

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED

JUNE 30, 2020

Owatonna Public Schools
Independent School District No. 761
515 West Bridge Street
Owatonna, MN 55060

The logo for Owatonna Public Schools features the word "OWATONNA" in a large, bold, black sans-serif font. Above the letter "O" is a blue roof-like icon. Below "OWATONNA" are the words "PUBLIC SCHOOLS" in a smaller, bold, black sans-serif font. At the bottom of the logo is the tagline "INSPIRING EXCELLENCE • EVERY LEARNER • EVERY DAY" in a very small, black sans-serif font.**OWATONNA**
PUBLIC SCHOOLS
INSPIRING EXCELLENCE • EVERY LEARNER • EVERY DAY

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
OWATONNA, MINNESOTA**

YEAR ENDED JUNE 30, 2020

**PREPARED BY:
DISTRICT BUSINESS OFFICE**

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INDEPENDENT SCHOOL DISTRICT NO. 761
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INTRODUCTORY SECTION

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
BOARD OF EDUCATION AND ADMINISTRATION
JUNE 30, 2020**

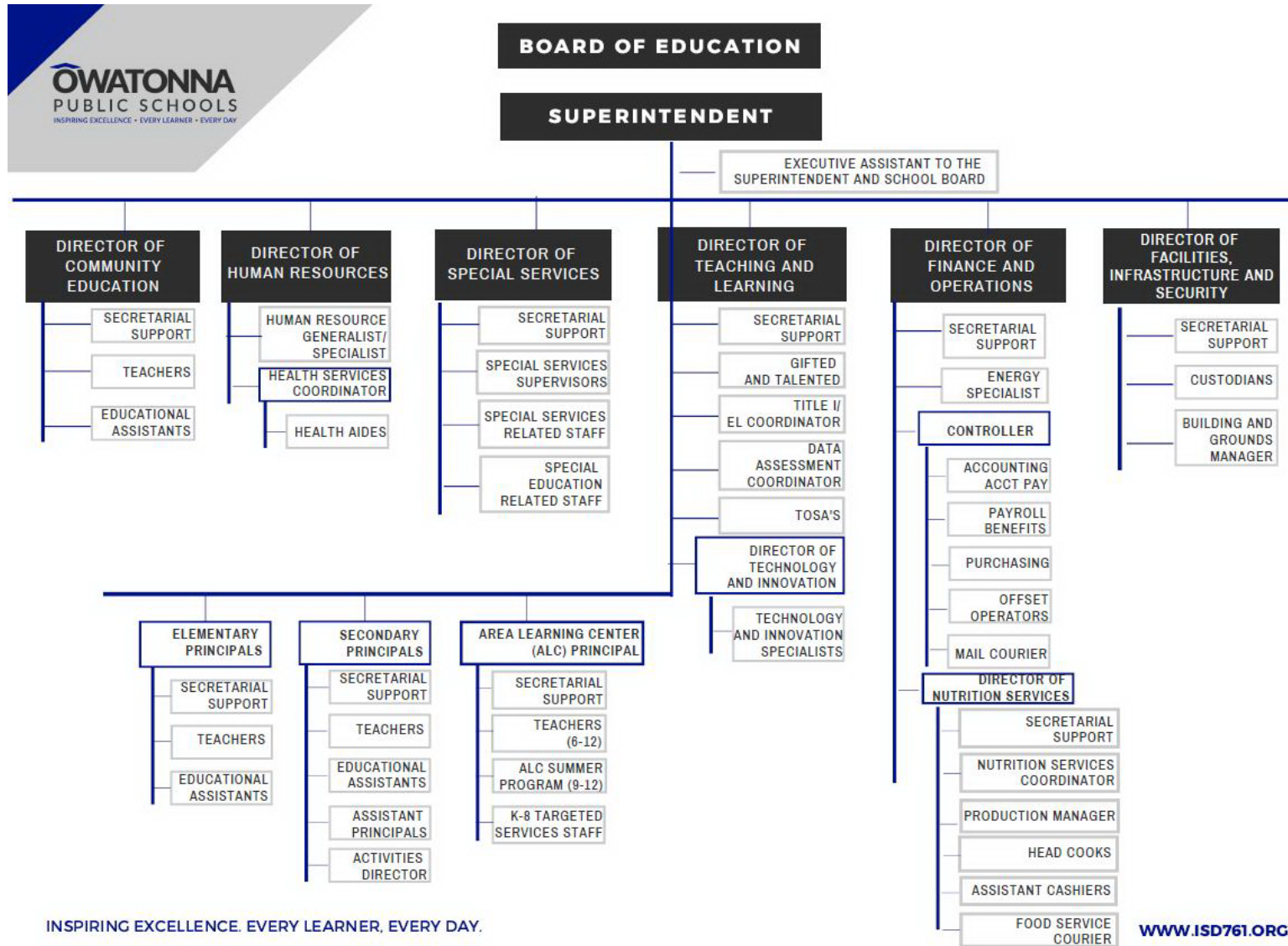
BOARD OF EDUCATION

| | |
|----------------------|------------|
| Mark Sebring | Chair |
| Lori Weisenburger | Vice Chair |
| Jolayne Mohs | Treasurer |
| Eric Schuster | Clerk |
| Nikki Gieseke | Director |
| Christina Ingvaldson | Director |
| Timothy Jensen | Director |

ADMINISTRATION

| | |
|----------------|---------------------------------------|
| Jeff Elstad | Superintendent |
| Amanda Heilman | Director of Finance and Operations |
| Sarah Cramblit | Controller |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
ORGANIZATIONAL CHART
JUNE 30, 2020**





November 13, 2020

To: The School Board, Citizens, and Employees of Owatonna Public Schools

Introduction

We respectfully submit the Comprehensive Annual Financial Report of Independent School District 761, Owatonna, Minnesota, for the fiscal year ended June 30, 2020. Responsibility for the entire financial report rests with District management. The report contains all of the funds and government-wide statements of the District in conformity with auditing standards generally accepted in the United States of America for defining the reporting entity. The organization, form, and content of this report were prepared in accordance with standards prescribed by the Governmental Accounting Standards Board (GASB), the Association of School Business Officials International, the American Institute of Certified Public Accountants, and the Minnesota Department of Education. The District's annual financial reports are prepared according to School Board policy and Minnesota State Statutes.

This Comprehensive Annual Financial Report is presented in three sections: introductory, financial, and statistical. The introductory section includes a list of the Board of Education and central administrators, organizational chart, this transmittal letter, and a copy of the Certificate of Excellence in Financial Reporting for fiscal year ended June 30, 2019. The financial section includes the Independent Auditor's Report, Management's Discussion and Analysis, basic financial statements, required supplementary information, and supplementary information. The statistical section includes selected financial and general information presented on a multi-year comparative basis.

Management's Discussion and Analysis (MD&A) and the Notes to the Basic Financial Statements are provided in the financial section and are considered essential for fair presentation and adequate disclosure in the financial statements. The MD&A provides additional financial information, which is important to the reader's understanding of this report. The MD&A discusses the financial condition of the District at fiscal year-end in a narrative and graphic format. The notes include a summary of significant accounting policies for the District and other disclosures relating to the financial position of the District.

District management is responsible for the integrity of the financial data presented. We believe all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial activity have been included. The District's accounting system and budgetary control records are maintained on the accrual basis. Revenues are recognized when earned. Expenditures are recognized when a liability is incurred. Capital assets are recorded at cost and depreciated over their estimated useful lives on the Statement of Net Position and the Statement of Activities found in the financial section.

Reporting Entity and Its Services

Independent School District No. 761, also known as the Owatonna Public Schools, is an instrumentality of the State of Minnesota established to function as an educational institution. The District is an independent entity governed by an elected seven-member School Board. The School Board receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. The School Board has the power and duty to set budgets, certify tax levies, issue debt, and perform other tasks necessary to the operation of the District. The District is subject to the oversight of the Minnesota Department of Education. The District does not have any component units.

The District is a public educational system serving a 245 square mile area located in south central Minnesota. District boundaries encompass geographic portions of Steele and Waseca Counties, including the City of Owatonna, Minnesota. The adjusted net tax capacity as defined by the Minnesota Department of Revenue for the 2019 valuation year was \$33,930,746 or a 6.3 percent increase over 2018.

District facilities currently include four elementary schools, a middle school, a senior high school, a community education building, a combination early childhood center and area learning center, a district administration center, a storage facility, and a combined printing and storage facility. The average age of these buildings is 38.34 years.

The District provides a full range of public education services appropriate to our students in grade levels ranging from pre-kindergarten through grade 12. These include regular and enriched academic education, special education, and vocational education. Food service and transportation are provided as supporting programs. The District's community education program includes Early Childhood and Family Education, Adult Basic Education, School Readiness, and a variety of classes for lifelong learning experience for children and adults.

Economic Condition and Outlook

The District is dependent on the State of Minnesota for the majority of its revenue. In the opinion of the Board, legislated revenues make it difficult to meet the demands posed by a quality education system. As a result, the District has relied on property tax referenda to support its educational programs.

For fiscal year 2020, the State of Minnesota did increase the general education aid for school districts by 2.0% percent. With this change, the state increased the basic formula amount to \$6,567. The consumer price index during the past five years has been running at 1.8 percent, and the basic formula allotment (currently at \$6,438 per pupil unit) has increased on average 2.0 percent per year. The District is anticipating expenditures to exceed revenues by \$1,090,205 in FY21, as approved in the budget legally enacted by the School Board. This will bring the total general fund balance to 8.91% percent.

