 | 702 |
| Unearned revenue | 127,792 | 56,550 | 184,342 |
| Total liabilities | <u>263,201</u> | <u>273,480</u> | <u>536,681</u> |
| Deferred Inflows of Resources | | | |
| Property taxes levied for subsequent year's expenditures | - | 593,669 | 593,669 |
| Unavailable revenue - delinquent property taxes | - | 1,459 | 1,459 |
| Total deferred inflows of resources | <u>-</u> | <u>595,128</u> | <u>595,128</u> |
| Fund Balances | | | |
| Nonspendable | 48,294 | - | 48,294 |
| Restricted for | | | |
| Early Childhood and Family Education Programs | - | 82,014 | 82,014 |
| School Readiness | - | 340,783 | 340,783 |
| Food Service | 708,738 | - | 708,738 |
| Unassigned | - | (45,220) | (45,220) |
| Total fund balances | <u>757,032</u> | <u>377,577</u> | <u>1,134,609</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 1,020,233</u> | <u>\$ 1,246,185</u> | <u>\$ 2,266,418</u> |

Independent School District No. 720
Combining Statement of Revenues,
Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended June 30, 2019

| | Special Revenue | | |
|--------------------------------------|-----------------|-------------------|--------------|
| | Food Service | Community Service | Total |
| Revenues | | | |
| Local property taxes | \$ - | \$ 586,557 | \$ 586,557 |
| Other local and county revenues | 12,911 | 1,360,669 | 1,373,580 |
| Revenue from state sources | 233,733 | 852,891 | 1,086,624 |
| Revenue from federal sources | 2,023,834 | - | 2,023,834 |
| Sales and other conversion of assets | 2,110,636 | - | 2,110,636 |
| Total revenues | 4,381,114 | 2,800,117 | 7,181,231 |
| Expenditures | | | |
| Current | | | |
| Food service | 4,184,109 | - | 4,184,109 |
| Community education and services | - | 2,699,409 | 2,699,409 |
| Capital outlay | | | |
| Food service | 114,528 | - | 114,528 |
| Community education and services | - | 1,416 | 1,416 |
| Total expenditures | 4,298,637 | 2,700,825 | 6,999,462 |
| Excess of revenues over expenditures | 82,477 | 99,292 | 181,769 |
| Fund Balances | | | |
| Beginning of year | 674,555 | 278,285 | 952,840 |
| End of year | \$ 757,032 | \$ 377,577 | \$ 1,134,609 |

Independent School District No. 720
Balance Sheet - General Fund
June 30, 2019
(with Comparative Totals as of June 30, 2018)

| | 2019 | 2018 |
|---|-----------------------------|-----------------------------|
| Assets | | |
| Cash and investments | \$ 11,846,781 | \$ 10,164,728 |
| Current property taxes receivable | 7,389,522 | 7,468,082 |
| Delinquent property taxes receivable | 35,810 | 34,288 |
| Accounts receivable | 41,048 | 33,293 |
| Due from Department of Education | 7,336,141 | 6,813,476 |
| Due from Federal Government | | |
| through Department of Education | 909,566 | 823,039 |
| Due from other Minnesota school districts | 140,877 | 115,955 |
| Due from other governmental units | 528 | - |
| Prepaid items | 245,117 | 208,934 |
| | <u>245,117</u> | <u>208,934</u> |
| Total assets | <u><u>\$ 27,945,390</u></u> | <u><u>\$ 25,661,795</u></u> |
| Liabilities | | |
| Accounts payable | \$ 1,121,218 | \$ 889,791 |
| Contracts payable | 335,643 | 131,859 |
| Salaries and benefits payable | 7,261,450 | 7,245,564 |
| Due to other Minnesota school districts | 381,428 | 362,001 |
| Due to other governmental units | 277,357 | 27,341 |
| Unearned revenue | 2,000 | 100,000 |
| Total liabilities | <u>9,379,096</u> | <u>8,756,556</u> |
| Deferred Inflows of Resources | | |
| Property taxes levied for subsequent | | |
| year's expenditures | 13,694,309 | 14,037,318 |
| Unavailable revenue - delinquent property taxes | 35,810 | 34,288 |
| Total deferred inflows of resources | <u>13,730,119</u> | <u>14,071,606</u> |
| Fund Balance | | |
| Nonspendable | 245,117 | 208,934 |
| Restricted | 879,033 | 854,983 |
| Assigned | 267,230 | 185,388 |
| Unassigned | 3,444,795 | 1,584,328 |
| Total fund balance | <u>4,836,175</u> | <u>2,833,633</u> |
| | | |
| Total liabilities, deferred inflows of | | |
| resources, and fund balance | <u><u>\$ 27,945,390</u></u> | <u><u>\$ 25,661,795</u></u> |

Independent School District No. 720
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended June 30, 2019
(with Comparative Actual Amounts for the Year Ended June 30, 2018)

| | 2019 | | |
|---|------------------|---------------|---------------|
| | Budgeted Amounts | | Actual |
| | Original | Final | Amounts |
| Revenues | | | |
| Local property taxes | \$ 15,769,200 | \$ 15,769,200 | \$ 15,758,102 |
| Other local and county revenues | 1,742,938 | 1,742,938 | 1,881,846 |
| Revenue from state sources | 78,185,014 | 78,149,997 | 78,077,133 |
| Revenue from federal sources | 2,258,755 | 2,258,755 | 2,304,973 |
| Sales and other conversion of assets | 155,874 | 155,874 | 210,949 |
| Total revenues | 98,111,781 | 98,076,764 | 98,233,003 |
| Expenditures | | | |
| Current | | | |
| Administration | 5,277,099 | 5,477,616 | 4,967,825 |
| District support services | 2,641,153 | 2,551,587 | 2,368,148 |
| Elementary and secondary regular instruction | 43,096,648 | 43,063,202 | 41,850,504 |
| Vocational education instruction | 573,305 | 856,806 | 867,839 |
| Special education instruction | 18,497,015 | 18,075,316 | 18,184,600 |
| Instructional support services | 7,421,357 | 7,737,685 | 7,624,820 |
| Pupil support services | 8,196,736 | 8,096,956 | 8,303,551 |
| Sites and buildings | 6,137,288 | 6,177,586 | 6,260,628 |
| Fiscal and other fixed cost programs | 215,000 | 215,000 | 172,683 |
| Capital outlay | | | |
| Administration | 64,252 | 64,252 | 71,708 |
| District support services | 4,500 | 4,500 | 5,171 |
| Elementary and secondary regular instruction | 282,906 | 282,906 | 257,253 |
| Vocational education instruction | 1,500 | 3,944 | 1,472 |
| Special education instruction | 1,500 | 1,500 | 4,890 |
| Instructional support services | 1,921,100 | 3,201,100 | 3,043,670 |
| Pupil support services | - | - | 134 |
| Sites and buildings | 1,881,240 | 1,881,240 | 2,430,533 |
| Debt service | | | |
| Principal | 1,725,149 | 1,725,149 | 2,005,536 |
| Interest and fiscal charges | 471,465 | 471,465 | 472,034 |
| Total expenditures | 98,409,213 | 99,887,810 | 98,892,999 |
| Excess of revenues over (under) expenditures | (297,432) | (1,811,046) | (659,996) |
| Other Financing Sources | | | |
| Proceeds from sale of capital assets | 1,150,000 | 50,000 | 188,238 |
| Issuance of capital leases | 1,000,000 | 2,400,000 | 2,474,300 |
| Total other financing sources | 2,150,000 | 2,450,000 | 2,662,538 |
| Net change in fund balance | \$ 1,852,568 | \$ 638,954 | 2,002,542 |
| Fund Balance | | | |
| Beginning of year | | | 2,833,633 |
| End of year | | | \$ 4,836,175 |

| 2019 | 2018 |
|---|-------------------|
| Variance with Final Budget - Over (Under) | Actual Amounts |
| \$ (11,098) | \$ 13,957,451 |
| 138,908 | 1,663,954 |
| (72,864) | 76,908,387 |
| 46,218 | 2,279,035 |
| 55,075 | 264,851 |
| 156,239 | 95,073,678 |

| | |
|-------------|------------|
| (509,791) | 5,452,115 |
| (183,439) | 1,992,860 |
| (1,212,698) | 41,375,223 |
| 11,033 | 633,155 |
| 109,284 | 18,062,751 |
| (112,865) | 7,276,861 |
| 206,595 | 7,869,648 |
| 83,042 | 5,824,702 |
| (42,317) | 199,020 |

| | |
|-----------|-----------|
| 7,456 | 45,326 |
| 671 | 1,259 |
| (25,653) | 295,139 |
| (2,472) | 1,196 |
| 3,390 | 10,007 |
| (157,430) | 1,079,155 |
| 134 | 1,553 |
| 549,293 | 1,855,778 |

| | |
|-----------|------------|
| 280,387 | 1,766,121 |
| 569 | 491,579 |
| (994,811) | 94,233,448 |

| | |
|-----------|---------|
| 1,151,050 | 840,230 |
|-----------|---------|

| | |
|---------|---------|
| 138,238 | 508,669 |
| 74,300 | 417,480 |
| 212,538 | 926,149 |

| | |
|--------------|-----------|
| \$ 1,363,588 | 1,766,379 |
|--------------|-----------|

| |
|--------------|
| 1,067,254 |
| \$ 2,833,633 |

Independent School District No. 720
Balance Sheet - Food Service Fund
June 30, 2019
(with Comparative Totals as of June 30, 2018)

| | 2019 | 2018 |
|--|--------------|------------|
| Assets | | |
| Cash and investments | \$ 912,808 | \$ 812,155 |
| Due from Department of Education | 18,954 | - |
| Due from Federal Government through Department of Education | 40,177 | 30,280 |
| Inventory | 48,294 | 45,582 |
| | <hr/> | <hr/> |
| Total assets | \$ 1,020,233 | \$ 888,017 |
| | <hr/> | <hr/> |
| Liabilities | | |
| Accounts payable | \$ 40,784 | \$ 5,622 |
| Salaries and benefits payable | 94,625 | 106,127 |
| Unearned revenue | 127,792 | 101,713 |
| Total liabilities | 263,201 | 213,462 |
| | <hr/> | <hr/> |
| Fund Balance | | |
| Nonspendable | 48,294 | 45,582 |
| Restricted | 708,738 | 628,973 |
| Total fund balance | 757,032 | 674,555 |
| | <hr/> | <hr/> |
| Total liabilities and fund balance | \$ 1,020,233 | \$ 888,017 |
| | <hr/> | <hr/> |

