

Annual Comprehensive

# Financial Report

Year Ended June 30, 2024



Shakopee Public Schools  
Independent School  
District 720

[shakopee.k12.mn.us](http://shakopee.k12.mn.us)

1200 Shakopee Town Square  
Shakopee, MN 55379

952.496.5000



**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**OF THE**

**SHAKOPEE PUBLIC SCHOOLS**

**INDEPENDENT SCHOOL DISTRICT NO. 720**

**SHAKOPEE, MINNESOTA**

**For the Year Ended**

**June 30, 2024**

**Prepared by**

**THE FINANCE DEPARTMENT**

**Bill Menozzi**

*Director of Finance and Operations*

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



**Independent School District No. 720**  
**Table of Contents**

<b>I. Introductory Section</b>	
Board of Education and Administration	1
Letter of Transmittal	3
Certificate of Excellence in Financial Reporting	11
Organizational Chart	13
 <b>II. Financial Section</b>	
 <b>Independent Auditor's Report</b>	 15
 <b>Management's Discussion and Analysis</b>	 19
 <b>Basic Financial Statements</b>	
Government-Wide Financial Statements	
Statement of Net Position	30
Statement of Activities	32
Fund Financial Statements	
Balance Sheet - Governmental Funds	33
Reconciliation of the Balance Sheet to the Statement of Net Position - Governmental Funds	34
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	35
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities - Governmental Funds	36
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	37
Statement of Net Position - Proprietary Funds	38
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	39
Statement of Cash Flows - Proprietary Funds	40
Statement of Fiduciary Net Position	41
Statement of Changes in Fiduciary Net Position	41
Notes to Basic Financial Statements	43
 <b>Required Supplementary Information</b>	
Schedule of Changes in Net OPEB Liability and Related Ratios	82
Schedule of Investment Returns - OPEB	84
Schedule of District's and Non-Employer Proportionate Share of Net Pension Liability - General Employees Retirement Fund	86
Schedule of District's and Non-Employer Proportionate Share of Net Pension Liability - TRA Retirement Fund	86
Schedule of District Contributions - General Employees Retirement Fund	87
Schedule of District Contributions - TRA Retirement Fund	87
Notes to the Required Supplementary Information	88
 <b>Supplementary Information</b>	
Combining Balance Sheet - Nonmajor Governmental Funds	100
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	101

# Independent School District No. 720

## Table of Contents

### Supplementary Information (Continued)

Schedule of Revenues, Expenditures, and Changes in Fund Balance	
- Budget and Actual - Food Service Fund	102
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
- Budget and Actual - Community Service Fund	103
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
- Budget and Actual - Debt Service Fund	104
Schedule of Revenues, Expenditures, and Changes in Fund Balance	
- Budget and Actual - Capital Projects Fund	105
Combining Statement of Net Position - Internal Service Funds	108
Combining Statement of Revenues, Expenses, and Changes in Fund	
Balances - Internal Service Funds	109
Combining Statement of Cash Flows - Internal Service Funds	110
Uniform Financial Accounting and Reporting Standards Compliance Table	112

III. Statistical Section	Table	Page
Net Position by Components	1	116
Changes in Net Position	2	118
Fund Balances, Governmental Funds	3	120
Changes in Fund Balances, Governmental Funds	4	122
Taxable Market Value of Properties	5	125
Direct and Overlapping Property Tax Rates	6	126
Principal Property Taxpayers	7	129
Property Tax Levies and Collections	8	130
Outstanding Debt by Type	9	132
Ratios of General Bonded Debt Outstanding	10	134
Computation of Direct and Overlapping Bonded Debt	11	137
Legal Debt Margin Information	12	138
Demographic and Economic Statistics	13	140
Principal Employers	14	141
Full-Time-Equivalent District Licensed Employees by Type	15	142
Operating Statistics	16	145
School Building Information	17	146

**Independent School District No. 720  
Board of Education and Administration  
As of June 30, 2024**

<u>Board of Education</u>	<u>Position</u>	<u>Term Expires</u>
Jeff Smith	Chairperson	December 31, 2024
Kristi Peterson	Vice Chairperson	December 31, 2026
Tim Brophy	Clerk	December 31, 2024
Joe Aldrich	Treasurer	December 31, 2026
Ibrahim Mohamed	Director	December 31, 2024
Chad Johnson	Director	December 31, 2026
Caroline Valdez	Director	December 31, 2026

<u>Administration</u>	
Dr. Mike Redmond	Superintendent
Jim Miklausich	Assistant Superintendent
Bill Menozzi	Director of Finance and Operations
Julie Fred	Director of Special Services
Bryan Drozd	Director of Instructional Technology
Lisa Rahn	Director of Community Education
Keith Gray	Director of Human Resources
Nancy Thul	Director of Learning, Teaching, and Equity





November 18, 2024

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

## **INTRODUCTION**

The Annual Comprehensive Financial Report (ACFR) of Independent School District No. 720, Shakopee, Minnesota (the District) for the fiscal year ended June 30, 2024, is presented for your information and review. The ACFR is intended to fully disclose the financial position of the District and the results of operations for the fiscal year. The District administration accepts full responsibility for the accuracy, completeness and fairness in presentation of the enclosed financial reports. Questions and comments are solicited and welcome.

## **REPORT FORMAT**

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

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

## **DISTRICT PROFILE/ORGANIZATION**

Shakopee Public Schools serves approximately 7,700 students in Shakopee, Savage, Prior Lake, and the Jackson, Louisville, and Sand Creek Townships. The district is in the southwest suburbs in the Twin Cities. The Shakopee school district is proud to serve a very diverse population of students and families with more than 80 languages and dialects from around the world spoken in our schools.



## **DISTRICT PROFILE/ORGANIZATION (CONTINUED)**

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

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

With over 1,100 total staff, Shakopee Public Schools is one of the major employers in the area. During 2023-2024, the District operated 11 buildings: one traditional high school, one alternative high school, two middle schools, five elementary schools, an early childhood center and the district administrative office. District buildings have an average age of 32 years and comprise over 1.6 million square feet in size. The District is currently organized by grade level with elementary schools serving students in kindergarten through grade 5, middle schools serving grades 6-8, and the high school serving grades 9-12.

### **Mission**

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

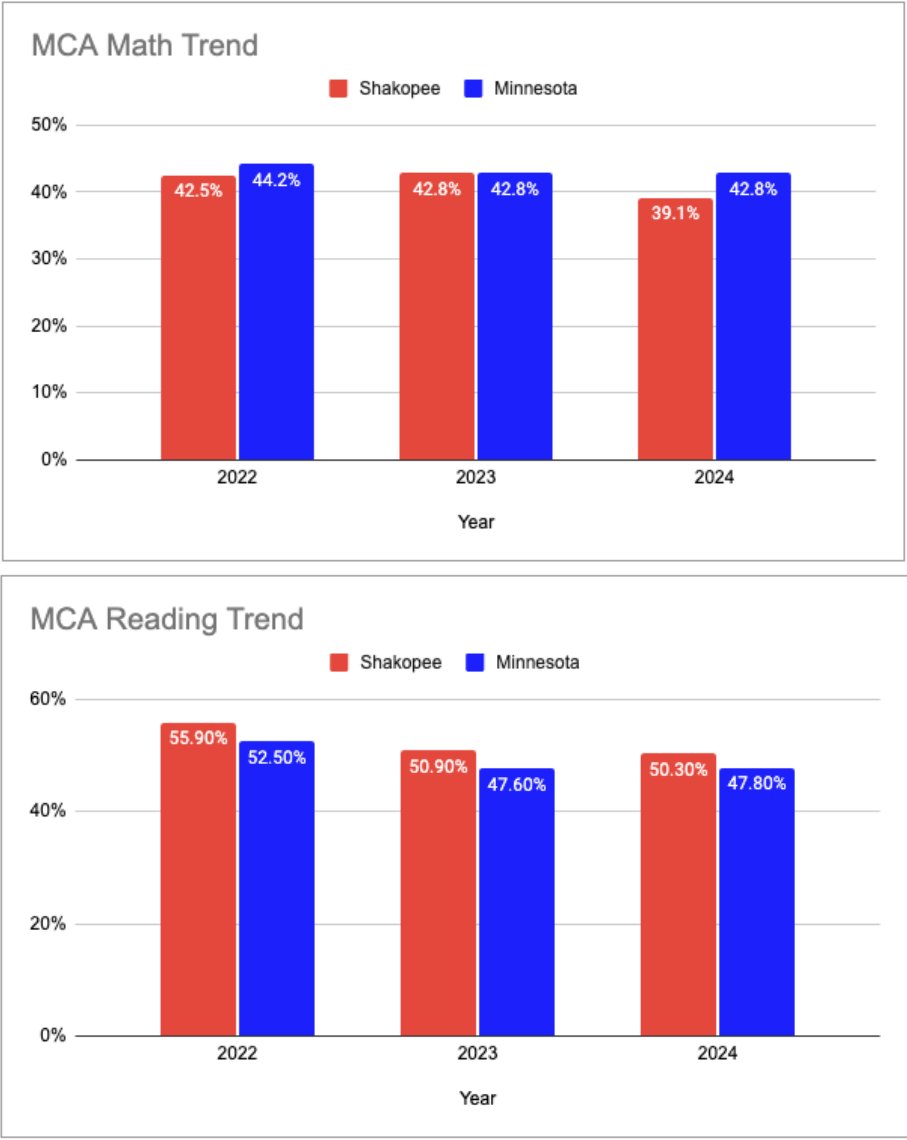
### **Vision**

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

**DISTRICT PROFILE/ORGANIZATION (CONTINUED)**

**Testing Data**

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



## **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, 2024, 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 2023-24 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.

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

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

## **SIGNIFICANT EVENTS**

The District's finances are largely dependent on student enrollment; with the state basic general education formula allowance at \$7,138 per student for the 2023-24 school year. Since 2018, the District has been in a period of declining student enrollment, primarily derived from lower birth rates in Scott County. Over the 7-year period from 2017-18 to 2023-24, student enrollment has decreased by 600 students, or approximately 7.3% of the total enrollment. Decreasing student enrollment in Shakopee has mitigated recent advances in state aid funding for public education in Minnesota.

## **FINANCIAL PROSPECTS FOR FUTURE YEARS**

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

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

Like all public school districts in Minnesota, Shakopee Schools relies on student generated revenue for funding in the general fund. The ability to project enrollment accurately is an important part of budget building. During 2023-24, the revised budget enrollment projection was 7,633 average daily membership (ADM). Actual enrollment was 7,666, a positive difference of 33 ADM, or 0.4% variance from budget. Enrollment projections for the 2024-25 adopted budget are 7,430 ADM, a decrease of 236 from prior year actual.

## **ECONOMIC FACTORS**

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

The taxable market value of property within the District continues to increase. Referendum market values increased by over \$531 million from 2022 to 2023 due to new construction and valuation increases. The communities located within the District continue to develop areas for residential and commercial expansion and growth.

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

## **INITIATIVES**

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

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

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

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

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

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

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

## **INDEPENDENT AUDIT AND CERTIFICATE OF EXCELLENCE**

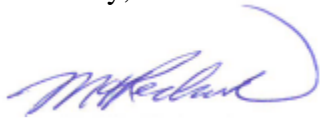
State statutes require an annual audit by independent certified public accountants. The accounting firm of BerganKDV LTD was selected by the School Board to conduct the annual audit.

This report has been prepared following the guidelines provided by the Association of School Business Officials International (ASBO) for their Certificate of Excellence in Financial Reporting Program. In 2023, 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 2023-2024 ACFR to the ASBO Certificate Program for consideration.

## ACKNOWLEDGMENTS

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

Sincerely,



Dr. Mike Redmond  
Superintendent



Bill Menozzi  
Director of Finance and Operations

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



The Certificate of Excellence in Financial Reporting  
is presented to

**Shakopee Public School District ISD 720**

**for its Annual Comprehensive Financial Report  
for the Fiscal Year Ended June 30, 2023.**

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



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

**Ryan S. Stechschulte**  
President

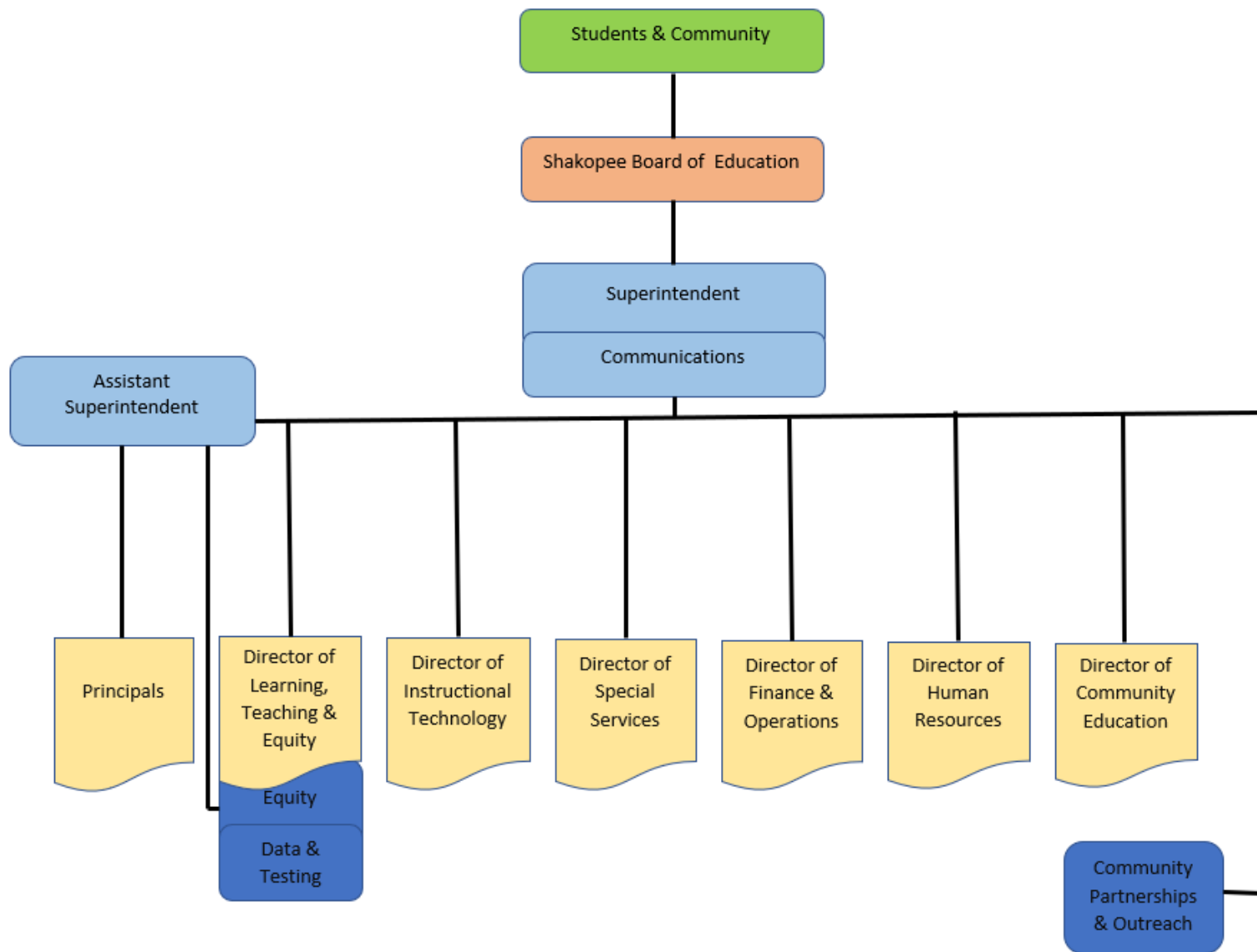
A handwritten signature in black ink, reading 'James M. Rowan'.

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





Independent School District No. 720  
Organizational Chart  
As of June 30, 2024







## Independent Auditor's Report

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

### **Report on the Audit of the Financial Statements**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 720, Shakopee, Minnesota, as of and for the year ended June 30, 2024, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 720, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

#### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### **Required Supplementary Information**

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

### **Supplementary Information**

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

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

### **Other Information**

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

**Bergan KDV, Ltd.**

Minneapolis, Minnesota  
October 31, 2024



**Independent School District No. 720  
Management's Discussion and Analysis  
June 30, 2024**

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, 2024. 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, 2024

**Overview of the Financial Statements (Continued)**

***Fund Financial Statements***

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

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

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

The District maintains the following three kinds of funds:

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

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

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

**Independent School District No. 720  
Management's Discussion and Analysis  
June 30, 2024**

**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, 2024 and 2023**

	2024	2023
<b>Assets and Deferred Outflows</b>		
Current and other assets	\$ 103,928,841	\$ 150,971,459
Capital assets, net of depreciation	244,462,485	250,248,286
Total assets	<u>348,391,326</u>	<u>401,219,745</u>
Deferred outflows of resources	<u>24,509,960</u>	<u>21,127,061</u>
Total assets and deferred outflows of resources	<u><u>\$ 372,901,286</u></u>	<u><u>\$ 422,346,806</u></u>
<b>Liabilities and Deferred Inflows</b>		
Current and other liabilities	\$ 13,920,121	\$ 12,675,110
Long-term liabilities, including due within one year	222,868,741	295,714,001
Total liabilities	<u>236,788,862</u>	<u>308,389,111</u>
Deferred inflows of resources	<u>64,411,387</u>	<u>68,110,097</u>
<b>Net Position</b>		
Net investment in capital assets	\$ 103,977,608	\$ 97,773,509
Restricted	21,752,764	15,085,858
Unrestricted	(54,029,335)	(67,011,769)
Total net position	<u>71,701,037</u>	<u>45,847,598</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 372,901,286</u></u>	<u><u>\$ 422,346,806</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 improved this year as measured by total net position. For the year ended June 30, 2024, total net position increased by \$25,853,439. Net investment in capital assets increased by \$6,204,099, restricted increased by \$6,666,906, and unrestricted increased by \$12,982,434.