The FY21 District budget is dependent on \$42.1 million in state general education aid. Approximately 95 percent of this revenue is derived from the basic per pupil allotment of \$6,567.

Total enrollment for the 2019-20 school year was 4,883. This represents a decrease of 55 students from the previous year. Enrollment is projected to be 4,807 for the 2020-21 school year. Kindergarten birth rates continue to decline in Steele County.

As is the case almost everywhere, the economy in Minnesota, and Steele County in particular, is struggling due to the COVID-19 pandemic. However, the housing market seems to be strong at this time with residential property values increasing. Commercial property growth is also strong in Steele County due to new businesses coming to the community. The local insurance and manufacturing industries have remained strong. The local unemployment rate is 4.2 percent, less than the state average of 5.4 percent.

MISSION

**Inspiring Excellence.
 Every Learner, Every Day.**

VISION

Owatonna Public Schools inspires a community of learners with equitable access to high quality, innovative learning opportunities ensuring all students are college, career and life ready.

CORE VALUES

Build and Nurture Relationships
 Develop and Maintain a Growth Mindset
 Challenge the Status Quo

OWATONNA PUBLIC SCHOOLS COMMITMENTS



**21st
 CENTURY
 LEARNERS**

- who are:
- Collaborative
 - Creative
 - Critical Thinkers
 - Effective Communicators
 - Community Focused



**SAFE
 AND
 CARING
 COMMUNITY**



EQUITY



**HIGH
 QUALITY
 TEACHING
 AND
 LEARNING**

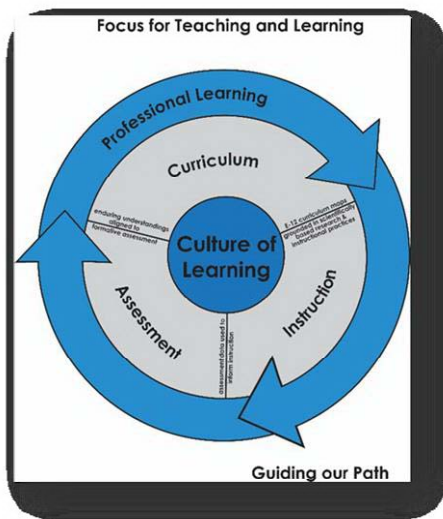
The Owatonna Public Schools World’s Best Workforce Plan aligns the state requirements to current district initiatives including: four core commitments, district literacy plan, Title I, II, III plans and ADSIS funding and provides stakeholders updates in curriculum, instruction, and student achievement within the district. Our vision is to inspire a community of learners with equitable access to high quality, innovative learning opportunities ensuring all students are college, career and life ready.

| Goals outlined in the WBWF | |
|---|--|
| PERFORMANCE MEASURE 1: | ALL CHILDREN ARE READY FOR SCHOOL |
| <p>The Owatonna Public Schools offer school readiness programs that follow state standards for early learning. The school readiness programs focus on early literacy development, which leads to reading well by third grade. Research has shown education begins long before a child reaches kindergarten. The district’s investment in its early learning program creates an environment of success for each of our early learners, closes the achievement gap, and prepares children for continued success.</p> <p>OPS conducts individual kindergarten interviews in the spring to assess the needs of the students entering kindergarten in the fall. Interview data is then used to determine which students are eligible for kindergarten camp. Kindergarten camp is a four-week summer program which is offered to students identified as needing additional support on the core kindergarten readiness skills. Benchmark data is collected throughout the year to monitor participating students’ progress, to help determine the impact of this program.</p> | |
| PERFORMANCE MEASURE 2: | ALL THIRD GRADERS CAN READ AT GRADE LEVEL |
| <p>The OPS believe that literacy is the cornerstone of all learning. Supporting the development of capable readers and writers at every level is our goal as educators, parents, and as a community. The first step toward equipping students with the necessary prerequisite skills begins early in their education with a comprehensive, evidence-based literacy program and quality instruction. To meet the challenges of teaching literacy in the 21st century, we implement a balanced literacy framework. The framework outlines the “core” elements of literacy instruction. Our literacy educators implement a coherent set of practices in whole class, small group, and individual contexts.</p> | |
| PERFORMANCE MEASURE 3: | CLOSE ACHIEVEMENT GAPS AMONG ALL STUDENT GROUPS |
| <p>The achievement gap refers to the differences in academic performance between groups of students. Closing gaps in achievement and ensuring all students are performing at high levels are critical to the social and economic well-being of our state and community.</p> <p>OPS monitors the achievement gap for seven subgroups defined by differences in race/ethnicity, economic status, and special population: Asian, Hispanic, Black, Free/Reduced Price Lunch, Special Education, and English Learner. In an effort to close the achievement gap, we are committed to providing equitable access to high quality, innovative learning opportunities ensuring all students are college, career and life ready.</p> | |
| PERFORMANCE MEASURE 4: | ALL STUDENTS ARE READY FOR CAREER AND COLLEGE |
| <p>All students entering grade nine will have a career and college readiness plan in accordance to MN State 120B.125. This plan is centered around seven key elements: academic scheduling, career exploration, 21st Century Skills, community partnerships, college access, all forms of postsecondary training, and experiential learning opportunities. Owatonna Public Schools is producing prepared graduates using:</p> <ul style="list-style-type: none"> • An academic rigorous diploma that exceeds the State of Minnesota minimum requirements. • Post-secondary options through Advanced Placement (AP) courses, College in the Schools (CIS), Career and Technical Education articulation, College Level Examination Program (CLEP), and Rasmussen online college coursework. • All 8th grade students participate in a College and Career Readiness Course • Accessible counseling and other supports that prepare students for post-secondary education and careers using Options Mentorship, Business Internships, Career Exploration, Life on Your Own, Career Mentorship, and a Career Center with licensed school guidance counselors. • Accountability and progress monitoring efforts to ensure all kids are making adequate progress to meet state and local graduation requirements through local assessments, ACT college entrance exam, and academic planning and registration conferences. | |
| PERFORMANCE MEASURE 5: | ALL STUDENTS GRADUATE FROM HIGH SCHOOL |
| <p>The Owatonna Public Schools graduation rate represents Owatonna High School and the Alternative Learning Center. The MMR report available in previous years is no longer available, so we have transitioned to using AYP four-year graduation rates reported on the MDE Report Card in the Spring for the previous year, therefore results lag one year.</p> | |

Improving Instruction, Curriculum, & Student Achievement

The end in mind for curriculum and instruction is to develop a collaborative culture where all staff have the tools and resources to address the four critical questions of learning, as introduced by the DuFour model.

The teaching and learning framework was created based on research and best practice to guide the improvement process in our District. Development and implementation of a guaranteed and viable curriculum, common assessments and professional learning will allow all staff to make our framework for a systematic approach to teaching and learning actionable. Professional Learning Communities (PLCs) focused on student learning and growth have been implemented throughout our District E-12. This has required extensive work on systems and structures that support collaboration as well as to hold ourselves collectively accountable for results.



Teaching and Learning Framework

Curriculum must be based on agreed-upon enduring understandings and state standards, align grade levels and courses vertically and horizontally, be clearly understood and effectively implemented by all instructional staff.

Assessment must be purposeful, measure progress toward enduring understandings both during learning and after learning, guide instruction and be used to evaluate curriculum.

Instruction must be directly connected to enduring understandings, aligned to research based best practices, engage students in learning, be differentiated to reach all students, and be informed by formative assessments.

Professional Learning must be ongoing and job-embedded, be based on best practices, standards, and data trends to support teachers in ensuring the intended curriculum is the implemented curriculum.

Teaching and Learning

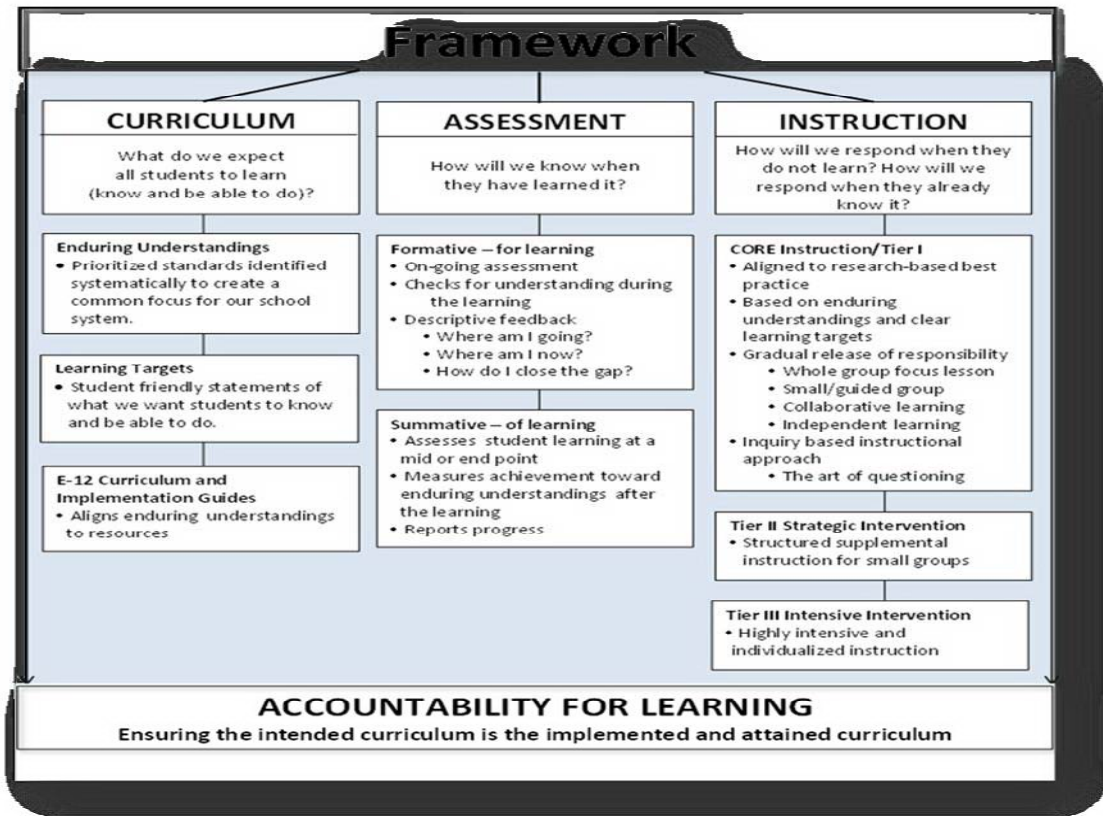
This graphic represents the system we use to create a guaranteed and viable curriculum that ensures all students will learn at high levels. Last year the emphasis was on development of common assessment in order to establish a consistent foundation.

