

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2020

SHAKOPEE PUBLIC SCHOOLS  
INDEPENDENT SCHOOL  
DISTRICT 720

SHAKOPEE.K12.MN.US

1200 SHAKOPEE TOWN SQUARE  
SHAKOPEE, MN 55379  
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, 2020**

Prepared by

THE FINANCE DEPARTMENT

William Menozzi  
*Director of Finance and Operations*

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



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**Independent School District No. 720**  
**Board of Education and Administration**  
**June 30, 2020**

<u>Board of Education</u>	<u>Position</u>	<u>Term Expires</u>
Kristi Peterson	Chairperson	December 31, 2022
Judith Tomczik	Vice Chairperson	December 31, 2022
Paul Christiansen	Clerk	December 31, 2022
Joe Aldrich	Treasurer	December 31, 2022
Tim Brophy	Director	December 31, 2020
Matt McKeand	Director	December 31, 2020
Angela Tucker	Director	December 31, 2020
<u>Administration</u>		
Dr. Mike Redmond	Superintendent	
Dave Orlofsky	Assistant Superintendent	
William Menozzi	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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**Superintendent:** Dr. Mike Redmond

**Finance Director:** Bill Menozzi

November 16, 2020

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, 2020, 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 8,190 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. Six years ago, the district began to look at the 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 2019-2020, 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 28.23 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.

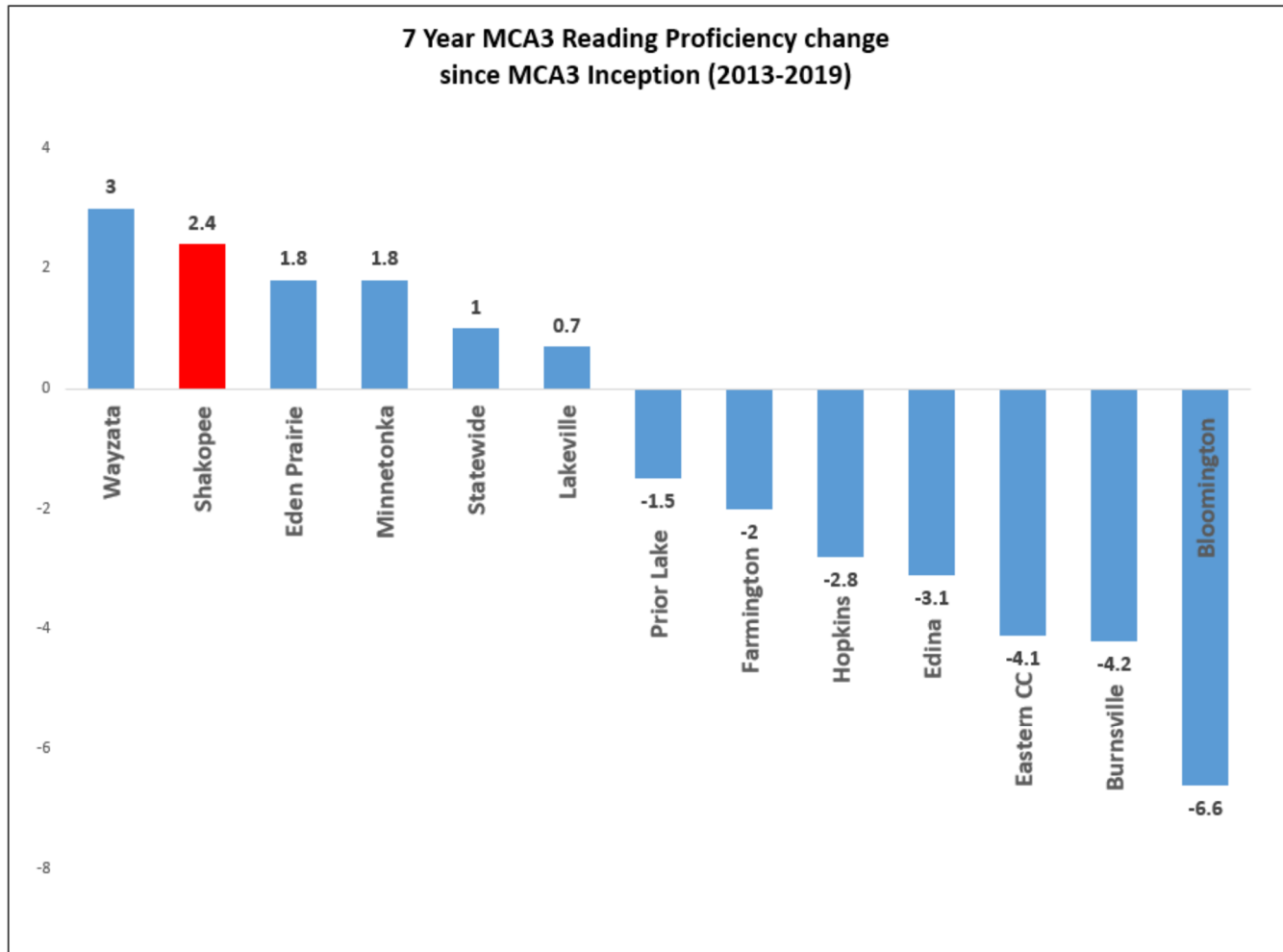
### **Testing Data**

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)

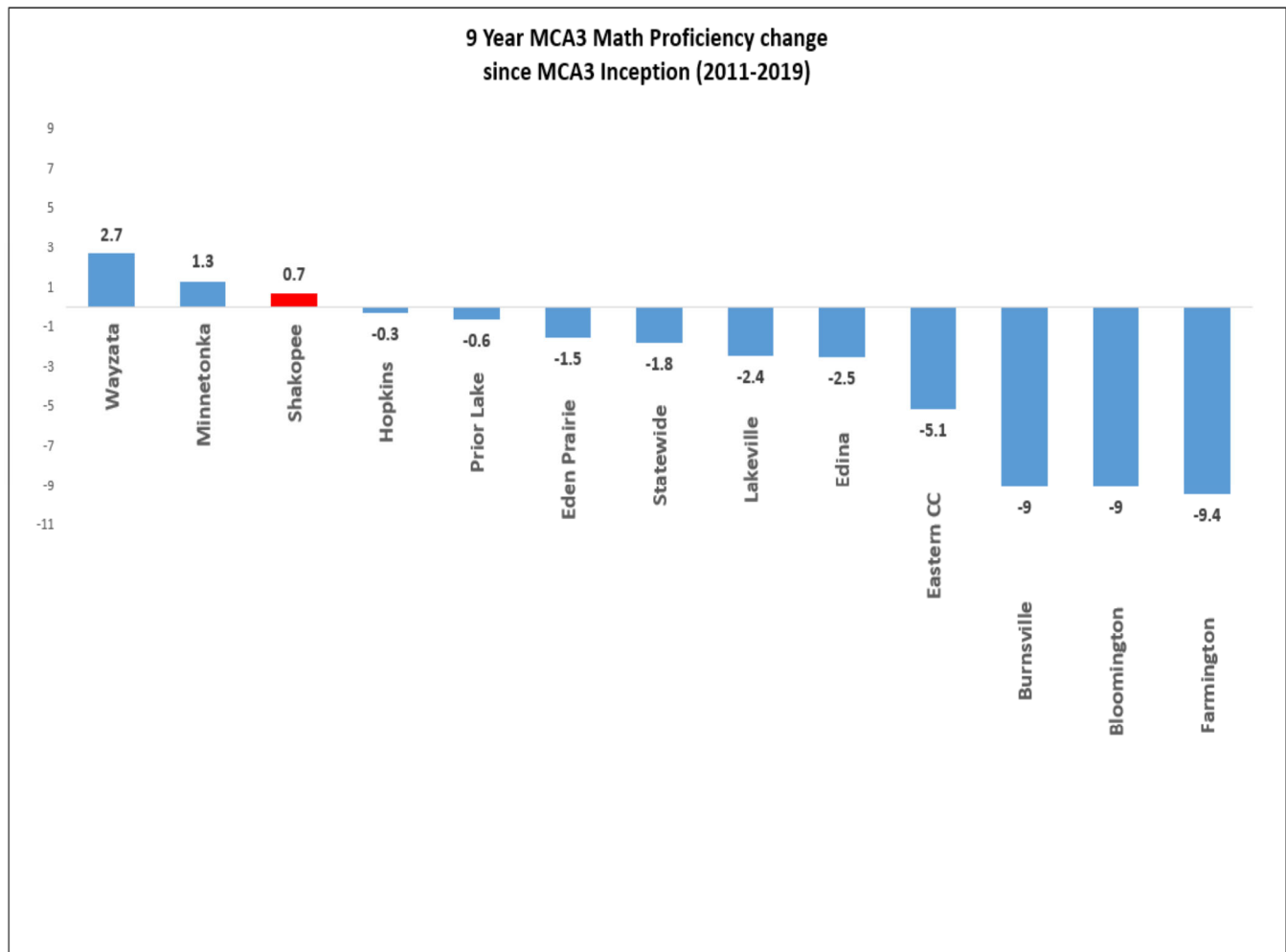
### Testing Data (Continued)

Due to the Covid\_19 pandemic MCA testing did not take place in the spring of 2020. Data through 2019 is shown below.



## 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 School Board is responsible for the legal level of budgetary control at the fund level. The Superintendent is appointed by the Board and is responsible for administrative control of the District. The District's financial statements include all funds, departments, agencies, boards, commissions, and other component units for which the District is considered to be financially accountable. Component units are legally separate entities for which the District (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading.

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

## **FINANCIAL STATEMENTS**

The financial statements contained in this report disclose the financial position of the District as of June 30, 2020, 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 2019-20 fiscal year. Their report is included in the financial section of this report. The auditor has given an unmodified opinion on the District's financial statements. An unmodified opinion means that, in the judgment of the auditor, the financial statements present fairly, in all material respects, the financial position of the District and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

## **FEDERAL SINGLE AUDIT AND STATE COMPLIANCE AUDIT**

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

## **ACCOUNTING AND BUDGETING**

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

Budgetary control is maintained through an annual budget adopted by the School Board for all funds as required by state statutes and School Board policy. The 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.

## **ACCOUNTING AND BUDGETING (CONTINUED)**

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 \$6,438 per student for the 2019-20 school year. Shakopee has experienced increasing enrollment from FY10 to FY20. During that time, 1,395 students joined the district, an increase of 20.5%.

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.

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 \$724 per student, the lowest authority of its comparable districts. Shakopee Schools is experiencing pockets of growth in the taxing district, but overall growth K-12 has slowed.

In order to maintain high quality educational programs and experiences for students, the School Board passed a referendum resolution to seek voter approval on a phased-in general fund levy on November 3, 2020. Operating referendum authority is needed to sustain the high-quality programming in the District.

Like all public school districts in Minnesota, Shakopee Schools relies on student generated revenue for funding in the general fund. The ability to project enrollment accurately is an important part of budget building. During 2019-20, the revised budget enrollment projection was 8,280 average daily membership (ADM). Actual enrollment was 8,190 ADM. Enrollment projections for 2020-21 have been adjusted downward to reflect the actual 19-20 enrollment and the enrollment impact of the COVID-19 pandemic.

## **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 2014 to 2020 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 2020 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 the high school to accommodate 3,200 students in grades 9-12.
- Renovation or improvement of fields and stadiums
- 1:1 devices for all students in grades 3-12 and 2:1 devices for students K-2.
- Upgrade in security in a variety of buildings

The district has committed itself to our mission of college and career readiness for all students. In 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.



## **INITIATIVES (CONTINUED)**

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**

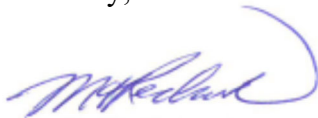
State statutes require an annual audit by independent certified public accountants. The accounting firm of BerganKDV LTD was selected by the School Board to conduct the annual audit.

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 2019, 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 2019-2020 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 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



Bill Menozzi  
Director of Finance and Operations



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, 2019.**

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



A handwritten signature in black ink, reading 'Claire Hertz'.

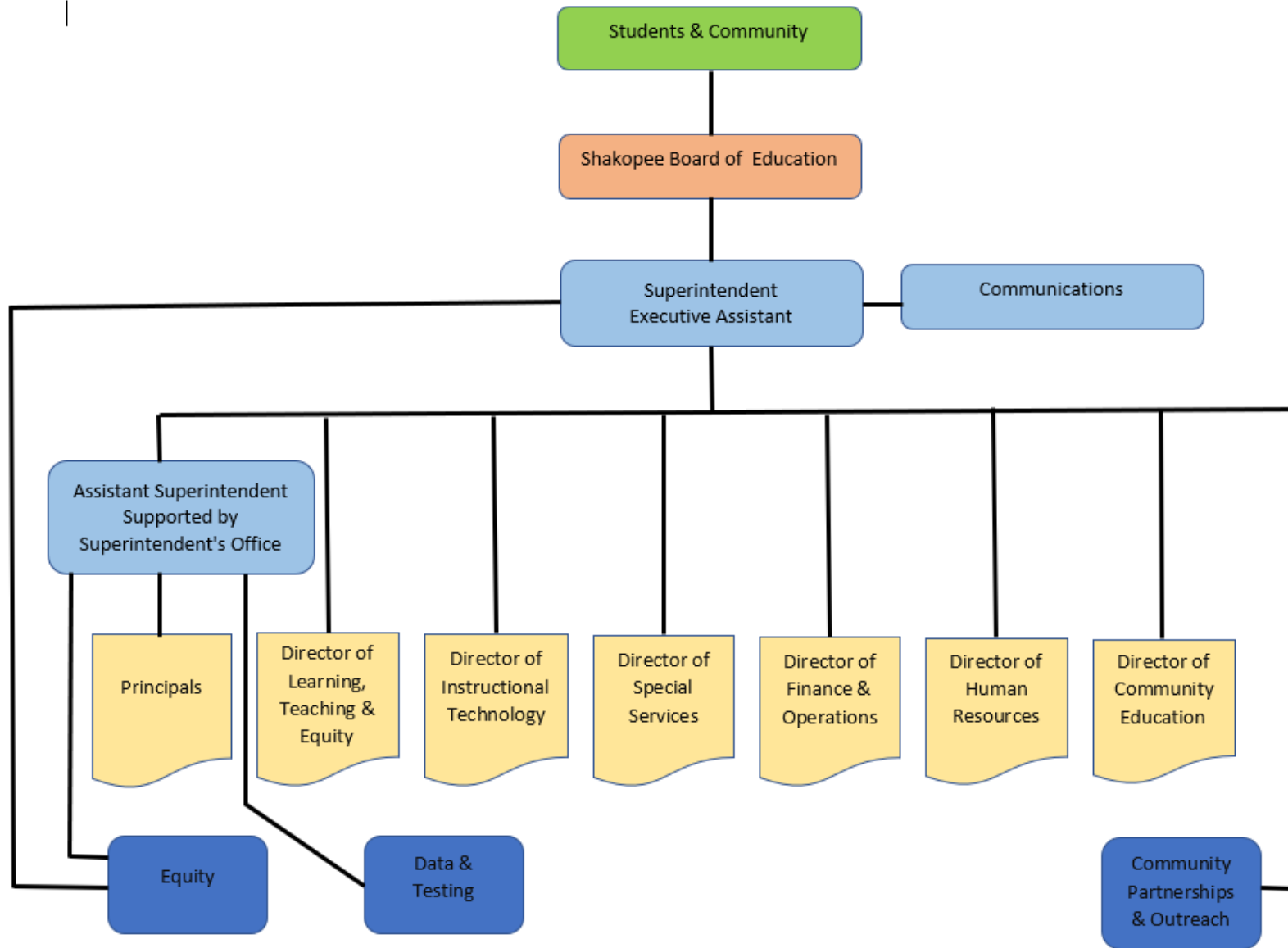
Claire Hertz, SFO  
President

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, 2020**



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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, 2020, 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, 2020, 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.

## Implementation of GASB 84

As discussed in Note 9 to the financial statements, the District has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

## 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 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.

## **Other Matters (Continued)**

### *Other Information (Continued)*

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


### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2020, 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, 2019, from which such partial information was derived.