**Independent School District No. 720  
Management's Discussion and Analysis  
June 30, 2024**

**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, 2024 and 2023**

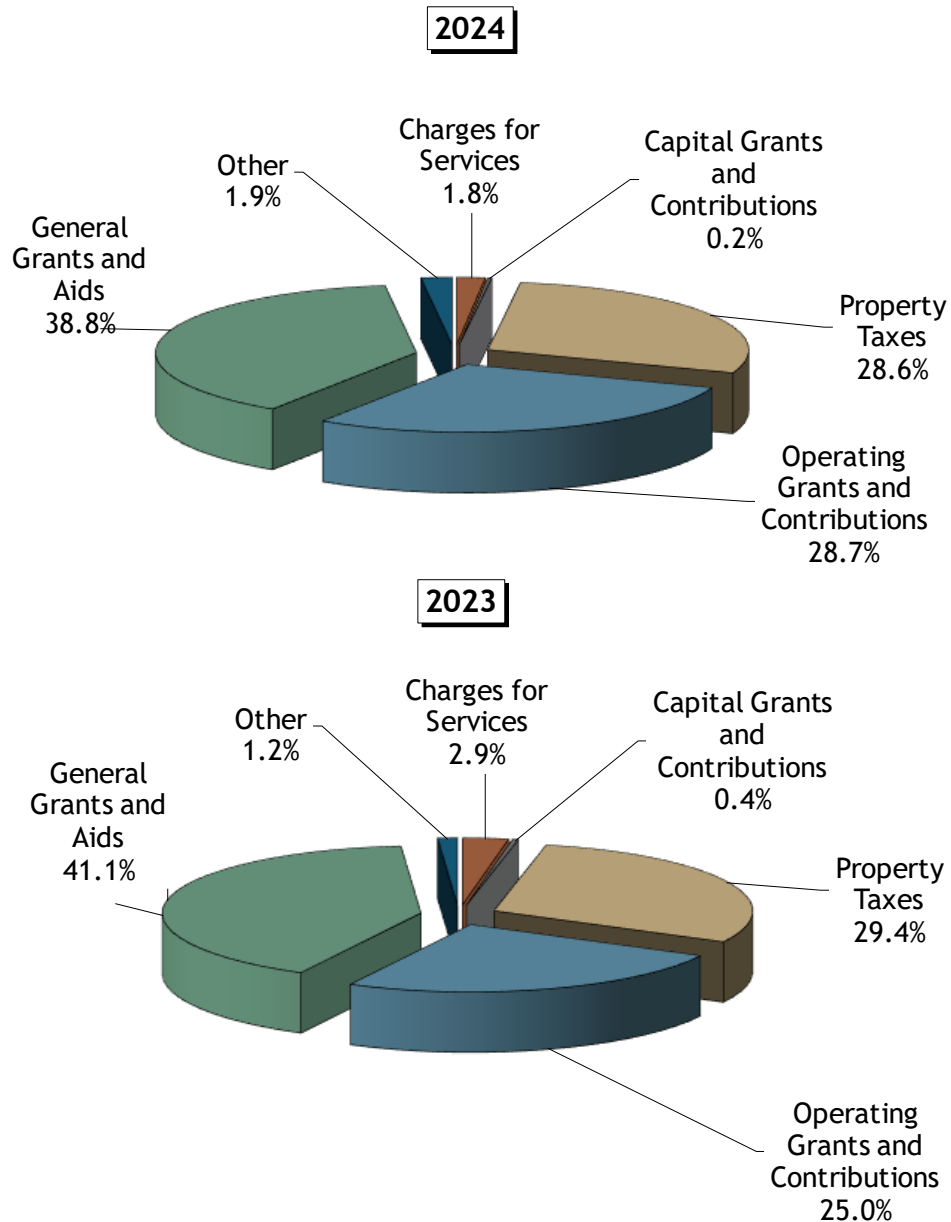
	2024	2023
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 2,773,290	\$ 4,232,906
Operating grants and contributions	45,120,962	36,956,482
Capital grants and contributions	372,518	537,140
General revenues		
Property taxes	44,926,069	43,497,686
General grants and aids	60,978,134	60,731,518
Other	3,022,402	1,822,186
Total revenues	<u>157,193,375</u>	<u>147,777,918</u>
<b>Expenses</b>		
Administration	5,011,352	4,482,529
District support services	3,152,360	2,637,366
Elementary and secondary regular instruction	50,815,607	42,217,922
Vocational education instruction	1,146,530	633,209
Special education instruction	22,724,449	16,863,980
Instructional support services	8,713,449	7,584,349
Pupil support services	10,477,558	8,683,206
Sites and buildings	12,300,863	11,016,737
Fiscal and other fixed cost programs	677,888	650,290
Food service	5,614,035	4,922,941
Community service	3,499,132	2,921,769
Depreciation not allocated to other functions	4,071,908	4,938,937
Interest and fiscal charges	3,134,806	4,446,187
Total expenses	<u>131,339,937</u>	<u>111,999,422</u>
Change in net position	25,853,438	35,778,496
Net position - beginning	<u>45,847,599</u>	<u>10,069,103</u>
Net position - ending	<u><u>\$ 71,701,037</u></u>	<u><u>\$ 45,847,599</u></u>

**Independent School District No. 720  
Management's Discussion and Analysis  
June 30, 2024**

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

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

**Figure A - Sources of Revenue for Fiscal Years 2024 and 2023**



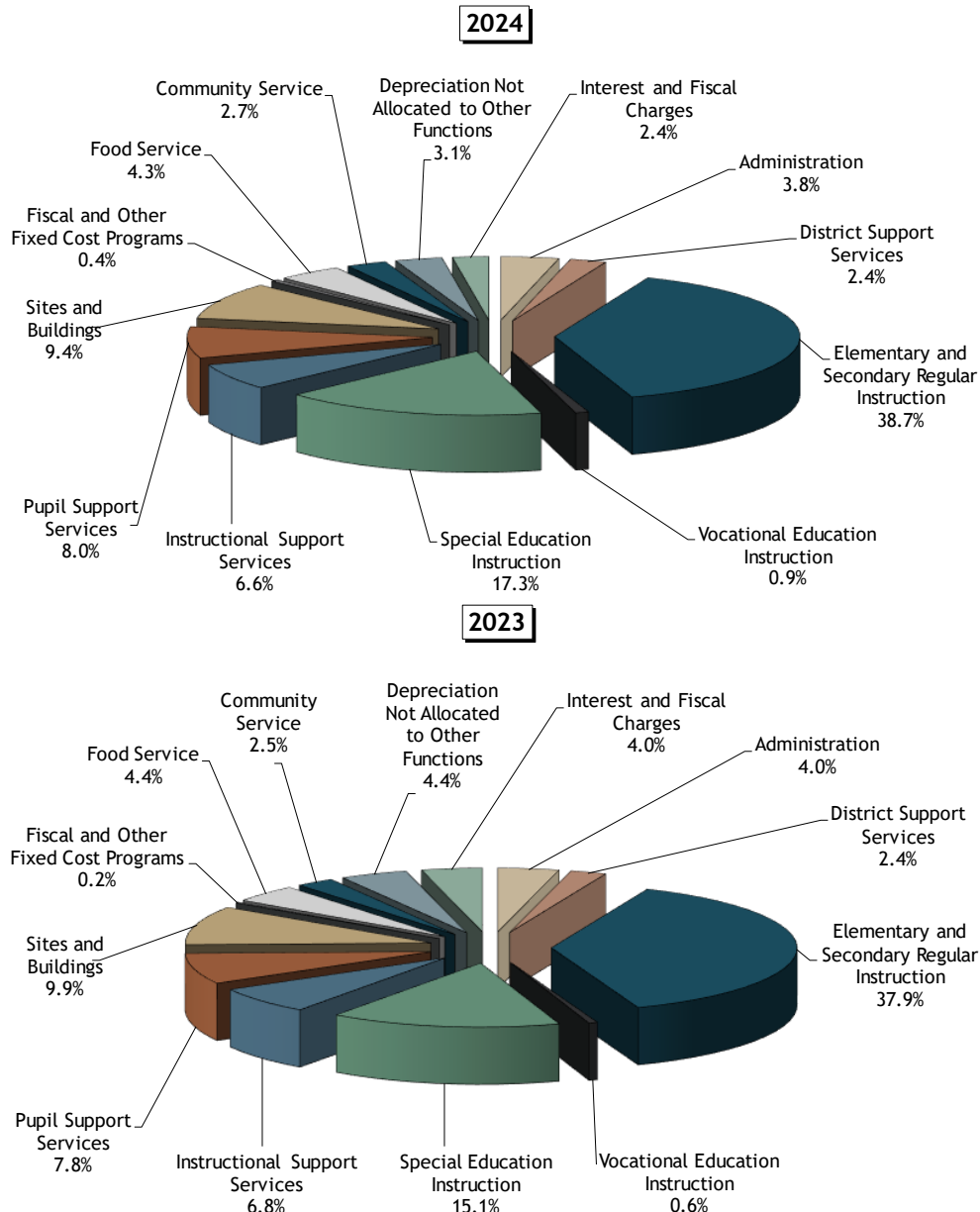
The largest share of the District's revenue is received from the state, which includes General Education Aid and most of the operating grants. Consequently, the District's funding depends significantly on the state's financial fluctuations.

**Independent School District No. 720  
Management's Discussion and Analysis  
June 30, 2024**

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

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

**Figure B - Expenses for Fiscal Years 2024 and 2023**



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, 2024**

**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, 2024 and 2023**

	2024	2023	Increase (Decrease)
<b>Governmental Funds</b>			
Major funds			
General	\$ 32,679,747	\$ 24,120,545	\$ 8,559,202
Capital projects - building construction	-	5,507,929	(5,507,929)
Debt service	5,197,281	63,363,720	(58,166,439)
Nonmajor funds			
Capital projects - building	3,035,168	-	3,035,168
Special revenue funds			
Food service	2,882,650	2,219,619	663,031
Community service	85,704	339,737	(254,033)
Total governmental funds	<u>\$ 43,880,550</u>	<u>\$ 95,551,550</u>	<u>\$ (51,671,000)</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, 2024**

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

Table 4 summarizes the operating results of the General Fund:

**Table 4  
General Fund  
Operating Results**

**General Fund Unassigned Fund Balance**

	2024 Actual	2024 Budget	2023 Actual
Unassigned Fund Balance	\$ 12,248,187	\$ 12,479,909	\$ 9,491,506
Total Expenditures	122,044,518	118,856,269	113,053,602
<b>Unassigned Fund Balance Percentage</b>	<b>10.04%</b>	<b>10.50%</b>	<b>8.40%</b>

Actual revenues were higher than budget due to increased interest earnings, sale of Central Family Center (CFC) in the capital account, slightly more students than budget, conservative estimates in the areas of state special education aid and basic skills (compensatory + EL) aid, and other changes related to the 2023 Legislative session. Actual expenditures were higher than budget due to adjustments based on classroom needs and variances in contractual obligations.

**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 increased the size of the high school by over 300,000 square feet. The District also used the Capital Projects fund to improve security at several locations, make improvements at some outdoor facilities, and address energy efficiency and deferred maintenance projects in accordance with the facilities task force recommendations on long term facilities maintenance (LTFM). In November 2020, the District issued the 2020C G.O. Facilities Maintenance Bonds for \$24,068,822 to fund additional building maintenance projects.

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 \$5.2 million of year-end fund balance to help finance future debt obligations.

**Independent School District No. 720**  
**Management's Discussion and Analysis**  
**June 30, 2024**

**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, 2024, and 2023:

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

	2024	2023	Increase (Decrease)
Land	\$ 11,949,875	\$ 13,475,173	\$ (1,525,298)
Construction in progress	1,628,381	1,171,175	457,206
Capital assets, net of accumulated depreciation and amortization			
Site improvements	11,263,105	10,774,021	489,084
Buildings	211,058,820	216,399,468	(5,340,648)
Furniture and equipment	7,249,607	6,785,292	464,315
Leased and subscription assets	1,312,697	1,643,157	(330,460)
Total	<u>\$ 244,462,485</u>	<u>\$ 250,248,286</u>	<u>\$ (5,785,801)</u>
Depreciation and amortization expense	<u>\$ 11,586,874</u>	<u>\$ 12,771,288</u>	<u>\$ (1,184,414)</u>

**Long-Term Liabilities**

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

**Table 6**  
**Outstanding Long-Term Liabilities**

	2024	2023	Increase (Decrease)
G.O. Bonds payable, net of premium	\$ 130,532,731	\$ 210,374,012	\$ (79,841,281)
Financed purchase payable	3,368,497	3,515,308	(146,811)
Lease liability	1,342,661	1,642,928	(300,267)
Subscription liability	-	24,328	(24,328)
Compensated absences payable	532,629	477,689	54,940
Total	<u>\$ 135,776,518</u>	<u>\$ 216,034,265</u>	<u>\$ (80,257,747)</u>



**Independent School District No. 720  
Management's Discussion and Analysis  
June 30, 2024**

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

**Long-Term Liabilities (Continued)**

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

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

**Table 7  
Limitations on Debt**

District's market value	\$ 8,622,471,656
Limit rate	<u>15.0%</u>
Legal debt limit	<u>\$ 1,293,370,748</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 4.0% to \$7,138 in 2024. An improving economy has reduced some of the challenges in funding education for Minnesota schools in recent years.

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

**Contacting the District's Financial Management**

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

## **BASIC FINANCIAL STATEMENTS**

Independent School District No. 720  
Statement of Net Position  
June 30, 2024

	Governmental Activities
<b>Assets</b>	
Cash and investments	\$ 65,945,082
Current property taxes receivable	23,291,774
Delinquent property taxes receivable	161,797
Accounts receivable	63,703
Due from Department of Education	9,568,858
Due from Federal Government through Department of Education	2,907,231
Due from other Minnesota school districts	20,244
Due from other governmental units	762
Due from OPEB Trust Fund	72,607
Inventory	69,938
Prepaid items	1,826,845
Capital assets not being depreciated	
Land	11,949,875
Construction in progress	1,628,381
Capital assets, net of accumulated depreciation/amortization	
Site improvements	11,263,105
Buildings	211,058,820
Furniture and equipment	7,249,607
Subscription assets	71,788
Leased buildings	1,240,909
Total assets	<u>348,391,326</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows of resources related to pensions	24,131,782
Deferred outflows of resources related to OPEB	378,178
Total deferred outflows of resources	<u>24,509,960</u>
 Total assets and deferred outflows of resources	 <u><u>\$ 372,901,286</u></u>

**Independent School District No. 720**  
**Statement of Net Position**  
**June 30, 2024**

	<u>Governmental Activities</u>
<b>Liabilities</b>	
Accounts payable	\$ 4,617,360
Contracts payable	62,421
Salaries and benefits payable	7,319,118
Interest payable	1,348,938
Due to other Minnesota school districts	235,449
Due to other governmental units	143,696
Unearned revenue	193,139
Bonds payable, net	
Payable within one year	16,550,000
Payable after one year	113,982,731
Financed purchase agreements payable	
Payable within one year	1,828,183
Payable after one year	1,540,314
Lease liability	
Payable within one year	310,860
Payable after one year	1,031,801
Compensated absences payable	
Payable within one year	532,629
Net other post employment benefit (OPEB) liability	
Payable within one year	560,870
Payable after one year	6,200,558
Net pension liability	80,330,795
Total liabilities	<u>236,788,862</u>
<b>Deferred Inflows of Resources</b>	
Property taxes levied for subsequent year's expenses	45,764,367
Deferred amount on refunding	7,660,922
Deferred inflows of resources related to pensions	7,844,348
Deferred inflows of resources related to OPEB	3,141,750
Total deferred inflows of resources	<u>64,411,387</u>
<b>Net Position</b>	
Net investment in capital assets	103,977,608
Restricted	
Debt service	2,727,346
Food service	2,882,650
Community service	651,225
Other purposes	15,491,543
Unrestricted	(54,029,335)
Total net position	<u>71,701,037</u>
 Total liabilities, deferred inflows of resources, and net position	 <u><u>\$ 372,901,286</u></u>

Independent School District No. 720  
Statement of Activities  
Year Ended June 30, 2024

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					
Administration	\$ 5,011,352	\$ -	\$ 61,900	\$ -	\$ (4,949,452)
District support services	3,152,360	21,544	13,642	-	(3,117,174)
Elementary and secondary regular instruction	50,815,607	537,895	15,162,954	-	(35,114,758)
Vocational education instruction	1,146,530	-	35,346	-	(1,111,184)
Special education instruction	22,724,449	27,500	19,655,034	-	(3,041,915)
Instructional support services	8,713,449	6,197	2,588,954	-	(6,118,298)
Pupil support services	10,477,558	-	553,050	-	(9,924,508)
Sites and buildings	12,300,863	32,482	287,390	362,920	(11,618,071)
Fiscal and other fixed cost programs	677,888	-	-	-	(677,888)
Food service	5,614,035	459,328	5,750,766	-	596,059
Community education and services	3,499,132	1,688,344	1,011,926	9,598	(789,264)
Depreciation not allocated to other functions	4,071,908	-	-	-	(4,071,908)
Interest and fiscal charges on long-term debt	3,134,806	-	-	-	(3,134,806)
Total governmental activities	<u>\$ 131,339,937</u>	<u>\$ 2,773,290</u>	<u>\$ 45,120,962</u>	<u>\$ 372,518</u>	(83,073,167)
General revenues					
Taxes					
Property taxes, levied for general purposes					25,740,777
Property taxes, levied for community service					635,006
Property taxes, levied for debt service					18,550,286
State aid-formula grants					60,978,134
Other general revenues					14,153
Investment income					2,558,558
Gain on sale of capital assets					449,691
Total general revenues					<u>108,926,605</u>
Change in net position					25,853,438
Net position - beginning					<u>45,847,599</u>
Net position - ending					<u>\$ 71,701,037</u>

See notes to basic financial statements.