Independent School District No. 720
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Food Service Fund
Year Ended June 30, 2019
(with Comparative Actual Amounts for the Year Ended June 30, 2018)

| | 2019 | | | | 2018 |
|--------------------------------------|--------------------|--------------------|-------------------|---|-------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Over (Under) | Actual Amounts |
| | Original | Final | | | |
| Revenues | | | | | |
| Other local and county revenues | \$ 11,000 | \$ 11,000 | \$ 12,911 | \$ 1,911 | \$ 19,176 |
| Revenue from state sources | 231,000 | 231,000 | 233,733 | 2,733 | 273,238 |
| Revenue from federal sources | 2,345,000 | 2,345,000 | 2,023,834 | (321,166) | 2,146,089 |
| Sales and other conversion of assets | 2,128,000 | 2,128,000 | 2,110,636 | (17,364) | 2,038,572 |
| Total revenues | <u>4,715,000</u> | <u>4,715,000</u> | <u>4,381,114</u> | <u>(333,886)</u> | <u>4,477,075</u> |
| Expenditures | | | | | |
| Current | | | | | |
| Food service | 4,731,949 | 4,731,949 | 4,184,109 | (547,840) | 4,301,406 |
| Capital outlay | | | | | |
| Food service | 68,051 | 68,051 | 114,528 | 46,477 | 153,236 |
| Total expenditures | <u>4,800,000</u> | <u>4,800,000</u> | <u>4,298,637</u> | <u>(501,363)</u> | <u>4,454,642</u> |
| Net change in fund balance | <u>\$ (85,000)</u> | <u>\$ (85,000)</u> | 82,477 | <u>\$ 167,477</u> | 22,433 |
| Fund Balance | | | | | |
| Beginning of year | | | 674,555 | | 652,122 |
| End of year | | | <u>\$ 757,032</u> | | <u>\$ 674,555</u> |

Independent School District No. 720
Balance Sheet - Community Service Fund
June 30, 2019
(with Comparative Totals as of June 30, 2018)

| | 2019 | 2018 |
|---|---------------------|---------------------|
| Assets | | |
| Cash and investments | \$ 840,519 | \$ 736,201 |
| Current property taxes receivable | 285,854 | 281,937 |
| Delinquent property taxes receivable | 1,459 | 1,438 |
| Accounts receivable | 34,947 | 7,412 |
| Due from Department of Education | 83,406 | 89,979 |
| | <u>83,406</u> | <u>89,979</u> |
| Total assets | <u>\$ 1,246,185</u> | <u>\$ 1,116,967</u> |
| Liabilities | | |
| Accounts payable | \$ 54,371 | \$ 22,193 |
| Salaries and benefits payable | 161,857 | 155,268 |
| Due to other governmental units | 702 | 425 |
| Unearned revenue | 56,550 | 68,534 |
| Total liabilities | <u>273,480</u> | <u>246,420</u> |
| Deferred Inflows of Resources | | |
| Property taxes levied for subsequent year's expenditures | 593,669 | 590,824 |
| Unavailable revenue - delinquent property taxes | 1,459 | 1,438 |
| Total deferred inflows of resources | <u>595,128</u> | <u>592,262</u> |
| Fund Balance | | |
| Restricted for | | |
| Early Childhood and Family Education Programs | 82,014 | 136,180 |
| School Readiness | 340,783 | 321,606 |
| Unassigned | (45,220) | (179,501) |
| Total fund balance | <u>377,577</u> | <u>278,285</u> |
| | <u>377,577</u> | <u>278,285</u> |
| Total liabilities, deferred inflows of resources, and fund balance | <u>\$ 1,246,185</u> | <u>\$ 1,116,967</u> |

Independent School District No. 720
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Community Service Fund
Year Ended June 30, 2019
(with Comparative Actual Amounts for the Year Ended June 30, 2018)

| | 2019 | | | | 2018 |
|--------------------------------------|------------------|------------------|-------------------|---|-------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Over (Under) | Actual Amounts |
| | Original | Final | | | |
| Revenues | | | | | |
| Local property taxes | \$ 590,824 | \$ 590,824 | \$ 586,557 | \$ (4,267) | \$ 580,649 |
| Other local and county revenues | 1,546,522 | 1,546,522 | 1,360,669 | (185,853) | 1,283,625 |
| Revenue from state sources | 862,654 | 862,654 | 852,891 | (9,763) | 923,521 |
| Sales and other conversion of assets | - | - | - | - | 5,856 |
| Total revenues | <u>3,000,000</u> | <u>3,000,000</u> | <u>2,800,117</u> | <u>(199,883)</u> | <u>2,793,651</u> |
| Expenditures | | | | | |
| Current | | | | | |
| Community education and services | 2,959,500 | 2,959,500 | 2,699,409 | (260,091) | 2,701,273 |
| Capital outlay | | | | | |
| Community education and services | <u>5,500</u> | <u>5,500</u> | <u>1,416</u> | <u>(4,084)</u> | <u>4,360</u> |
| Total expenditures | <u>2,965,000</u> | <u>2,965,000</u> | <u>2,700,825</u> | <u>(264,175)</u> | <u>2,705,633</u> |
| Net change in fund balance | <u>\$ 35,000</u> | <u>\$ 35,000</u> | 99,292 | <u>\$ 64,292</u> | 88,018 |
| Fund Balance | | | | | |
| Beginning of year | | | <u>278,285</u> | | <u>190,267</u> |
| End of year | | | <u>\$ 377,577</u> | | <u>\$ 278,285</u> |

Independent School District No. 720
Balance Sheet - Debt Service Fund
June 30, 2019
(with Comparative Totals as of June 30, 2018)

| | 2019 | 2018 |
|---|-----------------------------|-----------------------------|
| Assets | | |
| Cash and investments | \$ 14,804,393 | \$ 13,462,867 |
| Current property taxes receivable | 10,886,598 | 9,721,634 |
| Delinquent property taxes receivable | 48,267 | 46,922 |
| Due from Department of Education | <u>142,403</u> | <u>145,167</u> |
| Total assets | <u><u>\$ 25,881,661</u></u> | <u><u>\$ 23,376,590</u></u> |
| Deferred Inflows of Resources | | |
| Property taxes levied for subsequent year's expenditures | \$ 22,609,535 | \$ 20,341,204 |
| Unavailable revenue - delinquent property taxes | <u>48,267</u> | <u>46,922</u> |
| Total deferred inflows of resources | <u><u>22,657,802</u></u> | <u><u>20,388,126</u></u> |
| Fund Balance | | |
| Restricted | <u>3,223,859</u> | <u>2,988,464</u> |
| Total deferred inflows of resources and fund balance | <u><u>\$ 25,881,661</u></u> | <u><u>\$ 23,376,590</u></u> |

Independent School District No. 720
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Debt Service Fund
Year Ended June 30, 2019
(with Comparative Actual Amounts for the Year Ended June 30, 2018)

| | 2019 | | | | 2018 |
|---------------------------------|-----------------------|-----------------------|---------------------|---|---------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Over (Under) | Actual Amounts |
| | Original | Final | | | |
| Revenues | | | | | |
| Local property taxes | \$ 20,341,203 | \$ 20,341,203 | \$ 19,993,534 | \$ (347,669) | \$ 18,825,143 |
| Other local and county revenues | 17,702 | 17,702 | 301,364 | 283,662 | 244,418 |
| Revenue from state sources | 1,241,095 | 1,241,095 | 1,430,727 | 189,632 | 1,451,668 |
| Total revenues | <u>21,600,000</u> | <u>21,600,000</u> | <u>21,725,625</u> | <u>125,625</u> | <u>20,521,229</u> |
| Expenditures | | | | | |
| Debt service | | | | | |
| Principal | 14,315,000 | 14,315,000 | 14,315,000 | - | 29,780,000 |
| Interest and fiscal charges | <u>7,185,000</u> | <u>7,185,000</u> | <u>7,175,230</u> | <u>(9,770)</u> | <u>8,423,509</u> |
| Total expenditures | <u>21,500,000</u> | <u>21,500,000</u> | <u>21,490,230</u> | <u>(9,770)</u> | <u>38,203,509</u> |
| Net change in fund balance | <u>\$ 100,000</u> | <u>\$ 100,000</u> | 235,395 | <u>\$ 135,395</u> | (17,682,280) |
| Fund Balance | | | | | |
| Beginning of year | | | <u>2,988,464</u> | | <u>20,670,744</u> |
| End of year | | | <u>\$ 3,223,859</u> | | <u>\$ 2,988,464</u> |

Independent School District No. 720
Balance Sheet - Capital Projects Fund
June 30, 2019
(with Comparative Totals as of June 30, 2018)

| | 2019 | 2018 |
|------------------------------------|---------------------|----------------------|
| Assets | | |
| Cash and investments | \$ 5,142,212 | \$ 17,016,420 |
| Accounts receivable | 41,826 | - |
| Interest receivable | - | 51,981 |
| | <u> </u> | <u> </u> |
| Total assets | <u>\$ 5,184,038</u> | <u>\$ 17,068,401</u> |
| Liabilities | | |
| Accounts payable | \$ 85,340 | \$ 262,682 |
| Contracts payable | 3,075,909 | 5,591,618 |
| Due to other governmental units | 74 | - |
| Total liabilities | <u>3,161,323</u> | <u>5,854,300</u> |
| Fund Balance | | |
| Restricted | <u>2,022,715</u> | <u>11,214,101</u> |
| | <u> </u> | <u> </u> |
| Total liabilities and fund balance | <u>\$ 5,184,038</u> | <u>\$ 17,068,401</u> |

Independent School District No. 720
Schedule of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Capital Projects Fund
Year Ended June 30, 2019
(with Comparative Actual Amounts for the Year Ended June 30, 2018)

| | 2019 | | | | 2018 |
|---------------------------------|------------------|----------------|-------------------|---|-------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Over (Under) | Actual Amounts |
| | Original | Final | | | |
| Revenues | | | | | |
| Other local and county revenues | \$ 100,000 | \$ 100,000 | \$ 414,663 | \$ 314,663 | \$ 794,659 |
| Expenditures | | | | | |
| Current | | | | | |
| Sites and buildings | 22,000 | 210,000 | 201,587 | (8,413) | 401,154 |
| Capital outlay | | | | | |
| Sites and buildings | 8,628,000 | 9,840,000 | 9,404,462 | (435,538) | 42,545,404 |
| Total expenditures | 8,650,000 | 10,050,000 | 9,606,049 | (443,951) | 42,946,558 |
| Net change in fund balance | \$ (8,550,000) | \$ (9,950,000) | (9,191,386) | \$ 758,614 | (42,151,899) |
| Fund Balance | | | | | |
| Beginning of year | | | 11,214,101 | | 53,366,000 |
| End of year | | | \$ 2,022,715 | | \$ 11,214,101 |

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INTERNAL SERVICE FUNDS

Independent School District No. 720
Combining Statement of
Net Position - Internal Service Funds
As of June 30, 2019

| | Internal Service Funds | | |
|------------------------------------|------------------------|---------------------|-------------------|
| | Health Insurance | Dental Insurance | Total |
| Assets | | | |
| Current | | | |
| Cash and cash equivalents | \$ 236,691 | \$ 135,606 | \$ 372,297 |
| Accounts receivable | 7,500 | 3,006 | 10,506 |
| Total assets | <u>\$ 244,191</u> | <u>\$ 138,612</u> | <u>\$ 382,803</u> |
| Liabilities | | | |
| Current | | | |
| Accounts payable | \$ 1,250 | \$ - | \$ 1,250 |
| Incurred but not reported claims | 794,242 | 86,107 | 880,349 |
| Total liabilities | <u>795,492</u> | <u>86,107</u> | <u>881,599</u> |
| Net Position | | | |
| Unrestricted | <u>(551,301)</u> | <u>52,505</u> | <u>(498,796)</u> |
| Total liabilities and net position | <u>\$ 244,191</u> | <u>\$ 138,612</u> | <u>\$ 382,803</u> |