We also have previously audited the District's 2019 basic financial statements and our report, dated December 9, 2019, 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, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Minneapolis, Minnesota  
November 16, 2020



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**Independent School District No. 720**  
**Management's Discussion and Analysis**  
**June 30, 2020**

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, 2020. 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, 2020**

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

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

**Independent School District No. 720  
Management's Discussion and Analysis  
June 30, 2020**

**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, 2020 and 2019**

	2020	2019
<b>Assets and Deferred Outflows</b>		
Current and other assets	\$ 69,374,107	\$ 61,660,310
Capital assets, net of depreciation	248,473,232	237,495,204
Total assets	<u>317,847,339</u>	<u>299,155,514</u>
Deferred outflows of resources	<u>53,536,440</u>	<u>79,278,018</u>
Total assets and deferred outflows of resources	<u><u>\$ 371,383,779</u></u>	<u><u>\$ 378,433,532</u></u>
<b>Liabilities and Deferred Inflows</b>		
Current and other liabilities	\$ 17,730,465	\$ 16,842,125
Long-term liabilities, including due within one year	250,615,460	250,722,831
Total liabilities	<u>268,345,925</u>	<u>267,564,956</u>
Deferred inflows of resources	<u>125,528,687</u>	<u>143,489,584</u>
Total liabilities and deferred inflows of resources	<u><u>\$ 393,874,612</u></u>	<u><u>\$ 411,054,540</u></u>
<b>Net Position</b>		
Net investment in capital assets	\$ 67,663,806	\$ 55,529,637
Restricted	7,194,893	2,446,033
Unrestricted	<u>(97,349,532)</u>	<u>(90,596,678)</u>
Total net position	<u><u>\$ (22,490,833)</u></u>	<u><u>\$ (32,621,008)</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, 2020, total net position increased by \$10,130,175, which includes a change in accounting principle that added \$544,092 to the beginning of the year total net position.

**Independent School District No. 720**  
**Management's Discussion and Analysis**  
**June 30, 2020**

**Financial Analysis of the District as A Whole (Continued)**

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

**Table 2**  
**Summary Statement of Activities**  
**for the Years Ended June 30, 2020 and 2019**

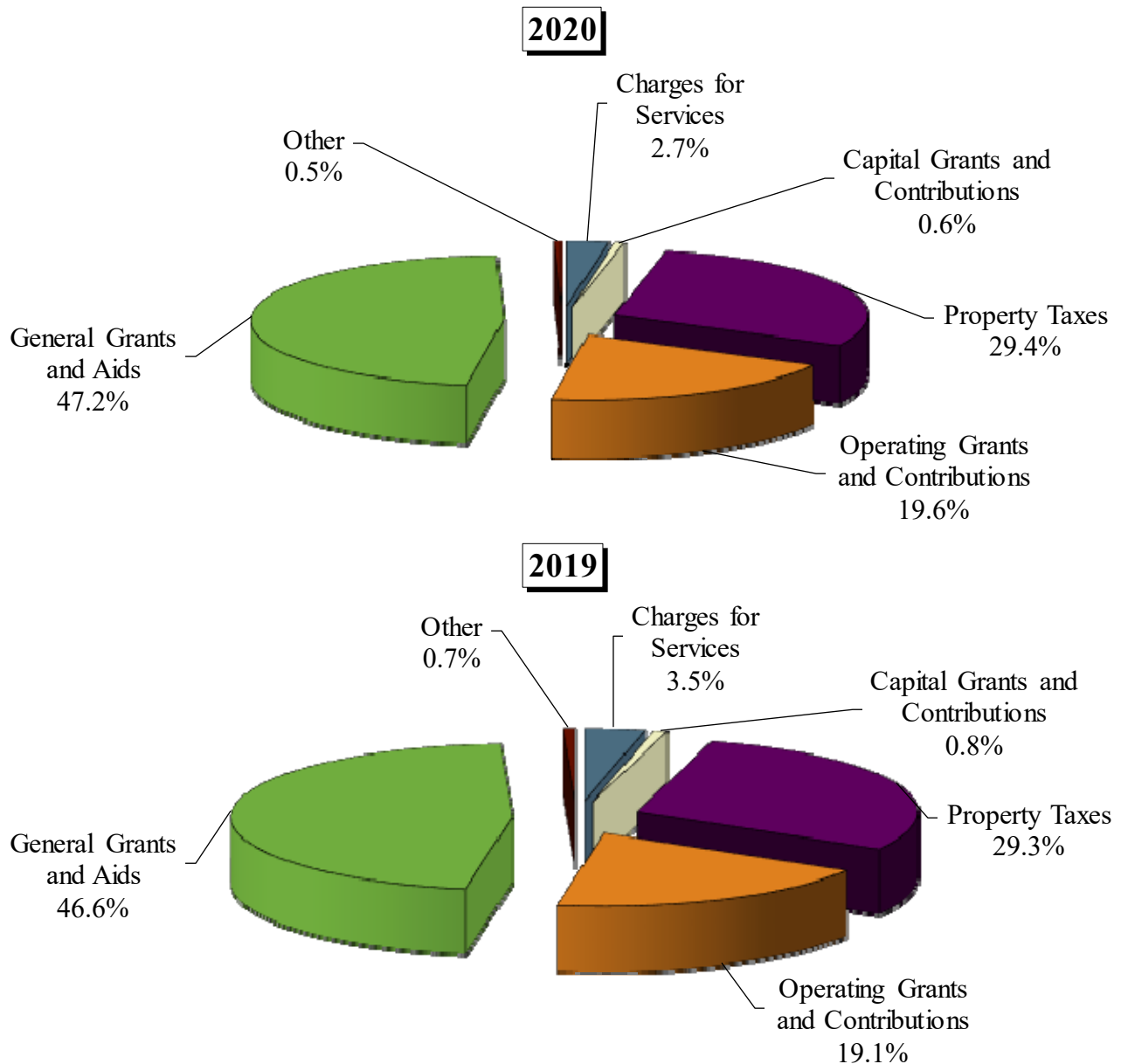
	2020	2019
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 3,482,707	\$ 4,353,585
Operating grants and contributions	25,548,851	23,702,928
Capital grants and contributions	807,794	965,654
General revenues		
Property taxes	38,339,603	36,341,081
General grants and aids	61,464,606	57,877,841
Other	612,095	863,583
Total revenues	<u>130,255,656</u>	<u>124,104,672</u>
<b>Expenses</b>		
Administration	5,843,792	3,607,620
District support services	2,599,179	2,374,571
Elementary and secondary regular instruction	49,786,185	30,458,137
Vocational education instruction	1,000,405	528,644
Special education instruction	20,164,692	12,698,736
Instructional support services	9,380,581	6,601,313
Pupil support services	8,882,170	7,691,554
Sites and buildings	4,347,902	11,550,383
Fiscal and other fixed cost programs	353,795	172,683
Food service	4,261,487	4,173,484
Community service	2,993,523	2,282,557
Depreciation not allocated to other functions	5,803,460	1,713,784
Interest and fiscal charges	5,252,402	5,533,037
Total expenses	<u>120,669,573</u>	<u>89,386,503</u>
Change in net position	9,586,083	34,718,169
Net position - beginning, as restated	<u>(32,076,916)</u>	<u>(67,339,177)</u>
Net position - ending	<u>\$ (22,490,833)</u>	<u>\$ (32,621,008)</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, 2020**

**Financial Analysis of the District as A Whole (Continued)**

**Figure A – Sources of Revenue for Fiscal Years 2020 and 2019**



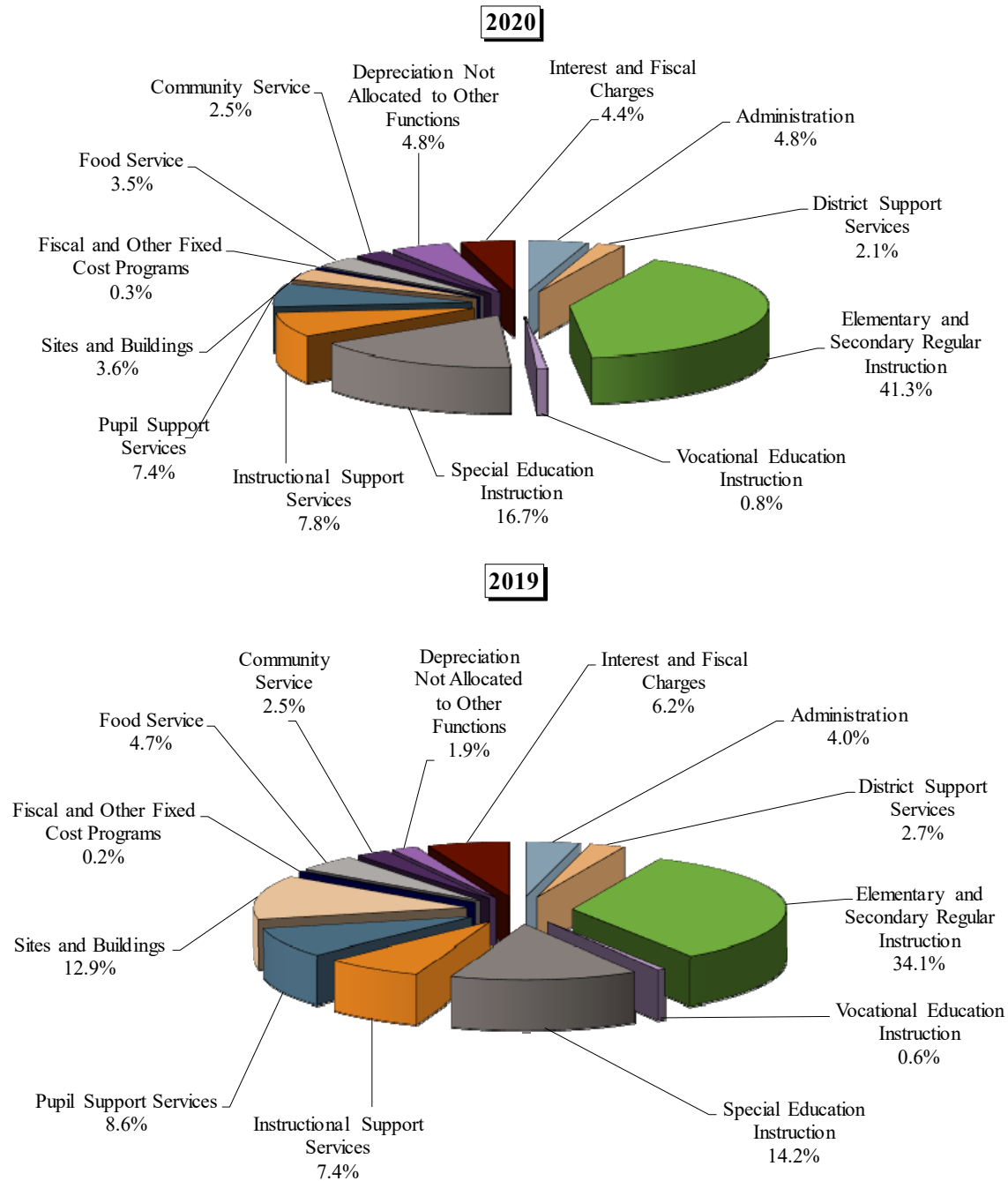
The largest share of the District's revenue is received from the state, which includes General Education Aid and most of the operating grants. Consequently, the District's funding depends significantly on the state's financial fluctuations.

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, 2020**

**Financial Analysis of the District as A Whole (Continued)**

**Figure B – Expenses for Fiscal Years 2020 and 2019**



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, 2020**

**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, 2020 and 2019**

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>
<b>Governmental Funds</b>			
Major funds			
General	\$ 8,478,517	\$ 4,836,175	\$ 3,642,342
Capital projects – building construction	1,428,258	2,022,715	(594,457)
Debt service	4,478,006	3,223,859	1,254,147
Nonmajor funds			
Special revenue funds			
Food service	512,576	757,032	(244,456)
Community service	252,523	377,577	(125,054)
	<u>\$ 15,149,880</u>	<u>\$ 11,217,358</u>	<u>\$ 3,932,522</u>

**Analysis of the General Fund**

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



**Independent School District No. 720  
Management's Discussion and Analysis  
June 30, 2020**

**Analysis of the General Fund (Continued)**

Table 4 summarizes the operating results of the General Fund:

**Table 4  
General Fund Operating Results**

	2020 Actual	Over (Under) Final Budget		Over (Under) Prior Year	
		Amount	Percent	Amount	Percent
Revenue and other financing sources	\$ 101,795,618	\$ 886,007	0.9%	\$ 368,777	0.4%
Expenditures	<u>98,697,368</u>	(815,264)	(0.8%)	(994,811)	(1.0)%
Net change in fund balances	<u>\$ 3,098,250</u>				

Actual expenditures were under budget largely due to conservative budgeting in the general fund to account for possible contingencies. Additionally, expenses were down in areas such as substitute teaching as a result of the COVID-19 pandemic.

**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. In 2020 the District issued two bonds to address energy efficiency and deferred maintenance projects in accordance with the facilities task force recommendations on long term facilities maintenance (LTFM). The 2020A G.O. Capital Facilities bonds for \$4,990,000 were issued in January 2020, and the 2020B G.O. Facilities Maintenance Bonds for \$11,990,000 were issued in February 2020.

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 \$4.4 million of year-end fund balance to help finance future debt obligations.

**Independent School District No. 720**  
**Management's Discussion and Analysis**  
**June 30, 2020**

**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, 2020 and 2019:

**Table 5**  
**Capital Assets**

	2020	2019	Increase (Decrease)
Land	\$ 13,475,173	\$ 14,627,269	\$ (1,152,096)
Construction in progress	19,457,829	94,604,902	(75,147,073)
Capital assets, net of accumulated depreciation			
Site improvements	8,489,471	8,891,321	(401,850)
Buildings	198,805,583	110,190,325	88,615,258
Furniture and equipment	8,245,176	9,181,387	(936,211)
Total	<u>\$ 248,473,232</u>	<u>\$ 237,495,204</u>	<u>\$ 10,978,028</u>
Accumulated depreciation	<u>\$ (91,064,988)</u>	<u>\$ (80,223,299)</u>	<u>\$ (10,841,689)</u>
Depreciation expense	<u>\$ 10,845,759</u>	<u>\$ 7,117,252</u>	<u>\$ 3,728,507</u>

**Independent School District No. 720**  
**Management's Discussion and Analysis**  
**June 30, 2020**

**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**

	2020	2019	Increase (Decrease)
G.O. Bonds payable, net of premium	\$ 169,481,564	\$ 169,305,858	\$ 175,706
Certificates of participation payable, net of premium	9,855,653	10,475,705	(620,052)
Capital leases payable	3,514,599	3,779,547	(264,948)
Compensated absences payable	479,570	380,169	99,401
Total	<u>\$ 183,331,386</u>	<u>\$ 183,941,279</u>	<u>\$ (609,893)</u>

Scheduled payments resulted in the decrease of the Certificates of Participation payable. The District is leasing MacBooks and iPads from Apple as part of a district-wide technology initiative and entered into new lease agreements during the current year.