**Independent School District No. 720**  
**Balance Sheet - Governmental Funds**  
**June 30, 2024**

	General	Debt Service	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 41,782,419	\$ 14,596,677	\$ 7,013,042	\$ 63,392,138
Current property taxes receivable	13,709,652	9,285,728	296,394	23,291,774
Delinquent property taxes receivable	93,361	66,247	2,189	161,797
Accounts receivable	19,025	-	44,678	63,703
Due from Department of Education	9,363,018	41,809	164,031	9,568,858
Due from Federal Government through Department of Education	2,847,606	-	59,625	2,907,231
Due from other Minnesota school districts	20,244	-	-	20,244
Due from other governmental units	762	-	-	762
Due from OPEB Trust Fund	72,607	-	-	72,607
Inventory	-	-	69,938	69,938
Prepaid items	1,826,845	-	-	1,826,845
<b>Total assets</b>	<b>\$ 69,735,539</b>	<b>\$ 23,990,461</b>	<b>\$ 7,649,897</b>	<b>\$ 101,375,897</b>
<b>Liabilities</b>				
Accounts payable	\$ 2,996,657	\$ -	\$ 618,703	\$ 3,615,360
Contracts payable	20,488	-	41,933	62,421
Salaries and benefits payable	7,132,925	-	186,193	7,319,118
Due to other Minnesota school districts	235,449	-	-	235,449
Due to other governmental units	142,836	-	860	143,696
Unearned revenue	-	-	193,139	193,139
<b>Total liabilities</b>	<b>10,528,355</b>	<b>-</b>	<b>1,040,828</b>	<b>11,569,183</b>
<b>Deferred Inflows of Resources</b>				
Property taxes levied for subsequent year's expenditures	26,434,076	18,726,933	603,358	45,764,367
Unavailable revenue - delinquent property taxes	93,361	66,247	2,189	161,797
<b>Total deferred inflows of resources</b>	<b>26,527,437</b>	<b>18,793,180</b>	<b>605,547</b>	<b>45,926,164</b>
<b>Fund Balances</b>				
Nonspendable	1,826,845	-	69,938	1,896,783
Restricted	15,491,543	5,197,281	6,496,916	27,185,740
Committed	287,390	-	-	287,390
Assigned	2,825,782	-	-	2,825,782
Unassigned	12,248,187	-	(563,332)	11,684,855
<b>Total fund balances</b>	<b>32,679,747</b>	<b>5,197,281</b>	<b>6,003,522</b>	<b>43,880,550</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 69,735,539</b>	<b>\$ 23,990,461</b>	<b>\$ 7,649,897</b>	<b>\$ 101,375,897</b>

Independent School District No. 720  
Reconciliation of the Balance Sheet to  
the Statement of Net Position - Governmental Funds  
June 30, 2024

Total fund balances - governmental funds	\$ 43,880,550
--	---------------

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	373,932,757
Less accumulated depreciation	(129,470,272)

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	(125,366,811)
Premium on bonds and certificates of participation payable	(5,165,920)
Deferred amount on refunding	(7,660,922)
Financed purchase agreements	(3,368,497)
Lease liability	(1,342,661)
Compensated absences payable	(532,629)
Net OPEB liability	(6,761,428)
Net pension liability	(80,330,795)

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	24,131,782
Deferred inflows of resources related to pensions	(7,844,348)
Deferred outflows of resources related to OPEB	378,178
Deferred inflows of resources related to OPEB	(3,141,750)

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.

161,797

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.

1,550,944

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

(1,348,938)

Total net position - governmental activities	<u><u>\$ 71,701,037</u></u>
--	-----------------------------

**Independent School District No. 720**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Governmental Funds**  
**Year Ended June 30, 2024**

	General	Debt Service	Formerly Major Fund Capital Project	Nonmajor Funds	Total Governmental Funds
<b>Revenues</b>					
Local property taxes	\$ 25,735,790	\$ 18,559,438	\$ -	\$ 635,355	\$ 44,930,583
Other local and county revenues	4,480,256	362,980	-	2,193,142	7,036,378
Revenue from state sources	91,139,705	418,091	-	3,491,045	95,048,841
Revenue from federal sources	5,664,197	-	-	3,197,261	8,861,458
Sales and other conversion of assets	28,335	-	-	459,328	487,663
Total revenues	127,048,283	19,340,509	-	9,976,131	156,364,923
<b>Expenditures</b>					
<b>Current</b>					
Administration	5,445,394	-	-	-	5,445,394
District support services	3,091,793	-	-	-	3,091,793
Elementary and secondary regular instruction	51,157,883	-	-	-	51,157,883
Vocational education instruction	1,246,039	-	-	-	1,246,039
Special education instruction	24,352,165	-	-	-	24,352,165
Instructional support services	8,166,547	-	-	-	8,166,547
Pupil support services	10,575,128	-	-	-	10,575,128
Sites and buildings	9,476,786	-	-	-	9,476,786
Fiscal and other fixed cost programs	677,888	-	-	-	677,888
Food service	-	-	-	5,523,342	5,523,342
Community education and services	-	-	-	3,578,262	3,578,262
<b>Capital outlay</b>					
Administration	98,309	-	-	-	98,309
District support services	3,770	-	-	-	3,770
Elementary and secondary regular instruction	479,133	-	-	-	479,133
Vocational education instruction	15,155	-	-	-	15,155
Special education instruction	42,295	-	-	-	42,295
Instructional support services	3,227,426	-	-	-	3,227,426
Pupil support services	3,315	-	-	-	3,315
Sites and buildings	958,226	-	-	2,776,453	3,734,679
Food service	-	-	-	125,334	125,334
Community education and services	-	-	-	46,101	46,101
<b>Debt service</b>					
Principal	2,660,214	14,545,000	-	-	17,205,214
Interest and fiscal charges	367,052	5,143,503	-	-	5,510,555
Total expenditures	122,044,518	19,688,503	-	12,049,492	153,782,513
Excess of revenues over (under) expenditures	5,003,765	(347,994)	-	(2,073,361)	2,582,410
<b>Other Financing Sources (Uses)</b>					
Proceeds from sale of capital assets	1,974,989	-	-	-	1,974,989
Bond issuance	-	14,865,000	-	-	14,865,000
Bond premium	-	3,401,555	-	-	3,401,555
Lease issuance	1,563,808	-	-	-	1,563,808
Insurance recovery	16,640	-	-	9,598	26,238
Payment of refunded long-term debt	-	(76,085,000)	-	-	(76,085,000)
Total other financing sources (uses)	3,555,437	(57,818,445)	-	9,598	(54,253,410)
Net change in fund balances	8,559,202	(58,166,439)	-	(2,063,763)	(51,671,000)
<b>Fund Balances</b>					
Beginning of year, as previously reported	24,120,545	63,363,720	5,507,929	2,559,356	95,551,550
Change within financial reporting entity	-	-	(5,507,929)	5,507,929	-
major to nonmajor fund	-	-	-	-	-
Beginning of year, as restated	24,120,545	63,363,720	-	8,067,285	95,551,550
End of year	\$ 32,679,747	\$ 5,197,281	\$ -	\$ 6,003,522	\$ 43,880,550

See notes to basic financial statements.



**Independent School District No. 720**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances to**  
**the Statement of Activities - Governmental Funds**  
**Year Ended June 30, 2024**

Net change in fund balances - total governmental funds \$ (51,671,000)

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	7,326,371
Depreciation and amortization expense	(11,586,874)
Book value of disposed capital assets	(1,525,298)

Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities. (54,940)

Governmental funds recognize OPEB contributions as expenditures at the time of payment, whereas the Statement of Activities recognizes when the expenses are incurred. 270,340

Principal payments on long-term debt are recognized as expenditures or other financing uses in the governmental funds but has no impact on net position in the Statement of Activities. 93,290,214

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. 915,808

The accreted value of capital appreciation bonds is reported in the statement of net position but does not require the use of current financial resources. (378,767)

Governmental funds report the effect of bond premiums when the debt is first issued as an other financing source, whereas these amounts are deferred and amortized in the Statement of Activities. Deferred amounts on refundings do not effect current financial resources. (1,562,847)

Issuances of long-term debt are recognized as other financing sources in the governmental funds increasing fund balance but having no effect on net position in the Statement of Activities. (16,428,808)

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	6,962,130
-----------------	-----------

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. 301,623

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. (4,514)

Change in net position - governmental activities	\$ 25,853,438
--	---------------

**Independent School District No. 720**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**Year Ended June 30, 2024**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Over (Under)
<b>Revenues</b>				
Local property taxes	\$ 25,330,245	\$ 24,452,622	\$ 25,735,790	\$ 1,283,168
Other local and county revenues	1,270,113	2,735,731	4,480,256	1,744,525
Revenue from state sources	85,841,161	87,372,431	91,139,705	3,767,274
Revenue from federal sources	4,500,321	4,345,393	5,664,197	1,318,804
Sales and other conversion of assets	75,810	75,810	28,335	(47,475)
Total revenues	<u>117,017,650</u>	<u>118,981,987</u>	<u>127,048,283</u>	<u>8,066,296</u>
<b>Expenditures</b>				
Current				
Administration	5,859,292	5,946,610	5,445,394	(501,216)
District support services	2,658,771	2,798,413	3,091,793	293,380
Elementary and secondary regular instruction	50,799,651	50,812,724	51,157,883	345,159
Vocational education instruction	915,514	932,186	1,246,039	313,853
Special education instruction	23,077,015	23,907,117	24,352,165	445,048
Instructional support services	8,568,768	8,482,979	8,166,547	(316,432)
Pupil support services	9,068,757	9,438,779	10,575,128	1,136,349
Sites and buildings	7,358,506	7,393,899	9,476,786	2,082,887
Fiscal and other fixed cost programs	254,616	450,000	677,888	227,888
Capital outlay				
Administration	100,542	100,542	98,309	(2,233)
District support services	5,286	5,286	3,770	(1,516)
Elementary and secondary regular instruction	305,436	305,436	479,133	173,697
Vocational education instruction	4,762	4,762	15,155	10,393
Special education instruction	12,000	12,000	42,295	30,295
Instructional support services	1,179,230	1,179,230	3,227,426	2,048,196
Pupil support services	-	-	3,315	3,315
Sites and buildings	3,676,200	3,676,200	958,226	(2,717,974)
Debt service				
Principal	2,976,000	3,081,114	2,660,214	(420,900)
Interest and fiscal charges	514,440	328,992	367,052	38,060
Total expenditures	<u>117,334,786</u>	<u>118,856,269</u>	<u>122,044,518</u>	<u>3,188,249</u>
Excess of revenues over (under) expenditures	(317,136)	125,718	5,003,765	4,878,047
<b>Other Financing Sources</b>				
Proceeds from sale of capital assets	-	-	1,974,989	1,974,989
Lease issuance	-	-	1,563,808	1,563,808
Insurance recovery	-	-	16,640	16,640
Total other financing sources	<u>-</u>	<u>-</u>	<u>3,555,437</u>	<u>3,555,437</u>
Net change in fund balance	<u>\$ (317,136)</u>	<u>\$ 125,718</u>	<u>8,559,202</u>	<u>\$ 8,433,484</u>
<b>Fund Balance</b>				
Beginning of year			<u>24,120,545</u>	
End of year			<u>\$ 32,679,747</u>	

See notes to basic financial statements.

Independent School District No. 720  
Statement of Net Position - Proprietary Funds  
June 30, 2024

	Governmental Activities - Internal Service Funds
<b>Assets</b>	
Current	
Cash and cash equivalents	<u>\$ 2,552,944</u>
<b>Liabilities</b>	
Current	
Incurred but not reported claims	\$ 1,002,000
<b>Net Position</b>	
Unrestricted	<u>1,550,944</u>
Total liabilities and net position	<u>\$ 2,552,944</u>

Independent School District No. 720  
Statement of Revenues, Expenses, and Changes  
in Fund Net Position - Proprietary Funds  
Year Ended June 30, 2024

	Governmental Activities - Internal Service Funds
<b>Operating Revenue</b>	
Charges for services	<u>\$ 11,438,208</u>
<b>Operating Expenses</b>	
Insurance	11,096,493
Salaries	43,302
Benefits	7,288
Total operating expenses	<u>11,147,083</u>
Operating income (loss)	291,125
<b>Nonoperating Revenue</b>	
Investment income	<u>10,498</u>
Change in net position	301,623
<b>Net Position</b>	
Beginning of year	<u>1,249,321</u>
End of year	<u><u>\$ 1,550,944</u></u>

Independent School District No. 720  
Statement of Cash Flows - Proprietary Funds  
Year Ended June 30, 2024

	Governmental Activities - Internal Service Funds
<b>Cash Flows - Operating Activities</b>	
Receipts from District contributions	\$ 11,438,208
Employee claims paid	(11,095,712)
Payments to employees	(50,590)
Net cash flows - operating activities	<u>291,906</u>
<b>Cash Flows - Investing Activities</b>	
Interest received	<u>10,498</u>
Net change in cash and cash equivalents	302,404
<b>Cash and Cash Equivalents</b>	
Beginning of year	<u>2,250,540</u>
End of year	<u><u>\$ 2,552,944</u></u>
<b>Reconciliation of Operating Income to Net Cash Flows - Operating Activities</b>	
Operating income	\$ 291,125
Adjustments to reconcile operating income to net cash flows - operating activities	
Incurred but not reported claims	<u>781</u>
Net cash flows - operating activities	<u><u>\$ 291,906</u></u>

**Independent School District No. 720**  
**Statement of Fiduciary Net Position**  
**June 30, 2024**

	OPEB Trust Fund	Custodial Fund
<b>Assets</b>		
Cash and cash equivalents	\$ -	\$ 17,371
Investments		
Brokered money markets	86,371	-
Mutual funds - fixed income	2,222,168	-
Mutual funds - equity	3,509,906	-
Total assets	<u>5,818,445</u>	<u>17,371</u>
<b>Liabilities</b>		
Accounts payable	2,435	-
Due to General Fund	72,607	-
Total liabilities	<u>75,042</u>	<u>-</u>
<b>Net Position</b>		
Held in trust for OPEB	5,743,403	-
Held in trust for scholarships	-	17,371
Total net position held in trust	<u>\$ 5,743,403</u>	<u>\$ 17,371</u>

**Statement of Changes in Fiduciary Net Position**  
**Year Ended June 30, 2024**

	OPEB Trust Fund	Custodial Fund
<b>Additions</b>		
Contributions	\$ -	\$ 12,227
Investment income	699,485	638
Total additions	<u>699,485</u>	<u>12,865</u>
<b>Deductions</b>		
Scholarships	-	3,883
Professional fees	27,946	-
Total deductions	<u>27,946</u>	<u>3,883</u>
Change in net position	671,539	8,982
<b>Net Position</b>		
Beginning of year	<u>5,071,864</u>	<u>8,389</u>
End of year	<u>\$ 5,743,403</u>	<u>\$ 17,371</u>



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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

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

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

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

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

**B. Basic Financial Statement Information**

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

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

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



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

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

**B. Basic Financial Statement Information (Continued)**

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

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

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

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

**1. Revenue Recognition**

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

**2. Recording of Expenditures**

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

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

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

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

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

**C. Measurement Focus and Basis of Accounting (Continued)**

**Description of Funds:**

**Major Funds:**

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

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

**Nonmajor Funds:**

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

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

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

**Proprietary Funds:**

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

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

**Fiduciary Funds:**

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

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

**D. Cash and Investments**

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

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

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

**D. Cash and Investments (Continued)**

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

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

**1. Funds Other than OPEB Trust Fund**

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

Cash and investments as of June 30, 2024, were comprised of deposits, brokered money market accounts, shares in the Minnesota School District Liquid Asset Fund (MSDLAF), and shares in MNTrust funds. MSDLAF and MNTrust securities are valued at amortized cost, which approximates fair value.

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

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

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

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

**D. Cash and Investments (Continued)**

**2. OPEB Trust Fund**

These funds represent investments administered by the District's OPEB Fund Investment Managers. As of June 30, 2024, they were comprised of a brokered money market account and mutual funds. The District's investment policy extends to the OPEB Trust Fund investments.

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

**E. Property Tax Receivable**

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

**F. Property Taxes Levied for Subsequent Year's Expenditures**

Property taxes levied for subsequent year's expenditures consist principally of property taxes levied in the current year which will be collected and recognized as revenue in the District's following year to properly match those revenues with the budgeted expenditures for which they were levied. This amount is equal to the amount levied by the School Board in December 2023, less various components and their related adjustments as mandated by the state. These portions of that levy were recognized as revenue in fiscal year 2024. The remaining portion of the levy will be recognized when measurable and available.

**G. Inventories**

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

**H. Prepaid Items**

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

**I. Property Taxes**

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

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

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

**I. Property Taxes (Continued)**

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

**J. Capital Assets**

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

Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 with an estimated useful life in excess of one year, including all computer equipment regardless of the value. The District uses a capitalization threshold of \$50,000 for purchases of group assets. Such assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at its acquisition value at the date of donation.

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

Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purpose. Useful lives vary from 10 to 60 years for site improvements and buildings and 5 to 30 years for furniture and equipment.

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

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

The District recorded right-to-use lease assets as a result of implementing GASB Statement No. 87, *Leases* and subscription assets as a result of implementing GASB Statement No 96, *Subscription-Based Information Technology Arrangements* in accordance with the provisions of the Statements. The right-to-use assets and subscription assets are amortized on a straight-line basis over the life of the related liability.

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

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

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

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

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

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

**L. Deferred Outflows/Inflows of Resources**

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

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

**M. Long-Term Obligations**

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

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

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

**M. Long-Term Obligations (Continued)**

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

**N. Compensated Absences**

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.

**O. 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.

**P. 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.

**Q. 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 Basic Financial Statements**

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

**R. 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, 2024.

**S. Fund Equity**

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

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

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

**T. Net Position**

Net position represents the difference between assets and deferred outflows of resources; and liabilities and deferred inflows of resources in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statement when there are limitations on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net investment in capital assets excludes unspent bond proceeds of \$3,035,168.