Independent School District No. 720
Combining Statement of Revenues, Expenses, and Changes
in Fund Net Position - Internal Service Funds
Year Ended June 30, 2019

| | Internal Service Funds | | |
|------------------------------|------------------------|---------------------|--------------|
| | Health Insurance | Dental Insurance | Total |
| Operating Revenue | | | |
| Charges for services | \$ 8,239,383 | \$ 866,514 | \$ 9,105,897 |
| Operating Expenses | | | |
| Insurance | 8,186,260 | 875,212 | 9,061,472 |
| Operating income (loss) | 53,123 | (8,698) | 44,425 |
| Nonoperating Revenues | | | |
| Investment income | 8,468 | 2,291 | 10,759 |
| Change in net position | 61,591 | (6,407) | 55,184 |
| Net Position | | | |
| Beginning of year | (612,892) | 58,912 | (553,980) |
| End of year | \$ (551,301) | \$ 52,505 | \$ (498,796) |

Independent School District No. 720
Combining Statement of Cash Flows -
Internal Service Funds
Year Ended June 30, 2019

| | Internal Service Funds | | |
|---|------------------------|---------------------|--------------|
| | Health Insurance | Dental Insurance | Total |
| Cash Flows - Operating Activities | | | |
| Receipts from District contributions | \$ 8,231,883 | \$ 863,508 | \$ 9,095,391 |
| Employee claims paid | (8,432,360) | (826,734) | (9,259,094) |
| Net cash flows - operating activities | (200,477) | 36,774 | (163,703) |
| Cash Flows - Investing Activities | | | |
| Interest received | 8,468 | 2,291 | 10,759 |
| Net change in cash and cash equivalents | (192,009) | 39,065 | (152,944) |
| Cash and Cash Equivalents | | | |
| Beginning of year | 428,700 | 96,541 | 525,241 |
| End of year | \$ 236,691 | \$ 135,606 | \$ 372,297 |
| Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities | | | |
| Operating income (loss) | \$ 53,123 | \$ (8,698) | \$ 44,425 |
| Adjustments to reconcile operating income (loss) to net cash flows - operating activities | | | |
| Accounts payable | (767) | - | (767) |
| Incurred but not reported claims | (245,333) | 48,478 | (196,855) |
| Accounts receivable | (7,500) | (3,006) | (10,506) |
| Net adjustments | (253,600) | 45,472 | (208,128) |
| Net cash flows - operating activities | \$ (200,477) | \$ 36,774 | \$ (163,703) |

UFARS COMPLIANCE TABLE

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Independent School District No. 720
Uniform Financial Accounting and Reporting Standards
Compliance Table
Year Ended June 30, 2019

| | Audit | UFARS | Audit-UFARS | | Audit | UFARS | Audit-UFARS |
|--|---------------|---------------|-------------|--|---------------|---------------|-------------|
| 01 General Fund | | | | 06 Building Construction Fund | | | |
| Total revenue | \$ 98,233,003 | \$ 98,233,006 | \$ (3) | Total revenue | \$ 414,663 | \$ 414,663 | \$ - |
| Total expenditures | 98,892,999 | 98,893,001 | (2) | Total expenditures | 9,606,049 | 9,606,049 | - |
| <i>Nonspendable:</i> | | | | <i>Nonspendable:</i> | | | |
| 460 Nonspendable fund balance | 245,117 | 245,117 | - | 460 Nonspendable fund balance | - | - | - |
| <i>Restricted/reserved:</i> | | | | <i>Restricted/reserved:</i> | | | |
| 403 Staff Development | - | - | - | 407 Capital Projects Levy | - | - | - |
| 406 Health and Safety | - | - | - | 409 Alternative Facilities Program | - | - | - |
| 407 Capital Projects Levy | 112,719 | 112,719 | - | 413 Building Projects Funded by COP/LP | - | - | - |
| 408 Cooperative Programs | - | - | - | 467 Long-term Facilities Maintenance | - | - | - |
| 409 Alternative Facility Program | - | - | - | <i>Restricted:</i> | | | |
| 413 Building Projects Funded by COP/LP | - | - | - | 464 Restricted fund balance | 2,022,715 | 2,022,715 | - |
| 414 Operating Debt | - | - | - | <i>Unassigned:</i> | | | |
| 416 Levy Reduction | - | - | - | 463 Unassigned fund balance | - | - | - |
| 417 Taconite Building Maintenance | - | - | - | | | | |
| 424 Operating Capital | 728,530 | 728,530 | - | 07 Debt Service Fund | | | |
| 426 \$25 Taconite | - | - | - | Total revenue | \$ 21,725,625 | \$ 21,725,625 | \$ - |
| 427 Disabled Accessibility | - | - | - | Total expenditures | 21,490,230 | 21,490,230 | - |
| 428 Learning and Development | - | - | - | <i>Nonspendable:</i> | | | |
| 434 Area Learning Center | - | - | - | 460 Nonspendable fund balance | - | - | - |
| 435 Contracted Alternative Programs | - | - | - | <i>Restricted/reserved:</i> | | | |
| 436 State Approved Alternative Program | - | - | - | 425 Bond refundings | - | - | - |
| 438 Gifted and Talented | - | - | - | 433 Maximum Effort Loan | - | - | - |
| 440 Teacher Development and Evaluation | - | - | - | 451 QZAB payments | - | - | - |
| 441 Basic Skills Programs | - | - | - | <i>Restricted:</i> | | | |
| 445 Career Technical Programs | - | - | - | 464 Restricted fund balance | 3,223,859 | 3,223,859 | - |
| 448 Achievement and Integration Revenue | 288 | 288 | - | <i>Unassigned:</i> | | | |
| 449 Safe Schools Levy | (7,172) | (7,172) | - | 463 Unassigned fund balance | - | - | - |
| 450 Transition for Pre-Kindergarten | - | - | - | | | | |
| 451 QZAB Payments | - | - | - | 08 Trust Fund | | | |
| 452 OPEB Liabilities not Held in Trust | - | - | - | Total revenue | \$ 8,613 | \$ 8,612 | \$ 1 |
| 453 Unfunded Severance and Retirement Levy | - | - | - | Total expenditures | 9,240 | 9,240 | - |
| 459 Basic Skills Extended Time | - | - | - | <i>Unrestricted:</i> | | | |
| 467 Long-term Facilities Maintenance | (154,088) | (154,088) | - | 422 Net position | 16,433 | 16,432 | 1 |
| 472 Medical Assistance | 37,496 | 37,496 | - | | | | |
| 475 Title VII - Impact Aid | - | - | - | 20 Internal Service Fund | | | |
| 476 Payments in Lieu of Taxes | - | - | - | Total revenue | \$ 9,116,656 | \$ 9,116,656 | \$ - |
| <i>Restricted:</i> | | | | Total expenditures | 9,061,472 | 9,061,471 | 1 |
| 464 Restricted fund balance | - | - | - | <i>Unrestricted:</i> | | | |
| <i>Committed:</i> | | | | 422 Net position | (498,796) | (498,796) | - |
| 418 Committed for separation | - | - | - | | | | |
| 461 Committed | - | - | - | 25 OPEB Revocable Trust | | | |
| <i>Assigned:</i> | | | | Total revenue | \$ - | \$ - | \$ - |
| 462 Assigned fund balance | 267,230 | 267,230 | - | Total expenditures | - | - | - |
| <i>Unassigned:</i> | | | | <i>Unrestricted:</i> | | | |
| 422 Unassigned fund balance | 3,606,055 | 3,606,058 | (3) | 422 Net position | - | - | - |
| | | | | | | | |
| 02 Food Service Fund | | | | 45 OPEB Irrevocable Trust | | | |
| Total revenue | \$ 4,381,114 | \$ 4,381,114 | \$ - | Total revenue | \$ 300,541 | \$ 300,542 | \$ (1) |
| Total expenditures | 4,298,637 | 4,298,637 | - | Total expenditures | 201,489 | 201,489 | - |
| <i>Nonspendable:</i> | | | | <i>Unrestricted:</i> | | | |
| 460 Nonspendable fund balance | 48,294 | 48,294 | - | 422 Net position | 4,942,308 | 4,942,309 | (1) |
| <i>Restricted/reserved:</i> | | | | | | | |
| 452 OPEB liabilities not held in trust | - | - | - | 47 OPEB Debt Service | | | |
| <i>Restricted:</i> | | | | Total revenue | \$ - | \$ - | \$ - |
| 464 Restricted fund balance | 708,738 | 708,738 | - | Total expenditures | - | - | - |
| <i>Unassigned:</i> | | | | <i>Nonspendable:</i> | | | |
| 463 Unassigned fund balance | - | - | - | 460 Nonspendable fund balance | - | - | - |
| | | | | <i>Restricted:</i> | | | |
| 04 Community Service Fund | | | | 425 Bond refundings | - | - | - |
| Total revenue | \$ 2,800,117 | \$ 2,800,117 | \$ - | 464 Restricted fund balance | - | - | - |
| Total expenditures | 2,700,825 | 2,700,823 | 2 | <i>Unassigned:</i> | | | |
| 460 Nonspendable fund balance | - | - | - | 463 Unassigned fund balance | - | - | - |
| <i>Restricted/reserved:</i> | | | | | | | |
| 426 \$25 Taconite | - | - | - | | | | |
| 431 Community Education | (45,220) | (45,220) | - | | | | |
| 432 ECCE | 82,014 | 82,014 | - | | | | |
| 440 Teacher Development and Evaluations | - | - | - | | | | |
| 444 School Readiness | 340,783 | 340,784 | (1) | | | | |
| 447 Adult Basic Education | - | - | - | | | | |
| 452 OPEB Liabilities not Held in Trust | - | - | - | | | | |
| <i>Restricted:</i> | | | | | | | |
| 464 Restricted fund balance | - | - | - | | | | |
| <i>Unassigned:</i> | | | | | | | |
| 463 Unassigned fund balance | - | - | - | | | | |

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STATISTICAL SECTION

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Independent School District No. 720
Statistical Section (Unaudited)
June 30, 2019

III. Statistical Section (Unaudited)

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

| <u>Contents</u> | <u>Page</u> |
|---|--------------------|
| Financial Trends | |
| This section contains trend information to help the reader understand how the District's financial performance and well-being have changed over time. | 134 |
| Revenue Capacity | |
| This section contains information to help the reader assess the District's most significant local revenue source, property taxes. | 143 |
| Debt Capacity | |
| This section presents information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future. | 150 |
| Demographic and Economic Information | |
| This section contains demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. | 154 |
| Operating Information | |
| This section contains service and infrastructure data to help the reader understand how the information in the District's financial report relates to services provided and activities performed. | 156 |