**Independent School District No. 720  
Management's Discussion and Analysis  
June 30, 2020**

**Capital Assets and Long-Term Liabilities (Continued)**

***Long-Term Liabilities (Continued)***

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	\$5,645,002,901
Limit rate	<u>15.0%</u>
Legal debt limit	<u>\$ 846,750,435</u>

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

**Factors Bearing on the District's Future**

The general education program is the method by which school districts receive the majority of their financial support. This source of funding is primarily state aid and, as such, school districts rely heavily on the State of Minnesota for educational resources. The basic general education formula amount for all Minnesota school districts increased 2% to \$6,438 in 2020. 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 2020-21 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, 2020**  
**(with Comparative Totals as of June 30, 2019)**

	Governmental Activities	
	2020	2019
<b>Assets</b>		
Cash and investments	\$ 39,608,160	\$ 33,919,010
Current property taxes receivable	20,020,961	18,561,974
Delinquent property taxes receivable	87,372	85,536
Accounts receivable	911	128,327
Due from Department of Education	7,998,893	7,580,904
Due from Federal Government through Department of Education	1,223,625	949,743
Due from Federal Government	38,178	-
Due from other Minnesota school districts	133,820	140,877
Due from other governmental units	181,333	528
Inventory	54,038	48,294
Prepaid items	26,816	245,117
Capital assets not being depreciated		
Land	13,475,173	14,627,269
Construction in progress	19,457,829	94,604,902
Capital assets, net of accumulated depreciation		
Site improvements	8,489,471	8,891,321
Buildings	198,805,583	110,190,325
Furniture and equipment	8,245,176	9,181,387
Total assets	<u>317,847,339</u>	<u>299,155,514</u>
<b>Deferred Outflows of Resources</b>		
Deferred outflows of resources related to pensions	53,145,920	79,278,018
Deferred outflows of resources related to OPEB	390,520	-
Total deferred outflows of resources	<u>53,536,440</u>	<u>79,278,018</u>
 Total assets and deferred outflows of resources	 <u>\$ 371,383,779</u>	 <u>\$ 378,433,532</u>
<b>Liabilities</b>		
Accounts payable	\$ 1,857,503	\$ 2,183,312
Contracts payable	4,945,945	3,411,552
Salaries and benefits payable	7,494,888	7,517,932
Interest payable	2,763,500	2,883,426
Due to other Minnesota school districts	298,557	381,428
Due to other governmental units	137,509	278,133
Unearned revenue	232,563	186,342
Bonds payable, net		
Payable within one year	18,915,000	16,255,000
Payable after one year	150,566,564	153,050,858
Certificates of participation payable, net		
Payable within one year	625,000	610,000
Payable after one year	9,230,653	9,865,705
Capital lease payable		
Payable within one year	1,545,957	1,627,943
Payable after one year	1,968,642	2,151,604
Compensated absences payable		
Payable within one year	479,570	380,169
Net other post employment benefit (OPEB) liability	6,207,766	4,976,416
Net pension liability	61,076,308	61,805,136
Total liabilities	<u>268,345,925</u>	<u>267,564,956</u>
<b>Deferred Inflows of Resources</b>		
Property taxes levied for subsequent year's expenditures	38,435,117	36,897,513
Deferred amount on refunding	347,619	427,172
Deferred inflows of resources related to pensions	83,429,788	102,450,586
Deferred inflows of resources related to OPEB	3,316,163	3,714,313
Total deferred inflows of resources	<u>125,528,687</u>	<u>143,489,584</u>
<b>Net Position</b>		
Net investment in capital assets	67,663,806	55,529,637
Restricted		
Debt service	1,771,718	388,700
Food service	508,426	757,032
Community service	416,162	421,268
Other purposes	4,498,587	879,033
Unrestricted	(97,349,532)	(90,596,678)
Total net position	<u>(22,490,833)</u>	<u>(32,621,008)</u>
 Total liabilities, deferred inflows of resources, and net position	 <u>\$ 371,383,779</u>	 <u>\$ 378,433,532</u>

See notes to financial statements.



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**Independent School District No. 720**  
**Statement of Activities**  
**Year Ended June 30, 2020**  
**(with Comparative Totals for the Year Ended June 30, 2019)**

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expense) and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
					2020	2019
Governmental activities						
Administration	\$ 5,843,792	\$ 1,200	\$ 1,958	\$ -	\$ (5,840,634)	\$ (3,597,946)
District support services	2,599,179	87,978	1,025,094	-	(1,486,107)	(1,344,133)
Elementary and secondary regular instruction	49,786,185	422,253	8,599,092	-	(40,764,840)	(22,345,895)
Vocational education instruction	1,000,405	2,353	43,401	-	(954,651)	(476,537)
Special education instruction	20,164,692	-	10,984,796	-	(9,179,896)	(1,175,738)
Instructional support services	9,380,581	-	1,358,687	-	(8,021,894)	(6,436,595)
Pupil support services	8,882,170	64,931	256,443	-	(8,560,796)	(7,182,628)
Sites and buildings	4,347,902	59,874	4,233	807,794	(3,476,001)	(10,513,307)
Fiscal and other fixed cost programs	353,795	-	-	-	(353,795)	(172,683)
Food service	4,261,487	1,751,141	2,323,819	-	(186,527)	202,972
Community education and services	2,993,523	1,092,977	951,328	-	(949,218)	(75,025)
Depreciation not allocated to other functions	5,803,460	-	-	-	(5,803,460)	(1,713,784)
Interest and fiscal charges on long-term debt	5,252,402	-	-	-	(5,252,402)	(5,533,037)
Total governmental activities	<u>\$ 120,669,573</u>	<u>\$ 3,482,707</u>	<u>\$ 25,548,851</u>	<u>\$ 807,794</u>	(90,830,221)	(60,364,336)
General revenues						
Taxes						
Property taxes, levied for general purposes					15,441,415	15,759,624
Property taxes, levied for community service					601,809	586,578
Property taxes, levied for debt service					22,296,379	19,994,879
State aid-formula grants					61,464,606	57,877,841
Other general revenues					40,382	36,109
Investment income					368,966	639,236
Gain on sale of capital assets					202,747	188,238
Total general revenues					<u>100,416,304</u>	<u>95,082,505</u>
Change in net position					9,586,083	34,718,169
Net position - beginning, as previously stated					(32,621,008)	(67,339,177)
Change in accounting principle (Note 9)					544,092	-
Net position - beginning, as restated					<u>(32,076,916)</u>	<u>(67,339,177)</u>
Net position - ending					<u>\$ (22,490,833)</u>	<u>\$ (32,621,008)</u>

**Independent School District No. 720**  
**Balance Sheet - Governmental Funds**  
**June 30, 2020**  
**(with Comparative Totals as of June 30, 2019)**

	General	Debt Service	Capital Projects	Nonmajor Funds
<b>Assets</b>				
Cash and investments	\$ 14,063,710	\$ 16,381,558	\$ 6,374,882	\$ 1,363,026
Current property taxes receivable	7,635,941	12,079,042	-	305,978
Delinquent property taxes receivable	27,920	57,212	-	2,240
Accounts receivable	861	-	-	50
Due from Department of Education	7,706,966	158,872	-	133,055
Due from Federal Government through Department of Education	1,103,675	-	-	119,950
Due from Federal Government	38,178	-	-	-
Due from other Minnesota school districts	133,820	-	-	-
Due from other governmental units	181,333	-	-	-
Inventory	-	-	-	54,038
Prepaid items	26,816	-	-	-
Total assets	<u>\$ 30,919,220</u>	<u>\$ 28,676,684</u>	<u>\$ 6,374,882</u>	<u>\$ 1,978,337</u>
<b>Liabilities</b>				
Accounts payable	\$ 1,129,151	\$ 1,350	\$ 4,814	\$ 31,977
Contracts payable	4,135	-	4,941,810	-
Salaries and benefits payable	7,166,996	-	-	327,892
Due to other Minnesota school districts	298,557	-	-	-
Due to other governmental units	136,891	-	-	618
Unearned revenue	-	-	-	232,563
Total liabilities	<u>8,735,730</u>	<u>1,350</u>	<u>4,946,624</u>	<u>593,050</u>
<b>Deferred Inflows of Resources</b>				
Property taxes levied for subsequent year's expenditures	13,677,053	24,140,116	-	617,948
Unavailable revenue - delinquent property taxes	27,920	57,212	-	2,240
Total deferred inflows of resources	<u>13,704,973</u>	<u>24,197,328</u>	<u>-</u>	<u>620,188</u>
<b>Fund Balances</b>				
Nonspendable	26,816	-	-	54,038
Restricted	4,498,587	4,478,006	2,390,009	895,505
Assigned	210,065	-	-	-
Unassigned	3,743,049	-	(961,751)	(184,444)
Total fund balances	<u>8,478,517</u>	<u>4,478,006</u>	<u>1,428,258</u>	<u>765,099</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 30,919,220</u>	<u>\$ 28,676,684</u>	<u>\$ 6,374,882</u>	<u>\$ 1,978,337</u>

Total Governmental Funds	
2020	2019
\$ 38,183,176	\$ 33,546,713
20,020,961	18,561,974
87,372	85,536
911	117,821
7,998,893	7,580,904
1,223,625	949,743
38,178	-
133,820	140,877
181,333	528
54,038	48,294
26,816	245,117
<u>\$ 67,949,123</u>	<u>\$ 61,277,507</u>
\$ 1,167,292	\$ 1,301,713
4,945,945	3,411,552
7,494,888	7,517,932
298,557	381,428
137,509	278,133
232,563	186,342
<u>14,276,754</u>	<u>13,077,100</u>
38,435,117	36,897,513
87,372	85,536
<u>38,522,489</u>	<u>36,983,049</u>
80,854	293,411
12,262,107	7,257,142
210,065	267,230
2,596,854	3,399,575
<u>15,149,880</u>	<u>11,217,358</u>
<u>\$ 67,949,123</u>	<u>\$ 61,277,507</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, 2020**  
**(with Comparative Totals as of June 30, 2019)**

	<u>2020</u>	<u>2019</u>
Total fund balances - governmental funds	\$ 15,149,880	\$ 11,217,358
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	339,538,220	317,718,503
Less accumulated depreciation	(91,064,988)	(80,223,299)
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	(155,385,000)	(155,315,000)
Certificates of participation payable	(9,730,000)	(10,340,000)
Premium on bonds and certificates of participation payable	(14,222,217)	(14,126,563)
Deferred amount on refunding	(347,619)	(427,172)
Capital lease payable	(3,514,599)	(3,779,547)
Compensated absences payable	(479,570)	(380,169)
Net OPEB liability	(6,207,766)	(4,976,416)
Net pension liability	(61,076,308)	(61,805,136)
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	53,145,920	79,278,018
Deferred inflows of resources related to pensions	(83,429,788)	(102,450,586)
Deferred outflows of resources related to OPEB	390,520	-
Deferred inflows of resources related to OPEB	(3,316,163)	(3,714,313)
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.	87,372	85,536
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.	734,773	(498,796)
Governmental funds do not report a liability for accrued interest on bonds and certificates of participation until due and payable.	<u>(2,763,500)</u>	<u>(2,883,426)</u>
Total net position - governmental activities	<u>\$ (22,490,833)</u>	<u>\$ (32,621,008)</u>

**Independent School District No. 720**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Governmental Funds**  
**Year Ended June 30, 2020**  
**(with Comparative Totals for the Year Ended June 30, 2019)**

	General	Debt Service	Capital Projects	Nonmajor Funds
<b>Revenues</b>				
Local property taxes	\$ 15,449,305	\$ 22,295,598	\$ -	\$ 592,864
Other local and county revenues	2,063,169	115,249	86,220	1,154,931
Revenue from state sources	79,187,028	1,618,415	-	1,138,402
Revenue from federal sources	2,268,115	-	-	2,094,192
Sales and other conversion of assets	198,906	-	-	1,751,141
Total revenues	<u>99,166,523</u>	<u>24,029,262</u>	<u>86,220</u>	<u>6,731,530</u>
<b>Expenditures</b>				
Current				
Administration	5,240,795	-	-	-
District support services	2,512,734	-	-	-
Elementary and secondary regular instruction	42,509,914	-	-	-
Vocational education instruction	914,384	-	-	-
Special education instruction	19,003,712	-	-	-
Instructional support services	8,060,941	-	-	-
Pupil support services	8,688,459	-	-	-
Sites and buildings	5,770,721	-	210,592	-
Fiscal and other fixed cost programs	353,795	-	-	-
Food service	-	-	-	4,187,792
Community education and services	-	-	-	2,764,912
Capital outlay				
Administration	85,177	-	-	-
District support services	31,365	-	-	-
Elementary and secondary regular instruction	172,557	-	-	-
Vocational education instruction	7,514	-	-	-
Special education instruction	15,777	-	-	-
Instructional support services	2,447,675	-	-	-
Pupil support services	73	-	-	-
Sites and buildings	189,263	-	18,413,542	-
Food service	-	-	-	144,041
Community education and services	-	-	-	4,295
Debt service				
Principal	2,237,943	16,255,000	-	-
Interest and fiscal charges	454,569	6,520,115	286,610	-
Total expenditures	<u>98,697,368</u>	<u>22,775,115</u>	<u>18,910,744</u>	<u>7,101,040</u>
Excess of revenues over (under) expenditures	469,155	1,254,147	(18,824,524)	(369,510)
<b>Other Financing Sources</b>				
Proceeds from sale of capital assets	1,266,100	-	-	-
Bond issuance	-	-	16,325,000	-
Bond premium	-	-	1,905,067	-
Issuance of capital leases	1,362,995	-	-	-
Total other financing sources	<u>2,629,095</u>	<u>-</u>	<u>18,230,067</u>	<u>-</u>
Net change in fund balances	3,098,250	1,254,147	(594,457)	(369,510)
<b>Fund Balances</b>				
Beginning of year, as previously stated	4,836,175	3,223,859	2,022,715	1,134,609
Change in accounting principle	544,092	-	-	-
Beginning of year, as restated	<u>5,380,267</u>	<u>3,223,859</u>	<u>2,022,715</u>	<u>1,134,609</u>
End of year	<u>\$ 8,478,517</u>	<u>\$ 4,478,006</u>	<u>\$ 1,428,258</u>	<u>\$ 765,099</u>

See notes to financial statements.

Total Governmental Funds	
2020	2019
\$ 38,337,767	\$ 36,338,193
3,419,569	3,971,453
81,943,845	80,594,484
4,362,307	4,328,807
1,950,047	2,321,585
<u>130,013,535</u>	<u>127,554,522</u>

5,240,795	4,967,825
2,512,734	2,368,148
42,509,914	41,850,504
914,384	867,839
19,003,712	18,184,600
8,060,941	7,624,820
8,688,459	8,303,551
5,981,313	6,462,215
353,795	172,683
4,187,792	4,184,109
2,764,912	2,699,409

85,177	71,708
31,365	5,171
172,557	257,253
7,514	1,472
15,777	4,890
2,447,675	3,043,670
73	134
18,602,805	11,834,995
144,041	114,528
4,295	1,416

18,492,943	16,320,536
7,261,294	7,647,264
<u>147,484,267</u>	<u>136,988,740</u>

(17,470,732) (9,434,218)

1,266,100	188,238
16,325,000	-
1,905,067	-
1,362,995	2,474,300
<u>20,859,162</u>	<u>2,662,538</u>

3,388,430 (6,771,680)

11,217,358	17,989,038
544,092	-
<u>11,761,450</u>	<u>17,989,038</u>

<u>\$ 15,149,880</u>	<u>\$ 11,217,358</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, 2020**  
**(with Comparative Totals for the Year Ended June 30, 2019)**

	<u>2020</u>	<u>2019</u>
Net change in fund balances - total governmental funds	\$ 3,388,430	\$ (6,771,680)
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	22,996,702	10,629,758
Depreciation expense	(10,845,759)	(7,117,252)
Book value of disposed capital assets	(1,172,915)	-
Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	(99,401)	(68,676)
Governmental funds recognize OPEB contributions as expenditures at the time of payment whereas the Statement of Activities recognizes when the expenses are incurred.	(442,680)	569,645
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.	18,492,943	16,320,536
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.	119,926	278,182
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.	(16,101)	1,836,045
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.	(17,687,995)	(2,474,300)
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	(6,382,472)	21,457,839
The self-insured Health and Dental Internal Service Funds are used by management to charge the costs of the self-insured plans. The increase in net position is reported within the governmental activities in the Statement of Activities	1,233,569	55,184
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>1,836</u>	<u>2,888</u>
Change in net position - governmental activities	<u>\$ 9,586,083</u>	<u>\$ 34,718,169</u>

See notes to financial statements.

**Independent School District No. 720**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**Year Ended June 30, 2020**  
**(with Comparative Actual Amounts for the Year Ended June 30, 2019)**

	2020		
	Budgeted Amounts		Actual
	Original	Final	Amounts
<b>Revenues</b>			
Local property taxes	\$ 15,379,882	\$ 13,614,609	\$ 15,449,305
Other local and county revenues	1,742,938	2,192,938	2,063,169
Revenue from state sources	79,743,410	80,300,324	79,187,028
Revenue from federal sources	2,258,755	2,506,039	2,268,115
Sales and other conversion of assets	156,039	156,039	198,906
Total revenues	<u>99,281,024</u>	<u>98,769,949</u>	<u>99,166,523</u>
<b>Expenditures</b>			
Current			
Administration	5,272,453	5,475,057	5,240,795
District support services	2,419,111	2,403,624	2,512,734
Elementary and secondary regular instruction	43,960,741	44,578,105	42,509,914
Vocational education instruction	901,161	976,902	914,384
Special education instruction	18,621,986	18,522,420	19,003,712
Instructional support services	8,663,868	8,210,472	8,060,941
Pupil support services	8,094,325	8,365,107	8,688,459
Sites and buildings	5,889,015	5,687,119	5,770,721
Fiscal and other fixed cost programs	215,000	190,000	353,795
Capital outlay			
Administration	62,931	62,931	85,177
District support services	4,500	4,500	31,365
Elementary and secondary regular instruction	254,353	255,463	172,557
Vocational education instruction	1,500	1,500	7,514
Special education instruction	1,500	1,500	15,777
Instructional support services	1,718,500	2,019,142	2,447,675
Pupil support services	-	-	73
Sites and buildings	2,007,941	62,176	189,263
Debt service			
Principal	1,725,149	1,725,149	2,237,943
Interest and fiscal charges	471,465	471,465	454,569
Total expenditures	<u>100,285,499</u>	<u>99,012,632</u>	<u>98,697,368</u>
Excess of revenues over (under) expenditures	(1,004,475)	(242,683)	469,155
<b>Other Financing Sources</b>			
Proceeds from sale of capital assets	1,200,000	1,139,662	1,266,100
Issuance of capital leases	1,000,000	1,000,000	1,362,995
Transfers out	-	(500,000)	-
Total other financing sources	<u>2,200,000</u>	<u>1,639,662</u>	<u>2,629,095</u>
Net change in fund balance	<u>\$ 1,195,525</u>	<u>\$ 1,396,979</u>	<u>3,098,250</u>
<b>Fund Balance</b>			
Beginning of year, as previously stated			4,836,175
Change in accounting principle			544,092
Beginning of year, as restated			<u>5,380,267</u>
End of year			<u>\$ 8,478,517</u>

See notes to financial statements.