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

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

**U. Use of Estimates**

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

**V. Budgetary Information**

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

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

**NOTE 2 - DEPOSITS AND INVESTMENTS**

**A. Deposits**

**1. District Funds and OPEB Trust Fund**

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

**Custodial Credit Risk - Deposits:** This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a deposit policy that requires the District's deposits be collateralized as required by *Minnesota Statutes* for an amount exceeding federal deposit coverage. *Minnesota Statutes* require all deposits be protected by federal depository insurance, corporate surety bonds or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by Federal Deposit Insurance Corporation (FDIC) insurance or corporate surety bonds. As of June 30, 2024, 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, 2024, the District had the following deposits:

Checking accounts	<u>\$ 3,242,247</u>
-------------------	---------------------

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

**NOTE 2 - DEPOSITS AND INVESTMENTS**

**B. Investments**

**1. District Funds Other than OPEB Trust Fund**

As of June 30, 2024, the District had the following investments:

Investment Type	Investment Maturities		S&P/Moody's Rating
	Amount	Less than 1 Year	
Brokered money market account	\$ 7,975,617	\$ 7,975,617	N/A
MNTrust Investment Shares	39,001,872	39,001,872	AAA
MNTrust Term Series	15,567,368	15,567,368	N/A
MSDLAF+ Liquid Class	171,058	171,058	AAAm
MSDLAF+ MAX Class	4,291	4,291	AAAm
Total investments	<u>\$ 62,720,206</u>	<u>\$ 62,720,206</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.

**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, 2024, as no investments represented more than 5% of total investments.

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

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

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

**B. Investments**

**2. OPEB Trust Fund**

As of June 30, 2024, the District's OPEB Trust Fund had the following investments:

<u>Investment Type</u>	<u>Amount</u>	<u>S&amp;P Rating</u>
Brokered money market account	\$ 86,371	N/A
Mutual funds - fixed income	2,222,168	N/A
Mutual funds - equity	<u>3,509,906</u>	N/A
Total investments	<u><u>\$ 5,818,445</u></u>	

The District's OPEB Trust Fund investments have the following recurring fair value measurements as of June 30, 2024:

- ◆ \$5,732,074 are valued using quoted market prices (Level 1 inputs).

**C. Deposits and Investments**

The following is a summary of total deposits and investments:

District funds other than trust funds	
Deposits (Note 2.A.)	\$ 3,242,247
Investments (Note 2.B.)	62,720,206
OPEB Trust Fund	
Deposits (Note 2.A.)	
Investments (Note 2.B.)	<u>5,818,445</u>
Total deposits and investments	<u><u>\$ 71,780,898</u></u>

Deposits and investments are presented in the June 30, 2024, basic financial statements as follows:

Statement of Net Position	
Cash and investments	\$ 65,945,082
Statement of Fiduciary Net Position	
Custodial Fund	17,371
OPEB Trust Fund	<u>5,818,445</u>
Total deposits and investments	<u><u>\$ 71,780,898</u></u>

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

**NOTE 3 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 13,475,173	\$ -	\$ 1,525,298	\$ 11,949,875
Construction in progress	1,171,175	3,955,393	3,498,187	1,628,381
Total capital assets not being depreciated	<u>14,646,348</u>	<u>3,955,393</u>	<u>5,023,485</u>	<u>13,578,256</u>
Other capital assets				
Site improvements	19,010,116	1,262,796	-	20,272,912
Buildings	303,781,226	2,070,917	-	305,852,143
Furniture and equipment	28,618,343	3,448,994	19,472	32,047,865
Subscription assets	78,961	86,458	14,765	150,654
Leased buildings	2,057,432	-	26,505	2,030,927
Total other capital assets at historical cost	<u>353,546,078</u>	<u>6,869,165</u>	<u>60,742</u>	<u>360,354,501</u>
Less accumulated depreciation for				
Site improvements	8,236,095	773,712	-	9,009,807
Buildings	87,381,758	7,411,565	-	94,793,323
Furniture and equipment	21,833,051	2,984,679	19,472	24,798,258
Less accumulated amortization for				
Subscription assets	34,131	59,500	14,765	78,866
Leased buildings	459,105	357,418	26,505	790,018
Total accumulated depreciation and amortization	<u>117,944,140</u>	<u>11,586,874</u>	<u>60,742</u>	<u>129,470,272</u>
Total other capital assets, net	<u>235,601,938</u>	<u>(4,717,709)</u>	<u>-</u>	<u>230,884,229</u>
Governmental activities capital assets, net	<u>\$ 250,248,286</u>	<u>\$ (762,316)</u>	<u>\$ 5,023,485</u>	<u>\$ 244,462,485</u>

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

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

Depreciation and amortization expense for the year ended June 30, 2024, was charged to the following governmental functions.

Administration	\$ 1,314
District Support Services	33,698
Elementary and Secondary Regular Instruction	3,874,761
Special Education Instruction	24,519
Instructional Support Services	303,636
Pupil Support	94,104
Sites and Buildings	3,099,845
Food Service	66,387
Community Service	16,702
Unallocated	<u>4,071,908</u>
 Total depreciation and amortization expense	 <u><u>\$ 11,586,874</u></u>

**NOTE 4 - LONG-TERM DEBT**

**A. Components of Long-Term Liabilities**

	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding	Due Within One year
Long-term liabilities						
G.O. Bonds, including						
Refunding Bonds						
2016A Crossover Refunding Bonds	05/04/16	3.00%-5.00%	\$ 15,025,000	02/01/26	\$ 7,695,000	\$ 2,285,000
2020A Capital Facilities	02/20/20	2.00%-5.00%	4,990,000	02/01/35	4,380,000	205,000
2020B Facilities Maintenance	03/26/20	2.00%-5.00%	11,335,000	02/01/35	8,905,000	655,000
2020C Facilities Maintenance	11/24/20	0.87%-1.78%	24,068,822	02/01/30	23,609,567	-
Accretion on 2020C Bonds					1,187,244	-
2020D School Building Refunding Bonds	11/24/20	5.00%	14,860,000	02/01/25	3,840,000	3,840,000
2021A School Building Refunding Bonds	03/09/21	0.43%-2.09%	76,470,000	02/01/36	54,255,000	8,915,000
2021B School Building Refunding Bonds	11/18/21	2.00-4.00%	7,845,000	02/01/33	6,630,000	650,000
2024A School Building Refunding Bonds	02/01/24	4.00-5.00%	14,865,000	02/01/36	14,865,000	-
Total G.O. bonds					<u>125,366,811</u>	<u>16,550,000</u>
Unamortized bond premium					5,165,920	-
Financed purchase agreements					3,368,497	1,828,183
Lease liability					1,342,661	310,860
Compensated absences payable					<u>532,629</u>	<u>532,629</u>
 Total all long-term liabilities					 <u><u>\$ 135,776,518</u></u>	 <u><u>\$ 19,221,672</u></u>

The long-term bond liabilities listed above were issued to finance acquisition and construction of capital facilities and to refinance (refund) previous bond issues. G.O. bonds are liquidated from the Debt Service Fund while financed purchase agreements, subscription liabilities, and lease liabilities are liquidated from the General Fund. Other long-term liabilities, such as compensated absences, are also typically liquidated through the General Fund or Special Revenue Funds.

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

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

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

The District issued the \$76,470,000 School Building Refunding Bonds, Series 2021A for the crossover advance refunding of the February 1, 2024 through the February 1, 2026, maturities of the School Building Refunding Bonds, Series 2013A, the February 1, 2025 through the February 1, 2034, maturities of the School Building Bonds, Series 2015A, and the February 1, 2025 through the February 1, 2036, maturities of the School Building Bonds, Series 2015B. The proceeds of the 2021A issuance were placed in an escrow account. The refunding was undertaken to reduce total debt service payments by \$5,438,442 and resulted in a net present value benefit of \$4,781,669.

The District issued the \$14,865,000 School Building Refunding Bonds, Series 2024A for the partial current refunding of the School Building Refunding Bonds, Series 2021A. The refunding was undertaken to reduce total debt service payments by \$796,431 and resulted in a net present value benefit of \$570,511.

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

**B. Minimum Debt Payments for Long-Term Liabilities**

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

Year Ending June 30,	G.O. Bonds		
	Principal	Interest	Total
2025	\$ 16,550,000	\$ 2,735,711	\$ 19,285,711
2026	17,310,000	2,332,318	19,642,318
2027	12,451,914	2,293,436	14,745,350
2028	12,545,099	2,233,212	14,778,311
2029	12,687,335	2,207,690	14,895,025
2030-2034	39,210,219	4,752,156	43,962,375
2035-2036	13,425,000	442,750	13,867,750
Total	124,179,567	<u>\$ 16,997,273</u>	<u>\$ 141,176,840</u>
Accretion on Capital Appreciation Bonds	<u>1,187,244</u>		
Total	<u>\$ 125,366,811</u>		

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

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

**B. Minimum Debt Payments for Long-Term Liabilities (Continued)**

Year Ending June 30,	Financed Purchase Agreements		
	Principal	Interest	Total
2025	\$ 1,828,183	\$ 67,650	\$ 1,895,833
2026	1,019,477	74,706	1,094,183
2027	520,837	26,648	547,485
Total	<u>\$ 3,368,497</u>	<u>\$ 169,004</u>	<u>\$ 3,537,501</u>

Year Ending June 30,	Lease Liability		
	Principal	Interest	Total
2025	\$ 310,860	\$ 53,561	\$ 364,421
2026	270,344	40,982	311,326
2027	288,605	29,261	317,866
2028	189,082	16,501	205,583
2029	210,244	8,056	218,300
2030	73,526	655	74,181
Total	<u>\$ 1,342,661</u>	<u>\$ 149,016</u>	<u>\$ 1,491,677</u>

**C. Changes in Long-Term Liabilities**

	Beginning Balance	Additions	Reductions	Ending Balance
Long-term liabilities				
G.O. Bonds	\$ 201,378,044	\$ 15,243,767	\$ 91,255,000	\$ 125,366,811
Premium/discount	8,995,968	1,282,023	5,112,071	5,165,920
Financed purchase agreements	3,515,308	1,563,808	1,710,619	3,368,497
Subscription liability	24,328	-	24,328	-
Lease liability	1,642,928	-	300,267	1,342,661
Compensated absences payable	477,689	780,264	725,324	532,629
Total long-term liabilities	<u>\$ 247,097,461</u>	<u>\$ 18,869,862</u>	<u>\$ 99,127,609</u>	<u>\$ 135,776,518</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.

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

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

**A. Fund Balances**

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

	General Fund	Debt Service	Nonmajor Funds	Total
Nonspendable				
Inventory	\$ -	\$ -	\$ 69,938	\$ 69,938
Prepaid items	1,826,845	-	-	1,826,845
Total nonspendable	<u>1,826,845</u>	<u>-</u>	<u>69,938</u>	<u>1,896,783</u>
Restricted for				
Student Activities	262,872	-	-	262,872
Staff Development	148,181	-	-	148,181
Literacy Incentive Aid	322,583	-	-	322,583
Capital Projects Levy	1,410,713	-	-	1,410,713
Operating Capital	4,269,931	-	-	4,269,931
Learning and Development	2,401,542	-	-	2,401,542
Area Learning Center	192,998	-	-	192,998
Basic Skills Programs	1,444,794	-	-	1,444,794
School Library Aid	136,071	-	-	136,071
Achievement and Integration Revenue	53,843	-	-	53,843
Safe Schools Revenue	420,703	-	-	420,703
Long Term Facilities				
Maintenance	3,623,046	-	-	3,623,046
Student Support Personnel Aid	100,850	-	-	100,850
Medical Assistance	703,416	-	-	703,416
Debt Service	-	5,197,281	-	5,197,281
Food Service	-	-	2,812,712	2,812,712
Early Childhood and				
Family Education	-	-	649,036	649,036
Capital Projects	-	-	3,035,168	3,035,168
Total restricted	<u>15,491,543</u>	<u>5,197,281</u>	<u>6,496,916</u>	<u>27,185,740</u>
Committed for				
Facilities Projects	<u>287,390</u>	<u>-</u>	<u>-</u>	<u>287,390</u>
Assigned for				
Building Activities	2,550,000	-	-	2,550,000
District Programming	103,525	-	-	103,525
One-to-One Insurance	172,257	-	-	172,257
Total assigned	<u>2,825,782</u>	<u>-</u>	<u>-</u>	<u>2,825,782</u>
Unassigned	<u>12,248,187</u>	<u>-</u>	<u>(563,332)</u>	<u>11,684,855</u>
Total fund balance	<u>\$ 32,679,747</u>	<u>\$ 5,197,281</u>	<u>\$ 6,003,522</u>	<u>\$ 43,880,550</u>

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

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



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

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

**A. Fund Balances (Continued)**

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

Restricted for Staff Development - This balance represents unspent staff development revenues set aside from general education revenue that were restricted/reserved for staff development related to Finance Code 316. Expenditures for staff development must equal at least 2% of the basic general education revenue, unless legal stipulations are met (*Minnesota Statutes* § 122A.61, subdivision 1).

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

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

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

Restricted for Learning and Development - Learning and development is funded by general education revenue. This reserve represents available general education revenues for learning and development, which is mainly for reducing the pupil to staff ratio.

Restricted for Area Learning Center - This balance represents amounts restricted for students attending area learning centers. Each district that sends students to an area learning center must restrict an amount equal to the sum of 1) at least 90 and no more than 100% of the district average General Education Revenue per adjusted pupil unit minus an amount equal to the product of the formula allowance according to *Minnesota Statute* § 126C.10, subd. 2, times .0466, calculated without basic skills revenue, local optional revenue, and transportation sparsity revenue, times the number of pupil units attending a state-approved area learning center, plus (2) the amount of basic skills revenue generated by pupils attending the area learning center. The amount restricted may only be spent on program costs associated with the area learning center.

Restricted for Basic Skills Programs - This balance represents resources available for the basic skills uses listed in *Minnesota Statute* § 126C.15, subd. 1.

Restricted for School Library Aid - This balance represents resources available for the school library aid uses listed in *Minnesota Statute* § 134.356, subd. 1.

Restricted for Achievement and Integration Revenue - The unspent resources available from the Achievement and Integration program must be restricted in this account for use within the fiscal year.

Restricted for Safe Schools Revenue - The unspent resources available from the safe schools revenue must be restricted in this account for future use.

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

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

**A. Fund Balances (Continued)**

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

Restricted for Student Support Personnel Aid - This balance represents available resources to be used for student support personnel that are in addition to current staff levels.

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

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

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

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

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

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

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

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

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

Unassigned for Community Education - This balance represents the resources available to provide programming such as: nonvocational, recreational and leisure time activities, programs for adults with disabilities, noncredit summer programs, youth development and youth service programming, and extended day programs. The balance as of June 30, 2024, is a deficit (negative) amount, which is presented within unassigned fund balance for the purposes of reporting in accordance with generally accepted accounting principles.

Unassigned for School Readiness - This balance represents the resources available to provide for services for school readiness programs (*Minnesota Statutes* § 124D.16). The balance as of June 30, 2024, is a deficit (negative) amount, which is presented within unassigned fund balance for the purposes of reporting in accordance with generally accepted accounting principles.

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

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

**B. Net Position**

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

**NOTE 6 - DEFINED BENEFIT PENSION PLANS - STATE-WIDE**

The District participates in various pension plans. Total pension expense for the year ended June 30, 2024, was (\$174,617). The components of pension expense are noted in the following plan summaries.

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

**Teachers' Retirement Association**

**A. Plan Description**

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

Educators employed in Minnesota's public elementary and secondary schools, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those teachers employed by St. Paul Schools or Minnesota State Colleges and Universities). Educators first hired by Minnesota State may elect either TRA coverage or coverage through the Defined Contribution Plan (DCP) administered by Minnesota State.

**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.

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

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

**Teachers' Retirement Association (Continued)**

**B. Benefits Provided (Continued)**

*Tier I Benefits*

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

With these provisions:

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

Or

For years of service prior to July 1, 2006, a level formula of 1.7% per year for coordinated members and 2.7% per year for basic members is applied. For years of service July 1, 2006, and after, a level formula of 1.9% per year for Coordinated members and 2.7% for Basic members applies. 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.

*Tier II Benefits*

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

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.

Independent School District No. 720  
Notes to Basic Financial Statements

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

**Teachers' Retirement Association (Continued)**

**B. Benefits Provided (Continued)**

*Tier II Benefits (Continued)*

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, 2022, June 30, 2023, and June 30, 2024, were:

	June 30, 2022		June 30, 2023		June 30, 2024	
	Employee	Employer	Employee	Employer	Employee	Employer
Basic	11.0 %	12.34 %	11.0 %	12.55 %	11.3 %	12.75 %
Coordinated	7.5	8.34	7.5	8.55	7.8	8.75

The following is a reconciliation of employer contributions in TRA's fiscal year 2023 ACFR "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 ACFR	
Statement of Changes in Fiduciary Net Position	\$ 508,764
Add employer contributions not related to future contribution efforts	(87)
Deduct TRA's contributions not included in allocation	(643)
Total employer contributions	508,034
Total non-employer contributions	35,587
Total contributions reported in <i>Schedule of Employer and Non-Employer Allocations</i>	\$ 543,621

Amounts reported in the allocation schedules may not precisely agree with basic 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 Basic Financial Statements**

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

**Teachers' Retirement Association (Continued)**

**D. Actuarial Assumptions**

The total pension liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

---

Key Methods and Assumptions Used in Valuation of Total Pension Liability

---

**Actuarial Information**

Valuation date	July 1, 2023
Measurement date	June 30, 2023
Experience study	June 28, 2019 (demographic and economic assumptions)
Actuarial cost method	Entry Age Normal
Actuarial assumptions	
Investment rate of return	7.00%
Price inflation	2.50%
Wage growth rate	2.85% before July 1, 2028, and 3.25% after June 30, 2028.
Projected salary increase	2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% after June 30, 2028.
Cost of living adjustment	1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

**Mortality Assumptions**

Pre-retirement	RP 2014 white collar employee table, male rates set back five years and female rates set back seven years. Generational projection uses the MP 2015 scale.
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 Basic Financial Statements**

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

**Teachers' Retirement Association (Continued)**

**D. Actuarial Assumptions (Continued)**

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

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

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2023 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 five years as required by GASB 68.