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

Independent School District #720
Shakopee Public Schools
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

| | Fiscal Year | | | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 2010 | 2011 | 2012 | 2013 |
| Governmental Activities | | | | |
| Net investment in capital assets | \$ 13,164,032 | \$ 15,056,846 | \$ 18,615,135 | \$ 21,509,142 |
| Restricted | 2,400,883 | 2,347,262 | 2,470,265 | 2,103,662 |
| Unrestricted | 9,508,637 | 11,515,977 | 12,968,400 | 10,655,933 |
| Total governmental activities net position | <u>\$ 25,073,552</u> | <u>\$ 28,920,085</u> | <u>\$ 34,053,800</u> | <u>\$ 34,268,737</u> |

| Fiscal Year | | | | | |
|----------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| \$ 21,840,189 | \$ 23,041,568 | \$ 26,336,717 | \$ 35,186,072 | \$ 45,526,236 | \$ 55,529,637 |
| 2,411,568 | 3,150,431 | 1,241,034 | - | 1,970,243 | 2,446,033 |
| 8,100,912 | (45,145,697) | (51,864,194) | (85,542,839) | (114,835,656) | (90,596,678) |
| <u>\$ 32,352,669</u> | <u>\$ (18,953,698)</u> | <u>\$ (24,286,443)</u> | <u>\$ (50,356,767)</u> | <u>\$ (67,339,177)</u> | <u>\$ (32,621,008)</u> |

Independent School District #720
Shakopee Public Schools
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

| | Fiscal Year | | | |
|---|---------------|---------------|---------------|---------------|
| | 2010 | 2011 | 2012 | 2013 |
| Expenses | | | | |
| Governmental activities | | | | |
| Administration | \$ 3,649,278 | \$ 3,647,825 | \$ 3,320,105 | \$ 4,196,548 |
| District support services | 612,286 | 422,226 | 1,123,052 | 1,293,572 |
| Regular instruction | 29,594,015 | 31,680,570 | 35,835,287 | 37,728,992 |
| Vocational education instruction | 526,251 | 482,322 | 491,687 | 458,572 |
| Special education instruction | 12,273,562 | 11,791,040 | 13,004,305 | 14,503,636 |
| Instructional support services | 3,573,266 | 3,859,985 | 3,785,454 | 4,731,832 |
| Pupil support services | 4,603,149 | 4,817,243 | 5,653,320 | 5,768,903 |
| Sites and buildings | 4,335,243 | 5,664,493 | 4,503,714 | 5,785,361 |
| Fiscal and other fixed cost programs | 107,952 | 112,654 | 125,742 | 130,635 |
| Food service | 2,834,998 | 2,935,096 | 3,215,446 | 3,458,450 |
| Community service | 1,635,378 | 1,707,307 | 1,829,186 | 1,891,348 |
| Depreciation not allocated to other functions | 3,965,123 | 3,991,808 | 184,101 | 279,962 |
| Interest and fiscal charges on long-term debt | 6,884,332 | 6,292,484 | 6,520,580 | 7,523,483 |
| Total governmental activities expenses | 74,594,833 | 77,405,053 | 79,591,979 | 87,751,294 |
| Program Revenues | | | | |
| Governmental activities | | | | |
| Charges for services | | | | |
| Administration | 21,975 | 20,801 | 23,308 | 26,300 |
| District support services | 8,469 | 7,839 | 5,684 | 8,246 |
| Regular instruction | 240,989 | 777,457 | 816,793 | 852,858 |
| Vocational education instruction | - | 5,539 | 1,916 | - |
| Special education instruction | 16,620 | 23,168 | 12,198 | 24,748 |
| Instructional support services | - | 1,489 | 773 | 696 |
| Pupil support services | - | 8,833 | 8,023 | 8,634 |
| Sites and buildings | 127,194 | 16,950 | 40,013 | 17,300 |
| Food service | 1,505,059 | 1,614,861 | 1,637,500 | 1,642,702 |
| Community service | 543,761 | 632,333 | 704,736 | 718,063 |
| Operating grants and contributions | 16,536,678 | 18,434,638 | 18,311,523 | 19,506,678 |
| Capital grants and contributions | 380,744 | 69,194 | 30,552 | 5,000 |
| Total governmental activities program revenues | 19,381,489 | 21,613,102 | 21,593,019 | 22,811,225 |
| Total governmental activities net expense | (55,213,344) | (55,791,951) | (57,998,960) | (64,940,069) |
| General Revenues and Other Changes in Net Position | | | | |
| Governmental activities | | | | |
| Property taxes | | | | |
| General purpose | 7,066,443 | 9,912,260 | 7,385,811 | 8,666,535 |
| Community service | 588,453 | 702,304 | 468,015 | 504,862 |
| Debt service | 11,611,209 | 12,266,179 | 12,356,247 | 13,906,651 |
| General grants and aids | 33,519,501 | 36,277,413 | 41,236,447 | 41,587,955 |
| Investment earnings | 907,105 | 270,628 | 103,512 | 344,424 |
| Gain on sale of capital assets | 1,074 | 6,000 | 4,000 | 200 |
| Other general revenues | 3,740,232 | 203,700 | 1,578,643 | 614,821 |
| Total governmental activities | 57,434,017 | 59,638,484 | 63,132,675 | 65,625,448 |
| Total Net (Expense) Revenue | 2,220,673 | 3,846,533 | 5,133,715 | 685,379 |
| Net position - beginning, as previously stated | 22,852,879 | 25,073,552 | 28,920,085 | 34,053,800 |
| Change in accounting principle | - | - | - | (470,442) |
| Net position - beginning, as restated | 22,852,879 | 25,073,552 | 28,920,085 | 33,583,358 |
| Net position - ending | \$ 25,073,552 | \$ 28,920,085 | \$ 34,053,800 | \$ 34,268,737 |

| Fiscal Year | | | | | |
|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| \$ 4,623,140 | \$ 5,547,166 | \$ 5,955,670 | \$ 7,523,283 | \$ 7,340,382 | \$ 3,607,620 |
| 1,471,090 | 1,912,672 | 2,122,209 | 2,456,591 | 2,106,366 | 2,374,571 |
| 40,000,664 | 42,847,228 | 45,554,644 | 63,959,236 | 63,492,106 | 30,458,137 |
| 725,118 | 703,295 | 726,293 | 1,286,927 | 945,260 | 528,644 |
| 15,085,785 | 15,515,994 | 17,425,823 | 25,091,784 | 24,552,734 | 12,698,736 |
| 4,921,635 | 6,047,476 | 7,548,519 | 10,762,588 | 9,547,642 | 6,601,313 |
| 6,213,364 | 6,905,267 | 7,377,729 | 8,401,426 | 8,625,780 | 7,691,554 |
| 6,880,602 | 7,807,706 | 7,337,340 | 6,929,012 | 8,170,286 | 11,550,383 |
| 181,473 | 215,914 | 211,184 | 191,091 | 199,020 | 172,683 |
| 3,470,807 | 3,794,772 | 4,158,297 | 4,724,099 | 4,480,777 | 4,173,484 |
| 1,838,544 | 2,056,634 | 2,322,011 | 3,286,539 | 3,303,658 | 2,282,557 |
| 517,536 | 628,829 | 787,506 | 1,265,819 | 1,589,799 | 1,713,784 |
| 7,146,210 | 5,254,492 | 8,055,214 | 7,322,643 | 6,559,035 | 5,533,037 |
| 93,075,968 | 99,237,445 | 109,582,439 | 143,201,038 | 140,912,845 | 89,386,503 |
| 23,151 | 23,040 | 14,225 | 12,993 | 13,376 | 9,477 |
| 8,568 | 35,897 | 35,292 | 25,189 | 25,579 | 55,730 |
| 981,266 | 448,664 | 474,275 | 438,789 | 528,522 | 544,335 |
| 175 | 300 | 37 | 140 | 328 | 527 |
| 1,810 | 228,614 | 179,203 | 200,061 | 3,361 | 1,844 |
| 128 | 614 | 562 | 243 | 68 | - |
| 10,859 | 29,502 | 107,857 | 221,004 | 228,447 | 235,796 |
| 17,900 | 13 | 59 | 32,413 | 61,245 | 61,668 |
| 1,747,412 | 1,958,315 | 2,035,210 | 2,084,558 | 2,038,572 | 2,110,636 |
| 733,494 | 787,156 | 1,016,566 | 1,229,308 | 1,265,406 | 1,333,572 |
| 20,373,579 | 21,935,044 | 24,000,053 | 25,885,369 | 23,511,826 | 23,702,928 |
| 38,845 | - | - | 470,297 | 979,803 | 965,654 |
| 23,937,187 | 25,447,159 | 27,863,339 | 30,600,364 | 28,656,533 | 29,022,167 |
| (69,138,781) | (73,790,286) | (81,719,100) | (112,600,674) | (112,256,312) | (60,364,336) |
| 5,445,658 | 9,264,493 | 9,114,215 | 13,310,119 | 13,953,937 | 15,759,624 |
| 259,610 | 523,173 | 517,493 | 542,360 | 580,326 | 586,578 |
| 12,933,157 | 12,470,062 | 12,620,244 | 18,735,124 | 18,817,481 | 19,994,879 |
| 47,608,165 | 51,064,387 | 53,137,665 | 59,536,734 | 60,765,061 | 57,877,841 |
| 331,125 | 119,007 | 938,932 | 657,661 | 750,641 | 639,236 |
| 119,370 | 13,580 | 21,600 | 4,022 | 304,669 | 188,238 |
| 525,628 | 33,402 | 36,206 | 78,576 | 101,787 | 36,109 |
| 67,222,713 | 73,488,104 | 76,386,355 | 92,864,596 | 95,273,902 | 95,082,505 |
| (1,916,068) | (302,182) | (5,332,745) | (19,736,078) | (16,982,410) | 34,718,169 |
| 34,268,737 | 32,352,669 | (18,953,698) | (24,286,443) | (50,356,767) | (67,339,177) |
| - | (51,004,185) | - | (6,334,246) | - | - |
| 34,268,737 | (18,651,516) | (18,953,698) | (30,620,689) | (50,356,767) | (67,339,177) |
| \$ 32,352,669 | \$ (18,953,698) | \$ (24,286,443) | \$ (50,356,767) | \$ (67,339,177) | \$ (32,621,008) |