2020	2019
Variance with Final Budget - Over (Under)	Actual Amounts
\$ 1,834,696	\$ 15,758,102
(129,769)	1,881,846
(1,113,296)	78,077,133
(237,924)	2,304,973
42,867	210,949
396,574	98,233,003

(234,262)	4,967,825
109,110	2,368,148
(2,068,191)	41,850,504
(62,518)	867,839
481,292	18,184,600
(149,531)	7,624,820
323,352	8,303,551
83,602	6,260,628
163,795	172,683

22,246	71,708
26,865	5,171
(82,906)	257,253
6,014	1,472
14,277	4,890
428,533	3,043,670
73	134
127,087	2,430,533

512,794	2,005,536
(16,896)	472,034
(315,264)	98,892,999

711,838	(659,996)
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126,438	188,238
362,995	2,474,300
500,000	-
989,433	2,662,538

\$ 1,701,271	2,002,542
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2,833,633
-
2,833,633
\$ 4,836,175

**Independent School District No. 720**  
**Statement of Net Position - Proprietary Funds**  
**As of June 30, 2020**

	Governmental Activities - Internal Service Funds
<b>Assets</b>	
Current	
Cash and cash equivalents	<u>\$ 1,424,984</u>
<b>Liabilities</b>	
Current	
Incurred but not reported claims	<u>\$ 690,211</u>
<b>Net Position</b>	
Unrestricted	<u>734,773</u>
Total liabilities and net position	<u>\$ 1,424,984</u>

**Independent School District No. 720**  
**Statement of Revenues, Expenses, and Changes**  
**in Fund Net Position - Proprietary Funds**  
**Year Ended June 30, 2020**

	Governmental Activities - Internal Service Funds
<b>Operating Revenue</b>	
Charges for services	<u>\$ 9,413,842</u>
<b>Operating Expenses</b>	
Insurance	<u>8,181,142</u>
Operating income	1,232,700
<b>Nonoperating Revenue</b>	
Investment income	<u>869</u>
Change in net position	1,233,569
<b>Net Position</b>	
Beginning of year	<u>(498,796)</u>
End of year	<u><u>\$ 734,773</u></u>

**Independent School District No. 720**  
**Statement of Cash Flows - Proprietary Funds**  
**Year Ended June 30, 2020**

	Governmental Activities - Internal Service Funds
<b>Cash Flows - Operating Activities</b>	
Receipts from District contributions	\$ 9,424,348
Employee claims paid	(8,372,530)
Net cash flows - operating activities	<u>1,051,818</u>
<b>Cash Flows - Investing Activities</b>	
Interest received	<u>869</u>
Net change in cash and cash equivalents	1,052,687
<b>Cash and Cash Equivalents</b>	
Beginning of year	<u>372,297</u>
End of year	<u><u>\$ 1,424,984</u></u>
<b>Reconciliation of Operating Income to Net Cash Flows - Operating Activities</b>	
Operating income	\$ 1,232,700
Adjustments to reconcile operating loss to net cash flows - operating activities	
Accounts payable	(1,250)
Incurred but not reported claims	(190,138)
Accounts receivable	10,506
Net adjustments	<u>(180,882)</u>
Net cash flows - operating activities	<u><u>\$ 1,051,818</u></u>

**Independent School District No. 720**  
**Statement of Fiduciary Net Position**  
**June 30, 2020**

	OPEB Trust Fund	Custodial Fund
<b>Assets</b>		
Cash and cash equivalents	\$ -	\$ 15,589
Investments		
Brokered money markets	16,620	-
Mutual funds - fixed income	2,648,421	-
Mutual funds - equity	2,489,094	-
Total assets	<u>5,154,135</u>	<u>15,589</u>
<b>Liabilities</b>		
Due to other governments	<u>\$ 181,333</u>	<u>\$ -</u>
<b>Net Position</b>		
Held in trust for OPEB	4,972,802	-
Held in trust for scholarships	<u>-</u>	<u>15,589</u>
Total net position held in trust	<u><u>\$ 4,972,802</u></u>	<u><u>\$ 15,589</u></u>

**Statement of Changes in Fiduciary Net Position**  
**Year Ended June 30, 2020**

	OPEB Trust Fund	Custodial Fund
<b>Additions</b>		
Contributions	\$ -	\$ 2,057
Investment income	291,201	299
Total additions	<u>291,201</u>	<u>2,356</u>
<b>Deductions</b>		
Health insurance benefits	260,707	-
Scholarships	<u>-</u>	<u>3,200</u>
Total deductions	<u>260,707</u>	<u>3,200</u>
Change in net position	30,494	(844)
<b>Net Position</b>		
Beginning of year	<u>4,942,308</u>	<u>16,433</u>
End of year	<u><u>\$ 4,972,802</u></u>	<u><u>\$ 15,589</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.

As of July 1, 2019, the student activity accounts of the District 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 OPEB Trust Fund and the Custodial Fund are presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the District, these funds are not incorporated into the government-wide statements.

**C. Measurement Focus and Basis of Accounting**

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

**1. Revenue Recognition**

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

**2. Recording of Expenditures**

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

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

**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)**

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.

**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.

**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):**

**Fiduciary Funds:**

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

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

**D. Cash and Investments**

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

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, 2020, 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.

*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.

**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)**

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, 2020, 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.

**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 2019, less various components and their related adjustments as mandated by the state. These portions of that levy were recognized as revenue in fiscal year 2020. 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.

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Prepaid Items**

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

**I. Property Taxes**

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

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.

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.

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 two items that qualify 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. A deferred outflow of resources related to OPEB activity is recorded in the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the Statement of Net Position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net 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 related 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 in the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years.

**L. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the 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.



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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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 report at cost.

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Q. Risk Management**

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to employees for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in the District's insurance coverage during the year ended June 30, 2020.

**R. Fund Equity**

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

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

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

**S. Net Position**

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

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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.

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

**NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**A. Deposits (Continued)**

**District Funds and OPEB Trust Fund (Continued)**

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, 2020, the District's bank balances were not exposed to custodial credit risk because they were insured by FDIC insurance or fully collateralized.

As of June 30, 2020, the District had the following deposits:

Checking - District funds other than trust funds	\$ 5,275,468
MNTrust Certificates of Deposit - District funds other than trust funds	1,239,900
Checking - Custodial Fund	<u>15,589</u>
Total Deposits	<u><u>\$ 6,530,957</u></u>

**B. Investments**

**District Funds Other than OPEB Trust Fund**

As of June 30, 2020, 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	\$ 27,676,730	\$ 27,676,730	\$ -	N/A
MNTrust Term Series	3,000,000	3,000,000	-	AAAf
MSDLAF+ Liquid Class	2,408,852	2,408,852	-	AAAm
MSDLAF+ MAX Class	<u>7,210</u>	<u>7,210</u>	<u>-</u>	AAAm
Total investments	<u><u>\$ 33,092,792</u></u>	<u><u>\$ 33,092,792</u></u>	<u><u>\$ -</u></u>	

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.

**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)**

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, 2020, 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.

The District has the following recurring fair value measurements as of June 30, 2020:

- \$33,092,792 of \$33,092,792 are not valued under Level 1 or 2, as they are not applicable to those fair value measurements.

**OPEB Trust Fund**

As of June 30, 2020, the District's OPEB Trust Fund had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>S&amp;P Rating</u>
Brokered money markets	\$ 16,620	N/A
Mutual funds - fixed income	2,648,421	N/A
Mutual funds - equity	2,489,094	N/A
Total investments	<u>\$ 5,154,135</u>	

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

**NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

**OPEB Trust Fund (Continued)**

The District's OPEB Trust Fund investments have the following recurring fair value measurements as of June 30, 2020:

- \$5,137,515 of \$5,154,135 are valued using quoted market prices (Level 1 inputs)
- \$16,620 of \$5,154,135 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.)	\$ 6,515,368
Investments (Note 2.B.)	33,092,792
Custodial Fund	
Deposits (Note 2.A.)	15,589
OPEB Trust Fund	
Investments (Note 2.B.)	<u>5,154,135</u>
Total deposits and investments	<u><u>\$ 44,777,884</u></u>

Deposits and investments are presented in the June 30, 2020 basic financial statements as follows:

Statement of Net Position	
Cash and investments	\$ 39,608,160
Statement of Fiduciary Net Position	
Custodial Fund	15,589
OPEB Trust Fund	<u>5,154,135</u>
Total deposits and investments	<u><u>\$ 44,777,884</u></u>

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

**NOTE 3 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 14,627,269	\$ 14,300	\$ 1,166,396	\$ 13,475,173
Construction in progress	94,604,902	20,982,458	96,129,531	19,457,829
Total capital assets not being depreciated	<u>109,232,171</u>	<u>20,996,758</u>	<u>97,295,927</u>	<u>32,933,002</u>
Capital assets Being depreciated				
Site improvements	14,644,375	140,553	-	14,784,928
Buildings	170,793,147	96,263,118	-	267,056,265
Furniture and equipment	23,048,810	1,723,354	8,139	24,764,025
Total capital assets being depreciated	<u>208,486,332</u>	<u>98,127,025</u>	<u>8,139</u>	<u>306,605,218</u>
Less accumulated depreciation for				
Site improvements	5,753,054	542,403	-	6,295,457
Buildings	60,602,822	7,647,860	-	68,250,682
Furniture and equipment	13,867,423	2,655,496	4,070	16,518,849
Total accumulated depreciation	<u>80,223,299</u>	<u>10,845,759</u>	<u>4,070</u>	<u>91,064,988</u>
Total capital assets being depreciated, net	<u>128,263,033</u>	<u>87,281,266</u>	<u>4,069</u>	<u>215,540,230</u>
Governmental activities capital assets, net	<u>\$ 237,495,204</u>	<u>\$ 108,278,024</u>	<u>\$ 97,299,996</u>	<u>\$ 248,473,232</u>

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

**NOTE 3 – CAPITAL ASSETS (CONTINUED)**

Depreciation expense of \$10,845,759 for the year ended June 30, 2020, was charged to the following governmental functions.

Administration	\$ 576
District support services	27,612
Elementary and secondary regular instruction	3,679,442
Special education instruction	701
Instructional support services	14,303
Pupil support	54,388
Sites and buildings	1,106,604
Food service	59,952
Community service	98,721
Unallocated	<u>5,803,460</u>
Total depreciation expense	<u><u>\$ 10,845,759</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	\$ 20,540,000	\$ 4,000,000
2013A Crossover Refunding Bonds	02/21/13	3.00%-5.00%	38,325,000	02/01/26	25,385,000	3,245,000
2014A Crossover Refunding Bonds	12/16/14	3.00%-5.00%	12,055,000	02/01/22	2,260,000	1,100,000
2015A School Building Bonds	07/20/15	3.00%-5.00%	85,030,000	02/01/34	65,185,000	8,995,000
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	13,560,000	800,000
2020A Capital Facilities	02/20/20	2.00%-5.00%	4,990,000	02/01/35	4,990,000	130,000
2020B Facilities Maintenance	03/26/20	2.00%-5.00%	11,335,000	02/01/35	<u>11,335,000</u>	<u>645,000</u>
Total G.O. bonds					155,385,000	18,915,000
Certificates of participation						
2013B certificates of participation	12/30/13	2.00-4.50%	13,175,000	02/01/33	9,730,000	625,000
Unamortized bond premium/discount					14,222,217	-
Capital lease payable					3,514,599	1,545,957
Compensated absences payable					<u>479,570</u>	<u>479,570</u>
Total all long-term liabilities					<u><u>\$183,331,386</u></u>	<u><u>\$ 21,565,527</u></u>



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

**NOTE 4 – LONG-TERM DEBT (CONTINUED)**

**A. Components of Long-Term Liabilities (Continued)**

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.

**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
2021	\$ 18,915,000	\$ 6,323,536	\$ 25,238,536
2022	13,370,000	5,468,538	18,838,538
2023	14,135,000	4,865,587	19,000,587
2024	14,815,000	4,199,038	19,014,038
2025	15,445,000	3,582,587	19,027,587
2026-2030	40,160,000	10,891,863	51,051,863
2031-2035	32,365,000	4,488,637	36,853,637
2036	6,180,000	231,750	6,411,750
Total	<u>\$ 155,385,000</u>	<u>\$ 40,051,536</u>	<u>\$ 195,436,536</u>

Year Ending June 30,	Certificates of Participation		
	Principal	Interest	Total
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	685,000	303,269	988,269
2026-2030	3,865,000	1,076,481	4,941,481
2031-2033	2,560,000	233,000	2,793,000
Total	<u>\$ 9,730,000</u>	<u>\$ 3,090,425</u>	<u>\$ 12,820,425</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	\$ 155,315,000	\$ 16,325,000	\$ 16,255,000	\$ 155,385,000
Certificates of participation	10,340,000	-	610,000	9,730,000
Premium/discount	14,126,563	1,905,067	1,809,413	14,222,217
Capital leases payable	3,779,547	1,362,995	1,627,943	3,514,599
Compensated absences payable	380,169	708,770	609,369	479,570
	<u>\$ 183,941,279</u>	<u>\$ 20,301,832</u>	<u>\$ 20,911,725</u>	<u>\$ 183,331,386</u>
Total long-term liabilities	<u>\$ 183,941,279</u>	<u>\$ 20,301,832</u>	<u>\$ 20,911,725</u>	<u>\$ 183,331,386</u>

**D. Capital Lease Obligations**

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 \$603,450 at June 30, 2020.

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 \$430,833 at June 30, 2020.

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 \$208,740 at June 30, 2020.

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 \$382,200 at June 30, 2020.

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 equipment was \$519,890 at June 30, 2020.

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 \$829,920 at June 30, 2020.

**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 new lease purchase option agreement on March 1, 2020, with Apple Inc. for iPads. The capital lease obligations totaled \$346,800. The capital lease agreement includes annual principal and interest payments of \$117,860 through July 10, 2022. The book value of the computer equipment was \$289,000 at June 30, 2020.

The District entered into a new lease purchase option agreement on May 16, 2020, with Apple Inc. for computers. The capital lease obligations totaled \$1,016,195. The capital lease agreement include annual principal and interest payments of \$260,306 through July 10, 2023. The book value of the computer equipment was \$889,171 at June 30, 2020.

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

Year Ending June 30,	
2021	\$ 1,580,715
2022	1,073,576
2023	681,545
2024	260,306
Total minimum lease payments	<u>3,596,142</u>
Less amount representing interest	<u>(81,543)</u>
Present value of minimum lease payments	<u><u>\$ 3,514,599</u></u>

**E. Operating Lease Obligations**

The District leases space for the Area Learning Center and is classified as an operating lease. The original lease expired in 2019, however, the District also has two three-year options after the lease expired 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. Total lease expenditures for 2020 were \$135,490.

**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

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

**NOTE 4 – LONG-TERM DEBT (CONTINUED)**

**E. Operating Lease Obligations (Continued)**

Beginning on November 1, 2014, the District began leasing space for the District Office and is classified as an operating lease. The original lease expired in 2019, however, 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. Total lease expenditures for 2019 were \$266,729.