Our work has been aligned to allow us to answer DuFours' four critical questions of learning –

1. What do we want all students to learn – to know and be able to do?
2. How will we know when they have learned it?
3. How will we respond if they did not learn it?
4. How will we respond if they already know it?

A Systematic Approach to Teaching and Learning

This framework guides the implementation of our guaranteed and viable curriculum while providing direction for consistent application of our beliefs.

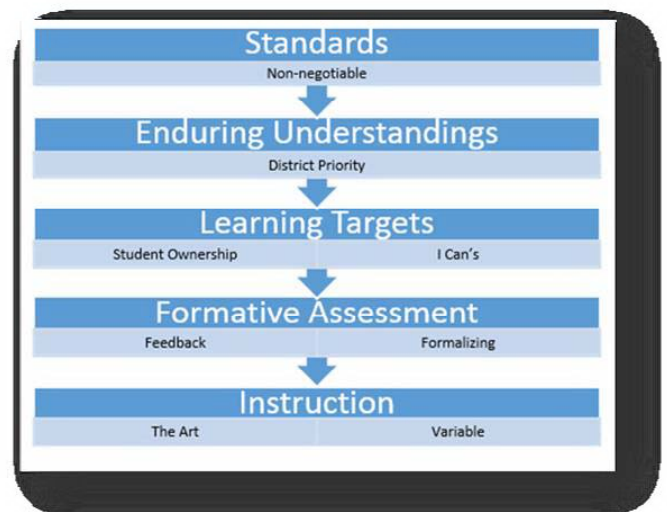


Development Process

This systematic approach to curriculum development has been used by all curricular areas. District resources have been prioritized to support this effort. Departments and grade level teams worked together to implement enduring understandings and learning targets for all required courses and selected electives. This aligned our work when answering the first question, what all students must know and be able to do.

Development and use of common assessments allowed teachers to begin answering question 2, how will we know if all students have learned?

Elementary teachers continued to focus on literacy instruction, emphasizing how to use a balanced literacy or gradual release of responsibility structure. This supported us in beginning to answer question 3 and 4, how will we respond when students do not learn or when they already know it?





TECHNOLOGY

Owatonna Public School's success with technology over the years can largely be attributed to the district's commitment to maintaining a four-year Life Cycle Management (LCM) plan. In short, this LCM plan is the replacement of approximately 25% of our computer inventory every year. This ensures that our hardware remains current and can be depended on. It is imperative that we budget for the cost of this LCM plan in the future to ensure students, faculty, and staff have access to the technology necessary to succeed.

Increase/Improve Technology Access

With increased school-owned and personal devices, along with increased audio/video streaming and collaboration, we've increased our internet bandwidth speed to 2GB for both uploads and downloads to keep up with the needs of our students, staff, and community. This increase allows for faster and more consistent results when accessing such internet content.

Delivery of Ongoing Professional Development

Over the course of the calendar year, personnel new to the District receive the appropriate technology training for their position during an orientation period. At the beginning of each school year, the District conducts a technology training session during "new teacher workshop" for all new instructional personnel. There are also several opportunities for technology training throughout the school year and summer.

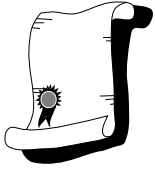
When introducing new software applications, the District will typically utilize the expertise of the software vendor to assist with the training program within the District. This then moves to a "train the trainer" model in order to create a sustainability system throughout the District.

The Technology & Innovation department is responsible for providing training and support for hardware and software applications utilized in the district.

Technology Support Staff

Our support staff consists of (1) Director of Technology & Innovation, (2) TI Specialist II District Wide, (4) TI Specialist I positions, and (1) Student Management Systems Specialist that take care of eleven sites which consists of 5,900 users, 4,700 desktops/laptops/Chromebooks, 220 Smartboards, 850 iPads, 100 documents cameras, plus many other additional peripherals.

TI support personnel pride themselves on meeting their goal of taking care of all technical issues the same day they are reported. If the issue is reported before noon, the support personnel will try to resolve the same day. If the issue is reported after noon, the support personnel will try to resolve the next business day.



SPECIAL SERVICES

The Special Services department provides instruction and support services to students who have unique needs. Special Education, Title I, and English Language Learner are all included in this department. Special Education programs educate eligible students in the setting that is the least restrictive to meeting their identified specialized needs. The students receive educational and related services in the appropriate setting, whether it be the classroom or the Learning Center. Title I is a federally funded Special Services program that provides instructional help for qualifying students who need additional instructional support in reading and math. Title I services are provided by licensed teachers and educational assistants. English Language Learner is a program that assists students who are not native speakers of English. Programs are available at buildings throughout the District.

Internal and Budgetary Controls

The District maintains a system of internal controls designed to safeguard the assets of the District. Also, there are budgetary controls in place that help prevent expenditures from going beyond those that are planned. The preliminary budget is adopted and legally enacted by the School Board in June, and this budget is revised once during the fiscal year.

Legal budgetary control is at the fund level; however, directors and principals are responsible for monitoring their budget centers within each of the funds. All appropriations lapse at year-end.

Debt Administration

The primary component of long-term debt on June 30, 2020 is outstanding bonds on school district facilities in the amount of \$173,210,000. The balance consists of three general obligation school building bonds. These bonds have varying maturity dates with the latest maturity date being in fiscal year 2045. The bond issues in December 2015 and February 2016 were used to address deferred maintenance, security, and elementary crowding. The bond issue in March 2020 will be used to construct a new high school and renovate the old high school building.

The District has three capital leases relating to copiers and a food service vending machine capital lease in 2020. The balance on the portable classrooms, vending machine, and copier capital leases totaled \$117,814 on June 30, 2020.

The Debt Service Fund is used to account for the current year payment of principal and interest on District bonded debt. The District is authorized to levy 105% of the amount needed to make timely debt service payments. That degree of levy authority has provided excess reserves in this fund that continue to be systematically depleted by levying less.

Independent Audit

District policy requires that an annual audit be completed on the financial statements of the District by an independent public accounting firm. This requirement has been complied with and the opinion of CliftonLarsonAllen is included in this report. The financial statements are the responsibility of the District's management. The auditor's responsibility is to express an opinion on those financial statements based on their audit.

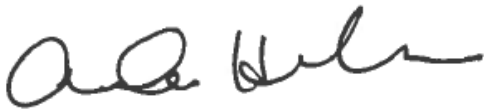
Other Information

The Association of School Business Officials International (ASBO) awarded the Certificate of Excellence in Financial Reporting to Independent School District No. 761 for its Comprehensive Annual Financial Report for the fiscal years ended June 30 of 1992 through 1995 and 1997 through 2019. The District has received the award for 27 years. In order to be awarded a Certificate of Excellence in Financial Reporting by ASBO, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, which conforms to the program standard. Such reports must satisfy both auditing standards generally accepted in the United States of America and applicable legal requirements. A Certificate of Excellence is valid for a period of one year. We believe our current report conforms to the Certificate of Excellence in Financial Reporting program requirements. We will be submitting this year's report to ASBO to determine eligibility for the certificate.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the District's business office staff.

We would like to express our appreciation to the School Board for their interest and support in planning and conducting the financial operations of the District in a responsible and progressive manner.

Respectfully submitted,



Amanda Heilman
Director of Finance and Operations



Sarah Cramblit
Controller

OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
FISCAL YEAR 2019 CERTIFICATE OF EXCELLENCE
JUNE 30, 2020



The Certificate of Excellence in Financial Reporting
is presented to

Owatonna Public Schools ISD 761

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2019.**

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



A handwritten signature in black ink that reads 'Claire Hertz'.

Claire Hertz, SFO
President

A handwritten signature in black ink that reads 'David J. Lewis'.

David J. Lewis
Executive Director

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Board of Education
Independent School District No. 761
Owatonna, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 761 (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2020, and the respective changes in financial position and cash flows, where applicable, and budgetary comparison for General Fund, Food Service Fund, and Community Service Fund, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During fiscal year ended June 30, 2020, the District adopted GASB Statement No. 84, *Fiduciary Activities*. As a result of the implementation of this standard, the District reported a restatement for the change in accounting principle (see Note 15). Our auditors' opinion was not modified with respect to this restatement.

Report on Summarized Comparative Information

We have previously audited the District's 2019 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and we expressed unmodified opinions on respective financial statements in our report dated November 12, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in the District's Total OPEB Liability and Related Ratios, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of the District's Contributions, and Schedule of Changes in the District's Total Pension Liability and Related Ratios – Supplemental Pension Plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual fund financial statements and the Uniform Financial Accounting and Reporting Standards Compliance Table are presented for purposes of additional analysis and are not a required part of the basic financial statements.