Changes in actuarial assumptions since the 2022 valuation:

The 2023 Tax Finance and Policy Bill, effective July 1, 2025:

- ◆ The employer contribution rate will increase from 8.75% to 9.5% on July 1, 2025.
- ◆ The employee contribution rate will increase from 7.75% to 8.0% on July 1, 2025.
- ◆ The pension adjustment rate for school districts and the base budgets for Minnesota State, Perpich Center for Arts Education, and Minnesota Academies will increase to reflect the 0.75% employer contribution rate increase.

The 2024 Omnibus Pensions and Retirement Bill:

- ◆ The Normal Retirement Age (NRA) for active and eligible deferred Tier II members will be 65 effective July 1, 2024.
- ◆ TRA's amortization date will remain the same at 2048.

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

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

**Teachers' Retirement Association (Continued)**

**E. Discount Rate**

The discount rate used to measure the total pension liability was 7.0%. There was no change in the discount rate since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2023 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

**F. Net Pension Liability**

On June 30, 2024, the District reported a liability of \$71,003,526 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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 0.8600% at the end of the measurement period and 0.7514% 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	\$ 71,003,526
State's proportionate share of the net pension liability associated with the District	4,973,471

For the year ended June 30, 2024, the District recognized pension expense of (\$1,451,442). Included in this amount, the District recognized \$700,304 as pension expense for the support provided by direct aid.



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

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

**Teachers' Retirement Association (Continued)**

**F. Net Pension Liability (Continued)**

On June 30, 2024, 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	\$ 640,439	\$ 1,007,474
Net difference between projected and actual earnings on plan investments	-	1,514,529
Changes in actuary assumptions	7,681,837	-
Changes in proportion	7,409,299	1,787,851
District's contributions to TRA subsequent to the measurement date	5,017,425	-
	<u>5,017,425</u>	<u>-</u>
Total	<u>\$ 20,749,000</u>	<u>\$ 4,309,854</u>

The \$5,017,425 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, 2025.

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
2025	\$ 1,275,305
2026	349,195
2027	8,249,577
2028	228,229
2029	1,319,415
	<u>1,319,415</u>
Total	<u>\$ 11,421,721</u>

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

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

**Teachers' Retirement Association (Continued)**

**G. Pension Liability Sensitivity**

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

District Proportionate Share of NPL		
1% Decrease in Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
\$ 113,245,402	\$ 71,003,526	\$ 36,423,408

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**

The General Employees Retirement Plan covers certain full time and part time employees of the District. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

**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 Basic Financial Statements**

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

**Public Employees' Retirement Association (Continued)**

**B. Benefits Provided (Continued)**

**General Employees Plan Benefits**

General Employees Plan 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% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1.0% 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. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

**C. Contributions**

*Minnesota Statutes* 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 2024 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, 2024, were \$1,068,629. The District's contributions were equal to the required contributions as set by state statute.

**D. Pension Costs**

**General Employees Fund Pension Costs**

At June 30, 2024, the District reported a liability of \$9,327,269 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled \$257,123.

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

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

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs**

**General Employees Fund Pension Costs**

The net pension liability was measured as of June 30, 2023, 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, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.1668% at the end of the measurement period and 0.1586% for the beginning of the period.

District's proportionate share of net pension liability	\$ 9,327,269
State of Minnesota's proportionate share of the net pension liability associated with the District	<u>257,123</u>
Total	<u><u>\$ 9,584,392</u></u>

For the year ended June 30, 2024, the District recognized pension expense of \$1,276,825 for its proportionate share of the General Employees Plan's pension expense. Included in this amount, the District recognized \$1,155 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.

At June 30, 2024, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 302,694	\$ 65,022
Changes in actuarial assumptions	1,524,376	2,556,525
Net difference between projected and actual investment earnings	-	548,266
Change in proportion	487,083	364,681
District's contributions to GERF subsequent to the measurement date	<u>1,068,629</u>	<u>-</u>
Total	<u><u>\$ 3,382,782</u></u>	<u><u>\$ 3,534,494</u></u>

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

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

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

**General Employees Fund Pension Costs (Continued)**

The \$1,068,629 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Pension Expense</u>
2025	\$ 87,257
2026	(1,426,657)
2027	321,399
2028	<u>(202,340)</u>
Total	<u>\$ (1,220,341)</u>

**E. Long-Term Expected Return on Investment**

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

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

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

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

**Public Employees' Retirement Association (Continued)**

**F. Actuarial Methods and Assumptions**

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

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

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

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

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

The following changes in actuarial assumptions and plan provisions occurred in 2023:

**Changes in Actuarial Assumptions**

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

**Changes in Plan Provisions**

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

**G. Discount Rate**

The discount rate used to measure the total pension liability in 2023 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

**Public Employees' Retirement Association (Continued)**

**H. Pension Liability Sensitivity**

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

	1% Decrease in Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
District's Proportionate share of the PERA net pension liability	\$ 16,500,688	\$ 9,327,269	\$ 3,426,859

**I. Pension Plan Fiduciary Net Position**

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

**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.

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

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

**C. Members**

As of the July 1, 2022, valuation date, the following were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	25
Active employees	986
	<hr/>
Total	1,011
	<hr/> <hr/>

**D. Contributions**

Retirees and their families have access to the health care plan at the same premium rate as District employees. This results in the retirees receiving an implicit rate subsidy. The premiums are based on the contract terms. The required contributions are on projected pay-as-you-go financing requirements. For fiscal year 2024, the District contributed \$441,528 to the plan.

**E. Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of July 1, 2022, with a measurement date of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability	
Discount rate	4.40%
Investment rate of return	7.30%, net of investment expense
Salary increases	Service graded
Inflation	2.50%
Healthcare cost trend increases	6.5% in 2022 decreasing to 5.00% over 6 years, then to 4.00% over the next 48 years
Mortality Assumption	Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables with MP-2021

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

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



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

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

**E. Actuarial Assumptions (Continued)**

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

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	55.00 %	9.00 %
Fixed income	39.00	5.00
International equity	5.00	7.00
Cash	1.00	3.00
Total	<u>100.00 %</u>	<u>7.30 %</u>

The details of the investments and the investment policy are described in Note 2. of the District's basic financial statements. For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 14.7%. 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 4.4%. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate.

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

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

**G. Changes in Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at July 1, 2023	\$ 12,022,290	\$ 5,071,864	\$ 6,950,426
Changes for the year			
Service cost	699,242	-	699,242
Interest	500,117	-	500,117
Assumption changes	(275,290)	-	(275,290)
Employer contributions	-	441,528	(441,528)
Differences between expected and actual economic experience	-	301,293	(301,293)
Projected investment return	-	370,246	(370,246)
Benefit payments	(441,528)	(441,528)	-
Net changes	482,541	671,539	(188,998)
Balances at June 30, 2024	\$ 12,504,831	\$ 5,743,403	\$ 6,761,428

Plan fiduciary net position as a percentage of the total OPEB liability 45.93%

**H. OPEB Liability Sensitivity**

The following presents the District's net OPEB liability calculated using the discount rate of 4.4% as well as the liability measured using 1-percentage point lower and 1-percentage point higher than the current discount rate.

	1% Decrease in Discount Rate (3.4%)	Current Discount Rate (4.4%)	1% Increase in Discount Rate (5.4%)
Net OPEB liability	\$ 7,572,167	\$ 6,761,428	\$ 5,976,796

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

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

**H. OPEB Liability Sensitivity (Continued)**

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-percentage point lower and 1-percentage point higher than the current healthcare cost trend rates.

	1% Decrease in Trend Rate (5.0% Decreasing to 4.0%, then 3.0%)	Current Trend Rate (6.0% Decreasing to 5.0%, then 4.0%)	1% Increase in Trend Rate (7.0% Decreasing to 6.0%, then 5.0%)
Net OPEB liability	\$ 5,357,305	\$ 6,761,428	\$ 8,389,150

The trend rate assumption has not changed since the valuation date of July 1, 2022. The initial rate has decreased to 6.00% due to the assumed decrease over the select period.

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$171,188. As of June 30, 2024, 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	\$ -	\$ 110,999
Liability losses/gains	-	1,510,544
Changes of assumptions	378,178	1,520,207
Total	<u>\$ 378,178</u>	<u>\$ 3,141,750</u>

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

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

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

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

Year Ending June 30,	Total
2025	\$ (642,190)
2026	(462,062)
2027	(651,597)
2028	(576,215)
2029	(175,183)
Thereafter	(256,325)
Total	<u><u>\$ (2,763,572)</u></u>

**J. OPEB Payable**

As of June 30, 2024, the General Fund reported a receivable of \$72,607 from the OPEB Trust Fund to cover deficit cash in the OPEB Trust Fund related to service fees paid from pooled cash.

**NOTE 8 - COMMITMENTS**

As of June 30, 2024, the District had construction commitments totaling \$1,312,277 that are expected to be paid from the General Fund or the Capital Project Fund.

**NOTE 9 - CHANGE IN ACCOUNTING PRINCIPLE**

The Building Construction Capital Projects Fund was a major fund in the year ended June 30, 2023, but a nonmajor fund in the year ended June 30, 2024.

	Capital Project	Nonmajor Funds
June 30, 2023, as previously reported	\$ 5,507,929	\$ 2,559,356
Change from major to nonmajor fund	<u>(5,507,929)</u>	<u>5,507,929</u>
June 30, 2023, as restated	<u><u>\$ -</u></u>	<u><u>\$ 8,067,285</u></u>



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

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

June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024
\$ 751,335	\$ 915,182	\$ 740,840	\$ 722,088	\$ 699,242
337,303	311,257	283,736	464,979	500,117
-	(39,274)	-	(401,200)	-
433,912	(365,431)	(1,093,262)	207,292	(275,290)
-	-	-	-	-
(260,707)	(250,292)	(314,799)	(339,394)	(441,528)
<u>1,261,843</u>	<u>571,442</u>	<u>(383,485)</u>	<u>653,765</u>	<u>482,541</u>
 9,918,725	 11,180,568	 11,752,010	 11,368,525	 12,022,290
<u>\$ 11,180,568</u>	<u>\$ 11,752,010</u>	<u>\$ 11,368,525</u>	<u>\$ 12,022,290</u>	<u>\$ 12,504,831</u>
 \$ -	 \$ 250,292	 \$ -	 \$ -	 \$ 441,528
212,519	213,830	280,015	247,437	370,246
78,681	900,642	(1,115,192)	226,523	301,293
(260,707)	(250,292)	(314,799)	(339,394)	(441,528)
-	-	-	-	-
<u>30,493</u>	<u>1,114,472</u>	<u>(1,149,976)</u>	<u>134,566</u>	<u>671,539</u>
 4,942,309	 4,972,802	 6,087,274	 4,937,298	 5,071,864
<u>\$ 4,972,802</u>	<u>\$ 6,087,274</u>	<u>\$ 4,937,298</u>	<u>\$ 5,071,864</u>	<u>\$ 5,743,403</u>
 \$ 6,207,766	 \$ 5,664,736	 \$ 6,431,227	 \$ 6,950,426	 \$ 6,761,428
 44.48%	 51.80%	 43.43%	 42.19%	 45.93%
\$ 55,952,864	\$ 59,163,976	\$ 60,938,895	\$ 63,577,883	\$ 65,485,219
 11.09%	 9.57%	 10.55%	 10.93%	 10.33%



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

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

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

<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2024</u>
5.90%	22.40%	-13.70%	9.60%	14.70%

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

For Plan's Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Proportionate Share of the Net Pension Liability	District's Covered- Employee Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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%
2020	0.1786%	10,707,886	330,180	11,038,066	12,739,760	84.05%	79.06%
2021	0.1688%	7,208,516	220,064	7,428,580	12,151,920	59.32%	87.00%
2022	0.1586%	12,561,172	368,369	12,929,541	11,883,027	105.71%	76.67%
2023	0.1668%	9,327,269	257,123	9,584,392	13,265,293	70.31%	83.10%

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

For Plan's Fiscal Year Ended June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of State of Minnesota's Proportionate Share of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability and District's Share of the State of Minnesota's Proportionate Share of the Net Pension of Liability	District's Covered- Employee Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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%
2020	0.7943%	58,683,948	4,918,087	63,602,035	46,159,078	127.1%	75.48%
2021	0.7987%	34,953,500	2,948,067	37,901,567	47,794,994	73.1%	86.63%
2022	0.7514%	60,168,137	4,461,905	64,630,042	46,445,264	129.5%	76.17%
2023	0.8600%	71,003,526	4,973,471	75,976,997	54,681,649	129.8%	76.42%

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

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
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	955,482	955,482	-	12,739,760	7.50%
2021	911,394	911,394	-	12,151,920	7.50%
2022	891,227	891,227	-	11,883,027	7.50%
2023	994,897	994,897	-	13,265,293	7.50%
2024	1,068,629	1,068,629	-	14,248,387	7.50%

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

Fiscal Year Ending June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
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	3,655,799	3,655,799	-	46,159,078	7.92%
2021	3,885,733	3,885,733	-	47,794,994	8.13%
2022	3,873,535	3,873,535	-	46,445,264	8.34%
2023	4,675,281	4,675,281	-	54,681,649	8.55%
2024	5,017,425	5,017,425	-	57,342,000	8.75%

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

**TRA Retirement Fund**

The 2024 Omnibus Pensions and Retirement Bill:

- ◆ The Normal Retirement Age (NRA) for active and eligible deferred Tier II members will be 65 effective July 1, 2024.
- ◆ TRA's amortization date will remain the same at 2048.

**2023 Changes**

Changes of Benefit Terms

The 2023 Tax Finance and Policy Bill, effective July 1, 2025:

- ◆ The employer contribution rate will increase from 8.75% to 9.5% on July 1, 2025.
- ◆ The employee contribution rate will increase from 7.75% to 8.0% on July 1, 2025.
- ◆ The pension adjustment rate for school districts and the base budgets for Minnesota State, Perpich Center for Arts Education, and Minnesota Academies will increase to reflect the 0.75% employer contribution rate increase.

**2022 Changes**

Changes in Actuarial Assumptions

- ◆ None

**2021 Changes**

Changes in Actuarial Assumptions

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

**2020 Changes**

Changes in Actuarial Assumptions

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

**2019 Changes**

Changes in Actuarial Assumptions

- ◆ None

**2018 Changes**

Changes in Actuarial Assumptions

- ◆ The discount rate was increased to 7.5% from 5.12%.
- ◆ The cost-of-living adjustment (COLA) was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% on January 1, 2028.
- ◆ Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- ◆ The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.

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

**TRA Retirement Fund (Continued)**

**2018 Changes (Continued)**

**Changes in Actuarial Assumptions (Continued)**

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

**2017 Changes**

**Changes in Actuarial Assumptions**

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

**2016 Changes**

**Changes in Actuarial Assumptions**

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

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

**TRA Retirement Fund (Continued)**

**2016 Changes (Continued)**

**Changes in Actuarial Assumptions (Continued)**

- ◆ 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**

**2023 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**2022 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**2021 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

**2020 Changes**

Changes in Actuarial Assumptions

- ◆ The price inflation assumption was decreased from 2.5% to 2.25%.
- ◆ The payroll growth assumption was decreased from 3.25% to 3.0%.
- ◆ Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- ◆ Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- ◆ Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- ◆ Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- ◆ The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- ◆ The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.