**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 2020 were \$125,000.

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

Year Ending June 30,	
2021	\$ 211,714
2022	125,000
2023	125,000
2024	125,000
2025	125,000
2026-2027	<u>250,000</u>
Total	<u><u>\$ 961,714</u></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	\$ -	\$ -	\$ -	\$ 54,038	\$ 54,038
Prepaid items	26,816	-	-	-	26,816
Total nonspendable	<u>26,816</u>	<u>-</u>	<u>-</u>	<u>54,038</u>	<u>80,854</u>
Restricted for					
Student Activities	398,729			-	398,729
Operating Capital	1,550,096	-	-	-	1,550,096
Safe Schools Levy	473,196	-	-	-	473,196
Long Term Facilities Maintenance	2,076,566	-	-	-	2,076,566
Early Childhood and Family Education	-	-	-	158,623	158,623
School Readiness	-	-	-	278,344	278,344
Debt Service	-	4,478,006	-	-	4,478,006
Capital Projects	-	-	2,390,009	-	2,390,009
Food Service	-	-	-	458,538	458,538
Total restricted	<u>4,498,587</u>	<u>4,478,006</u>	<u>2,390,009</u>	<u>895,505</u>	<u>12,262,107</u>
Assigned for					
One-to-One Insurance	<u>210,065</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>210,065</u>
Unassigned	<u>3,743,049</u>	<u>-</u>	<u>(961,751)</u>	<u>(184,444)</u>	<u>2,596,854</u>
Total fund balance	<u>\$ 8,478,517</u>	<u>\$ 4,478,006</u>	<u>\$ 1,428,258</u>	<u>\$ 765,099</u>	<u>\$ 15,149,880</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 Student Activities – This balance represents available resources to be used for the extracurricular activity funds raised by the students.

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 Safe Schools Levy – The unspent resources available from the safe schools levy must be restricted in this account for future use.

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).

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

**NOTE 5 – FUND BALANCES/NET POSITION (CONTINUED)**

**A. Fund Balances (Continued)**

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, 2020, is a deficit (negative) \$184,444, 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.

**B. Net Position**

Net Investment in Capital Assets – This amount represents 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, 2020, was \$11,349,868. The components of pension expense are noted in the following plan summaries.

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

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

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

**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 TRA-covered educational institutions maintained by the state are required to be TRA members (except those teachers employed by St. Paul Schools or Minnesota State Colleges and Universities). Educators first hired by Minnesota State may elect either TRA coverage or coverage through the Defined Contribution Plan (DCR) administered by the State of Minnesota.

**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.

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

*Tier I Benefits*

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

With these provisions:

- Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- 3% per year early retirement reduction factor for all years under normal retirement age.

**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 I Benefits (Continued)*

- 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.

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, 2018, June 30, 2019, and June 30, 2020, were:

	June 30, 2018		June 30, 2019		June 30, 2020	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic	11.00%	11.50%	11.00%	11.71%	11.00%	11.92%
Coordinated	7.50%	7.50%	7.50%	7.71%	7.50%	7.92%



**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	\$ 403,300
Deduct employer contributions not related to future contribution efforts	(688)
Deduct TRA's contributions not included in allocation	<u>(486)</u>
Total employer contributions	402,126
Total non-employer contributions	<u>35,588</u>
Total contributions reported in <i>Schedule of Employer and Non-Employer Allocations</i>	<u><u>\$ 437,714</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, 2019, 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**

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**Actuarial Information**

Valuation date	July 1, 2019
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% before July 1, 2028 and 3.25% after June 30, 2028
Projected salary increase	2.85% to 8.85% before July 1, 2028 and 3.25% to 9.25% after June 30, 2028
Cost of living adjustment	1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

**Mortality Assumptions**

Pre-retirement	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	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	35.5 %	5.10 %
International equity	17.5	5.30
Private markets	25.0	5.90
Fixed income	20.0	0.75
Unallocated cash	2.0	0.00
Total	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 2018 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.
- 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.

**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 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%. There was no change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal 2019 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, 2020, the District reported a liability of \$51,406,479 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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. District proportionate share was 0.8065% at the end of the measurement period and 0.8207% 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	\$ 51,406,479
State's proportionate share of the net pension liability associated with the District	4,549,459

For the year ended June 30, 2020, the District recognized pension expense of \$10,272,719. It also recognized \$345,813 as an increase to this pension expense for the support provided by direct aid.

**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)**

On June 30, 2020, 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	\$ 7,097	\$ 1,289,853
Net difference between projected and actual earnings on plan investments	-	4,483,957
Changes of assumptions	44,596,879	69,958,507
Changes in proportion	3,663,009	5,188,075
Contributions to TRA subsequent to the measurement date	3,662,278	-
	<u>\$ 51,929,263</u>	<u>\$ 80,920,392</u>
Total		

The \$3,662,278 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, 2021.

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
2021	\$ 3,191,652
2022	(85,519)
2023	(20,324,365)
2024	(15,191,223)
2025	(243,952)
	<u>\$ (32,653,407)</u>
Total	

**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%)
\$ 81,954,498	\$ 51,406,479	\$ 26,220,089

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](http://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% of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% of average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1.0% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

**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 2020 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, 2020, were \$936,801. 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, 2020, the District reported a liability of \$9,669,829 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 to the fund in 2019. 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 \$300,487. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the District's proportionate share was 0.1749% at the end of the measurement period and 0.1849% for the beginning of the period.

District's proportionate share of net pension liability	\$ 9,669,829
State of Minnesota's proportionate share of the net pension liability associated with the District	<u>300,487</u>
Total	<u><u>\$ 9,970,316</u></u>

For the year ended June 30, 2020, the District recognized pension expense of \$1,077,149 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized an additional \$22,504 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, 2020, 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	\$ 279,856	\$ -
Changes in actuarial assumptions	-	803,809
Difference between projected and actual investments earnings	-	1,049,855
Change in proportion	-	655,732
Contributions paid to PERA subsequent to the measurement date	936,801	-
	<u>936,801</u>	<u>-</u>
Total	<u>\$ 1,216,657</u>	<u>\$ 2,509,396</u>

The \$936,801 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, 2021. 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
2021	\$ (825,712)
2022	(1,075,559)
2023	(343,850)
2024	15,581
	<u>15,581</u>
Total	<u>\$ (2,229,540)</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, 2019, 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, 2019, valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. Economic assumptions were updated in 2018 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions occurred in 2019:

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

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.

**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 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 equity	35.5 %	5.10 %
Private markets	25.0	5.90
Fixed income	20.0	0.75
International equity	17.5	5.90
Cash equivalents	2.0	0.00
Total	100 %	

**F. Discount Rates**

The discount rate used to measure the total pension liability in 2019 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%)
District's proportionate share of the PERA net pension liability	\$ 15,896,678	\$ 9,669,829	\$ 4,528,327

**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](http://www.mnpera.org).

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

**NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN**

**A. Plan Description**

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

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

**B. Benefits Provided**

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

**C. Members**

As of 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 2020, the District contributed \$272,488 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	6.25% initially in 2019, grading to 5.0% over 5 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 discount rate was changed from 3.20% to 2.60%

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.

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
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>	

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

**NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**E. Actuarial Assumptions (Continued)**

The details of the investments and the investment policy are described in Note 2. of the District's financial statements. For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 5.9%. 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 2.6%. 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.

**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, 2019	\$ 9,918,725	\$ 4,942,309	\$ 4,976,416
Changes for the year			
Service cost	751,335	-	751,335
Interest	337,303	-	337,303
Assumption changes	433,912	-	433,912
Differences between expected and actual			
economic experience	-	78,681	(78,681)
Employer contributions	-	-	-
Projected investment return	-	212,519	(212,519)
Benefit payments	(260,707)	(260,707)	-
Administrative expense	-	-	-
Plan changes	-	-	-
Net changes	1,261,843	30,493	1,231,350
Balances at June 30, 2019	\$ 11,180,568	\$ 4,972,802	\$ 6,207,766
Plan fiduciary net position as a percentage of the total OPEB liability			44.48%

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

**NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**H. OPEB Liability Sensitivity**

The following presents the District's net OPEB liability calculated using the discount rate of 2.6% as well as the liability measured using 1 percent lower and 1 percent higher than the current discount rate.

	1% decrease (1.6%)	Current (2.6%)	1% increase (3.6%)
Net OPEB liability	\$ 7,073,234	\$ 6,207,766	\$ 5,371,731

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

	1% decrease (5.25% decreasing to 4.0%)	Current (6.25% decreasing to 5.0%)	1% increase (7.25% decreasing to 6.0%)
Net OPEB liability	\$ 4,682,586	\$ 6,207,766	\$ 8,027,261

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

For the year ended June 30, 2020, the District recognized OPEB expense of a negative \$442,680. At June 30, 2020, 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	\$ -	\$ 178,410
Differences between expected and actual economic experience	-	2,353,367
Changes of assumptions	390,520	784,386
Total	<u>\$ 390,520</u>	<u>\$ 3,316,163</u>

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

**NOTE 7 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

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

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

Year Ending June 30,	Total
2021	\$ (433,438)
2022	(416,387)
2023	(395,741)
2024	(376,696)
2025	(360,963)
Thereafter	(942,418)
Total	<u><u>\$ (2,925,643)</u></u>

**NOTE 8 – COMMITMENTS**

As of June 30, 2020, the District had the following construction commitments:

Project	Project Authorization	Work Completed	Remaining Commitment
South Site Fields	\$ 2,567,823	\$ 2,325,231	\$ 242,592
East Middle School Ventilation	8,520,493	5,445,809	3,074,684
Sweeney Ventilation	3,220,325	1,853,040	1,367,285
LTFM Projects	8,446,895	4,604,883	3,842,012
Energy Projects	6,565,650	4,771,889	1,793,761

**NOTE 9 – CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended June 30, 2020, the District implemented GASB Statement No. 84, *Fiduciary Activities*. This resulted in student activities being moved under board control, which resulted in an adjustment to the beginning fund balance in the General Fund on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds and on the Statement of Activities of \$544,092. This also resulted in the Private Purpose Trust Fund being reclassified to a Custodial Fund.



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

**NOTE 10 – SUBSEQUENT EVENTS**

On October 26, 2020, the School Board approved the sale of G.O. Facilities Maintenance Bonds, Series 2020C (Capital Appreciation Bonds) in the amount of \$27,085,000 and G.O. School Building Refunding Bonds, Series 2020D in the amount of \$14,860,000 to refund the Series 2012A bonds.

**NOTE 11 – GASB STANDARDS ISSUED BUT NOT YET IMPLEMENTED**

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, 2022.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

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

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

**Independent School District No. 720**  
**Schedule of Investment Returns**

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

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

**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%
2019	0.1749%	9,669,829	300,487	9,970,316	12,174,187	79.43%	80.23%

\* 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%
2019	0.8065%	51,406,479	4,549,459	55,955,938	46,052,918	111.6%	78.21%

\* 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%
2020	936,801	936,801	-	12,490,680	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%
2020	3,662,278	3,662,278	-	46,240,884	7.92%

\* 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**

**2019 Changes**

Changes in Actuarial Assumptions

- None

**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.

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

**TRA Retirement Fund (Continued)**

**2017 Changes (Continued)**

Changes in Actuarial Assumptions (Continued)

- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

**2016 Changes**

Changes in Actuarial Assumptions

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

**2019 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**2018 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- 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.

Changes in Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.

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

**General Employees Fund (Continued)**

**2017 Changes (Continued)**

Changes in Plan Provisions

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

**2016 Changes**

Changes in Actuarial Assumptions

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

**2015 Changes**

Changes in Plan Provisions

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

Changes in Actuarial Assumptions

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

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

**Post Employment Health Care Plan**

**2020 Changes**

Changes in Actuarial Assumptions

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

**2019 Changes**

Benefit Changes

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

Changes in Actuarial Assumptions

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

**2018 Changes**

Changes in Actuarial Assumptions

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

## **SUPPLEMENTARY INFORMATION**

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## **GOVERNMENTAL FUNDS**

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**Independent School District No. 720**  
**Combining Balance Sheet -**  
**Nonmajor Governmental Funds**  
**June 30, 2020**

	Special Revenue		
	Food Service	Community Service	Total
<b>Assets</b>			
Cash and investments	\$ 674,375	\$ 688,651	\$ 1,363,026
Current property taxes receivable	-	305,978	305,978
Delinquent property taxes receivable	-	2,240	2,240
Accounts receivable	-	50	50
Due from Department of Education	37,748	95,307	133,055
Due from Federal Government through Department of Education	119,950	-	119,950
Inventory	54,038	-	54,038
Total assets	<u>\$ 886,111</u>	<u>\$ 1,092,226</u>	<u>\$ 1,978,337</u>
<b>Liabilities</b>			
Accounts payable	\$ 26,386	\$ 5,591	\$ 31,977
Salaries and benefits payable	127,192	200,700	327,892
Due to other governmental units	-	618	618
Unearned revenue	219,957	12,606	232,563
Total liabilities	<u>373,535</u>	<u>219,515</u>	<u>593,050</u>
<b>Deferred Inflows of Resources</b>			
Property taxes levied for subsequent year's expenditures	-	617,948	617,948
Unavailable revenue - delinquent property taxes	-	2,240	2,240
Total deferred inflows of resources	<u>-</u>	<u>620,188</u>	<u>620,188</u>
<b>Fund Balances</b>			
Nonspendable	54,038	-	54,038
Restricted for			
Early Childhood and Family Education Programs	-	158,623	158,623
School Readiness	-	278,344	278,344
Food Service	458,538	-	458,538
Unassigned	-	(184,444)	(184,444)
Total fund balances	<u>512,576</u>	<u>252,523</u>	<u>765,099</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 886,111</u>	<u>\$ 1,092,226</u>	<u>\$ 1,978,337</u>



**Independent School District No. 720**  
**Combining Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances -**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2020**

	Special Revenue		
	Food Service	Community Service	Total
<b>Revenues</b>			
Local property taxes	\$ -	\$ 592,864	\$ 592,864
Other local and county revenues	36,799	1,118,132	1,154,931
Revenue from state sources	205,245	933,157	1,138,402
Revenue from federal sources	2,094,192	-	2,094,192
Sales and other conversion of assets	1,751,141	-	1,751,141
Total revenues	<u>4,087,377</u>	<u>2,644,153</u>	<u>6,731,530</u>
<b>Expenditures</b>			
Current			
Food service	4,187,792	-	4,187,792
Community education and services	-	2,764,912	2,764,912
Capital outlay			
Food service	144,041	-	144,041
Community education and services	-	4,295	4,295
Total expenditures	<u>4,331,833</u>	<u>2,769,207</u>	<u>7,101,040</u>
Excess of revenues (under) expenditures	(244,456)	(125,054)	(369,510)
<b>Fund Balances</b>			
Beginning of year	<u>757,032</u>	<u>377,577</u>	<u>1,134,609</u>
End of year	<u>\$ 512,576</u>	<u>\$ 252,523</u>	<u>\$ 765,099</u>

**Independent School District No. 720**  
**Balance Sheet - General Fund**  
**June 30, 2020**  
**(with Comparative Totals as of June 30, 2019)**

	2020	2019
<b>Assets</b>		
Cash and investments	\$ 14,063,710	\$ 11,846,781
Current property taxes receivable	7,635,941	7,389,522
Delinquent property taxes receivable	27,920	35,810
Accounts receivable	861	41,048
Due from Department of Education	7,706,966	7,336,141
Due from Federal Government through Department of Education	1,103,675	909,566
Due from Federal Government	38,178	-
Due from other Minnesota school districts	133,820	140,877
Due from other governmental units	181,333	528
Prepaid items	26,816	245,117
Total assets	<u>\$ 30,919,220</u>	<u>\$ 27,945,390</u>
<b>Liabilities</b>		
Accounts payable	\$ 1,129,151	\$ 1,121,218
Contracts payable	4,135	335,643
Salaries and benefits payable	7,166,996	7,261,450
Due to other Minnesota school districts	298,557	381,428
Due to other governmental units	136,891	277,357
Unearned revenue	-	2,000
Total liabilities	<u>8,735,730</u>	<u>9,379,096</u>
<b>Deferred Inflows of Resources</b>		
Property taxes levied for subsequent year's expenditures	13,677,053	13,694,309
Unavailable revenue - delinquent property taxes	27,920	35,810
Total deferred inflows of resources	<u>13,704,973</u>	<u>13,730,119</u>
<b>Fund Balance</b>		
Nonspendable	26,816	245,117
Restricted	4,498,587	879,033
Assigned	210,065	267,230
Unassigned	3,743,049	3,444,795
Total fund balance	<u>8,478,517</u>	<u>4,836,175</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 30,919,220</u>	<u>\$ 27,945,390</u>

**Independent School District No. 720**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**Year Ended June 30, 2020**  
**(with Comparative Actual Amounts for the Year Ended June 30, 2019)**