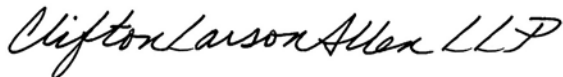
Other Information (Continued)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2020 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 result of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
November 13, 2020

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REQUIRED SUPPLEMENTARY INFORMATION

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**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

This section of Owatonna Independent School District No. 761's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2020. Please read it in conjunction with the District's financial statements, which immediately follow this section.

The Management's Discussion and Analysis (MD&A) is required supplementary information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2019-20) and the prior year (2018-19) is presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2019-20 fiscal year include the following:

- Net position increased by \$18,686,198 from the prior year, including the \$228,822 restatement related to the implementation of GASB Statement No. 84. Most of the increase in net position was due to a \$20,000,000 capital contribution from Federated Mutual Insurance Company to help finance the building of a new high school, and a contribution of \$2,000,000 of land on which to build the new high school.
- In the statement of activities, overall revenues were \$97,903,071, while overall expenses totaled \$79,445,695.
- The General Fund balance increased by \$1,222,004 (including the \$228,822 restatement mentioned above), the Food Service Fund balance decreased by \$81,069, and the Community Service Fund balance increased by \$276,414.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of five parts – Independent Auditors' Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, supplementary information, and statistical section. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.
- The governmental funds statements explain how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

- Proprietary funds statements provide short-term and long-term financial information about the activities the District operates similar to a business.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1
Organization of Owatonna Public Schools Annual Financial Report**

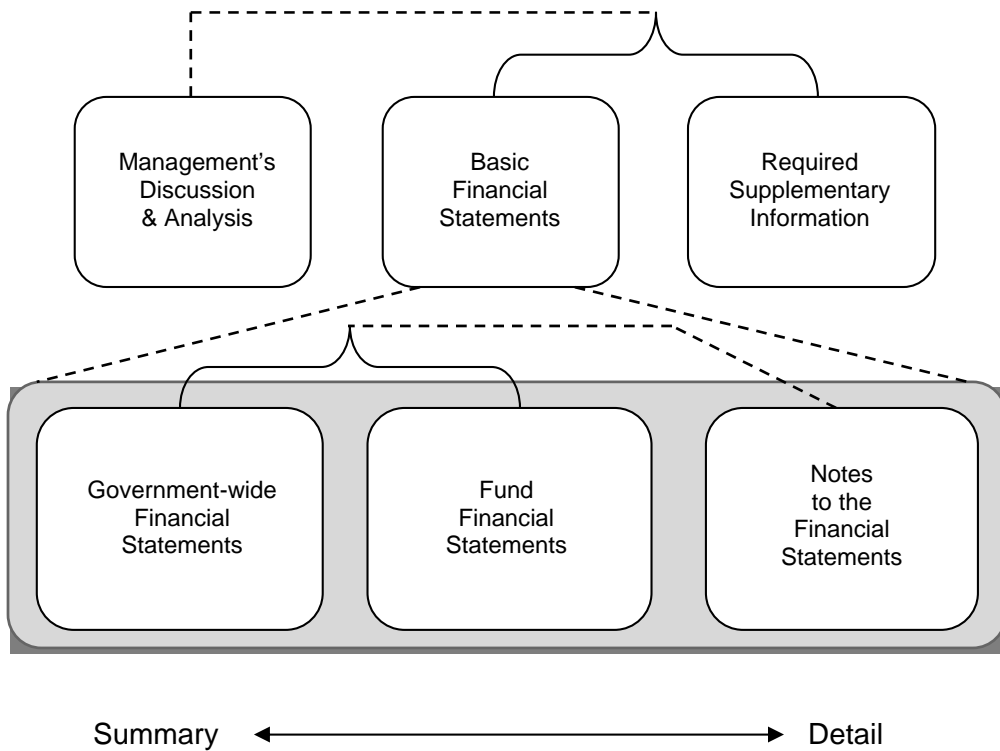


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the management's discussion and analysis highlights the structure and content of each of the statements.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

| Figure A-2 Major Features of the Government-Wide and Fund Financial Statements | | | | |
|---|---|---|---|--|
| | Government-wide Statements | Fund Financial Statements | | |
| | | Governmental Funds | Proprietary Funds | Custodial Funds |
| Scope | Entire District (except fiduciary funds). | The activities of the District that are not proprietary or fiduciary, such as special education, building and maintenance, food service, and community education. | Activities the District operates similar to a private business; Internal Service Fund. | Instances in which the District administers resources on behalf of someone else, such as the District's museum. |
| Required financial statements | <ul style="list-style-type: none"> • Statement of net position • Statement of activities | <ul style="list-style-type: none"> • Balance Sheet • Statement of revenue, expenditures, and changes in fund balances | <ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses, and changes in fund net position • Statement of cash flows | <ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus. | Modified accrual accounting and current financial focus. | Accrual accounting and economic resources focus. | Accrual accounting and economic resources focus. |
| Type of asset/liability information | All assets, deferred outflows of resources, liabilities and deferred inflows of resources both financial and capital, short-term and long-term. | Generally assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities are included. | All assets, deferred outflows of resources, liabilities and deferred inflows of resources both financial and capital, and short-term and long-term. | All assets and deferred outflows of resources, liabilities, and deferred inflows of resources both short-term and long-term; funds do not currently contain capital assets, although they can. |
| Type of inflow/outflow information | All revenues and expenses during the year, regardless of when cash is received or paid. | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable. | All revenues and expenses during the year, regardless of when cash is received or paid. | All additions and deductions during the year, regardless of when cash is received or paid. |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

GOVERNMENT-WIDE STATEMENTS

The government-wide statements 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 an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider 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 shown in one category.

- Governmental activities – Includes most of the District's basic services, such as regular instruction, special education, transportation, administration, food services, and community education. Property taxes and state aids finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (e.g., repaying its long-term debt).

The District has three kinds of funds:

- **Governmental Funds** – Most of 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 fewer financial resources that can be spent in the near future to finance the District's programs. Since this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information following the governmental funds statement that explains the relationship (or differences) between these two types of financial statement presentations.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

FUND FINANCIAL STATEMENTS (CONTINUED)

- **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 district-wide statements.
 - The District uses proprietary funds to report activities that provide supplies and services for the District's other programs and activities. The District currently has two proprietary funds (combined for financial statement presentation), an internal service fund for previously self-insured health benefits, and an internal service fund for actively self-insured dental benefits.
- **Custodial Funds** – The District is the trustee, or fiduciary, for assets that belong to others, such as the museum custodial fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes 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 a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position from Governmental activities was \$(489,150) on June 30, 2020 (see Table A-1). This was an increase of \$18,686,198 from the prior year.

**Table A-1
The District's Net Position**

| | Governmental Activities as of June 30, | | Percentage Change |
|----------------------------------|---|-------------------------------|----------------------|
| | 2020 | 2019 | |
| Current and Other Assets | \$ 173,651,817 | \$ 37,577,068 | 362.12 % |
| Capital Assets | 93,543,015 | 91,862,120 | 1.83 |
| Total Assets | <u>267,194,832</u> | <u>129,439,188</u> | 106.42 |
| Deferred Outflows of Resources | 33,259,105 | 45,932,004 | (27.59) |
| Current Liabilities | 8,879,492 | 8,010,127 | 10.85 |
| Net Pension Liability | 38,150,684 | 37,099,685 | 2.83 |
| Long-Term Liabilities | 188,636,111 | 78,855,707 | 139.22 |
| Total Liabilities | <u>235,666,287</u> | <u>123,965,519</u> | 90.11 |
| Deferred Inflows of Resources | <u>65,276,800</u> | <u>70,581,021</u> | (7.52) |
| Net Position: | | | |
| Net Investment in Capital Assets | 27,801,926 | 25,775,466 | 7.86 |
| Restricted | 27,455,384 | 6,077,521 | 351.75 |
| Unrestricted | (55,746,460) | (51,028,335) | 9.25 |
| Total Net Position | <u><u>\$ (489,150)</u></u> | <u><u>\$ (19,175,348)</u></u> | (97.45) |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Change in Net Position. The increase in net position was the result of the District's revenues being greater than expenditures as presented in Table A-2 below.