Independent School District #720
Shakopee Public Schools
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

| | Fiscal Year | | | |
|-------------------------------------|----------------------|----------------------|----------------------|-----------------------|
| | 2010 | 2011 | 2012 | 2013 |
| General Fund | | | | |
| Nonspendable | \$ - | \$ - | \$ 24,214 | \$ 350,000 |
| Restricted (formerly reserved) | 1,263,902 | 962,795 | 1,079,553 | 578,923 |
| Assigned (formerly designated) | - | - | - | - |
| Unassigned (formerly unreserved) | 7,542,398 | 9,572,538 | 12,251,872 | 11,555,217 |
| Total general fund | <u>\$ 8,806,300</u> | <u>\$ 10,535,333</u> | <u>\$ 13,355,639</u> | <u>\$ 12,484,140</u> |
| All Other Governmental Funds | | | | |
| Nonspendable | | | | |
| Capital project funds | \$ - | \$ 798,799 | \$ 222,856 | \$ 139,501 |
| Nonmajor funds | - | 24,686 | 26,858 | 30,880 |
| Restricted | | | | |
| Capital project funds | - | 23,746,242 | 19,209,028 | 14,207,934 |
| Debt service funds | - | 2,185,834 | 46,487,037 | 90,039,936 |
| Nonmajor funds | 272,743 | 576,293 | 505,406 | 363,285 |
| Unassigned reported in | | | | |
| Capital project funds | 36,016,622 | - | - | - |
| Debt service funds | 1,657,105 | - | - | - |
| Nonmajor funds | 262,183 | - | - | - |
| Total all other governmental funds | <u>\$ 38,208,653</u> | <u>\$ 27,331,854</u> | <u>\$ 66,451,185</u> | <u>\$ 104,781,536</u> |
| Total all funds | <u>\$ 47,014,953</u> | <u>\$ 37,867,187</u> | <u>\$ 79,806,824</u> | <u>\$ 117,265,676</u> |

| Fiscal Year | | | | | |
|----------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|
| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| \$ 96 | \$ 68,261 | \$ 115,556 | \$ 657,884 | \$ 208,934 | \$ 245,117 |
| 1,905,984 | 2,158,125 | 1,241,034 | - | 854,983 | 879,033 |
| - | - | - | 20,882 | 185,388 | 267,230 |
| 8,530,840 | 5,548,137 | 1,164,415 | 388,488 | 1,584,328 | 3,444,795 |
| <u>\$ 10,436,920</u> | <u>\$ 7,774,523</u> | <u>\$ 2,521,005</u> | <u>\$ 1,067,254</u> | <u>\$ 2,833,633</u> | <u>\$ 4,836,175</u> |
| | | | | | |
| \$ 139,501 | \$ 117,702 | \$ 77,687 | \$ - | \$ - | \$ - |
| 33,057 | 33,832 | 29,846 | 49,221 | 45,582 | 48,294 |
| 20,592,233 | 8,255,391 | 100,430,142 | 53,366,000 | 11,214,101 | 2,022,715 |
| 45,763,302 | 2,937,288 | 20,079,253 | 20,670,744 | 2,988,464 | 3,223,859 |
| 463,128 | 505,136 | 762,437 | 946,735 | 1,086,759 | 1,131,535 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | (75,851) | (17,867) | (153,567) | (179,501) | (45,220) |
| <u>\$ 66,991,221</u> | <u>\$ 11,773,498</u> | <u>\$ 121,361,498</u> | <u>\$ 74,879,133</u> | <u>\$ 15,155,405</u> | <u>\$ 6,381,183</u> |
| | | | | | |
| <u>\$ 77,428,141</u> | <u>\$ 19,548,021</u> | <u>\$ 123,882,503</u> | <u>\$ 75,946,387</u> | <u>\$ 17,989,038</u> | <u>\$ 11,217,358</u> |

Independent School District #720
Shakopee Public Schools
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

| | Fiscal Year | | | |
|---|------------------------|-----------------------|----------------------|----------------------|
| | 2010 | 2011 | 2012 | 2013 |
| Revenues | | | | |
| Local sources | | | | |
| Property taxes | \$ 19,104,727 | \$ 22,894,058 | \$ 20,531,670 | \$ 23,015,692 |
| Other | 2,256,931 | 1,858,844 | 1,877,808 | 2,165,621 |
| State sources | 46,845,544 | 50,290,046 | 55,823,400 | 57,639,830 |
| Federal sources | 6,835,260 | 4,418,360 | 5,031,601 | 3,790,555 |
| Sales and other conversion of assets | 1,507,473 | 1,746,697 | 1,778,812 | 1,762,419 |
| Total revenues | <u>76,549,935</u> | <u>81,208,005</u> | <u>85,043,291</u> | <u>88,374,117</u> |
| Expenditures | | | | |
| Current | | | | |
| Administration | 3,623,526 | 3,646,172 | 3,195,735 | 4,059,643 |
| District support services | 615,427 | 549,423 | 1,034,206 | 1,178,509 |
| Regular instruction | 29,547,022 | 30,407,294 | 31,908,848 | 33,171,305 |
| Vocational education instruction | 523,552 | 481,814 | 490,161 | 457,254 |
| Special education instruction | 12,185,750 | 12,365,973 | 12,820,354 | 14,280,976 |
| Instructional support services | 3,117,221 | 3,195,334 | 3,282,279 | 4,583,789 |
| Pupil support services | 4,603,285 | 4,814,363 | 5,463,289 | 5,582,461 |
| Sites and buildings | 3,966,001 | 4,307,340 | 4,273,353 | 4,564,335 |
| Fiscal and other fixed cost programs | 107,952 | 112,654 | 125,742 | 130,635 |
| Food service | 2,830,636 | 2,929,746 | 3,187,982 | 3,392,964 |
| Community service | 1,628,953 | 1,700,616 | 1,742,213 | 1,795,498 |
| Capital outlay | 4,258,497 | 13,633,606 | 6,812,841 | 6,691,205 |
| Debt service | | | | |
| Principal | 4,680,000 | 5,755,000 | 6,700,000 | 7,725,000 |
| Interest and fiscal charges | 7,247,475 | 6,462,436 | 6,494,170 | 7,737,467 |
| Total expenditures | <u>78,935,297</u> | <u>90,361,771</u> | <u>87,531,173</u> | <u>95,351,041</u> |
| Excess (deficiency) of revenues over (under) expenditures | (2,385,362) | (9,153,766) | (2,487,882) | (6,976,924) |
| Other Financing Sources (Uses) | | | | |
| Proceeds from sale of assets | 1,074 | 6,000 | 4,000 | 200 |
| Bonds refunded | (12,655,000) | - | - | - |
| Proceeds from bond issuance | - | - | 39,000,000 | 38,325,000 |
| Bond premium | - | - | 5,423,519 | 6,110,576 |
| Bond discount | - | - | - | - |
| Proceeds from certificate of participation | - | - | - | - |
| Premium on certificate of participation | - | - | - | - |
| Capital lease proceeds | - | - | - | - |
| Total other financing sources (uses) | <u>(12,653,926)</u> | <u>6,000</u> | <u>44,427,519</u> | <u>44,435,776</u> |
| Net change in fund balances | <u>\$ (15,039,288)</u> | <u>\$ (9,147,766)</u> | <u>\$ 41,939,637</u> | <u>\$ 37,458,852</u> |
| Debt service as a percentage of noncapital expenditures | 16.0% | 15.9% | 16.3% | 17.4% |

| Fiscal Year | | | | | |
|-----------------|-----------------|----------------|-----------------|-----------------|----------------|
| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| \$ 18,718,986 | \$ 22,314,253 | \$ 22,312,062 | \$ 32,575,051 | \$ 33,363,243 | \$ 36,338,193 |
| 2,277,734 | 2,331,605 | 3,468,932 | 3,810,443 | 4,005,832 | 3,971,453 |
| 64,588,313 | 68,614,824 | 72,135,291 | 77,109,197 | 79,556,814 | 80,594,484 |
| 3,656,143 | 3,600,238 | 4,172,968 | 4,829,246 | 4,425,124 | 4,328,807 |
| 1,879,915 | 2,117,288 | 2,198,848 | 2,281,609 | 2,309,279 | 2,321,585 |
| 91,121,091 | 98,978,208 | 104,288,101 | 120,605,546 | 123,660,292 | 127,554,522 |
| 4,521,361 | 5,437,582 | 5,759,082 | 5,648,428 | 5,452,115 | 4,967,825 |
| 1,348,643 | 1,780,294 | 2,067,743 | 2,175,658 | 1,992,860 | 2,368,148 |
| 35,377,923 | 38,542,795 | 40,739,884 | 41,499,067 | 41,375,223 | 41,850,504 |
| 718,252 | 683,688 | 747,306 | 868,774 | 633,155 | 867,839 |
| 14,829,013 | 15,337,996 | 17,154,198 | 18,342,688 | 18,062,751 | 18,184,600 |
| 4,544,911 | 5,405,273 | 6,459,308 | 8,185,448 | 7,276,861 | 7,624,820 |
| 6,044,213 | 6,727,114 | 7,259,476 | 7,614,151 | 7,869,648 | 8,303,551 |
| 5,361,523 | 5,742,925 | 6,151,407 | 5,852,566 | 6,225,856 | 6,462,215 |
| 181,473 | 215,914 | 211,184 | 191,091 | 199,020 | 172,683 |
| 3,421,835 | 3,740,537 | 4,098,498 | 4,534,624 | 4,301,406 | 4,184,109 |
| 1,746,124 | 1,974,288 | 2,247,122 | 2,653,638 | 2,701,273 | 2,699,409 |
| 8,452,578 | 14,020,032 | 13,601,299 | 52,761,602 | 45,992,413 | 15,335,237 |
| 49,105,000 | 63,095,000 | 9,718,773 | 12,528,917 | 31,546,121 | 16,320,536 |
| 8,791,140 | 7,222,016 | 7,965,462 | 9,136,642 | 8,915,088 | 7,647,264 |
| 144,443,989 | 169,925,454 | 124,180,742 | 171,993,294 | 182,543,790 | 136,988,740 |
| (53,322,898) | (70,947,246) | (19,892,641) | (51,387,748) | (58,883,498) | (9,434,218) |
| 119,370 | 13,580 | 21,600 | 4,022 | 508,669 | 188,238 |
| - | - | - | - | - | - |
| - | 12,055,000 | 112,185,000 | - | - | - |
| - | 998,546 | 10,805,831 | - | - | - |
| - | - | (24,812) | - | - | - |
| 13,175,000 | - | - | - | - | - |
| 190,993 | - | - | - | - | - |
| - | - | 1,239,504 | 3,447,610 | 417,480 | 2,474,300 |
| 13,485,363 | 13,067,126 | 124,227,123 | 3,451,632 | 926,149 | 2,662,538 |
| \$ (39,837,535) | \$ (57,880,120) | \$ 104,334,482 | \$ (47,936,116) | \$ (57,957,349) | \$ (6,771,680) |
| 42.6% | 45.1% | 16.0% | 18.0% | 29.3% | 19.0% |

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Independent School District #720
Shakopee Public Schools
Taxable Market Value of Properties
Last Ten Fiscal Years
(Unaudited)

| Payable Year | (1) Residential Property | (2) Commercial Property | Total Assessed Value | Total Direct School Tax Rate |
|-----------------|--------------------------------|-------------------------------|----------------------------|------------------------------------|
| 2010 | \$ 3,276,302,800 | \$ 952,886,100 | \$ 4,229,188,900 | 29.352% |
| 2011 | 3,116,975,600 | 962,850,900 | 4,079,826,500 | 31.182% |
| 2012 | 3,044,731,900 | 800,998,000 | 3,845,729,900 | 35.512% |
| 2013 | 2,739,797,200 | 796,576,600 | 3,536,373,800 | 39.715% |
| 2014 | 2,841,717,800 | 844,413,500 | 3,686,131,300 | 36.963% |
| 2015 | 3,252,532,100 | 897,436,700 | 4,149,968,800 | 35.577% |
| 2016 | 3,423,877,400 | 949,275,900 | 4,373,153,300 | 53.484% |
| 2017 | 3,473,072,500 | 1,099,461,700 | 4,572,534,200 | 49.282% |
| 2018 | 3,703,806,500 | 1,153,737,200 | 4,857,543,700 | 52.141% |
| 2019 | 3,900,645,000 | 1,258,375,800 | 5,159,020,800 | 52.930% |