	2020		
	Budgeted Amounts		Actual
	Original	Final	Amounts
<b>Revenues</b>			
Local property taxes	\$ 15,379,882	\$ 13,614,609	\$ 15,449,305
Other local and county revenues	1,742,938	2,192,938	2,063,169
Revenue from state sources	79,743,410	80,300,324	79,187,028
Revenue from federal sources	2,258,755	2,506,039	2,268,115
Sales and other conversion of assets	156,039	156,039	198,906
Total revenues	99,281,024	98,769,949	99,166,523
<b>Expenditures</b>			
Current			
Administration	5,272,453	5,475,057	5,240,795
District support services	2,419,111	2,403,624	2,512,734
Elementary and secondary regular instruction	43,960,741	44,578,105	42,509,914
Vocational education instruction	901,161	976,902	914,384
Special education instruction	18,621,986	18,522,420	19,003,712
Instructional support services	8,663,868	8,210,472	8,060,941
Pupil support services	8,094,325	8,365,107	8,688,459
Sites and buildings	5,889,015	5,687,119	5,770,721
Fiscal and other fixed cost programs	215,000	190,000	353,795
Capital outlay			
Administration	62,931	62,931	85,177
District support services	4,500	4,500	31,365
Elementary and secondary regular instruction	254,353	255,463	172,557
Vocational education instruction	1,500	1,500	7,514
Special education instruction	1,500	1,500	15,777
Instructional support services	1,718,500	2,019,142	2,447,675
Pupil support services	-	-	73
Sites and buildings	2,007,941	62,176	189,263
Debt service			
Principal	1,725,149	1,725,149	2,237,943
Interest and fiscal charges	471,465	471,465	454,569
Total expenditures	100,285,499	99,012,632	98,697,368
Excess of revenues over (under) expenditures	(1,004,475)	(242,683)	469,155
<b>Other Financing Sources</b>			
Proceeds from sale of capital assets	1,200,000	1,139,662	1,266,100
Issuance of capital leases	1,000,000	1,000,000	1,362,995
Transfers out	-	(500,000)	-
Total other financing sources	2,200,000	1,639,662	2,629,095
Net change in fund balance	\$ 1,195,525	\$ 1,396,979	3,098,250
<b>Fund Balance</b>			
Beginning of year, as previously stated			4,836,175
Change in accounting principle			544,092
Beginning of year, as restated			5,380,267
End of year			\$ 8,478,517

2020	2019
Variance with Final Budget - Over (Under)	Actual Amounts
\$ 1,834,696	\$ 15,758,102
(129,769)	1,881,846
(1,113,296)	78,077,133
(237,924)	2,304,973
42,867	210,949
396,574	98,233,003

(234,262)	4,967,825
109,110	2,368,148
(2,068,191)	41,850,504
(62,518)	867,839
481,292	18,184,600
(149,531)	7,624,820
323,352	8,303,551
83,602	6,260,628
163,795	172,683

22,246	71,708
26,865	5,171
(82,906)	257,253
6,014	1,472
14,277	4,890
428,533	3,043,670
73	134
127,087	2,430,533

512,794	2,005,536
(16,896)	472,034
(315,264)	98,892,999

711,838	(659,996)
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126,438	188,238
362,995	2,474,300

500,000	-
989,433	2,662,538

\$ 1,701,271	2,002,542
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2,833,633

-

2,833,633

\$ 4,836,175

**Independent School District No. 720**  
**Balance Sheet - Food Service Fund**  
**June 30, 2020**  
**(with Comparative Totals as of June 30, 2019)**

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Cash and investments	\$ 674,375	\$ 912,808
Due from Department of Education	37,748	18,954
Due from Federal Government		
through Department of Education	119,950	40,177
Inventory	<u>54,038</u>	<u>48,294</u>
Total assets	<u><u>\$ 886,111</u></u>	<u><u>\$ 1,020,233</u></u>
<b>Liabilities</b>		
Accounts payable	\$ 26,386	\$ 40,784
Salaries and benefits payable	127,192	94,625
Unearned revenue	<u>219,957</u>	<u>127,792</u>
Total liabilities	<u><u>373,535</u></u>	<u><u>263,201</u></u>
<b>Fund Balance</b>		
Nonspendable	54,038	48,294
Restricted	<u>458,538</u>	<u>708,738</u>
Total fund balance	<u><u>512,576</u></u>	<u><u>757,032</u></u>
Total liabilities and fund balance	<u><u>\$ 886,111</u></u>	<u><u>\$ 1,020,233</u></u>

**Independent School District No. 720**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - Food Service Fund**  
**Year Ended June 30, 2020**  
**(with Comparative Actual Amounts for the Year Ended June 30, 2019)**

	2020				2019
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget - Over (Under)	Amounts
<b>Revenues</b>					
Other local and county revenues	\$ 11,000	\$ 11,000	\$ 36,799	\$ 25,799	\$ 12,911
Revenue from state sources	238,201	238,201	205,245	(32,956)	233,733
Revenue from federal sources	2,007,385	2,007,385	2,094,192	86,807	2,023,834
Sales and other conversion of assets	2,288,998	2,288,998	1,751,141	(537,857)	2,110,636
Total revenues	<u>4,545,584</u>	<u>4,545,584</u>	<u>4,087,377</u>	<u>(458,207)</u>	<u>4,381,114</u>
<b>Expenditures</b>					
Current					
Food service	4,720,833	4,720,833	4,187,792	(533,041)	4,184,109
Capital outlay					
Food service	50,000	50,000	144,041	94,041	114,528
Total expenditures	<u>4,770,833</u>	<u>4,770,833</u>	<u>4,331,833</u>	<u>(439,000)</u>	<u>4,298,637</u>
Net change in fund balance	<u>\$ (225,249)</u>	<u>\$ (225,249)</u>	(244,456)	<u>\$ (19,207)</u>	82,477
<b>Fund Balance</b>					
Beginning of year			757,032		674,555
End of year			<u>\$ 512,576</u>		<u>\$ 757,032</u>

**Independent School District No. 720**  
**Balance Sheet - Community Service Fund**  
**June 30, 2020**  
**(with Comparative Totals as of June 30, 2019)**

	2020	2019
<b>Assets</b>		
Cash and investments	\$ 688,651	\$ 840,519
Current property taxes receivable	305,978	285,854
Delinquent property taxes receivable	2,240	1,459
Accounts receivable	50	34,947
Due from Department of Education	95,307	83,406
	<u>95,307</u>	<u>83,406</u>
Total assets	<u>\$ 1,092,226</u>	<u>\$ 1,246,185</u>
<b>Liabilities</b>		
Accounts payable	\$ 5,591	\$ 54,371
Salaries and benefits payable	200,700	161,857
Due to other governmental units	618	702
Unearned revenue	12,606	56,550
Total liabilities	<u>219,515</u>	<u>273,480</u>
<b>Deferred Inflows of Resources</b>		
Property taxes levied for subsequent year's expenditures	617,948	593,669
Unavailable revenue - delinquent property taxes	2,240	1,459
Total deferred inflows of resources	<u>620,188</u>	<u>595,128</u>
<b>Fund Balance</b>		
Restricted for		
Early Childhood and Family Education Programs	158,623	82,014
School Readiness	278,344	340,783
Unassigned	(184,444)	(45,220)
Total fund balance	<u>252,523</u>	<u>377,577</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,092,226</u>	<u>\$ 1,246,185</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, 2020**  
**(with Comparative Actual Amounts for the Year Ended June 30, 2019)**

	2020				2019
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget - Over (Under)	Amounts
<b>Revenues</b>					
Local property taxes	\$ 591,469	\$ 591,469	\$ 592,864	\$ 1,395	\$ 586,557
Other local and county revenues	1,352,160	1,352,160	1,118,132	(234,028)	1,360,669
Revenue from state sources	978,096	978,096	933,157	(44,939)	852,891
Revenue from federal sources	20,000	20,000	-	(20,000)	-
Total revenues	<u>2,941,725</u>	<u>2,941,725</u>	<u>2,644,153</u>	<u>(297,572)</u>	<u>2,800,117</u>
<b>Expenditures</b>					
Current					
Community education and services	2,936,868	2,936,868	2,764,912	(171,956)	2,699,409
Capital outlay					
Community education and services	<u>5,000</u>	<u>5,000</u>	<u>4,295</u>	<u>(705)</u>	<u>1,416</u>
Total expenditures	<u>2,941,868</u>	<u>2,941,868</u>	<u>2,769,207</u>	<u>(172,661)</u>	<u>2,700,825</u>
Net change in fund balance	<u>\$ (143)</u>	<u>\$ (143)</u>	(125,054)	<u>\$ (124,911)</u>	99,292
<b>Fund Balance</b>					
Beginning of year			<u>377,577</u>		<u>278,285</u>
End of year			<u>\$ 252,523</u>		<u>\$ 377,577</u>



**Independent School District No. 720**  
**Balance Sheet - Debt Service Fund**  
**June 30, 2020**  
**(with Comparative Totals as of June 30, 2019)**

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Cash and investments	\$ 16,381,558	\$ 14,804,393
Current property taxes receivable	12,079,042	10,886,598
Delinquent property taxes receivable	57,212	48,267
Due from Department of Education	<u>158,872</u>	<u>142,403</u>
Total assets	<u><u>\$ 28,676,684</u></u>	<u><u>\$ 25,881,661</u></u>
<b>Liabilities</b>		
Accounts Payable	<u>\$ 1,350</u>	<u>\$ -</u>
<b>Deferred Inflows of Resources</b>		
Property taxes levied for subsequent year's expenditures	\$ 24,140,116	\$ 22,609,535
Unavailable revenue - delinquent property taxes	<u>57,212</u>	<u>48,267</u>
Total deferred inflows of resources	<u><u>24,197,328</u></u>	<u><u>22,657,802</u></u>
<b>Fund Balance</b>		
Restricted	<u>4,478,006</u>	<u>3,223,859</u>
Total deferred inflows of resources and fund balance	<u><u>\$ 28,676,684</u></u>	<u><u>\$ 25,881,661</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, 2020**  
**(with Comparative Actual Amounts for the Year Ended June 30, 2019)**

	2020			2019
	Budgeted Amounts		Variance with	Actual
	Original	Final	Final Budget -	Amounts
			Over (Under)	
<b>Revenues</b>				
Local property taxes	\$ 22,576,016	\$ 22,576,016	\$ (280,418)	\$ 19,993,534
Other local and county revenues	24,362	24,362	90,887	301,364
Revenue from state sources	1,329,622	1,329,622	288,793	1,430,727
Total revenues	<u>23,930,000</u>	<u>23,930,000</u>	<u>99,262</u>	<u>21,725,625</u>
<b>Expenditures</b>				
Debt service				
Principal	16,255,000	16,255,000	-	14,315,000
Interest and fiscal charges	6,525,000	6,525,000	(4,885)	7,175,230
Total expenditures	<u>22,780,000</u>	<u>22,780,000</u>	<u>(4,885)</u>	<u>21,490,230</u>
Net change in fund balance	<u>\$ 1,150,000</u>	<u>\$ 1,150,000</u>	<u>\$ 104,147</u>	235,395
<b>Fund Balance</b>				
Beginning of year			<u>3,223,859</u>	<u>2,988,464</u>
End of year			<u>\$ 4,478,006</u>	<u>\$ 3,223,859</u>

**Independent School District No. 720**  
**Balance Sheet - Capital Projects Fund**  
**June 30, 2020**  
**(with Comparative Totals as of June 30, 2019)**

	2020	2019
<b>Assets</b>		
Cash and investments	\$ 6,374,882	\$ 5,142,212
Accounts receivable	-	41,826
	<u>                    </u>	<u>                    </u>
Total assets	<u><u>\$ 6,374,882</u></u>	<u><u>\$ 5,184,038</u></u>
<b>Liabilities</b>		
Accounts payable	\$ 4,814	\$ 85,340
Contracts payable	4,941,810	3,075,909
Due to other governmental units	-	74
Total liabilities	<u>4,946,624</u>	<u>3,161,323</u>
<b>Fund Balance</b>		
Restricted	2,390,009	2,022,715
Unassigned	(961,751)	-
Total fund balance	<u>1,428,258</u>	<u>2,022,715</u>
	<u>                    </u>	<u>                    </u>
Total liabilities and fund balance	<u><u>\$ 6,374,882</u></u>	<u><u>\$ 5,184,038</u></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, 2020**  
**(with Comparative Actual Amounts for the Year Ended June 30, 2019)**

	2020				2019
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)	Actual Amounts
	Original	Final			
<b>Revenues</b>					
Other local and county revenues	\$ 30,000	\$ 30,000	\$ 86,220	\$ 56,220	\$ 414,663
<b>Expenditures</b>					
Current					
Sites and buildings	-	-	210,592	210,592	201,587
Capital outlay					
Sites and buildings	1,294,101	1,294,101	18,413,542	17,119,441	9,404,462
Debt service					
Interest and fiscal charges	-	14,399,060	286,610	(14,112,450)	-
Total expenditures	<u>1,294,101</u>	<u>15,693,161</u>	<u>18,910,744</u>	<u>3,217,583</u>	<u>9,606,049</u>
Excess of revenues under expenditures	(1,264,101)	(15,663,161)	(18,824,524)	(3,161,363)	(9,191,386)
<b>Other Financing Sources</b>					
Bond issuance	-	16,325,000	16,325,000	-	-
Bond premium	-	3,576,721	1,905,067	(1,671,654)	-
Total other financing sources (uses)	<u>-</u>	<u>19,901,721</u>	<u>18,230,067</u>	<u>(1,671,654)</u>	<u>-</u>
Net change in fund balance	<u>\$ (1,264,101)</u>	<u>\$ 4,238,560</u>	<u>(594,457)</u>	<u>\$ (4,833,017)</u>	<u>(9,191,386)</u>
<b>Fund Balance</b>					
Beginning of year			<u>2,022,715</u>		<u>11,214,101</u>
End of year			<u>\$ 1,428,258</u>		<u>\$ 2,022,715</u>

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## **INTERNAL SERVICE FUNDS**

**Independent School District No. 720**  
**Combining Statement of**  
**Net Position - Internal Service Funds**  
**As of June 30, 2020**

		Internal Service Funds		
		Health Insurance	Dental Insurance	Total
<b>Assets</b>				
Current				
Cash and cash equivalents		\$ 1,194,107	\$ 230,877	\$ 1,424,984
<b>Liabilities</b>				
Current				
Incurred but not reported claims		\$ 658,524	\$ 31,687	\$ 690,211
<b>Net Position</b>				
Unrestricted		535,583	199,190	734,773
Total liabilities and net position		\$ 1,194,107	\$ 230,877	\$ 1,424,984

**Independent School District No. 720**  
**Combining Statement of Revenues, Expenses, and Changes**  
**in Fund Net Position - Internal Service Funds**  
**Year Ended June 30, 2020**

	Internal Service Funds		
	Health Insurance	Dental Insurance	Total
<b>Operating Revenue</b>			
Charges for services	\$ 8,558,588	\$ 855,254	\$ 9,413,842
<b>Operating Expenses</b>			
Insurance	7,472,529	708,613	8,181,142
Operating income	1,086,059	146,641	1,232,700
<b>Nonoperating Revenues</b>			
Investment income	825	44	869
Change in net position	1,086,884	146,685	1,233,569
<b>Net Position</b>			
Beginning of year	(551,301)	52,505	(498,796)
End of year	\$ 535,583	\$ 199,190	\$ 734,773



**Independent School District No. 720**  
**Combining Statement of Cash Flows -**  
**Internal Service Funds**  
**Year Ended June 30, 2020**

	Internal Service Funds		
	Health Insurance	Dental Insurance	Total
<b>Cash Flows - Operating Activities</b>			
Receipts from District contributions	\$ 8,566,088	\$ 858,260	\$ 9,424,348
Employee claims paid	(7,609,497)	(763,033)	(8,372,530)
Net cash flows - operating activities	956,591	95,227	1,051,818
<b>Cash Flows - Investing Activities</b>			
Interest received	825	44	869
Net change in cash and cash equivalents	957,416	95,271	1,052,687
<b>Cash and Cash Equivalents</b>			
Beginning of year	236,691	135,606	372,297
End of year	<u>\$ 1,194,107</u>	<u>\$ 230,877</u>	<u>\$ 1,424,984</u>
<b>Reconciliation of Operating Income to Net Cash Flows - Operating Activities</b>			
Operating income	\$ 1,086,059	\$ 146,641	\$ 1,232,700
Adjustments to reconcile operating income to net cash flows - operating activities			
Accounts payable	(1,250)	-	(1,250)
Incurred but not reported claims	(135,718)	(54,420)	(190,138)
Accounts receivable	7,500	3,006	10,506
Net adjustments	(129,468)	(51,414)	(180,882)
Net cash flows - operating activities	<u>\$ 956,591</u>	<u>\$ 95,227</u>	<u>\$ 1,051,818</u>