**Table A-2
Change in Net Position**

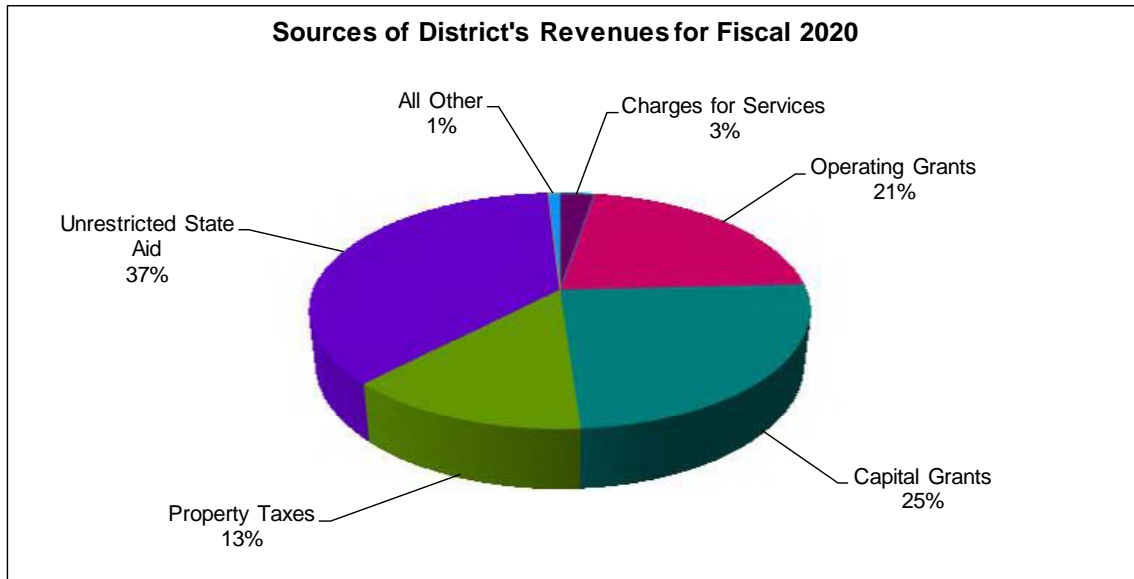
| | Governmental Activities for the Fiscal Year Ended June 30, | | Percentage Change |
|---|---|------------------------|----------------------|
| | 2020 | 2019 | |
| Revenues | | | |
| <u>Program Revenues</u> | | | |
| Charges for Services | \$ 2,581,332 | \$ 2,753,810 | (6.26)% |
| Operating Grants and Contributions | 21,164,673 | 17,365,383 | 21.88 |
| Capital Grants and Contributions | 24,122,013 | 2,028,735 | 1089.02 |
| <u>General Revenues</u> | | | |
| Property Taxes | 13,046,429 | 12,641,352 | 3.20 |
| Unrestricted State Aid | 36,096,402 | 35,825,372 | 0.76 |
| Investment Earnings | 691,219 | 529,214 | 30.61 |
| Other | 201,003 | 732,528 | (72.56) |
| Total Revenues | <u>97,903,071</u> | <u>71,876,394</u> | 36.21 |
| Expenses | | | |
| Administration | 2,251,227 | 1,603,607 | 40.39 |
| District Support Services | 2,959,470 | 2,711,024 | 9.16 |
| Regular Instruction | 34,676,460 | 22,816,196 | 51.98 |
| Vocational Education Instruction | 1,227,900 | 740,965 | 65.72 |
| Special Education Instruction | 14,063,277 | 9,512,823 | 47.83 |
| Instructional Support Services | 3,207,316 | 2,320,004 | 38.25 |
| Pupil Support Services | 5,182,090 | 4,658,190 | 11.25 |
| Sites and Buildings | 6,907,113 | 6,362,997 | 8.55 |
| Fiscal and Other Fixed Cost Programs | 205,210 | 136,438 | 50.41 |
| Food Service | 2,788,688 | 2,969,206 | (6.08) |
| Community Service | 3,281,550 | 3,013,798 | 8.88 |
| Interest and Fiscal Charges on Long-Term Liabilities | 2,695,394 | 2,005,134 | 34.42 |
| Total Expenses | <u>79,445,695</u> | <u>58,850,382</u> | 35.00 |
| Change in Net Position | 18,457,376 | 13,026,012 | |
| Beginning Net Position | (19,175,348) | (32,201,360) | |
| Restatement | 228,822 | - | |
| Beginning Net Position, as Restated | <u>(18,946,526)</u> | <u>(32,201,360)</u> | |
| Ending Net Position | <u>\$ (489,150)</u> | <u>\$ (19,175,348)</u> | |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

The District's total revenues were \$97,903,071 for the year ended June 30, 2020. This is an increase of \$26,026,677 from June 30, 2019 (see Table A-2 on the previous page). Most of the increase in revenue was due to a \$20,000,000 capital contribution from Federated Mutual Insurance Company to help finance the building of a new high school. Federated Insurance also contributed \$2,000,000 of land on which to build the new high school. The District also received new Achievement and Integration levy and state aid amounting to approximately \$600,000, and one time Safe Schools state aid funding of approximately \$170,000 in 2019-2020. Operating grants and contributions contained negative special funding revenues related to the Teacher Retirement Association (TRA) in the amount of \$1,972,928 in fiscal year 2019. In fiscal year 2020, the special funding revenue related to TRA was a positive \$211,855, creating a \$2,184,783 positive swing in operating grants and contribution revenue from fiscal year 2019. Additionally, the District's increased efforts on capturing and reporting Medical Assistance eligible services resulted in an additional \$340,000 of revenue in 2019-20 over 2018-19. See Figure A-3 below for the related percentages of the District's revenues.

Figure A-3



**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

The total cost of all programs and services was \$79,445,695. The District's expenses are predominantly related to educating and caring for students and community members (80%) as shown in Figure A-4. Administrative activities of the District accounted for 7% of total costs.

Figure A-4

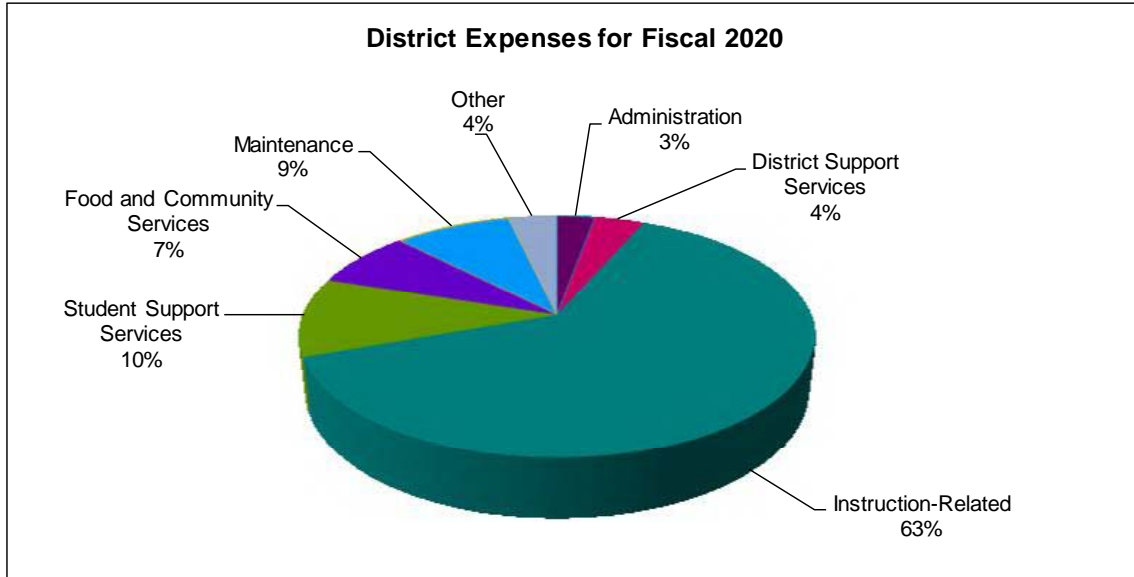


Table A-3 presents the cost of twelve major District activities such as instruction, pupil and instructional services, administration, maintenance and operations, and others. The table also shows each activity's net costs (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

- The cost of all governmental activities this year was \$79.4 million.
- Of this cost, \$2.6 million was paid by the users of the District's programs.
- Federal and state governments, along with local donations, subsidized certain programs with grants and contributions of \$45.3 million.
- District property taxpayers financed \$13.0 million.
- State taxpayers financed \$36.1 million in the form of unrestricted state aid based on the statewide education aid formula.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

**Table A-3
Program Expenses and Net Cost of Services**

| | Total Cost of Services | | Percentage Change | Net Cost of Services | | Percentage Change |
|---|------------------------|---------------|----------------------|----------------------|---------------|----------------------|
| | 2020 | 2019 | | 2020 | 2019 | |
| Administration | \$ 2,251,227 | \$ 1,603,607 | 40.39 % | \$ 2,235,927 | \$ 1,658,555 | 34.81 % |
| District Support Services | 2,959,470 | 2,711,024 | 9.16 | 2,561,591 | 2,678,408 | (4.36) |
| Regular Instruction | 34,676,460 | 22,816,196 | 51.98 | 26,896,961 | 16,406,870 | 63.94 |
| Vocational Education Instruction | 1,227,900 | 740,965 | 65.72 | 1,147,233 | 731,275 | 56.88 |
| Special Education Instruction | 14,063,277 | 9,512,823 | 47.83 | 4,903,556 | 2,027,558 | 141.85 |
| Instructional Support Services | 3,207,316 | 2,320,004 | 38.25 | 2,510,981 | 1,729,585 | 45.18 |
| Pupil Support Services | 5,182,090 | 4,658,190 | 11.25 | 4,702,762 | 4,576,938 | 2.75 |
| Sites and Buildings | 6,907,113 | 6,362,997 | 8.55 | (16,617,618) | 4,713,940 | (452.52) |
| Fiscal and Other Fixed Cost Programs | 205,210 | 136,438 | 50.41 | 205,210 | 136,438 | 50.41 |
| Food Service | 2,788,688 | 2,969,206 | (6.08) | 167,821 | (1,089) | (15510.56) |
| Community Service | 3,281,550 | 3,013,798 | 8.88 | 167,859 | 38,842 | 332.16 |
| Interest and Fiscal Charges on Long-Term Liabilities | 2,695,394 | 2,005,134 | 34.42 | 2,695,394 | 2,005,134 | 34.42 |
| Total | \$ 79,445,695 | \$ 58,850,382 | 35.00 | \$ 31,577,677 | \$ 36,702,454 | (13.96) |

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds. In the Food Service, Community Service, and Debt Service funds revenues exceeded expenditures, thereby increasing the fund balance in these funds. The General Fund's revenues and other financing sources exceeded expenditures and other financing uses in the amount of \$993,182. In total, including the Capital Projects Fund, governmental funds increased by \$131,443,295 with an ending total fund balance of \$148,653,283. The proprietary fund type had an increase of \$82,325 resulting in an ending balance of \$292,857.