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

**General Employees Fund (Continued)**

**2020 Changes (Continued)**

**Changes in Actuarial Assumptions (Continued)**

- ◆ The assumed spouse age difference was changed from two years older for females to one year older.
- ◆ The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

**Changes in Plan Provisions**

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

**2019 Changes**

**Changes in Actuarial Assumptions**

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

**Changes in Plan Provisions**

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

**2018 Changes**

**Changes in Actuarial Assumptions**

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

**Changes in Plan Provisions**

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

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

**General Employees Fund (Continued)**

**2017 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**2016 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

**2015 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

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

**Post Employment Health Care Plan**

**2024 Changes**

Changes in Actuarial Assumptions

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

**2023 Changes**

Changes in Actuarial Assumptions

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

**2022 Changes**

Changes in Actuarial Assumptions

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

**2021 Changes**

Changes in Actuarial Assumptions

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

**2020 Changes**

Changes in Actuarial Assumptions

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

**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.

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

**Post Employment Health Care Plan (Continued)**

**2019 Changes (Continued)**

**Changes in Actuarial Assumptions (Continued)**

- ◆ 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**



## **GOVERNMENTAL FUNDS**



**Independent School District No. 720**  
**Combining Balance Sheet -**  
**Nonmajor Governmental Funds**  
**June 30, 2024**

	Special Revenue			Capital Project Building	
	Food Service	Community Service	Total	Construction	Total
<b>Assets</b>					
Cash and investments	\$ 2,890,036	\$ 582,100	\$ 3,472,136	\$ 3,540,906	\$ 7,013,042
Current property taxes receivable	-	296,394	296,394	-	296,394
Delinquent property taxes receivable	-	2,189	2,189	-	2,189
Accounts receivable	-	29,946	29,946	14,732	44,678
Due from Department of Education	51,067	112,964	164,031	-	164,031
through Department of Education	59,625	-	59,625	-	59,625
Inventory	69,938	-	69,938	-	69,938
<b>Total assets</b>	<b>\$ 3,070,666</b>	<b>\$ 1,023,593</b>	<b>\$ 4,094,259</b>	<b>\$ 3,555,638</b>	<b>\$ 7,649,897</b>
<b>Liabilities</b>					
Accounts payable	\$ 38,951	\$ 101,215	\$ 140,166	\$ 478,537	\$ 618,703
Contracts payable	-	-	-	41,933	41,933
Salaries and benefits payable	55,067	131,126	186,193	-	186,193
Due to other governmental units	-	860	860	-	860
Unearned revenue	93,998	99,141	193,139	-	193,139
<b>Total liabilities</b>	<b>188,016</b>	<b>332,342</b>	<b>520,358</b>	<b>520,470</b>	<b>1,040,828</b>
<b>Deferred Inflows of Resources</b>					
Property taxes levied for subsequent year's expenditures	-	603,358	603,358	-	603,358
Unavailable revenue - delinquent property taxes	-	2,189	2,189	-	2,189
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>605,547</b>	<b>605,547</b>	<b>-</b>	<b>605,547</b>
<b>Fund Balances</b>					
Nonspendable	69,938	-	69,938	-	69,938
Restricted for					
Food Service	2,812,712	-	2,812,712	-	2,812,712
Early Childhood and Family Education Programs	-	649,036	649,036	-	649,036
Capital projects	-	-	-	3,035,168	3,035,168
Unassigned	-	(563,332)	(563,332)	-	(563,332)
<b>Total fund balances</b>	<b>2,882,650</b>	<b>85,704</b>	<b>2,968,354</b>	<b>3,035,168</b>	<b>6,003,522</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 3,070,666</b>	<b>\$ 1,023,593</b>	<b>\$ 4,094,259</b>	<b>\$ 3,555,638</b>	<b>\$ 7,649,897</b>

Independent School District No. 720  
Combining Statement of Revenues,  
Expenditures, and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Year Ended June 30, 2024

	Special Revenue			Capital Project	
	Food Service	Community Service	Total	Building Construction	Total
<b>Revenues</b>					
Local property taxes	\$ -	\$ 635,355	\$ 635,355	\$ -	\$ 635,355
Other local and county revenues	112,322	1,777,128	1,889,450	303,692	2,193,142
Revenue from state sources	2,542,796	948,249	3,491,045	-	3,491,045
Revenue from federal sources	3,197,261	-	3,197,261	-	3,197,261
Sales and other conversion of assets	459,328	-	459,328	-	459,328
Total revenues	6,311,707	3,360,732	9,672,439	303,692	9,976,131
<b>Expenditures</b>					
Current					
Food service	5,523,342	-	5,523,342	-	5,523,342
Community education and services	-	3,578,262	3,578,262	-	3,578,262
Capital outlay					
Sites and buildings	-	-	-	2,776,453	2,776,453
Food service	125,334	-	125,334	-	125,334
Community education and services	-	46,101	46,101	-	46,101
Total expenditures	5,648,676	3,624,363	9,273,039	2,776,453	12,049,492
Excess of revenues over (under) expenditures	663,031	(263,631)	399,400	(2,472,761)	(2,073,361)
<b>Other Financing Sources</b>					
Insurance recovery	-	9,598	9,598	-	9,598
Net change in fund balances	663,031	(254,033)	408,998	(2,472,761)	(2,063,763)
<b>Fund Balances</b>					
Beginning of year, as previously reported	2,219,619	339,737	2,559,356	-	2,559,356
Change within financial reporting entity major to nonmajor fund	-	-	-	5,507,929	5,507,929
Beginning of year, as restated	2,219,619	339,737	2,559,356	5,507,929	8,067,285
End of year	\$ 2,882,650	\$ 85,704	\$ 2,968,354	\$ 3,035,168	\$ 6,003,522

Independent School District No. 720  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance -  
Budget and Actual - Food Service Fund  
Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Over (Under)
<b>Revenues</b>				
Other local and county revenues	\$ 17,000	\$ 137,209	\$ 112,322	\$ (24,887)
Revenue from state sources	-	-	2,542,796	2,542,796
Revenue from federal sources	4,370,000	4,820,000	3,197,261	(1,622,739)
Sales and other conversion of assets	250,000	-	459,328	459,328
Total revenues	<u>4,637,000</u>	<u>4,957,209</u>	<u>6,311,707</u>	<u>1,354,498</u>
<b>Expenditures</b>				
Current				
Food service	4,959,621	5,435,911	5,523,342	87,431
Capital outlay				
Food service	50,000	50,000	125,334	75,334
Total expenditures	<u>5,009,621</u>	<u>5,485,911</u>	<u>5,648,676</u>	<u>162,765</u>
Net change in fund balance	<u>\$ (372,621)</u>	<u>\$ (528,702)</u>	663,031	<u>\$ 1,191,733</u>
<b>Fund Balance</b>				
Beginning of year			<u>2,219,619</u>	
End of year			<u>\$ 2,882,650</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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Over (Under)
<b>Revenues</b>				
Local property taxes	\$ 635,270	\$ 635,271	\$ 635,355	\$ 84
Other local and county revenues	1,648,248	1,878,082	1,777,128	(100,954)
Revenue from state sources	731,267	731,267	948,249	216,982
Total revenues	<u>3,014,785</u>	<u>3,244,620</u>	<u>3,360,732</u>	<u>116,112</u>
<b>Expenditures</b>				
Current				
Community education and services	3,216,668	3,353,203	3,578,262	225,059
Capital outlay				
Community education and services	13,200	12,350	46,101	33,751
Total expenditures	<u>3,229,868</u>	<u>3,365,553</u>	<u>3,624,363</u>	<u>258,810</u>
Excess of revenues under expenditures	(215,083)	(120,933)	(263,631)	(142,698)
<b>Other Financing Sources</b>				
Insurance recovery	<u>-</u>	<u>9,598</u>	<u>9,598</u>	<u>-</u>
Net change in fund balance	<u>\$ (215,083)</u>	<u>\$ (111,335)</u>	<u>(254,033)</u>	<u>\$ (142,698)</u>
<b>Fund Balance</b>				
Beginning of year			<u>339,737</u>	
End of year			<u>\$ 85,704</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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Over (Under)
<b>Revenues</b>				
Local property taxes	\$ 18,342,437	\$ 18,342,437	\$ 18,559,438	\$ 217,001
Other local and county revenues	50,000	724,196	362,980	(361,216)
Revenue from state sources	267,737	267,737	418,091	150,354
Total revenues	18,660,174	19,334,370	19,340,509	6,139
<b>Expenditures</b>				
Debt service				
Principal	14,545,000	14,545,000	14,545,000	-
Interest and fiscal charges	4,748,581	4,748,581	5,143,503	394,922
Total expenditures	19,293,581	19,293,581	19,688,503	394,922
Excess of revenues over (under) expenditures	(633,407)	40,789	(347,994)	(388,783)
<b>Other Financing Sources (Uses)</b>				
Bond issuance	-	-	14,865,000	14,865,000
Bond premium	-	-	3,401,555	3,401,555
Payment of refunded bonds	-	-	(76,085,000)	(76,085,000)
Total other financing sources (uses)	-	-	(57,818,445)	(57,818,445)
Net change in fund balance	\$ (633,407)	\$ 40,789	(58,166,439)	\$ (58,207,228)
<b>Fund Balance</b>				
Beginning of year			63,363,720	
End of year			\$ 5,197,281	

Independent School District No. 720  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance -  
Budget and Actual - Capital Projects Fund  
Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Over (Under)
<b>Revenues</b>				
Other local and county revenues	\$ -	\$ 281,379	\$ 303,692	\$ 22,313
<b>Expenditures</b>				
Capital outlay				
Sites and buildings	640,000	1,240,000	2,776,453	1,536,453
Net change in fund balance	<u>\$ (640,000)</u>	<u>\$ (958,621)</u>	(2,472,761)	<u>\$ (1,514,140)</u>
<b>Fund Balance</b>				
Beginning of year			5,507,929	
End of year			<u>\$ 3,035,168</u>	



## **INTERNAL SERVICE FUNDS**



Independent School District No. 720  
Combining Statement of  
Net Position - Internal Service Funds  
June 30, 2024

		Internal Service Funds		
		Health Insurance	Dental Insurance	Total
<b>Assets</b>				
Current				
	Cash and cash equivalents	\$ 2,155,463	\$ 397,481	\$ 2,552,944
<b>Liabilities</b>				
Current				
	Incurred but not reported claims	\$ 975,000	\$ 27,000	\$ 1,002,000
<b>Net Position</b>				
	Unrestricted	1,180,463	370,481	1,550,944
	Total liabilities and net position	\$ 2,155,463	\$ 397,481	\$ 2,552,944

Independent School District No. 720  
Combining Statement of Revenues, Expenses, and Changes  
in Fund Net Position - Internal Service Funds  
Year Ended June 30, 2024

	Internal Service Funds		
	Health Insurance	Dental Insurance	Total
<b>Operating Revenue</b>			
Charges for services	\$ 10,540,749	\$ 897,459	\$ 11,438,208
<b>Operating Expenses</b>			
Insurance	10,251,906	844,587	11,096,493
Salaries	43,302	-	43,302
Benefits	7,288	-	7,288
Total operating expenses	10,302,496	844,587	11,147,083
Operating income	238,253	52,872	291,125
<b>Nonoperating Revenues</b>			
Investment income	4,780	5,718	10,498
Change in net position	243,033	58,590	301,623
<b>Net Position</b>			
Beginning of year	937,430	311,891	1,249,321
End of year	\$ 1,180,463	\$ 370,481	\$ 1,550,944

Independent School District No. 720  
Combining Statement of Cash Flows -  
Internal Service Funds  
Year Ended June 30, 2024

	Internal Service Funds		
	Health Insurance	Dental Insurance	Total
<b>Cash Flows - Operating Activities</b>			
Receipts from District contributions	\$ 10,540,749	\$ 897,459	\$ 11,438,208
Employee claims paid	(10,249,125)	(846,587)	(11,095,712)
Payments to employees	(50,590)	-	(50,590)
Net cash flows - operating activities	241,034	50,872	291,906
<b>Cash Flows - Investing Activities</b>			
Interest received	4,780	5,718	10,498
Net change in cash and cash equivalents	245,814	56,590	302,404
<b>Cash and Cash Equivalents</b>			
Beginning of year	1,909,649	340,891	2,250,540
End of year	\$ 2,155,463	\$ 397,481	\$ 2,552,944
<b>Reconciliation of Operating Income to Net Cash Flows - Operating Activities</b>			
Operating income	\$ 238,253	\$ 52,872	\$ 291,125
Adjustments to reconcile operating income to net cash flows - operating activities			
Incurred but not reported claims	2,781	(2,000)	781
Net cash flows - operating activities	\$ 241,034	\$ 50,872	\$ 291,906

## UFARS COMPLIANCE TABLE

Independent School District No. 720  
Uniform Financial Accounting and Reporting Standards  
Compliance Table  
Year Ended June 30, 2024

	Audit	UFARS	Audit-UFARS		Audit	UFARS	Audit-UFARS
<b>01 GENERAL FUND</b>				<b>06 BUILDING CONSTRUCTION FUND</b>			
Total revenue	\$ 127,048,283	\$ 127,048,283	\$ -	Total revenue	\$ 303,692	\$ 303,692	\$ -
Total expenditures	122,044,518	122,044,520	(2)	Total expenditures	2,776,453	2,776,454	(1)
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
4.60 Nonspendable fund balance	1,826,845	1,826,844	1	4.60 Nonspendable fund balance	-	-	-
<i>Restricted/reserved:</i>				<i>Restricted/reserved:</i>			
4.01 Student Activities	262,872	262,872	-	4.07 Capital Projects Levy	-	-	-
4.02 Scholarships	-	-	-	4.13 Building Projects Funded by COP/LP	-	-	-
4.03 Staff Development	148,181	148,181	-	4.67 Long-term Facilities Maintenance	2,231,660	2,231,660	-
4.07 Capital Projects Levy	1,410,713	1,410,713	-	<i>Restricted:</i>			
4.08 Cooperative Programs	-	-	-	4.64 Restricted fund balance	803,508	803,508	-
4.12 Literacy Incentive Aid	322,583	322,583	-	<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>			
4.20 American Indian Education Aid	-	-	-	Total revenue	\$ 19,340,509	\$ 19,340,509	\$ -
4.24 Operating Capital	4,269,931	4,269,931	-	Total expenditures	19,688,503	19,688,502	1
4.26 \$25 Taconite	-	-	-	<i>Nonspendable:</i>			
4.27 Disabled Accessibility	-	-	-	4.60 Nonspendable fund balance	-	-	-
4.28 Learning and Development	2,401,542	2,401,542	-	<i>Restricted/reserved:</i>			
4.34 Area Learning Center	192,998	192,998	-	4.25 Bond refundings	-	-	-
4.35 Contracted Alternative Programs	-	-	-	4.33 Maximum Effort Loan	-	-	-
4.36 State Approved Alternative Program	-	-	-	4.51 QZAB payments	-	-	-
4.38 Gifted and Talented	-	-	-	4.67 LTFM	1,572,755	1,572,755	-
4.39 English Learner	-	-	-	<i>Restricted:</i>			
4.40 Teacher Development and Evaluation	-	-	-	4.64 Restricted fund balance	3,624,526	3,624,526	-
4.41 Basic Skills Programs	1,444,794	1,444,794	-	<i>Unassigned:</i>			
4.43 School Library Aid	136,071	136,071	-	4.63 Unassigned fund balance	-	-	-
4.48 Achievement and Integration Revenue	53,843	53,843	-				
4.49 Safe Schools Revenue	420,703	420,703	-	<b>08 TRUST FUND</b>			
4.51 QZAB Payments	-	-	-	Total revenue	\$ -	\$ -	\$ -
4.52 OPEB Liabilities not Held in Trust	-	-	-	Total expenditures	-	-	-
4.53 Unfunded Severance and Retirement Levy	-	-	-	<i>Unrestricted:</i>			
4.59 Basic Skills Extended Time	-	-	-	4.01 Student Activities	-	-	-
4.67 Long-term Facilities Maintenance	3,623,046	3,623,046	-	4.02 Scholarships	-	-	-
4.71 Student Support Personnel Aid	100,850	100,850	-	4.22 Net position	-	-	-
4.72 Medical Assistance	703,416	703,416	-				
<i>Restricted:</i>				<b>18 CUSTODIAL</b>			
4.64 Restricted fund balance	-	-	-	Total revenue	\$ 12,865	\$ 12,865	\$ -
4.75 Title VII - Impact Aid	-	-	-	Total expenditures	3,883	3,883	-
4.76 Payments in Lieu of Taxes	-	-	-	<i>Restricted/reserved:</i>			
<i>Committed:</i>				4.01 Student Activities	-	-	-
4.18 Committed for separation	-	-	-	4.02 Scholarships	17,371	17,371	-
4.61 Committed	287,390	287,390	-	4.48 Achievement and Integration	-	-	-
<i>Assigned:</i>				4.64 Restricted	-	-	-
4.62 Assigned fund balance	2,825,782	2,825,782	-				
<i>Unassigned:</i>				<b>20 INTERNAL SERVICE FUND</b>			
4.22 Unassigned fund balance	12,248,187	12,248,189	(2)	Total revenue	\$ 11,448,706	\$ 11,448,705	\$ 1
				Total expenditures	11,147,083	11,147,082	1
<b>02 FOOD SERVICES FUND</b>				<i>Unrestricted:</i>			
Total revenue	\$ 6,311,707	\$ 6,311,707	\$ -	4.22 Net position	1,550,944	1,550,944	-
Total expenditures	5,648,676	5,648,678	(2)				
<i>Nonspendable:</i>				<b>25 OPEB REVOCABLE TRUST</b>			
4.60 Nonspendable fund balance	69,938	69,938	-	Total revenue	\$ -	\$ -	\$ -
<i>Restricted/reserved:</i>				Total expenditures	-	-	-
4.52 OPEB liabilities not held in trust	-	-	-	<i>Unrestricted:</i>			
<i>Restricted:</i>				4.22 Net position	-	-	-
4.64 Restricted fund balance	2,812,712	2,812,712	-				
<i>Unassigned:</i>				<b>45 OPEB IRREVOCABLE TRUST</b>			
4.63 Unassigned fund balance	-	-	-	Total revenue	\$ 699,485	\$ 699,485	\$ -
				Total expenditures	27,946	27,946	-
<b>04 COMMUNITY SERVICE FUND</b>				<i>Unrestricted:</i>			
Total revenue	\$ 3,360,732	\$ 3,360,733	\$ (1)	4.22 Net position	5,743,403	5,743,404	(1)
Total expenditures	3,624,363	3,624,363	-				
<i>Nonspendable:</i>				<b>47 OPEB DEBT SERVICE</b>			
4.60 Nonspendable fund balance	-	-	-	Total revenue	\$ -	\$ -	\$ -
<i>Restricted/reserved:</i>				Total expenditures	-	-	-
4.26 \$25 Taconite	-	-	-	<i>Nonspendable:</i>			
4.31 Community Education	(203,086)	(203,086)	-	4.60 Nonspendable fund balance	-	-	-
4.32 ECFE	649,036	649,036	-	<i>Restricted:</i>			
4.40 Teacher Development and Evaluations	-	-	-	4.25 Bond refundings	-	-	-
4.44 School Readiness	(360,246)	(360,246)	-	4.64 Restricted fund balance	-	-	-
4.47 Adult Basic Education	-	-	-	<i>Unassigned:</i>			
4.52 OPEB Liabilities not Held in Trust	-	-	-	4.63 Unassigned fund balance	-	-	-
<i>Restricted:</i>							

## STATISTICAL SECTION



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

**III. Statistical Section (Unaudited)**

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

**Financial Trends**

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

**Revenue Capacity**

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

**Debt Capacity**

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

**Demographic and Economic Information**

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

**Operating Information**

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

*Sources: Unless otherwise noted, the information in these tables 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)

	2015	2016	2017	2018
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 23,041,568	\$ 26,336,717	\$ 35,186,072	\$ 45,526,236
Restricted	3,150,431	1,241,034	-	1,970,243
Unrestricted	<u>(45,145,697)</u>	<u>(51,864,194)</u>	<u>(85,542,839)</u>	<u>(114,835,656)</u>
Total governmental activities net position	<u><u>\$ (18,953,698)</u></u>	<u><u>\$ (24,286,443)</u></u>	<u><u>\$ (50,356,767)</u></u>	<u><u>\$ (67,339,177)</u></u>