**UFARS COMPLIANCE TABLE**

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**Independent School District No. 720**  
**Uniform Financial Accounting and Reporting Standards**  
**Compliance Table**  
**Year Ended June 30, 2020**

	Audit	UFARS	Audit-UFARS		Audit	UFARS	Audit-UFARS
<b>01 GENERAL FUND</b>				<b>06 BUILDING CONSTRUCTION FUND</b>			
Total revenue	\$ 99,166,523	\$ 99,166,525	\$ (2)	Total revenue	\$ 86,220	\$ 86,220	\$ -
Total expenditures	98,697,368	98,697,370	(2)	Total expenditures	18,910,744	18,910,742	2
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
4.60 Nonspendable fund balance	26,816	26,816	-	4.60 Nonspendable fund balance	-	-	-
<i>Restricted/reserved:</i>				<i>Restricted/reserved:</i>			
4.01 Student Activities	398,729	398,729	-	4.07 Capital Projects Levy	-	-	-
4.02 Scholarships	-	-	-	4.09 Alternative Facilities Program	-	-	-
4.03 Staff Development	-	-	-	4.13 Building Projects Funded by COP/LP	-	-	-
4.07 Capital Projects Levy	-	-	-	4.67 Long-term Facilities Maintenance	(961,751)	(961,751)	-
4.08 Cooperative Programs	-	-	-	<i>Restricted:</i>			
4.09 Alternative Facility Program	-	-	-	4.64 Restricted fund balance	2,390,009	2,390,010	(1)
4.13 Building Projects Funded by COP/LP	-	-	-	<i>Unassigned:</i>			
4.14 Operating Debt	-	-	-	4.63 Unassigned fund balance	-	-	-
4.16 Levy Reduction	-	-	-				
4.17 Taconite Building Maintenance	-	-	-	<b>07 DEBT SERVICE FUND</b>			
4.24 Operating Capital	1,550,096	1,550,096	-	Total revenue	\$ 24,029,262	\$ 24,029,263	\$ (1)
4.26 \$25 Taconite	-	-	-	Total expenditures	22,775,115	22,775,115	-
4.27 Disabled Accessibility	-	-	-	<i>Nonspendable:</i>			
4.28 Learning and Development	-	-	-	4.60 Nonspendable fund balance	-	-	-
4.34 Area Learning Center	-	-	-	<i>Restricted/reserved:</i>			
4.35 Contracted Alternative Programs	-	-	-	4.25 Bond refundings	-	-	-
4.36 State Approved Alternative Program	-	-	-	4.33 Maximum Effort Loan	-	-	-
4.38 Gifted and Talented	-	-	-	4.51 QZAB payments	-	-	-
4.40 Teacher Development and Evaluation	-	-	-	4.67 LTFFM	-	-	-
4.41 Basic Skills Programs	-	-	-	<i>Restricted:</i>			
4.45 Career Technical Programs	-	-	-	4.64 Restricted fund balance	4,478,006	4,478,007	(1)
4.48 Achievement and Integration Revenue	-	-	-	<i>Unassigned:</i>			
4.49 Safe Schools Levy	473,196	473,196	-	4.63 Unassigned fund balance	-	-	-
4.51 QZAB Payments	-	-	-				
4.52 OPEB Liabilities not Held in Trust	-	-	-	<b>08 TRUST FUND</b>			
4.53 Unfunded Severance and Retirement Levy	-	-	-	Total revenue	\$ -	\$ -	\$ -
4.59 Basic Skills Extended Time	-	-	-	Total expenditures	-	-	-
4.67 Long-term Facilities Maintenance	2,076,566	2,076,566	-	<i>Unrestricted:</i>			
<i>Restricted:</i>				4.01 Student Activities	-	-	-
4.72 Medical Assistance	-	-	-	4.02 Scholarships	-	-	-
4.64 Restricted fund balance	-	-	-	4.22 Net position	-	-	-
4.75 Title VII - Impact Aid	-	-	-				
4.76 Payments in Lieu of Taxes	-	-	-	<b>18 CUSTODIAL</b>			
<i>Committed:</i>				Total revenue	\$ 2,356	\$ 2,357	\$ (1)
4.18 Committed for separation	-	-	-	Total expenditures	3,200	3,200	-
4.61 Committed	-	-	-	<i>Restricted/reserved:</i>			
<i>Assigned:</i>				4.01 Student Activities	-	-	-
4.62 Assigned fund balance	210,065	210,065	-	4.02 Scholarships	15,589	15,589	-
<i>Unassigned:</i>				4.48 Achievement and Integration	-	-	-
4.22 Unassigned fund balance	3,743,049	3,743,051	(2)	4.64 Restricted	-	-	-
<b>02 FOOD SERVICES FUND</b>				<b>20 INTERNAL SERVICE FUND</b>			
Total revenue	\$ 4,087,377	\$ 4,087,376	\$ 1	Total revenue	\$ 9,414,711	\$ 9,414,711	\$ -
Total expenditures	4,331,833	4,331,834	(1)	Total expenditures	8,181,142	8,181,142	-
<i>Nonspendable:</i>				<i>Unrestricted:</i>			
4.60 Nonspendable fund balance	54,038	54,038	-	4.22 Net position	734,773	734,774	(1)
<i>Restricted/reserved:</i>							
4.52 OPEB liabilities not held in trust	-	-	-	<b>25 OPEB REVOCABLE TRUST</b>			
<i>Restricted:</i>				Total revenue	\$ -	\$ -	\$ -
4.64 Restricted fund balance	458,538	458,536	2	Total expenditures	-	-	-
<i>Unassigned:</i>				<i>Unrestricted:</i>			
4.63 Unassigned fund balance	-	-	-	4.22 Net position	-	-	-
<b>04 COMMUNITY SERVICE FUND</b>				<b>45 OPEB IRREVOCABLE TRUST</b>			
Total revenue	\$ 2,644,153	\$ 2,644,153	\$ -	Total revenue	\$ 291,201	\$ 291,200	\$ 1
Total expenditures	2,769,207	2,769,208	(1)	Total expenditures	260,707	260,707	-
<i>Nonspendable:</i>				<i>Unrestricted:</i>			
4.60 Nonspendable fund balance	-	-	-	4.22 Net position	4,972,802	4,972,802	-
<i>Restricted/reserved:</i>							
4.26 \$25 Taconite	-	-	-	<b>47 OPEB DEBT SERVICE</b>			
4.31 Community Education	(184,444)	(184,444)	-	Total revenue	\$ -	\$ -	\$ -
4.32 ECFE	158,623	158,623	-	Total expenditures	-	-	-
4.40 Teacher Development and Evaluations	-	-	-	<i>Nonspendable:</i>			
4.44 School Readiness	278,344	278,344	-	4.60 Nonspendable fund balance	-	-	-
4.47 Adult Basic Education	-	-	-	<i>Restricted:</i>			
4.52 OPEB Liabilities not Held in Trust	-	-	-	4.25 Bond refundings	-	-	-
<i>Restricted:</i>				4.64 Restricted fund balance	-	-	-
4.64 Restricted fund balance	-	-	-	<i>Unassigned:</i>			
<i>Unassigned:</i>				4.63 Unassigned fund balance	-	-	-
4.63 Unassigned fund balance	-	-	-				

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## **STATISTICAL SECTION**

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**Independent School District No. 720**  
**Statistical Section (Unaudited)**  
**June 30, 2020**

**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:

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> This section contains trend information to help the reader understand how the District's financial performance and well-being have changed over time.	130
<b>Revenue Capacity</b> This section contains information to help the reader assess the District's most significant local revenue source, property taxes.	139
<b>Debt Capacity</b> 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.	146
<b>Demographic and Economic Information</b> This section contains demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	150
<b>Operating Information</b> 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.	152

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



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

	Fiscal Year			
	2011	2012	2013	2014
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 15,056,846	\$ 18,615,135	\$ 21,509,142	\$ 21,840,189
Restricted	2,347,262	2,470,265	2,103,662	2,411,568
Unrestricted	11,515,977	12,968,400	10,655,933	8,100,912
Total governmental activities net position	<u>\$ 28,920,085</u>	<u>\$ 34,053,800</u>	<u>\$ 34,268,737</u>	<u>\$ 32,352,669</u>

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 23,041,568	\$ 26,336,717	\$ 35,186,072	\$ 45,526,236	\$ 55,529,637	\$ 67,663,806
3,150,431	1,241,034	-	1,970,243	2,446,033	7,194,893
(45,145,697)	(51,864,194)	(85,542,839)	(114,835,656)	(90,596,678)	(97,349,532)
<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>	<u>\$ (22,490,833)</u>

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

	Fiscal Year			
	2011	2012	2013	2014
<b>Expenses</b>				
Governmental activities				
Administration	\$ 3,647,825	\$ 3,320,105	\$ 4,196,548	\$ 4,623,140
District support services	422,226	1,123,052	1,293,572	1,471,090
Regular instruction	31,680,570	35,835,287	37,728,992	40,000,664
Vocational education instruction	482,322	491,687	458,572	725,118
Special education instruction	11,791,040	13,004,305	14,503,636	15,085,785
Instructional support services	3,859,985	3,785,454	4,731,832	4,921,635
Pupil support services	4,817,243	5,653,320	5,768,903	6,213,364
Sites and buildings	5,664,493	4,503,714	5,785,361	6,880,602
Fiscal and other fixed cost programs	112,654	125,742	130,635	181,473
Food service	2,935,096	3,215,446	3,458,450	3,470,807
Community service	1,707,307	1,829,186	1,891,348	1,838,544
Depreciation not allocated to other functions	3,991,808	184,101	279,962	517,536
Interest and fiscal charges on long-term debt	6,292,484	6,520,580	7,523,483	7,146,210
Total governmental activities expenses	77,405,053	79,591,979	87,751,294	93,075,968
<b>Program Revenues</b>				
Governmental activities				
Charges for services				
Administration	20,801	23,308	26,300	23,151
District support services	7,839	5,684	8,246	8,568
Regular instruction	777,457	816,793	852,858	981,266
Vocational education instruction	5,539	1,916	-	175
Special education instruction	23,168	12,198	24,748	1,810
Instructional support services	1,489	773	696	128
Pupil support services	8,833	8,023	8,634	10,859
Sites and buildings	16,950	40,013	17,300	17,900
Food service	1,614,861	1,637,500	1,642,702	1,747,412
Community service	632,333	704,736	718,063	733,494
Operating grants and contributions	18,434,638	18,311,523	19,506,678	20,373,579
Capital grants and contributions	69,194	30,552	5,000	38,845
Total governmental activities program revenues	21,613,102	21,593,019	22,811,225	23,937,187
Total governmental activities net expense	(55,791,951)	(57,998,960)	(64,940,069)	(69,138,781)
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities				
Property taxes				
General purpose	9,912,260	7,385,811	8,666,535	5,445,658
Community service	702,304	468,015	504,862	259,610
Debt service	12,266,179	12,356,247	13,906,651	12,933,157
General grants and aids	36,277,413	41,236,447	41,587,955	47,608,165
Investment earnings	270,628	103,512	344,424	331,125
Gain on sale of capital assets	6,000	4,000	200	119,370
Other general revenues	203,700	1,578,643	614,821	525,628
Total governmental activities	59,638,484	63,132,675	65,625,448	67,222,713
<b>Total Net (Expense) Revenue</b>	3,846,533	5,133,715	685,379	(1,916,068)
Net position - beginning, as previously stated	25,073,552	28,920,085	34,053,800	34,268,737
Change in accounting principle	-	-	(470,442)	-
Net position - beginning, as restated	25,073,552	28,920,085	33,583,358	34,268,737
Net position - ending	\$ 28,920,085	\$ 34,053,800	\$ 34,268,737	\$ 32,352,669

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 5,547,166	\$ 5,955,670	\$ 7,523,283	\$ 7,340,382	\$ 3,607,620	\$ 5,843,792
1,912,672	2,122,209	2,456,591	2,106,366	2,374,571	2,599,179
42,847,228	45,554,644	63,959,236	63,492,106	30,458,137	49,786,185
703,295	726,293	1,286,927	945,260	528,644	1,000,405
15,515,994	17,425,823	25,091,784	24,552,734	12,698,736	20,164,692
6,047,476	7,548,519	10,762,588	9,547,642	6,601,313	9,380,581
6,905,267	7,377,729	8,401,426	8,625,780	7,691,554	8,882,170
7,807,706	7,337,340	6,929,012	8,170,286	11,550,383	4,347,902
215,914	211,184	191,091	199,020	172,683	353,795
3,794,772	4,158,297	4,724,099	4,480,777	4,173,484	4,261,487
2,056,634	2,322,011	3,286,539	3,303,658	2,282,557	2,993,523
628,829	787,506	1,265,819	1,589,799	1,713,784	5,803,460
5,254,492	8,055,214	7,322,643	6,559,035	5,533,037	5,252,402
99,237,445	109,582,439	143,201,038	140,912,845	89,386,503	120,669,573
23,040	14,225	12,993	13,376	9,477	1,200
35,897	35,292	25,189	25,579	55,730	87,978
448,664	474,275	438,789	528,522	544,335	422,253
300	37	140	328	527	2,353
228,614	179,203	200,061	3,361	1,844	-
614	562	243	68	-	-
29,502	107,857	221,004	228,447	235,796	64,931
13	59	32,413	61,245	61,668	59,874
1,958,315	2,035,210	2,084,558	2,038,572	2,110,636	1,751,141
787,156	1,016,566	1,229,308	1,265,406	1,333,572	1,092,977
21,935,044	24,000,053	25,885,369	23,511,826	23,702,928	25,548,851
-	-	470,297	979,803	965,654	807,794
25,447,159	27,863,339	30,600,364	28,656,533	29,022,167	29,839,352
(73,790,286)	(81,719,100)	(112,600,674)	(112,256,312)	(60,364,336)	(90,830,221)
9,264,493	9,114,215	13,310,119	13,953,937	15,759,624	15,441,415
523,173	517,493	542,360	580,326	586,578	601,809
12,470,062	12,620,244	18,735,124	18,817,481	19,994,879	22,296,379
51,064,387	53,137,665	59,536,734	60,765,061	57,877,841	61,464,606
119,007	938,932	657,661	750,641	639,236	368,966
13,580	21,600	4,022	304,669	188,238	202,747
33,402	36,206	78,576	101,787	36,109	40,382
73,488,104	76,386,355	92,864,596	95,273,902	95,082,505	100,416,304
(302,182)	(5,332,745)	(19,736,078)	(16,982,410)	34,718,169	9,586,083
32,352,669	(18,953,698)	(24,286,443)	(50,356,767)	(67,339,177)	(32,621,008)
(51,004,185)	-	(6,334,246)	-	-	544,092
(18,651,516)	(18,953,698)	(30,620,689)	(50,356,767)	(67,339,177)	(32,076,916)
\$ (18,953,698)	\$ (24,286,443)	\$ (50,356,767)	\$ (67,339,177)	\$ (32,621,008)	\$ (22,490,833)

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

	Fiscal Year			
	2011	2012	2013	2014
<b>General Fund</b>				
Nonspendable	\$ -	\$ 24,214	\$ 350,000	\$ 96
Restricted	962,795	1,079,553	578,923	1,905,984
Assigned	-	-	-	-
Unassigned	9,572,538	12,251,872	11,555,217	8,530,840
Total general fund	<u>\$ 10,535,333</u>	<u>\$ 13,355,639</u>	<u>\$ 12,484,140</u>	<u>\$ 10,436,920</u>
<b>All Other Governmental Funds</b>				
Nonspendable				
Capital Project funds	\$ 798,799	\$ 222,856	\$ 139,501	\$ 139,501
Nonmajor funds	24,686	26,858	30,880	33,057
Restricted				
Capital project funds	23,746,242	19,209,028	14,207,934	20,592,233
Debt service funds	2,185,834	46,487,037	90,039,936	45,763,302
Nonmajor funds	576,293	505,406	363,285	463,128
Unassigned reported in				
Capital project funds	-	-	-	-
Nonmajor funds	-	-	-	-
Total all other governmental funds	<u>\$ 27,331,854</u>	<u>\$ 66,451,185</u>	<u>\$ 104,781,536</u>	<u>\$ 66,991,221</u>
 Total all funds	 <u>\$ 37,867,187</u>	 <u>\$ 79,806,824</u>	 <u>\$ 117,265,676</u>	 <u>\$ 77,428,141</u>