Notes:

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

Source: Scott County Department of Property Tax and Public Records

Independent School District #720
Shakopee Public Schools
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Unaudited)

| Taxes Payable Year | ISD No. 720 Direct Rate | | | | | | Overlapping Rates | |
|--------------------|-------------------------|-----------------------|-----------------------|-------------------------------------|----------|------------------------------|-------------------|----------------|
| | RMV General Fund Rate | NTC General Fund Rate | NTC Community Service | NTC General Obligation Debt Service | NTC OPEB | Total Direct School Tax Rate | City of Shakopee | City of Savage |
| 2010 | 0.120 | 2.911 | 1.017 | 25.424 | - | 29.352 | 33.710 | 47.335 |
| 2011 | 0.139 | 3.061 | 0.996 | 27.125 | - | 31.182 | 34.731 | 48.278 |
| 2012 | 0.125 | 3.410 | 1.129 | 30.973 | - | 35.512 | 36.655 | 51.123 |
| 2013 | 0.145 | 7.529 | 1.210 | 30.976 | - | 39.715 | 41.990 | 55.508 |
| 2014 | 0.128 | 7.694 | 1.181 | 28.088 | - | 36.963 | 41.437 | 55.278 |
| 2015 | 0.100 | 8.222 | 1.070 | 26.285 | - | 35.577 | 37.862 | 51.742 |
| 2016 | 0.123 | 14.369 | 1.104 | 38.011 | - | 53.484 | 37.902 | 49.905 |
| 2017 | 0.115 | 13.945 | 1.057 | 34.280 | - | 49.282 | 38.522 | 47.841 |
| 2018 | 0.128 | 15.228 | 1.042 | 35.870 | - | 52.140 | 37.212 | 47.117 |
| 2019 | 0.110 | 14.519 | 0.981 | 37.430 | - | 52.930 | 34.940 | 44.474 |

Notes:

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

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

| Overlapping Rates | | | | | | | Total Direct and Overlapping Tax Rate |
|-------------------|------------------------|---------------------|------------------------|------------------|------------------|--------------|---|
| Prior Lake | Louisville Township | Jackson Township | Sand Creek Township | Metro Council | Metro Transit | Scott County | City of Shakopee |
| 29.442 | 4.635 | 10.546 | 15.699 | 0.795 | 1.381 | 33.237 | 98.47 |
| 30.710 | 4.724 | 10.209 | 17.362 | 0.828 | 1.440 | 35.541 | 103.72 |
| 29.740 | 4.810 | 13.212 | 18.660 | 0.959 | 1.647 | 38.802 | 113.58 |
| 31.887 | 4.896 | 12.207 | 18.864 | 1.017 | 1.744 | 40.674 | 125.14 |
| 30.736 | 4.507 | 12.719 | 18.717 | 1.034 | 1.624 | 39.720 | 120.78 |
| 31.988 | 4.641 | 11.162 | 18.059 | 0.959 | 1.524 | 36.628 | 112.55 |
| 31.953 | 4.959 | 10.843 | 17.476 | 0.921 | 1.485 | 36.175 | 129.97 |
| 32.685 | 5.004 | 12.129 | 17.761 | 0.850 | 1.407 | 35.896 | 125.96 |
| 33.039 | 4.918 | 12.681 | 17.837 | 0.853 | 1.410 | 35.896 | 127.51 |
| 33.020 | 4.589 | 10.636 | 16.583 | 0.679 | 1.560 | 33.841 | 123.95 |

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Independent School District #720
Shakopee Public Schools
Principal Property Taxpayers
Current Year and Nine Years Ago
(Unaudited)

| Taxpayer | Property Classification | 2019 | | | 2010 | | |
|-------------------------------------|-------------------------|---------------------|--|------|---------------------|--|------|
| | | Tax Capacity | Percentage of Total Tax Capacity | Rank | Tax Capacity | Percentage of Total Tax Capacity | Rank |
| REL P Shakopee, LLC | Commercial | \$ 1,199,250 | 2.26% | 1 | - | - | - |
| Xcel Energy | Utility | 718,722 | 1.35% | 2 | \$ 505,380 | 1.07% | 1 |
| Rahr Maltng Company | Commercial | 665,252 | 1.25% | 3 | 415,278 | 0.88% | 4 |
| Rosemount Inc | Commercial | 524,470 | 0.99% | 4 | - | - | - |
| St. Francis Regional Medical Center | Commercial | 500,500 | 0.94% | 5 | 358,500 | 0.76% | 9 |
| Duke Realty | Commercial | 473,714 | 0.89% | 6 | - | - | - |
| J & J Minneapolis LLC | Commercial | 470,100 | 0.89% | 7 | - | - | - |
| Liberty Properties | Distribution | 469,750 | 0.89% | 8 | - | - | - |
| WOP Addison LLC | Commercial | 453,756 | 0.86% | 9 | - | - | - |
| Seagate Technology LLC | Commercial | 439,250 | 0.83% | 10 | 399,250 | 0.85% | 6 |
| Certain Teed Corporation | Commercial | - | - | - | 419,420 | 0.89% | 3 |
| Inland Shak Valley Marketplace | Commercial | - | - | - | 422,786 | 0.90% | 2 |
| Ryan Companies | Property Management | - | - | - | 406,274 | 0.86% | 5 |
| Ryan Mpls LLC | Property Management | - | - | - | 389,250 | 0.82% | 7 |
| Valleyfair | Amusement Park | - | - | - | 361,371 | 0.77% | 8 |
| First Industrial LP | Warehouse | - | - | - | 357,864 | 0.76% | 10 |
| | | <u>\$ 5,914,764</u> | <u>11.15%</u> | | <u>\$ 4,035,373</u> | <u>5.34%</u> | |

Source: Scott County Department of Property Tax and Public Records

Independent School District #720
Shakopee Public Schools
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

| Fiscal Year | Taxes Levied for the Fiscal Year | | | | | | |
|----------------|----------------------------------|---------------------------|----------------------------|---------------------------|---------------------------|-----------------------|-----|
| | General Fund RMV Voter | General Fund RMV Other | General Fund Basic Levy | Community Service Levy | Debt Service Fund Levy | Total Tax Levy (1) | |
| 2010 | \$ 4,256,517 | \$ 1,265,319 | \$ 1,441,242 | \$ 503,358 | \$ 12,589,442 | \$ 20,055,878 | (2) |
| 2011 | 4,760,430 | 1,370,198 | 1,469,727 | 478,007 | 13,022,791 | 21,101,153 | (2) |
| 2012 | 4,538,364 | 1,119,477 | 1,541,595 | 510,690 | 14,004,282 | 21,714,407 | (2) |
| 2013 | 4,538,113 | 1,385,315 | 3,145,294 | 505,382 | 12,940,079 | 22,514,181 | (2) |
| 2014 | - | 5,565,310 | 3,429,210 | 526,412 | 12,518,345 | 22,039,277 | (2) |
| 2015 | - | 4,854,563 | 4,042,762 | 526,061 | 12,922,978 | 22,346,365 | (2) |
| 2016 | 2,500,000 | 5,951,726 | 4,647,062 | 548,983 | 18,906,524 | 32,554,296 | (2) |
| 2017 | 3,011,717 | 5,991,217 | 4,719,435 | 586,043 | 19,004,667 | 33,313,079 | (2) |
| 2018 | 3,206,596 | 7,009,394 | 5,423,209 | 590,824 | 20,341,203 | 36,571,228 | (2) |
| 2019 | 3,329,346 | 6,558,426 | 5,432,890 | 591,469 | 22,576,016 | 38,488,147 | (2) |

Notes:

(1) State credits are included in the operating levy

(2) Original Gross Levy

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

| Collected within the Fiscal Year of Levy | | Collections in Subsequent Years | Total Collections to Date | | Outstanding Delinquent Taxes | Percentage of Levy Outstanding |
|---|--------------------------|---------------------------------------|----------------------------|--------------------------|------------------------------------|--------------------------------------|
| Current Tax Collection | Percentage of Levy | | Total Tax Collection | Percentage of Levy | | |
| \$ 9,666,158 | 48.2% | \$ 9,849,374 | \$ 19,515,532 | 97.31% | \$ 540,346 | 2.77% |
| 10,333,871 | 49.0% | 10,334,820 | 20,668,691 | 97.95% | 432,462 | 2.09% |
| 10,941,966 | 50.4% | 10,556,005 | 21,497,972 | 99.00% | 216,435 | 1.01% |
| 11,344,873 | 50.4% | 10,890,518 | 22,235,391 | 98.76% | 278,791 | 1.25% |
| 11,191,649 | 50.8% | 10,649,397 | 21,841,046 | 99.10% | 198,230 | 0.91% |
| 11,392,345 | 51.0% | 10,812,315 | 22,204,660 | 99.37% | 141,705 | 0.64% |
| 17,026,255 | 52.3% | 15,446,446 | 32,472,701 | 99.75% | 81,595 | 0.25% |
| 17,036,841 | 51.1% | 16,182,091 | 33,218,933 | 99.72% | 94,146 | 0.28% |
| 19,099,575 | 52.2% | 19,049,992 | 38,149,567 | 104.32% | 82,647 | 0.22% |
| 18,410,550 | 47.8% | - | 18,410,550 | 47.83% | 82,647 | 0.45% |

Independent School District #720
Shakopee Public Schools
Outstanding Debt By Type
Last Ten Fiscal Years
(Unaudited)

| Fiscal Year | Governmental Activities | | | Total Primary Government | Estimated Population | Per Capita |
|----------------|--------------------------------|-------------------------------------|------------------------------|--------------------------------|-------------------------|---------------|
| | General Obligation Bonds | Certificates of Participation | Capital Leases Payable | | | |
| 2010 | \$ 149,610,000 | \$ - | \$ - | \$ 149,610,000 | 41,423 | \$ 3,612 |
| 2011 | 143,855,000 | - | - | 143,855,000 | 42,411 | 3,392 |
| 2012 | 176,155,000 | - | - | 176,155,000 | 44,290 | 3,977 |
| 2013 | 206,755,000 | - | - | 206,755,000 | 44,711 | 4,624 |
| 2014 | 157,650,000 | 13,175,000 | - | 170,825,000 | 44,941 | 3,801 |
| 2015 | 107,220,000 | 12,565,000 | - | 119,785,000 | 46,376 | 2,583 |
| 2016 | 210,545,000 | 12,040,000 | 905,731 | 223,490,731 | 47,110 | 4,744 |
| 2017 | 199,410,000 | 11,495,000 | 3,504,424 | 214,409,424 | 47,569 | 4,507 |
| 2018 | 169,630,000 | 10,930,000 | 2,720,782 | 183,280,782 | 47,569 | 3,853 |
| 2019 | 155,315,000 | 10,340,000 | 3,779,547 | 169,434,547 | 48,954 | 3,461 |

Notes:

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

Independent School District #720
Shakopee Public Schools
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Unaudited)

| Fiscal Year | General Obligation Bonds | Less Amounts Available In Debt Service fund | Net Bonded Debt | Total Assessed Value | Percentage of Est Actual Value of Taxable Property | Estimated Population | Net Bonded Debt Per Capita |
|----------------|--------------------------------|---|-----------------------|----------------------------|---|-------------------------|----------------------------------|
| | | | | | | | |
| 2010 | \$ 149,610,000 | \$ 1,657,106 | \$ 147,952,894 | \$ 4,229,188,900 | 3.50% | 41,423 | \$ 3,572 |
| 2011 | 143,855,000 | 2,185,834 | 141,669,166 | 4,079,826,500 | 3.47% | 42,411 | 3,340 |
| 2012 | 176,155,000 | 2,309,255 | 173,845,745 | 3,845,729,900 | 4.52% | 44,290 | 3,925 |
| 2013 | 206,755,000 | 2,903,984 | 203,851,016 | 3,536,373,800 | 5.76% | 44,711 | 4,559 |
| 2014 | 157,650,000 | 2,981,462 | 154,668,538 | 3,686,131,300 | 4.20% | 44,941 | 3,442 |
| 2015 | 107,220,000 | 2,937,288 | 104,282,712 | 4,149,968,800 | 2.51% | 46,376 | 2,249 |
| 2016 | 210,545,000 | 20,079,253 | 190,465,747 | 4,373,153,300 | 4.77% | 47,110 | 4,043 |
| 2017 | 199,410,000 | 20,670,744 | 178,739,256 | 4,572,534,200 | 4.29% | 47,569 | 3,757 |
| 2018 | 169,630,000 | 2,988,464 | 166,641,536 | 4,857,543,700 | 3.43% | 47,569 | 3,503 |
| 2019 | 155,315,000 | 3,223,859 | 152,091,141 | 5,159,020,800 | 2.95% | 48,954 | 3,107 |

Notes:

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

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

| | Dec-18 Adjusted Taxable Net Tax Capacity | Dec-18 Debt Outstanding | Estimated Percentage Applicable | Estimated Share of Overlapping Debt |
|--|---|-------------------------------|---------------------------------------|--|
| Overlapping | | | | |
| Scott County | \$ 201,485,950 | \$ 48,400,000 | 30.99% | \$ 15,000,891 |
| Cities/Townships | | | | |
| Shakopee | 54,642,684 | 34,262,746 | 95.29% | 32,648,543 |
| Savage | 39,556,329 | 41,480,000 | 7.01% | 2,906,542 |
| Prior Lake | 37,986,130 | 41,535,000 | 2.95% | 1,223,972 |
| Total Overlapping | | | | <u>51,779,947</u> |
| Direct | | | | |
| Shakopee Public Schools ISD No. 720 | 60,420,682 | 155,315,000 | 100.00% | <u>155,315,000</u> |
| Total Direct and Overlapping Bonded Debt | | | | <u><u>\$ 207,094,947</u></u> |

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

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

Independent School District #720
Shakopee Public Schools
Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)

| Fiscal Year | Net Bonded Debt (1) | Net Tax Capacity (1) | Percent of Net Debt to Net Tax Capacity | Percent of Bonded Debt to Market Value | Estimated Population (1) | Net Debt per Capita | Indicated Market Value (2) | Legal Debt Limit (3) | Legal Debt Margin (4) | Percent Bonded Debt to Debt Limit |
|-------------|---------------------|----------------------|---|--|--------------------------|---------------------|----------------------------|----------------------|-----------------------|-----------------------------------|
| | | | | | | | | | | |
| 2010 | \$ 149,610,000 | \$ 58,859,056 | 254.18% | 3.54% | 41,423 | \$ 3,612 | \$ 4,437,763,799 | \$ 665,664,570 | \$ 516,054,570 | 22.48% |
| 2011 | 143,855,000 | 45,905,010 | 313.38% | 3.53% | 42,411 | 3,392 | 4,083,910,410 | 612,586,562 | 468,731,562 | 23.48% |
| 2012 | 176,155,000 | 42,339,285 | 416.06% | 4.58% | 44,290 | 3,977 | 3,788,896,453 | 568,334,468 | 392,179,468 | 30.99% |
| 2013 | 206,755,000 | 44,173,949 | 468.05% | 5.85% | 44,711 | 4,624 | 3,515,282,107 | 527,292,316 | 320,537,316 | 39.21% |
| 2014 | 157,650,000 | 48,960,266 | 322.00% | 4.28% | 44,941 | 3,508 | 3,847,736,221 | 577,160,433 | 419,510,433 | 27.31% |
| 2015 | 107,220,000 | 51,591,841 | 207.82% | 2.58% | 46,376 | 2,312 | 4,386,859,197 | 658,028,879 | 550,808,879 | 16.29% |
| 2016 | 210,545,000 | 54,930,192 | 383.30% | 4.81% | 47,110 | 4,469 | 4,536,466,079 | 680,469,912 | 469,924,912 | 30.94% |
| 2017 | 199,410,000 | 53,882,262 | 370.08% | 4.36% | 47,569 | 4,192 | 4,906,152,575 | 735,922,886 | 536,512,886 | 27.10% |
| 2018 | 169,630,000 | 57,032,951 | 297.42% | 3.49% | 47,569 | 3,566 | 5,062,578,114 | 759,386,717 | 589,756,717 | 22.34% |
| 2019 | 155,315,000 | 60,420,682 | 257.06% | 3.01% | 48,954 | 3,173 | 5,059,941,354 | 758,991,203 | 603,676,203 | 20.46% |

Notes:

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

Independent School District #720
Shakopee Public Schools
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

| Fiscal Year | Population (1) | Personal Income (<i>thousands</i> of dollars) (2) | Per Capita Personal Income (2) | Enrollment (3) | Scott Co. Unemployment Rate (4) |
|----------------|-------------------|--|--|-------------------|--|
| 2010 | 41,423 | - | - | 6,686 | 6.7% |
| 2011 | 42,411 | - | - | 7,055 | 6.0% |
| 2012 | 44,290 | - | - | 7,297 | 5.1% |
| 2013 | 44,711 | - | - | 7,405 | 4.7% |
| 2014 | 44,941 | - | - | 7,593 | 3.7% |
| 2015 | 46,376 | - | - | 7,791 | 3.2% |
| 2016 | 47,110 | - | - | 8,012 | 3.4% |
| 2017 | 47,569 | - | - | 8,153 | 3.2% |
| 2018 | 47,569 | - | - | 8,265 | 3.0% |
| 2019 | 48,954 | - | - | 8,184 | 2.3% |

Sources:

- (1) Scott County Levy Documentation
- (2) Personal income information for residents living within the District is not available
- (3) MN Department of Education
- (4) MN Employment and Economic Development. The SEP 2019 rate is used.

Independent School District #720
Shakopee Public Schools
Principal Employers
Current Year and Nine Years Ago
(Unaudited)

| Employer | Product/Service | 2019 | | 2010 | |
|--------------------------------------|----------------------------------|---------------|------|--------------|------|
| | | Employees | Rank | Employees | Rank |
| Shakopee Mdewakanton Sioux Community | Entertainment | 4,200 | 1 | - | - |
| Valleyfair | Entertainment park | 2,070 | 2 | 1,227 | 2 |
| Emerson | Manufacturing | 1,192 | 3 | 1,600 | 1 |
| ISD 720, Shakopee Public Schools | Public education | 1,100 | 4 | 787 | 6 |
| Amazon | Distribution | 1,000 | 5 | - | - |
| St. Francis Regional Medical Center | Health care | 942 | 6 | 833 | 5 |
| Imagine! Print Solutions | Commercial printing | 791 | 7 | 517 | 8 |
| Canterbury Park | Horse racing | 722 | 8 | 859 | 4 |
| Scott County | County government | 643 | 9 | 724 | 7 |
| Seagate Technology LLC | Computer equipment manufacturing | 641 | 10 | - | - |
| City of Shakopee | City government | - | - | 350 | 9 |
| Northstar Auto Auction | Motor vehicle sales | - | - | 301 | 10 |
| ADC Telecommunications | Telecommunications | - | - | 876 | 3 |
| | | <u>13,301</u> | | <u>8,074</u> | |

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

Note: Total employment for the area served by Shakopee Public Schools is not available and, therefore, a percentage of total

Independent School District #720
Shakopee Public Schools
Full-time-Equivalent District Licensed Employees by Type
Last Ten Fiscal Years
(Unaudited)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|--------|--------|-------|-------|-------|-------|-------|-------|-------|-------|
| Administrative Staff | | | | | | | | | | |
| Superintendent | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Principals | 8.0 | 8.0 | 7.0 | 9.0 | 10.0 | 12.0 | 11.0 | 15.0 | 14.6 | 9.0 |
| Administrative Assistants (Asst. Principals and Asst. Superintendent) | 4.0 | 3.0 | 4.0 | 5.0 | 9.0 | 12.0 | 13.8 | 10.0 | 10.0 | 15.0 |
| Supervisory Coordinator | 1.0 | 1.0 | 1.0 | 0.0 | 2.0 | 4.0 | 4.0 | 3.0 | 3.8 | 4.8 |
| Total Administrative Staff | 14.0 | 13.0 | 13.0 | 15.0 | 22.0 | 29.0 | 29.8 | 29.0 | 29.4 | 29.8 |
| Support Service Staff | | | | | | | | | | |
| Other Non-Instructional Staff | 12.5 | 19.79 | 41.0 | 40.7 | 21.9 | 48.4 | 43.9 | 46.4 | 62.3 | 62.3 |
| Counselors/Deans | 4.0 | 3.0 | 3.0 | 5.0 | 6.0 | 7.0 | 11.0 | 11.0 | 9.0 | 10.0 |
| Media/Librarian | 8.0 | 7.0 | 7.0 | 8.0 | 8.0 | 8.0 | 10.0 | 9.0 | 5.0 | 5.0 |
| Nurse | 3.0 | 3.0 | 3.0 | 4.7 | 5.0 | 5.6 | 6.3 | 4.8 | 5.8 | 5.8 |
| Social Worker | 8.0 | 6.0 | 6.0 | 6.0 | 9.0 | 10.0 | 9.8 | 12.0 | 11.7 | 11.7 |
| Psychologists | 6.0 | 6.0 | 4.8 | 6.8 | 7.0 | 7.0 | 7.0 | 8.0 | 8.0 | 8.0 |
| Teacher on Sp Assignment | 5.5 | 21.8 | 23.3 | 28.6 | 6.4 | 19.0 | 14.5 | 19.5 | 20.1 | 20.1 |
| Total Support Service Staff | 47.0 | 66.6 | 88.2 | 99.8 | 63.3 | 105.0 | 102.6 | 110.6 | 121.9 | 122.9 |
| Special Education Teachers | | | | | | | | | | |
| Speech Language | 18.8 | 17.8 | 17.4 | 19.7 | 20.8 | 18.8 | 20.8 | 20.8 | 20.1 | 20.1 |
| Other Special Education Teachers | 75.3 | 70.3 | 68.8 | 71.4 | 79.6 | 79.4 | 94.9 | 86.4 | 85.4 | 86.4 |
| Total Special Education Teachers | 94.1 | 88.1 | 86.2 | 91.1 | 100.5 | 98.2 | 115.7 | 107.2 | 105.6 | 106.5 |
| Classroom Teachers | | | | | | | | | | |
| K-12 Teacher | 343.52 | 330.17 | 328.2 | 347.4 | 397.1 | 394.7 | 426.3 | 414.8 | 394.1 | 397.0 |
| Vocational Education Teacher | 7.2 | 5.4 | 5.8 | 6.2 | 6.0 | 6.1 | 4.9 | 5.5 | 4.8 | 4.8 |
| Pre-K, ECFE, and Other Teacher | 9.1 | 9.2 | 10.5 | 10.4 | 9.0 | 8.8 | 11.2 | 8.9 | 9.0 | 9.0 |
| Total Classroom Teachers | 359.88 | 344.8 | 344.5 | 364.0 | 412.1 | 409.7 | 442.4 | 429.2 | 407.9 | 410.8 |
| Total | 514.99 | 512.4 | 531.9 | 570.0 | 597.9 | 641.9 | 690.4 | 676.0 | 664.8 | 670.1 |