Table 1

2019	2020	2021	2022	2023	2024
\$ 55,529,637	\$ 67,663,806	\$ 82,755,741	\$ 92,463,986	\$ 97,773,509	\$ 103,977,608
2,446,033	7,194,893	10,079,420	11,885,035	15,085,858	21,752,764
(90,596,678)	(97,349,532)	(101,178,213)	(94,279,918)	(67,011,768)	(54,029,335)
<u>\$ (32,621,008)</u>	<u>\$ (22,490,833)</u>	<u>\$ (8,343,052)</u>	<u>\$ 10,069,103</u>	<u>\$ 45,847,599</u>	<u>\$ 71,701,037</u>

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

	2015	2016	2017	2018
<b>Expenses</b>				
Governmental activities				
Administration	\$ 5,547,166	\$ 5,955,670	\$ 7,523,283	\$ 7,340,382
District support services	1,912,672	2,122,209	2,456,591	2,106,366
Regular instruction	42,847,228	45,554,644	63,959,236	63,492,106
Vocational education instruction	703,295	726,293	1,286,927	945,260
Special education instruction	15,515,994	17,425,823	25,091,784	24,552,734
Instructional support services	6,047,476	7,548,519	10,762,588	9,547,642
Pupil support services	6,905,267	7,377,729	8,401,426	8,625,780
Sites and buildings	7,807,706	7,337,340	6,929,012	8,170,286
Fiscal and other fixed cost programs	215,914	211,184	191,091	199,020
Food service	3,794,772	4,158,297	4,724,099	4,480,777
Community service	2,056,634	2,322,011	3,286,539	3,303,658
Depreciation not allocated to other functions	628,829	787,506	1,265,819	1,589,799
Interest and fiscal charges on long-term debt	5,254,492	8,055,214	7,322,643	6,559,035
Total governmental activities expenses	<u>99,237,445</u>	<u>109,582,439</u>	<u>143,201,038</u>	<u>140,912,845</u>
<b>Program Revenues</b>				
Governmental activities				
Charges for services				
Administration	23,040	14,225	12,993	13,376
District support services	35,897	35,292	25,189	25,579
Regular instruction	448,664	474,275	438,789	528,522
Vocational education instruction	300	37	140	328
Special education instruction	228,614	179,203	200,061	3,361
Instructional support services	614	562	243	68
Pupil support services	29,502	107,857	221,004	228,447
Sites and buildings	13	59	32,413	61,245
Food service	1,958,315	2,035,210	2,084,558	2,038,572
Community service	787,156	1,016,566	1,229,308	1,265,406
Operating grants and contributions	21,935,044	24,000,053	25,885,369	23,511,826
Capital grants and contributions	-	-	470,297	979,803
Total governmental activities program revenues	<u>25,447,159</u>	<u>27,863,339</u>	<u>30,600,364</u>	<u>28,656,533</u>
<b>Net governmental activities (expense)/revenue</b>	<b>(73,790,286)</b>	<b>(81,719,100)</b>	<b>(112,600,674)</b>	<b>(112,256,312)</b>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities				
Property taxes				
General purpose	9,264,493	9,114,215	13,310,119	13,953,937
Community service	523,173	517,493	542,360	580,326
Debt service	12,470,062	12,620,244	18,735,124	18,817,481
General grants and aids	51,064,387	53,137,665	59,536,734	60,765,061
Investment earnings	119,007	938,932	657,661	750,641
Gain on sale of capital assets	13,580	21,600	4,022	304,669
Other general revenues	33,402	36,206	78,576	101,787
Total governmental activities	<u>73,488,104</u>	<u>76,386,355</u>	<u>92,864,596</u>	<u>95,273,902</u>
<b>Total Net (Expense) Revenue</b>	<b>(302,182)</b>	<b>(5,332,745)</b>	<b>(19,736,078)</b>	<b>(16,982,410)</b>
Net position - beginning, as previously stated	32,352,669	(18,953,698)	(24,286,443)	(50,356,767)
Change in accounting principle	(51,004,185)	-	(6,334,246)	-
Net position - beginning	<u>(18,651,516)</u>	<u>(18,953,698)</u>	<u>(30,620,689)</u>	<u>(50,356,767)</u>
Net position - ending	<u>\$ (18,953,698)</u>	<u>\$ (24,286,443)</u>	<u>\$ (50,356,767)</u>	<u>\$ (67,339,177)</u>

See notes in the Statement of Activities.

Table 2

2019	2020	2021	2022	2023	2024
\$ 3,607,620	\$ 5,843,792	\$ 5,720,333	\$ 4,552,784	\$ 4,482,529	\$ 5,011,352
2,374,571	2,599,179	2,640,387	2,574,259	2,637,366	3,152,360
30,458,137	49,786,185	50,659,122	44,164,260	42,217,922	50,815,607
528,644	1,000,405	1,031,568	703,393	633,209	1,146,530
12,698,736	20,164,692	20,660,274	18,643,488	16,863,980	22,724,449
6,601,313	9,380,581	7,628,921	7,522,292	7,584,349	8,713,449
7,691,554	8,882,170	8,576,605	7,884,440	8,683,206	10,477,558
11,550,383	4,347,902	6,935,247	7,839,676	11,016,737	12,300,863
172,683	353,795	174,026	239,205	650,290	677,888
4,173,484	4,261,487	3,397,836	4,461,094	4,922,941	5,614,035
2,282,557	2,993,523	2,815,962	2,615,986	2,921,769	3,499,132
1,713,784	5,803,460	3,509,260	3,628,782	4,938,937	4,071,908
5,533,037	5,252,402	6,629,000	5,006,349	4,446,187	3,134,806
89,386,503	120,669,573	120,378,541	109,836,008	111,999,422	131,339,937
9,477	1,200	-	1,163	1,254	-
55,730	87,978	30,696	36,595	27,220	21,544
544,335	422,253	331,052	555,584	574,552	537,895
527	2,353	136	613	1,647	-
1,844	-	-	-	50,000	27,500
-	-	92,810	100,628	1,915	6,197
235,796	64,931	58,403	8,545	2,513	-
61,668	59,874	2,300	58,370	43,297	32,482
2,110,636	1,751,141	87,173	416,184	1,820,637	459,328
1,333,572	1,092,977	985,334	1,233,393	1,709,871	1,688,344
23,702,928	25,548,851	30,503,605	29,538,244	36,956,482	45,120,962
965,654	807,794	396,516	460,646	537,140	372,518
29,022,167	29,839,352	32,488,025	32,409,965	41,726,528	48,266,770
(60,364,336)	(90,830,221)	(87,890,516)	(77,426,043)	(70,272,894)	(83,073,167)
15,759,624	15,441,415	14,911,733	15,813,536	26,289,248	25,740,777
586,578	601,809	617,670	616,245	622,159	635,006
19,994,879	22,296,379	23,947,552	18,804,202	16,586,279	18,550,286
57,877,841	61,464,606	62,073,034	59,031,031	60,731,518	60,978,134
639,236	368,966	27,838	163,856	1,542,126	2,558,558
188,238	202,747	413,894	227,246	176,919	449,691
36,109	40,382	46,576	1,182,082	103,141	14,153
95,082,505	100,416,304	102,038,297	95,838,198	106,051,390	108,926,605
34,718,169	9,586,083	14,147,781	18,412,155	35,778,496	25,853,438
(67,339,177)	(32,621,008)	(22,490,833)	(8,343,052)	10,069,103	45,847,599
-	544,092	-	-	-	-
(67,339,177)	(32,076,916)	(22,490,833)	(8,343,052)	10,069,103	45,847,599
\$ (32,621,008)	\$ (22,490,833)	\$ (8,343,052)	\$ 10,069,103	\$ 45,847,599	\$ 71,701,037

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

	2015	2016	2017	2018
<b>General Fund</b>				
Nonspendable	\$ 68,261	\$ 115,556	\$ 657,884	\$ 208,934
Restricted	2,158,125	1,241,034	-	854,983
Committed	-	-	-	-
Assigned	-	-	20,882	185,388
Unassigned	5,548,137	1,164,415	388,488	1,584,328
	<u>5,548,137</u>	<u>1,164,415</u>	<u>388,488</u>	<u>1,584,328</u>
Total general fund	<u>\$ 7,774,523</u>	<u>\$ 2,521,005</u>	<u>\$ 1,067,254</u>	<u>\$ 2,833,633</u>
<b>All Other Governmental Funds</b>				
Nonspendable				
Capital Project funds	\$ 117,702	\$ 77,687	\$ -	\$ -
Nonmajor funds	33,832	29,846	49,221	45,582
Restricted				
Capital project funds	8,255,391	100,430,142	53,366,000	11,214,101
Debt service funds	2,937,288	20,079,253	20,670,744	2,988,464
Nonmajor funds	505,136	762,437	946,735	1,086,759
Unassigned reported in				
Capital project funds	-	-	-	-
Nonmajor funds	(75,851)	(17,867)	(153,567)	(179,501)
	<u>(75,851)</u>	<u>(17,867)</u>	<u>(153,567)</u>	<u>(179,501)</u>
Total all other governmental funds	<u>\$ 11,773,498</u>	<u>\$ 121,361,498</u>	<u>\$ 74,879,133</u>	<u>\$ 15,155,405</u>
Total all funds	<u>\$ 19,548,021</u>	<u>\$ 123,882,503</u>	<u>\$ 75,946,387</u>	<u>\$ 17,989,038</u>

Table 3

2019	2020	2021	2022	2023	2024
\$ 245,117	\$ 26,816	\$ 1,011,456	\$ 758,345	\$ 1,864,344	\$ 1,826,845
879,033	4,498,587	8,195,420	8,691,394	10,937,685	15,491,543
-	-	-	-	-	287,390
267,230	210,065	235,383	499,548	1,827,010	2,825,782
3,444,795	3,743,049	1,450,809	4,449,815	9,491,506	12,248,187
<u>\$ 4,836,175</u>	<u>\$ 8,478,517</u>	<u>\$ 10,893,068</u>	<u>\$ 14,399,102</u>	<u>\$ 24,120,545</u>	<u>\$ 32,679,747</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
48,294	54,038	65,125	60,465	51,272	69,938
2,022,715	2,390,009	10,896,629	5,282,706	5,507,929	3,035,168
3,223,859	4,478,006	80,568,831	80,338,151	63,363,720	5,197,281
1,131,535	895,505	785,401	2,247,301	2,761,887	3,461,748
-	(961,751)	-	-	-	-
(45,220)	(184,444)	(139,641)	(189,141)	(253,803)	(563,332)
<u>\$ 6,381,183</u>	<u>\$ 6,671,363</u>	<u>\$ 92,176,345</u>	<u>\$ 87,739,482</u>	<u>\$ 71,431,005</u>	<u>\$ 11,200,803</u>
<u>\$ 11,217,358</u>	<u>\$ 15,149,880</u>	<u>\$ 103,069,413</u>	<u>\$ 102,138,584</u>	<u>\$ 95,551,550</u>	<u>\$ 43,880,550</u>

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

	2015	2016	2017	2018
<b>Revenues</b>				
Local sources				
Property taxes	\$ 22,314,253	\$ 22,312,062	\$ 32,575,051	\$ 33,363,243
Other	2,331,605	3,468,932	3,810,443	4,005,832
State sources	68,614,824	72,135,291	77,109,197	79,556,814
Federal sources	3,600,238	4,172,968	4,829,246	4,425,124
Sales and other conversion of assets	2,117,288	2,198,848	2,281,609	2,309,279
Total revenues	<u>98,978,208</u>	<u>104,288,101</u>	<u>120,605,546</u>	<u>123,660,292</u>
<b>Expenditures</b>				
Current				
Administration	5,437,582	5,759,082	5,648,428	5,452,115
District support services	1,780,294	2,067,743	2,175,658	1,992,860
Regular instruction	38,542,795	40,739,884	41,499,067	41,375,223
Vocational education instruction	683,688	747,306	868,774	633,155
Special education instruction	15,337,996	17,154,198	18,342,688	18,062,751
Instructional support services	5,405,273	6,459,308	8,185,448	7,276,861
Pupil support services	6,727,114	7,259,476	7,614,151	7,869,648
Sites and buildings	5,742,925	6,151,407	5,852,566	6,225,856
Fiscal and other fixed cost programs	215,914	211,184	191,091	199,020
Food service	3,740,537	4,098,498	4,534,624	4,301,406
Community service	1,974,288	2,247,122	2,653,638	2,701,273
Capital outlay	14,020,032	13,601,299	52,761,602	45,992,413
Debt service				
Principal	63,095,000	9,718,773	12,528,917	31,546,121
Interest and fiscal charges	7,222,016	7,965,462	9,136,642	8,915,088
Total expenditures	<u>169,925,454</u>	<u>124,180,742</u>	<u>171,993,294</u>	<u>182,543,790</u>
Excess (deficiency) of revenues over (under) expenditures	(70,947,246)	(19,892,641)	(51,387,748)	(58,883,498)
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of assets	13,580	21,600	4,022	508,669
Proceeds from bond issuance	12,055,000	112,185,000	-	-
Bond premium	998,546	10,805,831	-	-
Payment of refunding bonds	-	-	-	-
Bond discount	-	(24,812)	-	-
Lease issuance	-	1,239,504	3,447,610	417,480
Total other financing sources (uses)	<u>13,067,126</u>	<u>124,227,123</u>	<u>3,451,632</u>	<u>926,149</u>
Net change in fund balances	<u>\$ (57,880,120)</u>	<u>\$ 104,334,482</u>	<u>\$ (47,936,116)</u>	<u>\$ (57,957,349)</u>
Debt service as a percentage of noncapital expenditures	45.1%	16.0%	18.0%	29.3%

Table 4

2019	2020	2021	2022	2023	2024
\$ 36,338,193	\$ 38,337,767	\$ 39,429,270	\$ 35,251,220	\$ 43,449,195	\$ 44,930,583
3,971,453	3,419,569	2,195,424	3,090,016	5,162,738	7,036,378
80,594,484	81,943,845	83,563,561	80,445,778	82,970,675	95,048,841
4,328,807	4,362,307	8,542,494	8,998,616	13,670,804	8,861,458
2,321,585	1,950,047	190,379	609,537	1,854,300	487,663
127,554,522	130,013,535	133,921,128	128,395,167	147,107,712	156,364,923
4,967,825	5,240,795	5,701,132	4,682,246	5,425,651	5,445,394
2,368,148	2,512,734	2,680,469	2,561,123	2,644,240	3,091,793
41,850,504	42,509,914	44,166,870	42,169,525	49,432,227	51,157,883
867,839	914,384	929,024	778,437	860,191	1,246,039
18,184,600	19,003,712	19,869,550	19,621,000	21,607,102	24,352,165
7,624,820	8,060,941	7,507,241	7,448,804	7,815,258	8,166,547
8,303,551	8,688,459	8,419,183	7,958,440	9,157,673	10,575,128
6,462,215	5,981,313	6,140,042	6,571,045	7,796,652	9,476,786
172,683	353,795	174,026	239,205	650,290	677,888
4,184,109	4,187,792	3,346,695	4,571,303	4,948,821	5,523,342
2,699,409	2,764,912	2,660,404	2,755,210	3,131,061	3,578,262
15,335,237	21,511,279	17,272,810	9,214,325	4,844,611	7,775,517
16,320,536	18,492,943	21,545,212	15,548,599	16,181,393	17,205,214
7,647,264	7,261,294	8,103,475	7,177,912	6,339,751	5,510,555
136,988,740	147,484,267	148,516,133	131,297,174	140,834,921	153,782,513
(9,434,218)	(17,470,732)	(14,595,005)	(2,902,007)	6,272,791	2,582,410
188,238	1,266,100	413,894	227,246	176,919	2,001,227
-	16,325,000	115,398,822	7,845,000	-	14,865,000
-	1,905,067	1,813,386	730,098	-	3,401,555
-	-	(16,540,000)	(8,450,000)	(14,775,000)	(76,085,000)
-	-	-	-	-	-
2,474,300	1,362,995	1,428,436	1,618,834	1,738,256	1,563,808
2,662,538	20,859,162	102,514,538	1,971,178	(12,859,825)	(54,253,410)
\$ (6,771,680)	\$ 3,388,430	\$ 87,919,533	\$ (930,829)	\$ (6,587,034)	\$ (51,671,000)

19.0%

20.7%

22.5%

18.4%

16.5%

15.5%





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

Table 5

Payable Year	(1) Residential Property	(2) Commercial Property	Total Assessed Value	Total Direct School Tax Rate
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%
2021	4,743,669,103	1,439,142,897	6,182,812,000	37.372%
2022	5,137,645,794	1,582,495,088	6,720,140,882	52.900%
2023	6,158,521,142	1,908,942,713	8,067,463,855	45.136%
2024	6,574,974,223	2,047,497,435	8,622,471,658	49.018%

Notes:

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

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

Taxes Payable Year	ISD No. 720 Direct Rate					Overlapping Rates		
	RMV General Fund Rate	NTC General Fund Rate	NTC Community Service	NTC General Obligation Debt Service	NTC OPEB	Total Direct School Tax Rate	City of Shakopee	City of Savage
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
2021	0.107	11.083	0.827	25.462	-	37.372	32.105	42.254
2022	0.253	11.966	0.005	21.473	-	33.444	32.111	40.326
2023	0.187	10.735	0.003	21.473	-	30.003	28.585	35.986
2024	0.194	12.660	0.781	30.671	-	28.602	27.402	37.606

Notes:

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

Table 6

Overlapping Rates							Total Direct and Overlapping Tax Rate City of Shakopee
Prior Lake	Louisville Township	Jackson Township	Sand Creek Township	Metro Council	Metro Transit	Scott County	
31.988	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
30.265	4.134	8.495	17.111	0.634	1.249	31.025	102.39
30.465	4.218	9.907	17.687	0.650	1.185	30.492	97.88
28.113	3.406	8.068	15.936	0.538	1.085	26.578	86.79
30.303	3.164	7.790	16.255	0.633	1.018	26.228	83.88