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 68,261	\$ 115,556	\$ 657,884	\$ 208,934	\$ 245,117	\$ 26,816
2,158,125	1,241,034	-	854,983	879,033	4,498,587
-	-	20,882	185,388	267,230	210,065
5,548,137	1,164,415	388,488	1,584,328	3,444,795	3,743,049
<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>	<u>\$ 8,478,517</u>
\$ 117,702	\$ 77,687	\$ -	\$ -	\$ -	\$ -
33,832	29,846	49,221	45,582	48,294	54,038
8,255,391	100,430,142	53,366,000	11,214,101	2,022,715	2,390,009
2,937,288	20,079,253	20,670,744	2,988,464	3,223,859	4,478,006
505,136	762,437	946,735	1,086,759	1,131,535	895,505
-	-	-	-	-	(961,751)
(75,851)	(17,867)	(153,567)	(179,501)	(45,220)	(184,444)
<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>\$ 6,671,363</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>	<u>\$ 15,149,880</u>

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

	Fiscal Year			
	2011	2012	2013	2014
<b>Revenues</b>				
Local sources				
Property taxes	\$ 22,894,058	\$ 20,531,670	\$ 23,015,692	\$ 18,718,986
Other	1,858,844	1,877,808	2,165,621	2,277,734
State sources	50,290,046	55,823,400	57,639,830	64,588,313
Federal sources	4,418,360	5,031,601	3,790,555	3,656,143
Sales and other conversion of assets	1,746,697	1,778,812	1,762,419	1,879,915
Total revenues	<u>81,208,005</u>	<u>85,043,291</u>	<u>88,374,117</u>	<u>91,121,091</u>
<b>Expenditures</b>				
Current				
Administration	3,646,172	3,195,735	4,059,643	4,521,361
District support services	549,423	1,034,206	1,178,509	1,348,643
Regular instruction	30,407,294	31,908,848	33,171,305	35,377,923
Vocational education instruction	481,814	490,161	457,254	718,252
Special education instruction	12,365,973	12,820,354	14,280,976	14,829,013
Instructional support services	3,195,334	3,282,279	4,583,789	4,544,911
Pupil support services	4,814,363	5,463,289	5,582,461	6,044,213
Sites and buildings	4,307,340	4,273,353	4,564,335	5,361,523
Fiscal and other fixed cost programs	112,654	125,742	130,635	181,473
Food service	2,929,746	3,187,982	3,392,964	3,421,835
Community service	1,700,616	1,742,213	1,795,498	1,746,124
Capital outlay	13,633,606	6,812,841	6,691,205	8,452,578
Debt service				
Principal	5,755,000	6,700,000	7,725,000	49,105,000
Interest and fiscal charges	6,462,436	6,494,170	7,737,467	8,791,140
Total expenditures	<u>90,361,771</u>	<u>87,531,173</u>	<u>95,351,041</u>	<u>144,443,989</u>
Excess (deficiency) of revenues over (under) expenditures	(9,153,766)	(2,487,882)	(6,976,924)	(53,322,898)
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of assets	6,000	4,000	200	119,370
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	-	-	-	13,175,000
Premium on certificate of participation	-	-	-	190,993
Capital lease proceeds	-	-	-	-
Total other financing sources (uses)	<u>6,000</u>	<u>44,427,519</u>	<u>44,435,776</u>	<u>13,485,363</u>
Net change in fund balances	<u>\$ (9,147,766)</u>	<u>\$ 41,939,637</u>	<u>\$ 37,458,852</u>	<u>\$ (39,837,535)</u>
Debt service as a percentage of noncapital expenditures	15.9%	16.3%	17.4%	42.6%

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 22,314,253	\$ 22,312,062	\$ 32,575,051	\$ 33,363,243	\$ 36,338,193	\$ 38,337,767
2,331,605	3,468,932	3,810,443	4,005,832	3,971,453	3,419,569
68,614,824	72,135,291	77,109,197	79,556,814	80,594,484	81,943,845
3,600,238	4,172,968	4,829,246	4,425,124	4,328,807	4,362,307
2,117,288	2,198,848	2,281,609	2,309,279	2,321,585	1,950,047
98,978,208	104,288,101	120,605,546	123,660,292	127,554,522	130,013,535
5,437,582	5,759,082	5,648,428	5,452,115	4,967,825	5,240,795
1,780,294	2,067,743	2,175,658	1,992,860	2,368,148	2,512,734
38,542,795	40,739,884	41,499,067	41,375,223	41,850,504	42,509,914
683,688	747,306	868,774	633,155	867,839	914,384
15,337,996	17,154,198	18,342,688	18,062,751	18,184,600	19,003,712
5,405,273	6,459,308	8,185,448	7,276,861	7,624,820	8,060,941
6,727,114	7,259,476	7,614,151	7,869,648	8,303,551	8,688,459
5,742,925	6,151,407	5,852,566	6,225,856	6,462,215	5,981,313
215,914	211,184	191,091	199,020	172,683	353,795
3,740,537	4,098,498	4,534,624	4,301,406	4,184,109	4,187,792
1,974,288	2,247,122	2,653,638	2,701,273	2,699,409	2,764,912
14,020,032	13,601,299	52,761,602	45,992,413	15,335,237	21,511,279
63,095,000	9,718,773	12,528,917	31,546,121	16,320,536	18,492,943
7,222,016	7,965,462	9,136,642	8,915,088	7,647,264	7,261,294
169,925,454	124,180,742	171,993,294	182,543,790	136,988,740	147,484,267
(70,947,246)	(19,892,641)	(51,387,748)	(58,883,498)	(9,434,218)	(17,470,732)
13,580	21,600	4,022	508,669	188,238	1,266,100
12,055,000	112,185,000	-	-	-	16,325,000
998,546	10,805,831	-	-	-	1,905,067
-	(24,812)	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,239,504	3,447,610	417,480	2,474,300	1,362,995
13,067,126	124,227,123	3,451,632	926,149	2,662,538	20,859,162
\$ (57,880,120)	\$ 104,334,482	\$ (47,936,116)	\$ (57,957,349)	\$ (6,771,680)	\$ 3,388,430
45.1%	16.0%	18.0%	29.3%	19.0%	20.7%



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**Independent School District No. 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
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%
2020	4,080,936,100	1,564,066,801	5,645,002,901	50.558%

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

Taxes Payable Year	ISD No. 720 Direct Rate						Overlapping Rates	
	RMV General Fund Rate	NTC General Fund Rate	NTC Community Service	General Obligation Debt Service	NTC OPEB	Total Direct School Tax Rate	City of Shakopee	City of Savage
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
2020	0.102	13.868	0.937	35.753	-	50.558	33.965	42.357

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							Direct and Overlappin g Tax Rate City of
Prior Lake	Louisville Township	Jackson Township	Sand Creek Township	Metro Council	Metro Transit	Scott County	
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
32.496	4.494	10.436	17.737	0.609	1.401	32.718	119.25

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

Taxpayer	Property Classification	2020			2011		
		Tax Capacity	Percentage of Total Tax Capacity	Rank	Tax Capacity	Percentage of Total Tax Capacity	Rank
RELP Shakopee, LLC	Commercial	\$ 1,386,750	2.10%	1			
Northern States Power	Utility	996,114	1.51%	2	\$ 538,822	1.17%	1
Rahr Malting Company	Commercial	796,149	1.21%	4	407,369	0.89%	2
WOP Addition	Commercial	569,804	0.86%	5			
St. Francis Regional Medical Center	Commercial	569,268	0.86%	6	358,500	0.78%	5
Duke Realty	Commercial	851,734	1.29%	3			
J & J Minneapolis LLC	Commercial	541,144	0.82%	7			
Lothenbach Properties	Commercial	497,772	0.75%	9			
Sears Roebuck & Co	Commercial				263,250	0.57%	9
Seagate Technology LLC	Commercial	506,424	0.77%	8	399,250	0.87%	3
Shakopee Mdewakanton Sioux	Commercial				398,369	0.87%	4
Inland Shak Valley Marketplace	Commercial				291,750	0.64%	8
Ryan Companies	Property Management				333,450	0.73%	6
Canterbury Park	Commercial				324,236	0.71%	7
Valleyfair	Amusement Park				259,250	0.56%	10
Shakkin LLC	Commercial	494,250	0.75%	10			
		<u>\$ 7,209,409</u>	<u>10.18%</u>		<u>\$ 3,574,246</u>	<u>5.79%</u>	

Source: Scott County Department of Property Tax and Public Records

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

Taxes Levied for the Fiscal Year							
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)	
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)
2020	3,527,108	6,551,159	5,233,905	618,406	24,140,695	40,071,273	(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		
\$ 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%	18,561,974	36,972,524	96.06%	85,536	0.23%
20,020,961	50.0%	-	20,020,961	49.96%	87,372	0.44%



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

Fiscal Year	Governmental Activities			Total Primary Government	Estimated Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases Payable			
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
2020	155,385,000	9,730,000	3,514,599	168,629,599	50,423	3,344

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 No. 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
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
2020	155,385,000	4,478,007	150,906,993	5,645,002,901	2.67%	50,423	2,993

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-19 Adjusted Taxable Net Tax Capacity	Dec-19 Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
<b>Overlapping</b>				
Scott County	\$ 216,706,081	\$ 113,540,000	30.99%	\$ 35,190,106
Cities/Townships				
Shakopee	59,821,079	34,660,000	95.29%	33,027,081
Savage	43,083,858	47,945,000	7.01%	3,359,551
Prior Lake	41,060,580	39,460,000	2.95%	1,162,825
Total Overlapping				<u>72,739,562</u>
<b>Direct</b>				
Shakopee Public Schools ISD No. 720	65,966,758	155,385,000	100.00%	<u>155,385,000</u>
Total Direct and Overlapping Bonded Debt				<u><u>\$ 228,124,562</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 No. 720**  
**Shakopee Public Schools**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
(Unaudited)

Fiscal Year	Net Bonded Debt (1)	Net Tax Capacity (1)	Percent of Net Debt to Net Tax Capacity	Percent of Bonded Debt to Market Value	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
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%
2020	155,385,000	65,966,758	235.55%	2.75%	50,423	3,082	5,373,980,000	806,097,000	650,712,000	19.28%

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

Fiscal Year	Population (1)	Personal Income ( <i>thousands of dollars</i> ) (2)	Per Capita Personal Income (2)	Enrollment (3)	Scott Co. Unemployment Rate (4)
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%
2020	50,423	-	-	8,190	8.4%

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 September 2020 rate is used.

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

Employer	Product/Service	2020		2011	
		Employees	Rank	Employees	Rank
Shakopee Mdewakanton Sioux Community	Entertainment	4,200	1		
Valleyfair	Entertainment park	2,050	2	1,238	2
Emerson	Manufacturing	1,187	3	1,600	1
ISD 720, Shakopee Public Schools	Public education	1,100	4	790	6
Amazon	Distribution	1,000	5		
St. Francis Regional Medical Center	Health care	960	6	838	5
Imagine! Print Solutions	Commercial printing	785	7	511	8
Canterbury Park	Horse racing	722	8	840	4
Scott County	County government	643	9	728	7
Seagate Technology LLC	Computer equipment manufacturing	625	10		
City of Shakopee	City government	-	0	350	9
Northstar Auto Auction	Motor vehicle sales	-	0	285	10
ADC Telecommunications	Telecommunications	-	0	882	3
		<u>13,272</u>		<u>8,062</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 employment for each of the employers listed above is not

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Administrative Staff</b>										
Superintendent	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Principals	8.0	7.0	9.0	10.0	12.0	11.0	15.0	14.6	9.0	15.0
Administrative Assistants (Asst. Principals and Asst. Superintendent)	3.0	4.0	5.0	9.0	12.0	13.8	10.0	10.0	15.0	14.0
Supervisory Coordinator	1.0	1.0	0.0	2.0	4.0	4.0	3.0	3.8	4.8	6.0
Total Administrative Staff	13.0	13.0	15.0	22.0	29.0	29.8	29.0	29.4	29.8	36.0
<b>Support Service Staff</b>										
Other Non-Instructional Staff	19.79	41.0	40.7	21.9	48.4	43.9	46.4	62.3	62.3	62.3
Counselors/Deans	3.0	3.0	5.0	6.0	7.0	11.0	11.0	9.0	10.0	23.7
Media/Librarian	7.0	7.0	8.0	8.0	8.0	10.0	9.0	5.0	5.0	4.0
Nurse	3.0	3.0	4.7	5.0	5.6	6.3	4.8	5.8	5.8	5.9
Social Worker	6.0	6.0	6.0	9.0	10.0	9.8	12.0	11.7	11.7	9.6
Psychologists	6.0	4.8	6.8	7.0	7.0	7.0	8.0	8.0	8.0	6.7
Teacher on Sp Assignment	21.8	23.3	28.6	6.4	19.0	14.5	19.5	20.1	20.1	19.6
Total Support Service Staff	66.6	88.2	99.8	63.3	105.0	102.6	110.6	121.9	122.9	131.8
<b>Special Education Teachers</b>										
Speech Language	17.8	17.4	19.7	20.8	18.8	20.8	20.8	20.1	20.1	19.8
Other Special Education Teachers	70.3	68.8	71.4	79.6	79.4	94.9	86.4	85.4	86.4	98.9
Total Special Education Teachers	88.1	86.2	91.1	100.5	98.2	115.7	107.2	105.6	106.5	118.7
<b>Classroom Teachers</b>										
K-12 Teacher	330.17	328.2	347.4	397.1	394.7	426.3	414.8	394.1	397.0	397.4
Vocational Education Teacher	5.4	5.8	6.2	6.0	6.1	4.9	5.5	4.8	4.8	9.0
Pre-K, ECFE, and Other Teacher	9.2	10.5	10.4	9.0	8.8	11.2	8.9	9.0	9.0	10.3
Total Classroom Teachers	344.8	344.5	364.0	412.1	409.7	442.4	429.2	407.9	410.8	416.7
<b>Total</b>	<b>512.4</b>	<b>531.9</b>	<b>570.0</b>	<b>597.9</b>	<b>641.9</b>	<b>690.4</b>	<b>676.0</b>	<b>664.8</b>	<b>670.1</b>	<b>703.2</b>

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

**Independent School District No. 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
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
2020	8,190	147,484,267	18,008	7.58%	535.4	15.3

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



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

<u>School</u>	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Elementary</b>										
Sweeney Elementary										
Square feet	84,171	84,171	84,171	84,171	94,914	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)	675	708	712	707	683	652	640	655	652	677
Sun Path Elementary										
Square feet	96,600	96,600	96,600	96,600	106,455	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)	733	770	768	745	728	730	675	654	610	606
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)	588	- (2)	577	582	624	659	680	644	-	-
Red Oak Elementary										
Square feet	97,000	97,000	97,000	97,000	106,818	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)	753	812	731	715	717	689	644	610	564	558
Eagle Creek Elementary										
Square feet	100,185	100,185	100,185	100,185	110,088	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)	839	670	720	771	810	847	839	817	777	748
Jackson Elementary										
Square feet	-	109,068	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	764
Program Capacity	-	764	764	764	764	764	764	764	764	764
Enrollment (1)	-	698	759	806	835	852	868	864	850	794

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

Continued

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Middle</b>										
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)	1,059	1,143	726	806	798	841	851	883	844	743
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)	981	975	925	976	968	978	1,065	1,144	1,148	1,169
<b>High School</b>										
Shakopee High School										
Square feet	322,000	322,000	322,000	322,000	322,000	322,000	322,000	322,000	600,000	600,000
Building Capacity	1,612	1,612	1,612	1,612	1,612	1,612	1,612	1,612	3,000	3,000
Program Capacity	1,612	1,612	1,612	1,612	1,612	1,612	1,612	1,612	3,000	3,000
Enrollment (1)	1,361	1,451	1,381	1,379	1,494	1,611	1,719	1,728	2,479	2,629
<b>Other</b>										
Tokata Learning Center - ALC										
Square feet	-	-	12,351	12,351	12,351	12,351	12,351	12,351	12,351	12,351
Enrollment (1)	-	-	56	43	74	85	91	184	186	205
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)	66	69	50	63	66	68	82	82	75	61
<b>Total</b>										
Square feet	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	1,663,984
Building Capacity	7,043	7,807	7,807	7,807	7,807	7,807	7,807	7,807	9,195	9,195
Program Capacity	7,043	7,807	7,807	7,807	7,807	7,807	7,807	7,807	9,195	9,195
Enrollment	7,055	7,297	7,405	7,593	7,796	8,012	8,153	8,265	8,185	8,190

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

Continued

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b><u>Athletics</u></b>										
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	23	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	13	13	13	13	13	13	13	18	18
Swimming pools	2	2	2	2	2	2	2	2	2	2
Playgrounds	7	8	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 2020.