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

Independent School District #720
Shakopee Public Schools
Operating Statistics
Last Ten Fiscal Years
(Unaudited)

| Fiscal Year | Enrollment | Total Governmental Fund Expenditures | Cost per Pupil | Percentage Change | Teaching Staff | Pupil- Teacher Ratio |
|----------------|------------|---|----------------------|----------------------|-------------------|----------------------------|
| 2010 | 6,686 | \$ 78,935,297 | \$ 11,805 | 5.38% | 454.0 | 14.7 |
| 2011 | 7,055 | 90,361,771 | 12,809 | 8.50% | 432.9 | 16.3 |
| 2012 | 7,297 | 87,531,173 | 11,995 | -6.35% | 430.7 | 16.9 |
| 2013 | 7,405 | 95,351,041 | 12,876 | 7.34% | 455.2 | 16.3 |
| 2014 | 7,593 | 144,443,989 | 19,024 | 47.75% | 512.6 | 14.8 |
| 2015 | 7,791 | 169,925,454 | 21,809 | 14.64% | 507.9 | 15.3 |
| 2016 | 8,012 | 124,180,742 | 15,499 | -28.93% | 558.0 | 14.4 |
| 2017 | 8,153 | 171,993,294 | 21,095 | 36.11% | 536.4 | 15.2 |
| 2018 | 8,265 | 182,543,790 | 22,086 | 4.70% | 513.4 | 16.1 |
| 2019 | 8,184 | 136,988,740 | 16,739 | -24.21% | 517.4 | 15.8 |

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

Independent School District #720
Shakopee Public Schools
School Building Information
Last Ten Fiscal Years
(Unaudited)

| | Fiscal Year | | | | | | | | | |
|------------------------|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| School | | | | | | | | | | |
| Elementary | | | | | | | | | | |
| Sweeney Elementary | | | | | | | | | | |
| Square feet | 84,171 | 84,171 | 84,171 | 84,171 | 84,171 | 94,914 | 94,914 | 94,914 | 94,914 | 94,914 |
| Building Capacity | 672 | 672 | 672 | 672 | 672 | 672 | 672 | 672 | 672 | 672 |
| Program Capacity | 672 | 672 | 672 | 672 | 672 | 672 | 672 | 672 | 672 | 672 |
| Enrollment (1) | 643 | 675 | 708 | 712 | 707 | 683 | 652 | 640 | 655 | 652 |
| Sun Path Elementary | | | | | | | | | | |
| Square feet | 96,600 | 96,600 | 96,600 | 96,600 | 96,600 | 106,455 | 106,455 | 106,455 | 106,455 | 106,455 |
| Building Capacity | 764 | 764 | 764 | 764 | 764 | 764 | 764 | 764 | 764 | 764 |
| Program Capacity | 764 | 764 | 764 | 764 | 764 | 764 | 764 | 764 | 764 | 764 |
| Enrollment (1) | 680 | 733 | 770 | 768 | 745 | 728 | 730 | 675 | 654 | 610 |
| Pearson Elementary | | | | | | | | | | |
| Square feet | 87,235 | 87,235 | 87,235 | 87,235 | 87,235 | 87,235 | 87,235 | 87,235 | 87,235 | 87,235 |
| Building Capacity | 586 | 586 | 586 | 586 | 586 | 586 | 586 | 586 | 586 | 586 |
| Program Capacity | 586 | 586 | 586 | 586 | 586 | 586 | 586 | 586 | 586 | 586 |
| Enrollment (1) | 592 | 588 | - | (2) | 577 | 624 | 659 | 680 | 644 | - |
| Red Oak Elementary | | | | | | | | | | |
| Square feet | 97,000 | 97,000 | 97,000 | 97,000 | 97,000 | 106,818 | 106,818 | 106,818 | 106,818 | 106,818 |
| Building Capacity | 764 | 764 | 764 | 764 | 764 | 764 | 764 | 764 | 764 | 764 |
| Program Capacity | 764 | 764 | 764 | 764 | 764 | 764 | 764 | 764 | 764 | 764 |
| Enrollment (1) | 782 | 753 | 812 | 731 | 715 | 717 | 689 | 644 | 610 | 564 |
| Eagle Creek Elementary | | | | | | | | | | |
| Square feet | 100,185 | 100,185 | 100,185 | 100,185 | 100,185 | 110,088 | 110,088 | 110,088 | 110,088 | 110,088 |
| Building Capacity | 764 | 764 | 764 | 764 | 764 | 764 | 764 | 764 | 764 | 764 |
| Program Capacity | 764 | 764 | 764 | 764 | 764 | 764 | 764 | 764 | 764 | 764 |
| Enrollment (1) | 765 | 839 | 670 | 720 | 771 | 810 | 847 | 839 | 817 | 777 |
| Jackson Elementary | | | | | | | | | | |
| Square feet | - | - | 109,068 | 109,068 | 109,068 | 109,068 | 109,068 | 109,068 | 109,068 | 109,068 |
| Building Capacity | - | - | 764 | 764 | 764 | 764 | 764 | 764 | 764 | 764 |
| Program Capacity | - | - | 764 | 764 | 764 | 764 | 764 | 764 | 764 | 764 |
| Enrollment (1) | - | - | 698 | 759 | 806 | 835 | 852 | 868 | 864 | 850 |

Independent School District #720
Shakopee Public Schools
School Building Information
Last Ten Fiscal Years
(Unaudited)

| | Fiscal Year | | | | | | | | | | Continued |
|------------------------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | |
| Middle | | | | | | | | | | | |
| East Junior High | | | | | | | | | | | |
| Square feet | 164,917 | 164,917 | 164,917 | 164,917 | 164,917 | 164,917 | 164,917 | 164,917 | 164,917 | 164,917 | |
| Building Capacity | 985 | 985 | 985 | 985 | 985 | 985 | 985 | 985 | 985 | 985 | |
| Program Capacity | 985 | 985 | 985 | 985 | 985 | 985 | 985 | 985 | 985 | 985 | |
| Enrollment (1) | 912 | 1,059 | 1,143 | 726 | 806 | 798 | 841 | 851 | 883 | 844 | |
| West Junior High | | | | | | | | | | | |
| Square feet | 207,941 | 207,941 | 207,941 | 207,941 | 207,941 | 207,941 | 207,941 | 207,941 | 207,941 | 207,941 | |
| Building Capacity | 896 | 896 | 896 | 896 | 896 | 896 | 896 | 896 | 896 | 896 | |
| Program Capacity | 896 | 896 | 896 | 896 | 896 | 896 | 896 | 896 | 896 | 896 | |
| Enrollment (1) | 933 | 981 | 975 | 925 | 976 | 968 | 978 | 1,065 | 1,144 | 1,148 | |
| High School (3) | | | | | | | | | | | |
| Shakopee High School | | | | | | | | | | | |
| Square feet | 322,000 | 322,000 | 322,000 | 322,000 | 322,000 | 322,000 | 322,000 | 322,000 | 322,000 | 322,000 | |
| Building Capacity | 1,612 | 1,612 | 1,612 | 1,612 | 1,612 | 1,612 | 1,612 | 1,612 | 1,612 | 1,612 | |
| Program Capacity | 1,612 | 1,612 | 1,612 | 1,612 | 1,612 | 1,612 | 1,612 | 1,612 | 1,612 | 1,612 | |
| Enrollment (1) | 1,313 | 1,361 | 1,451 | 1,381 | 1,379 | 1,494 | 1,611 | 1,719 | 1,728 | 2,479 | |
| Other | | | | | | | | | | | |
| Tokata Learning Center - ALC | | | | | | | | | | | |
| Square feet | - | - | - | 12,351 | 12,351 | 12,351 | 12,351 | 12,351 | 12,351 | 12,351 | |
| Enrollment (1) | - | - | - | 56 | 43 | 74 | 85 | 91 | 184 | 186 | |
| Central Family Center | | | | | | | | | | | |
| Square feet | 64,197 | 64,197 | 64,197 | 64,197 | 64,197 | 64,197 | 64,197 | 64,197 | 64,197 | 64,197 | |
| Enrollment (1) | 67 | 66 | 69 | 50 | 63 | 66 | 68 | 82 | 82 | 75 | |
| Total | | | | | | | | | | | |
| Square feet | 1,224,246 | 1,224,246 | 1,333,314 | 1,345,665 | 1,345,665 | 1,385,984 | 1,385,984 | 1,385,984 | 1,385,984 | 1,663,984 | |
| Building Capacity | 7,043 | 7,043 | 7,807 | 7,807 | 7,807 | 7,807 | 7,807 | 7,807 | 7,807 | 9,195 | |
| Program Capacity | 7,043 | 7,043 | 7,807 | 7,807 | 7,807 | 7,807 | 7,807 | 7,807 | 7,807 | 9,195 | |
| Enrollment | 6,686 | 7,055 | 7,297 | 7,405 | 7,593 | 7,796 | 8,012 | 8,153 | 8,265 | 8,185 | |

Independent School District #720
Shakopee Public Schools
School Building Information
Last Ten Fiscal Years
(Unaudited)

| | Fiscal Year | | | | | | | | | | Continued |
|-------------------------|-------------|------|------|------|------|------|------|------|------|------|-----------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | |
| <u>Athletics</u> | | | | | | | | | | | |
| Football fields | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Running tracks | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Baseball/softball | 22 | 22 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | |
| Tennis courts | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | |
| Multi-purpose fields | | | | | | | | | | | |
| (lacrosse, soccer) | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | |
| Multi-purpose gyms | 12 | 12 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 18 | |
| Swimming pools | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | |
| Playgrounds | 7 | 7 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | |

Notes:

- (1) Enrollment reflects average daily membership served by site. Resident students served under tuition agreements are excluded from this enrollment data.
- (2) In fiscal year 2012, Pearson Elementary was closed as the school was remodeled and transitioned into a sixth grade center and closed for fiscal year 2019.
- (3) HS Expansion effective in fiscal year 2019 as district did take full possession of new spaces in Fall of 2018.