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

Table 7

Taxpayer	2024			2015		
	Tax Capacity	Percentage of Total Tax Capacity	Rank	Tax Capacity	Percentage of Total Tax Capacity	Rank
MCP Shakopee, LLC	\$ 1,799,250	1.77%	1			
Duke Realty, Limited Partnership	1,423,931	1.40%	2			
Doran Canterbury, LLC	1,170,505	1.15%	3			
Rahr Malting Company	1,110,050	1.09%	4	\$ 538,563	1.10%	2
Northern States Power Company	991,954	0.98%	5			
Shakkin, LLC	911,752	0.90%	6			
J & J Minneapolis, LLC	896,852	0.88%	7	514,083	1.05%	3
1280 Disc Drive, LLC	867,286	0.85%	8			
Lothenbach	866,314	0.85%	9	479,811	0.98%	5
GEP X Addison, LLC	863,721	0.85%	10			
XCEL Energy				763,780	1.56%	1
Seagate Technology, LLC				504,291	1.03%	4
St. Francic, RMC				450,434	0.92%	6
Canterbury Park				406,370	0.83%	7
Certainteed				401,474	0.82%	8
Valleyfair				396,578	0.81%	9
Shakopee Crossing, LTD				391,682	0.80%	10
Total	<u>\$ 10,901,615</u>	<u>10.73%</u>		<u>\$ 4,847,066</u>	<u>9.90%</u>	

**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)
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)
2021	3,850,865	7,318,714	4,399,692	615,905	18,954,263	35,139,439 (2)
2022	15,432,430	6,404,607	4,523,233	622,431	16,758,403	43,741,104 (2)
2023	15,142,500	6,296,682	3,952,938	635,271	18,710,996	44,738,387 (2)
2024	16,560,909	6,895,231	4,458,785	603,358	18,726,933	47,245,216 (2)

Notes:

(1) State credits are included in the operating levy

(2) Original Gross Levy

Table 8

Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Percentage of Levy Outstanding
Current Tax Collection	Percentage of Levy		Total Tax Collection	Percentage of Levy		
\$ 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	40,041,922	99.93%	87,372	0.22%
22,633,288	64.4%	16,795,983	39,429,271	112.21%	135,057	0.34%
14,076,891	32.2%	21,173,329	35,250,220	80.59%	117,820	0.33%
16,668,039	37.3%	21,495,299	38,163,338	85.30%	166,311	0.44%
15,783,478	33.4%	23,291,774	39,075,252	82.71%	161,797	0.41%



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

Fiscal Year	Governmental Activities			Total Primary Government	Estimated Population (3)
	General Obligation Bonds	Certificates of Participation	Financed Purchase Agreements Payable		
2015	\$ 107,220,000	\$ 12,565,000	\$ -	\$ 119,785,000	38,823
2016	210,545,000	12,040,000	905,731	223,490,731	40,401
2017	199,410,000	11,495,000	3,504,424	214,409,424	40,730
2018	169,630,000	10,930,000	2,720,782	183,280,782	41,222
2019	155,315,000	10,340,000	3,779,547	169,434,547	41,570
2020	169,481,564	9,855,653	3,514,599	182,851,816	44,062
2021	247,435,121	9,220,601	3,397,078	260,052,800	44,706
2022	241,697,036	-	3,563,043	245,260,079	45,623
2023	210,374,012	-	5,182,564	215,556,576	47,158
2024	130,532,731	-	3,368,497	133,901,228	48,761

**Notes:**

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

Table 9

	Per Capita	Assessed Value	Per Assessed Value
\$	3,085	\$ 4,149,968,800	2.9%
	5,532	4,373,153,300	5.1%
	5,264	4,572,534,200	4.7%
	4,446	4,857,543,700	3.8%
	4,076	5,159,020,800	3.3%
	4,150	5,645,002,901	3.2%
	5,817	6,182,812,000	4.2%
	5,376	6,720,140,882	3.6%
	4,571	8,067,463,855	2.7%
	2,746	8,622,471,658	1.6%

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

Fiscal Year	General Obligation Bonds (1)	Less Amounts Available In Debt Service Fund	Net Bonded Debt	Total Assessed Value
2015	\$ 107,220,000	\$ 2,937,288	\$ 104,282,712	\$ 4,149,968,800
2016	210,545,000	20,079,253	190,465,747	4,373,153,300
2017	199,410,000	20,670,744	178,739,256	4,572,534,200
2018	169,630,000	2,988,464	166,641,536	4,857,543,700
2019	155,315,000	3,223,859	152,091,141	5,159,020,800
2020	169,481,564	4,478,007	165,003,557	5,645,002,901
2021	247,435,121	80,568,831	166,866,290	6,182,812,000
2022	241,697,036	80,338,151	161,358,885	6,720,140,882
2023	210,374,012	63,363,720	147,010,292	8,067,463,855
2024	130,532,731	5,197,281	125,335,450	8,622,471,658

**Notes:**

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

Table 10

Percentage of Est Actual Value of Taxable Property	Estimated Population	Net Bonded Debt Per Capita
2.51%	38,823	\$ 2,249
4.77%	40,401	4,043
4.29%	40,730	3,757
3.43%	41,222	3,503
2.95%	41,570	3,659
2.92%	44,062	3,745
2.70%	44,706	3,733
2.40%	45,623	3,537
1.82%	47,158	3,117
1.45%	48,761	2,570



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

**Table 11**

	12/1/2023 Adjusted Taxable Net Tax Capacity	12/1/2023 Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
<b>Overlapping</b>				
Scott County	\$ 318,207,331	\$ 97,485,000	30.99%	\$ 30,210,602
Cities/Townships				
Shakopee	92,617,135	43,960,000	95.29%	41,889,484
Savage	60,949,883	34,080,000	7.01%	2,389,008
Prior Lake	61,201,938	27,760,000	2.95%	818,920
Total Overlapping				<u>75,308,014</u>
<b>Direct</b>				
Shakopee Public Schools ISD No. 720	101,454,933	130,532,731	100.00%	<u>130,532,731</u>
Total Direct and Overlapping Bonded Debt				<u><u>\$ 205,840,745</u></u>

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

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

Fiscal Year	Net Bonded Debt (1)	Net Tax Capacity (1)	Percent of Net Debt to Net Tax Capacity	Percent of Bonded Debt to Market Value
2015	\$ 107,220,000	\$ 51,591,841	207.82%	2.58%
2016	210,545,000	54,930,192	383.30%	4.81%
2017	199,410,000	53,882,262	370.08%	4.36%
2018	169,630,000	57,032,951	297.42%	3.49%
2019	155,315,000	60,420,682	257.06%	3.01%
2020	169,481,564	65,966,758	256.92%	3.00%
2021	247,435,121	71,899,365	344.14%	4.00%
2022	241,697,036	77,133,946	313.35%	3.60%
2023	210,374,012	91,692,373	229.43%	2.61%
2024	130,532,731	101,454,931	128.66%	1.51%

**Notes:**

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

Table 12

Estimated Population (1)	Net Debt per Capita	Indicated Market Value (2)	Legal Debt Limit (3)	Legal Debt Margin (4)	Percent Bonded Debt to Debt Limit
38,823	\$ 2,762	\$4,386,859,197	\$ 658,028,880	\$ 550,808,880	16.29%
40,401	5,211	4,536,466,079	680,469,912	469,924,912	30.94%
40,730	4,896	4,906,152,575	735,922,886	536,512,886	27.10%
41,222	4,115	5,062,578,114	759,386,717	589,756,717	22.34%
41,570	3,736	5,059,941,354	758,991,203	603,676,203	20.46%
44,062	3,846	5,373,980,000	806,097,000	636,615,436	21.02%
44,706	5,535	6,816,771,775	1,022,515,766	775,080,645	24.20%
45,623	5,298	7,491,795,855	1,123,769,378	882,072,342	21.51%
47,158	4,461	8,067,463,855	1,210,119,578	999,745,566	17.38%
48,761	2,677	8,622,471,656	1,293,370,748	1,162,838,017	10.09%



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

Table 13

Fiscal Year	Population (1)	Personal Income (thousands of dollars) (2)	Per Capita Personal Income (2)	Enrollment (3)	Scott Co. Unemployment Rate (4)
2015	38,823	\$ -	\$ -	7,791	3.2%
2016	40,401	-	-	8,012	3.4%
2017	40,730	-	-	8,153	3.2%
2018	41,222	-	-	8,265	3.0%
2019	41,570	-	-	8,184	2.3%
2020	44,062	-	-	8,190	8.4%
2021	44,706	-	-	8,074	3.0%
2022	45,623	-	-	7,936	1.8%
2023	47,158	-	-	7,827	3.1%
2024	48,761	-	-	7,666	3.7%

Sources: 1) Scott County Levy Documentation.  
2) Personal income information for residents living within the District is not available.  
3) Minnesota Department of Education.  
4) Minnesota Employment and Economic Development.  
The August 2021 rate is used.

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

Table 14

Employer	Product/Service	2024			2015		
		Employees	Percentage	Rank	Employees	Percentage	Rank
Amazon	Distribution	2,500	20.26%	1			
Valleyfair	Amusement Park	1,721	13.95%	2	1,670	17.55%	1
Emerson	Manufacturing	1,563	12.67%	3	700	7.35%	8
School District No. 720	Education	1,315	10.66%	4	1,250	13.13%	3
Cyberpower Systems	Manufacturing	1,160	9.40%	5			
Imagine Print Solutions	Printing	877	7.11%	6	815	8.56%	6
Scott County	Government	865	7.01%	7	843	8.86%	5
St. Francis RMC	Health Care	824	6.68%	8	750	7.88%	7
Datacard	Manufacturing	800	6.48%	9			
Northstar Auto Auction	Auto Auction	715	5.79%	10			
Canterbury Park	Horse Racing				1,272	13.36%	2
Seagate	Manufacturing				1,200	12.61%	4
Shutterfly	Printing				650	6.83%	9
Walmart	Retail				368	3.87%	10
Total		<u>12,340</u>	<u>100.00%</u>		<u>9,518</u>	<u>100.00%</u>	

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

	2015	2016	2017	2018
<b>Administrative Staff</b>				
Superintendent	1.0	1.0	1.0	1.0
Principals	12.0	11.0	15.0	14.6
Administrative Assistants (Asst. Principals and Asst. Superintendent)	12.0	13.8	10.0	10.0
Supervisory Coordinator	4.0	4.0	3.0	3.8
Total Administrative Staff	29.0	29.8	29.0	29.4
<b>Support Service Staff</b>				
Other Non-Instructional Staff	48.4	43.9	46.4	62.3
Counselors/Deans	7.0	11.0	11.0	9.0
Media/Librarian	8.0	10.0	9.0	5.0
Nurse	5.6	6.3	4.8	5.8
Social Worker	10.0	9.8	12.0	11.7
Psychologists	7.0	7.0	8.0	8.0
Teacher on Sp Assignment	19.0	14.5	19.5	20.1
Total Support Service Staff	105.0	102.6	110.6	121.9
<b>Special Education Teachers</b>				
Speech Language	18.8	20.8	20.8	20.1
Other Special Education Teachers	79.4	94.9	86.4	85.4
Total Special Education Teachers	98.2	115.7	107.2	105.6
<b>Classroom Teachers</b>				
K-12 Teacher	394.7	426.3	414.8	394.1
Vocational Education Teacher	6.1	4.9	5.5	4.8
Pre-K, ECFE, and Other Teacher	8.8	11.2	8.9	9.0
Total Classroom Teachers	409.7	442.4	429.2	407.9
Total	641.9	690.4	676.0	664.8

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

Table 15

2019	2020	2021	2022	2023	2024
1.0	1.0	1.0	1.0	1.0	1.0
9.0	15.0	15.0	9.0	9.0	9.0
15.0	14.0	14.0	5.0	6.0	6.0
4.8	6.0	7.0	6.0	6.0	6.0
29.8	36.0	37.0	21.0	22.0	22.0
62.3	62.3	82.2	60.2	71.2	68.2
10.0	23.7	22.0	23.0	25.0	25.0
5.0	4.0	4.0	4.0	4.0	4.0
5.8	5.9	5.4	5.4	5.6	5.8
11.7	9.6	9.6	9.6	11.0	12.0
8.0	6.7	6.5	7.0	7.0	8.0
20.1	19.6	19.9	13.8	19.0	20.0
122.9	131.8	149.6	123.0	142.8	143.0
20.1	19.8	20.3	20.3	19.3	19.3
86.4	98.9	110.1	105.9	107.3	108.3
106.5	118.7	130.4	126.2	126.6	127.6
397.0	397.4	423.8	365.8	399.8	390.0
4.8	9.0	9.0	9.0	22.0	22.0
9.0	10.3	9.8	10.1	9.1	9.9
410.8	416.7	442.6	385.0	430.9	421.9
670.1	703.2	759.6	655.2	722.3	714.5



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

Table 16

Fiscal Year	Enrollment	Total Governmental Fund Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio
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
2021	8,074	148,516,133	18,394	2.15%	573.0	14.1
2022	7,936	131,297,174	16,545	-10.06%	511.2	15.5
2023	7,827	140,834,921	17,993	8.76%	557.5	14.0
2024	7,666	153,782,513	20,060	11.49%	549.5	14.0

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)**

	2015	2016	2017	2018	2019	2020
<b><u>School</u></b>						
<b>Elementary</b>						
Sweeney Elementary						
Square feet	94,914	94,914	94,914	94,914	94,914	94,914
Building Capacity	672	672	672	672	672	672
Program Capacity	672	672	672	672	672	672
Enrollment (1)	683	652	640	655	652	677
Sun Path Elementary						
Square feet	106,455	106,455	106,455	106,455	106,455	106,455
Building Capacity	764	764	764	764	764	764
Program Capacity	764	764	764	764	764	764
Enrollment (1)	728	730	675	654	610	606
Pearson Early Learning Center						
Square feet	87,235	87,235	87,235	87,235	87,235	87,235
Building Capacity	586	586	586	586	586	586
Program Capacity	586	586	586	586	586	586
Enrollment (1)	624	659	680	644	-	-
Red Oak Elementary						
Square feet	106,818	106,818	106,818	106,818	106,818	106,818
Building Capacity	764	764	764	764	764	764
Program Capacity	764	764	764	764	764	764
Enrollment (1)	717	689	644	610	564	558
Eagle Creek Elementary						
Square feet	110,088	110,088	110,088	110,088	110,088	110,088
Building Capacity	764	764	764	764	764	764
Program Capacity	764	764	764	764	764	764
Enrollment (1)	810	847	839	817	777	748
Jackson Elementary						
Square feet	109,068	109,068	109,068	109,068	109,068	109,068
Building Capacity	764	764	764	764	764	764
Program Capacity	764	764	764	764	764	764
Enrollment (1)	835	852	868	864	850	794
<b>Middle</b>						
East Middle School						
Square feet	164,917	164,917	164,917	164,917	164,917	164,917
Building Capacity	985	985	985	985	985	985
Program Capacity	985	985	985	985	985	985
Enrollment (1)	798	841	851	883	844	743
West Middle School						
Square feet	207,941	207,941	207,941	207,941	207,941	207,941
Building Capacity	896	896	896	896	896	896
Program Capacity	896	896	896	896	896	896
Enrollment (1)	968	978	1,065	1,144	1,148	1,169

Source: District buildings departments and Minnesota Department of Education.

Table 17

2021	2022	2023	2024
94,914	94,914	94,914	94,914
672	672	672	672
672	672	672	672
650	610	631	624
106,455	106,455	106,455	106,455
764	764	764	764
764	764	764	764
582	494	532	515
87,235	87,235	87,235	87,235
586	586	586	586
586	586	586	586
75	75	75	75
106,818	106,818	106,818	106,818
764	764	764	764
764	764	764	764
525	503	517	462
110,088	110,088	110,088	110,088
764	764	764	764
764	764	764	764
715	630	645	621
109,068	109,068	109,068	109,068
764	764	764	764
764	764	764	764
753	729	755	729
164,917	164,917	164,917	164,917
985	985	985	982
985	985	985	985
860	788	795	799
207,941	207,941	207,941	207,941
896	896	896	896
896	896	896	896
964	895	930	911



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

	2015	2016	2017	2018	2019	2020
<b><u>School (Continued)</u></b>						
<b>High School</b>						
Shakopee High School						
Square feet	322,000	322,000	322,000	322,000	600,000	600,000
Building Capacity	1,612	1,612	1,612	1,612	3,000	3,000
Program Capacity	1,612	1,612	1,612	1,612	3,000	3,000
Enrollment (1)	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
Enrollment (1)	74	85	91	184	186	205
Central Family Center						
Square feet	64,197	64,197	64,197	64,197	64,197	64,197
Enrollment (1)	66	68	82	82	75	61
<b>Total</b>						
Square feet	1,385,984	1,385,984	1,385,984	1,385,984	1,663,984	1,663,984
Building Capacity	7,807	7,807	7,807	7,807	9,195	9,195
Program Capacity	7,807	7,807	7,807	7,807	9,195	9,195
Enrollment	7,796	8,012	8,153	8,265	8,185	8,190
<b><u>Athletics</u></b>						
Football fields	1	1	1	1	1	1
Running tracks	1	1	1	1	1	1
Baseball/softball	23	23	23	23	23	23
Tennis courts	14	14	14	14	14	14
Multi-purpose fields (lacrosse, soccer)	11	11	11	11	11	11
Multi-purpose gyms	13	13	13	13	18	18
Swimming pools	2	2	2	2	2	2
Playgrounds	8	8	8	8	8	8

Notes:

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

Table 17 (Continued)

2021	2022	2023	2024
600,000	644,600	644,600	644,600
3,000	3,000	3,000	3,000
3,000	3,000	3,000	3,000
2,780	2,749	2,144	2,760
12,351	17,798	17,798	17,798
90	81	86	88
64,197	64,197	64,197	-
-	-	-	-
1,663,984	1,714,031	1,714,031	1,649,834
9,195	9,195	9,195	9,280
9,195	9,195	9,195	9,195
7,994	7,554	7,110	7,496
1	1	1	1
1	1	1	1
23	23	23	23
14	14	14	14
11	11	11	11
18	18	18	18
2	2	2	2
8	8	8	8