General Fund

The General Fund is used to account for all revenues and expenditures of the school district not accounted for elsewhere. The General Fund is used to account for: K-12 educational activities, District instructional and student support programs, expenditures for the superintendent, District administration, normal operations and maintenance, pupil transportation, capital expenditures, and legal District expenditures not specifically designated to be accounted for in any other fund.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (CONTINUED)

Enrollment

Funding for Minnesota school districts is largely driven by enrollment. In 2019-20, the District saw a decrease of 1.13% in student enrollment from 2018-19. The District has seen an overall increase in enrollment of 20 pupil units since 2016.

Figure A-5

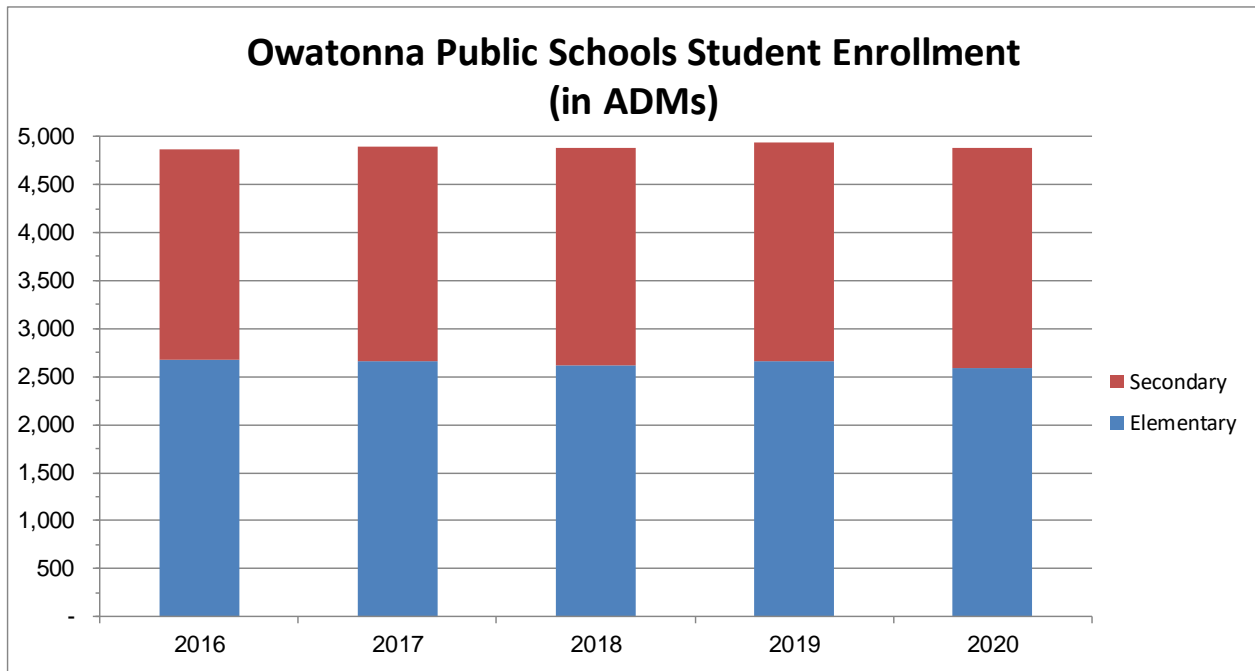


Table A-4 presents a summary of General Fund revenues.

**Table A-4
General Fund Revenues**

| | Year Ended | | Change | |
|------------------------------------|----------------------|----------------------|------------------------|-------------------|
| | June 30, 2020 | June 30, 2019 | Increase (Decrease) | Percent Change |
| Local Sources: | | | | |
| Property Taxes | \$ 7,411,493 | \$ 6,836,522 | \$ 574,971 | 8.4 % |
| Earnings on Investments | 174,662 | 200,439 | (25,777) | (12.9) |
| Other | 1,368,716 | 1,637,816 | (269,100) | (16.4) |
| State Sources | 52,149,563 | 50,135,866 | 2,013,697 | 4.0 |
| Federal Sources | 2,165,753 | 2,393,682 | (227,929) | (9.5) |
| Total General Fund Revenues | \$ 63,270,187 | \$ 61,204,325 | \$ 2,065,862 | 3.4 |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (CONTINUED)

Total General Fund revenues increased \$2,065,862 or 3.4% from the previous year. Basic general education revenue is determined by a state per student funding formula. Other state-authorized revenue, including excess levy referenda, involves an equalized mix of property tax and state aid revenue. Therefore, the mix of property tax and state aid can change significantly from year-to-year without any net change on revenue. The increase in state sources is due mainly to an increase of \$126 per pupil unit on the basic general education formula. The District also received new Achievement and Integration levy and state aid amounting to approximately \$600,000, an increase in state special education aid of approximately \$1,000,000, and one time Safe Schools state aid funding of approximately \$170,000 in 2019-2020.

Table A-5 presents a summary of General Fund expenditures.

**Table A-5
General Fund Expenditures**

| | Year Ended | | Change | |
|---------------------------------|----------------------|----------------------|------------------------|-------------------|
| | June 30, 2020 | June 30, 2019 | Increase (Decrease) | Percent Change |
| Salaries | \$ 36,408,950 | \$ 35,853,360 | \$ 555,590 | 1.5 % |
| Employee Benefits | 13,602,779 | 13,318,306 | 284,473 | 2.1 |
| Purchased Services | 8,938,489 | 8,734,870 | 203,619 | 2.3 |
| Supplies and Materials | 2,759,407 | 2,699,117 | 60,290 | 2.2 |
| Capital Expenditures | 298,437 | 579,982 | (281,545) | (48.5) |
| Debt Service | 59,799 | 414,951 | (355,152) | (85.6) |
| Other Expenditures | 269,073 | 257,488 | 11,585 | 4.5 |
| Total General Fund Expenditures | <u>\$ 62,336,934</u> | <u>\$ 61,858,074</u> | <u>\$ 478,860</u> | 0.8 |

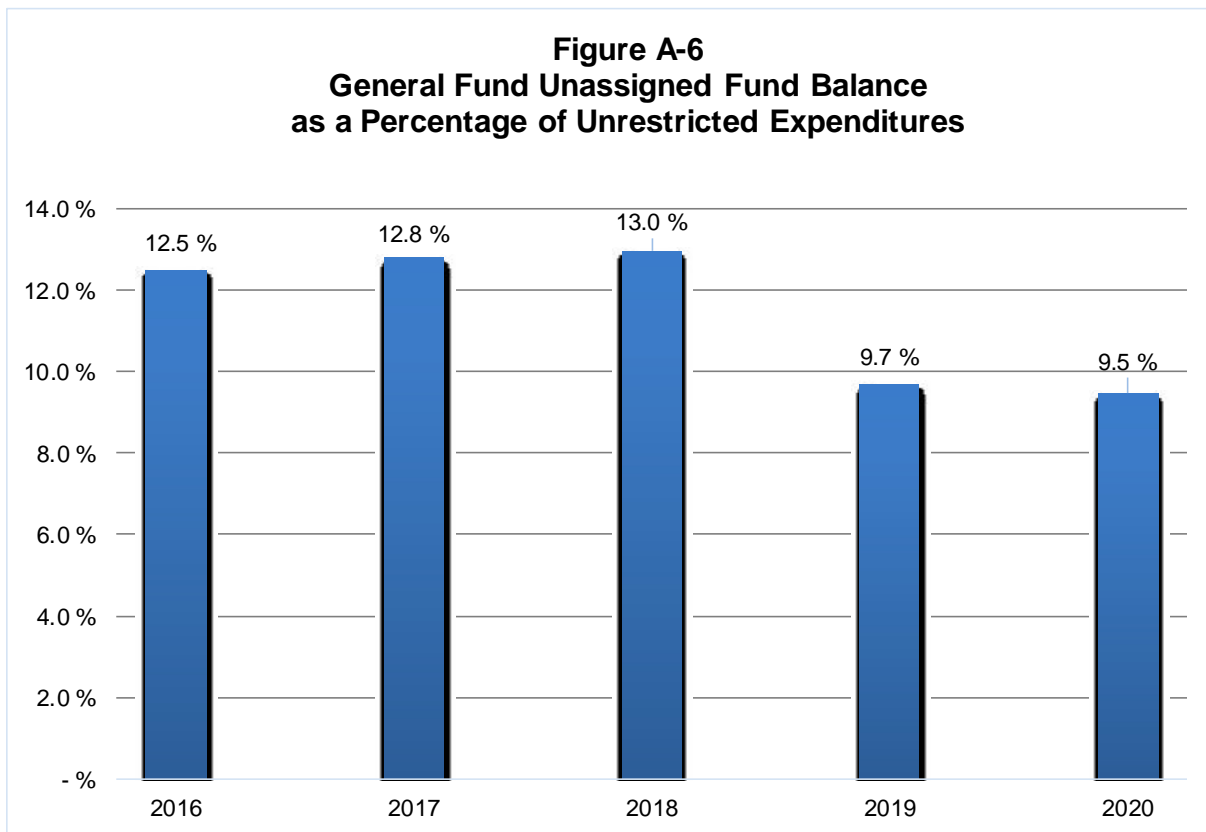
Total General Fund expenditures increased \$478,860 or 0.8% from the previous year. This is mainly due to salary and benefits increases.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (CONTINUED)

In 2019-20, General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$993,182, thereby increasing the total fund balance as of June 30, 2020. After deducting statutory restrictions, the unassigned fund balance decreased from \$5,996,615 at June 30, 2019 to \$5,899,574 at June 30, 2020.

The School Board has adopted a fund balance policy to maintain an 8% to 10% fund balance in the unassigned category of fund balance in the General Fund. Figure A-6 shows the General Fund unassigned fund balance as a percentage of unrestricted expenditures.



**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (CONTINUED)

**Table A-6
General Fund Unassigned Fund Balance
as a Percentage of Unrestricted Expenditures**

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|---------------|---------------|---------------|---------------|---------------|
| Unassigned Fund Balance | \$ 6,815,855 | \$ 7,280,793 | \$ 7,564,395 | \$ 5,996,615 | \$ 5,899,575 |
| % Increase (Decrease) | 20.0 % | 6.8 % | 3.9 % | (20.7)% | (1.6)% |
| Total Expenditures | \$ 54,579,510 | \$ 56,961,521 | \$ 58,376,809 | \$ 61,858,074 | \$ 62,336,934 |
| % Increase | 2.7 % | 4.4 % | 2.5 % | 6.0 % | 0.8 % |
| Unassigned Fund Balance as a % of Total Expenditures | 12.5 % | 12.8 % | 13.0 % | 9.7 % | 9.5 % |

The preceding table is the single best measure of overall financial health. The unassigned fund balance of \$5,899,574 at June 30, 2020 represents 9.5% of annual unrestricted expenditures. The \$5,899,574 represents about five weeks of average expenditures. The District closely monitors its fund balances.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget. The budget amendments fall into two categories:

- Implementing budgets for specially funded projects which include both federal and state grants, reinstating prior year purchase orders being carried over, and budgeting for donations received.
- Increases in appropriations for unbudgeted revenues or expenditures.

While the District's final budget for the General Fund anticipated a net decrease in fund balance of \$1,888,288, the actual results for the year show a \$993,182 increase.

Actual revenues were \$1,203,409 more than expected. The largest impact came from State Sources, specifically student enrollment in excess of budget expectations, resulting in general education aid in excess of budget. The District also received approximately \$400,000 more than budgeted for state special education aid. Other local revenues had the next largest budget surplus, with the District receiving approximately \$325,000 more than budgeted for Medical Assistance.

Overall, the actual expenditures were \$1,647,997 under budget, which was only 2.58% of the total expenditure budget. Most of this related to unexpected salary and supply changes to due COVID-19 and distance learning.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (CONTINUED)

Food Service Fund

Ending fund balance of the Food Service Fund decreased by \$81,069. An anticipated increase in the fund balance of \$38,574 was expected when the budget was prepared. Total revenues were under budget by \$318,441 due mainly to no a la carte sales after distance learning began mid-March 2020, and free meals served to all students participating in the District's Nutrition Services program after this date.

Community Service Fund

The restricted balances for Community Education, Early Childhood and Family Education, School Readiness, Adult Basic Education, and Other Purposes increased fund balance by \$276,414 from the prior year. This increase is primarily related to participation in school age care programs, extended tours, and enrichment classes in excess of budget expectations.

Capital Projects – Building Construction Fund

The capital projects fund is where the District's revenue and expenditures for bond referendums are being tracked. Prior year bond money is being used for deferred maintenance, security upgrades, and alleviating elementary crowding. The District issued a \$110,030,000 bond in March 2020 to fund a new high school, contributing to the \$130,019,046 increase in restricted fund balance of \$135,237,411 at June 30, 2020.

Debt Service Fund

The restricted for debt service fund balance increased by \$6,900 as of June 30, 2020 due to revenues exceeding the regular payment of principal and interest.

Proprietary Fund

The Self-Insurance Internal Service Fund and Dental Self-Insurance Fund are combined and presented as one Fund and represent the only proprietary fund for the District. The District started dental self-insurance activities effective January 1, 2019. Starting with fiscal year 2004, the District discontinued self-insuring its health costs, but the District became self-insured again for health effective September 1, 2020.

Fiduciary Fund

The museum custodial fund is the District's custodial fund. The net position of the museum custodial fund is \$2,627.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal year 2020, the District had net capital assets of \$93,543,015 representing a broad range of capital assets, including school buildings, computer and audio-visual equipment, and other equipment for various instructional programs (see Table A-7). More detailed information about capital assets can be found in Note 4 of the financial statements.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

Total depreciation expense for the year was \$3,226,390.

**Table A-7
Capital Assets**

| | <u>2020</u> | <u>2019</u> | <u>Percentage Change</u> |
|--------------------------------|----------------------|----------------------|------------------------------|
| Land | \$ 4,026,417 | \$ 1,823,335 | 120.8 % |
| Construction in Progress | 1,562,702 | 84,623 | 1746.7 |
| Land Improvements | 4,105,953 | 3,896,179 | 5.4 |
| Buildings and Improvements | 106,637,868 | 105,825,509 | 0.8 |
| Equipment | 13,304,425 | 15,559,686 | (14.5) |
| Less: Accumulated Depreciation | <u>(36,094,350)</u> | <u>(35,327,212)</u> | 2.2 |
| Total Capital Assets | <u>\$ 93,543,015</u> | <u>\$ 91,862,120</u> | 1.8 |

Long-Term Liabilities

At year-end, the District had \$173,210,000 in general obligation bonds outstanding. The increase from 2019 was due to the issuance of the 2020A G.O. School Building Bonds. The District had \$3.4 million in severance payable at June 30, 2020, a decrease of 1.1% over the previous year. More detailed information about the District's long-term liabilities is presented in Note 5 of the financial statements.

**Table A-8
The District's Long-Term Liabilities**

| | <u>2020</u> | <u>2019</u> | <u>Percentage Change</u> |
|---------------------------------------|-----------------------|-----------------------|------------------------------|
| General Obligation Bonds | \$ 173,210,000 | \$ 66,910,000 | 158.9 % |
| Bond Premiums | 6,057,709 | 3,047,950 | 98.7 |
| Capital Leases Payable | 117,814 | 165,212 | (28.7) |
| Net Pension Liability | 38,150,684 | 37,099,685 | 2.8 |
| Other Postemployment Benefits Payable | 5,080,342 | 4,586,858 | 10.8 |
| Severance Benefits Payable | 3,373,625 | 3,410,412 | (1.1) |
| Supplemental Pension Payable | 447,944 | 423,075 | 5.9 |
| Compensated Absences Payable | 348,677 | 312,200 | 11.7 |
| Total Long-Term Liabilities | <u>\$ 226,786,795</u> | <u>\$ 115,955,392</u> | 95.6 |
| Long-Term Liabilities: | | | |
| Due Within One Year | \$ 5,834,090 | \$ 4,564,121 | |
| Due in More Than One Year | 220,952,705 | 111,391,271 | |
| Total | <u>\$ 226,786,795</u> | <u>\$ 115,955,392</u> | |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

FACTORS BEARING ON THE DISTRICT'S FUTURE

With the exception of the voter-approved levies and other minor levies, the District is dependent on the State of Minnesota for its revenue authority. Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional program needs and increased costs due to inflation.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, creditors, and other stakeholders with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Business Office, Independent School District No. 761, 515 West Bridge Street, Owatonna, Minnesota 55060.

BASIC FINANCIAL STATEMENTS

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**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
STATEMENT OF NET POSITION
JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

| | Governmental Activities | |
|--|-------------------------|------------------------|
| | 2020 | 2019 |
| ASSETS | | |
| Cash and Investments | \$ 154,970,763 | \$ 22,342,991 |
| Receivables: | | |
| Property Taxes | 11,068,219 | 7,537,249 |
| Other Governments | 7,025,828 | 7,188,021 |
| Other | 262,780 | 264,194 |
| Prepaid Items | 235,563 | 195,909 |
| Inventories | 88,664 | 48,704 |
| Capital Assets: | | |
| Land and Construction in Progress | 5,589,119 | 1,907,958 |
| Other Capital Assets, Net of Depreciation | 87,953,896 | 89,954,162 |
| Total Assets | <u>267,194,832</u> | <u>129,439,188</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred Outflows - Other Postemployment Benefits | 408,677 | 293,864 |
| Deferred Outflows - Single Employer Supplemental Pensions | 126,404 | 141,405 |
| Deferred Outflows - Pensions | 32,724,024 | 45,496,735 |
| Total Deferred Outflows | <u>33,259,105</u> | <u>45,932,004</u> |
| LIABILITIES | | |
| Salaries and Benefits Payable | 5,854,381 | 5,895,134 |
| Accounts and Contracts Payable | 932,383 | 625,981 |
| Accrued Interest | 1,661,296 | 889,107 |
| Due to Other Governmental Units | 300,040 | 372,892 |
| Unearned Revenue | 131,392 | 227,013 |
| Long-Term Liabilities: | | |
| Net Pension Liability | 38,150,684 | 37,099,685 |
| Other Postemployment Benefits Payable | 5,080,342 | 4,586,858 |
| Bonds, Capital Leases, and Other Due Within One Year | 5,834,090 | 4,564,121 |
| Bonds, Capital Leases, and Other Due in More Than One Year | 177,721,679 | 69,704,728 |
| Total Liabilities | <u>235,666,287</u> | <u>123,965,519</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Property Taxes Levied for Subsequent Year | 17,387,865 | 12,951,881 |
| Deferred Inflows - Other Postemployment Benefits | 1,087,759 | 1,208,621 |
| Deferred Inflows - Single Employer Supplemental Pensions | 13,312 | 14,758 |
| Deferred Inflows - Pensions | 46,787,864 | 56,405,761 |
| Total Deferred Inflows of Resources | <u>65,276,800</u> | <u>70,581,021</u> |
| NET POSITION | | |
| Net Investment in Capital Assets | 27,801,926 | 25,775,466 |
| Restricted for: | | |
| General Fund Operating Capital Purposes | 717,726 | 383,894 |
| General Fund State-Mandated Reserves | 3,084,497 | 2,143,467 |
| Food Service | 591,738 | 704,407 |
| Community Service | 1,468,446 | 1,195,456 |
| Debt Service | - | 468,440 |
| Capital Projects - Building Construction | 21,592,977 | 1,181,857 |
| Unrestricted | <u>(55,746,460)</u> | <u>(51,028,335)</u> |
| Total Net Position | <u>\$ (489,150)</u> | <u>\$ (19,175,348)</u> |

See accompanying Notes to Basic Financial Statements.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

| Functions | 2020 | | | | 2019 | 2019 |
|---|----------------------|-------------------------|--|--|---|---|
| | Expenses | Program Revenues | | | Net (Expense) Revenue and Change in Net Position | Net (Expense) Revenue and Change in Net Position |
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Total Governmental Activities | Total Governmental Activities |
| GOVERNMENTAL ACTIVITIES | | | | | | |
| Administration | \$ 2,251,227 | \$ - | \$ 8,188 | \$ 7,112 | \$ (2,235,927) | \$ (1,658,555) |
| District Support Services | 2,959,470 | - | 2,667 | 395,212 | (2,561,591) | (2,678,408) |
| Regular Instruction | 34,676,460 | 341,507 | 7,217,957 | 220,035 | (26,896,961) | (16,406,870) |
| Vocational Education Instruction | 1,227,900 | - | 80,667 | - | (1,147,233) | (731,275) |
| Special Education Instruction | 14,063,277 | 615,636 | 8,540,522 | 3,563 | (4,903,556) | (2,027,558) |
| Instructional Support Services | 3,207,316 | - | 696,093 | 242 | (2,510,981) | (1,729,585) |
| Pupil Support Services | 5,182,090 | - | 479,328 | - | (4,702,762) | (4,576,938) |
| Sites and Buildings | 6,907,113 | 23,915 | 4,967 | 23,495,849 | 16,617,618 | (4,713,940) |
| Fiscal and Other Fixed Cost Programs | 205,210 | - | - | - | (205,210) | (136,438) |
| Food Service | 2,788,688 | 849,937 | 1,770,930 | - | (167,821) | 1,089 |
| Community Service | 3,281,550 | 750,337 | 2,363,354 | - | (167,859) | (38,842) |
| Interest and Fiscal Charges on Long-Term Liabilities | 2,695,394 | - | - | - | (2,695,394) | (2,005,134) |
| Total School District | <u>\$ 79,445,695</u> | <u>\$ 2,581,332</u> | <u>\$ 21,164,673</u> | <u>\$ 24,122,013</u> | <u>(31,577,677)</u> | <u>(36,702,454)</u> |
| GENERAL REVENUES | | | | | | |
| Property Taxes Levied for: | | | | | | |
| General Purposes | | | | | 7,420,119 | 6,827,834 |
| Community Service | | | | | 302,947 | 306,821 |
| Debt Service | | | | | 5,323,363 | 5,506,697 |
| State Aid Not Restricted to Specific Purposes | | | | | 36,096,402 | 35,825,372 |
| Earnings on Investments | | | | | 691,219 | 529,214 |
| Miscellaneous | | | | | 201,003 | 694,478 |
| Gain on Sale of Capital Assets | | | | | - | 38,050 |
| Total General Revenues | | | | | <u>50,035,053</u> | <u>49,728,466</u> |
| CHANGE IN NET POSITION | | | | | 18,457,376 | 13,026,012 |
| Net Position - Beginning | | | | | (19,175,348) | (32,201,360) |
| Restatement - Implementation of New Standard | | | | | 228,822 | - |
| Net Position - Beginning, as Restated | | | | | <u>(18,946,526)</u> | <u>(32,201,360)</u> |
| NET POSITION - ENDING | | | | | <u>\$ (489,150)</u> | <u>\$ (19,175,348)</u> |

See accompanying Notes to Basic Financial Statements.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

| | Major Funds | | | | | Total Governmental | |
|---|----------------------|-------------------|----------------------|-----------------------|----------------------|-----------------------|----------------------|
| | General | Food Service | Community Service | Capital Projects | Debt Service | 2020 | 2019 |
| ASSETS | | | | | | | |
| Cash and Investments | \$ 12,101,481 | \$ 555,006 | \$ 1,554,573 | \$ 135,491,561 | \$ 4,938,188 | \$ 154,640,809 | \$ 22,109,641 |
| Receivables: | | | | | | | |
| Current Property Taxes | 4,572,511 | - | 182,642 | - | 6,174,101 | 10,929,254 | 7,421,429 |
| Delinquent Property Taxes | 80,699 | - | 3,691 | - | 54,575 | 138,965 | 115,820 |
| Accounts and Interest Receivable | 150,065 | 7,839 | 5,328 | 97,155 | - | 260,387 | 262,995 |
| Due from Other Minnesota School Districts | 378,547 | - | - | - | - | 378,547 | 403,254 |
| Due from Minnesota Department of Education | 5,412,127 | - | 217,546 | - | 49,356 | 5,679,029 | 5,561,598 |
| Due from Federal through Minnesota Department of Education | 659,547 | 178,291 | 125,581 | - | - | 963,419 | 1,219,396 |
| Due from Other Governmental Units | 3,538 | - | 1,295 | - | - | 4,833 | 3,773 |
| Inventory | 14,140 | 74,524 | - | - | - | 88,664 | 48,704 |
| Prepays | 200,688 | 4,043 | 30,832 | - | - | 235,563 | 195,909 |
| Total Assets | \$ 23,573,343 | \$ 819,703 | \$ 2,121,488 | \$ 135,588,716 | \$ 11,216,220 | \$ 173,319,470 | \$ 37,342,519 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE | | | | | | | |
| Liabilities: | | | | | | | |
| Salaries and Compensated Absences Payable | \$ 2,796,056 | \$ 19,296 | \$ 26,438 | \$ - | \$ - | \$ 2,841,790 | \$ 2,973,713 |
| Payroll Deductions and Employer Contributions Payable | 3,012,591 | - | - | - | - | 3,012,591 | 2,921,421 |
| Accounts and Contracts Payable | 448,618 | 30,972 | 63,696 | 351,305 | - | 894,591 | 604,365 |
| Due to Other Governmental Units | 96,608 | - | 203,432 | - | - | 300,040 | 372,892 |
| Unearned Revenue | 11,454 | 99,130 | 19,110 | - | - | 129,694 | 224,612 |
| Total Liabilities | 6,365,327 | 149,398 | 312,676 | 351,305 | - | 7,178,706 | 7,097,003 |
| Deferred Inflows of Resources: | | | | | | | |
| Unavailable Revenue - Property Taxes Levied for Subsequent Year | 7,233,493 | - | 309,534 | - | 9,844,838 | 17,387,865 | 12,951,881 |
| Unavailable Revenue - Delinquent Property Taxes | 57,897 | - | 2,801 | - | 38,918 | 99,616 | 83,647 |
| Total Deferred Inflows of Resources | 7,291,390 | - | 312,335 | - | 9,883,756 | 17,487,481 | 13,035,528 |
| Fund Balance: | | | | | | | |
| Nonspendable: | | | | | | | |
| Inventory | 14,140 | 74,524 | - | - | - | 88,664 | 48,704 |
| Prepays | 200,688 | 4,043 | 30,832 | - | - | 235,563 | 195,909 |
| Restricted for: | | | | | | | |
| Student Activities | 135,708 | - | - | - | - | 135,708 | - |
| Staff Development | 303,449 | - | - | - | - | 303,449 | 160,645 |
| Operating Capital | 717,726 | - | - | - | - | 717,726 | 383,894 |
| Community Education | - | - | 472,520 | - | - | 472,520 | 395,598 |
| Early Childhood and Family Education | - | - | 78,710 | - | - | 78,710 | 78,370 |
| Teacher Development and Evaluation | 17,384 | - | - | - | - | 17,384 | 27,568 |
| Basic Skills Programs | 293,900 | - | - | - | - | 293,900 | 175,093 |
| School Readiness | - | - | 673,128 | - | - | 673,128 | 505,608 |
| Adult Basic Education | - | - | 204,576 | - | - | 204,576 | 158,780 |
| Achievement and Integration Revenue | 80,457 | - | - | - | - | 80,457 | - |
| Safe Schools Levy | 146,003 | - | - | - | - | 146,003 | - |
| Basic Skills Extended Time | - | - | - | - | - | - | 1,784 |
| Long-Term Facilities Maintenance | 1,627,389 | - | - | - | - | 1,627,389 | 1,672,855 |
| Medical Assistance | 480,207 | - | - | - | - | 480,207 | 105,522 |
| Restricted for Other Purposes | - | 591,738 | 36,711 | 135,237,411 | 1,332,464 | 137,198,324 | 7,303,043 |
| Unassigned | 5,899,575 | - | - | - | - | 5,899,575 | 5,996,615 |
| Total Fund Balance | 9,916,626 | 670,305 | 1,496,477 | 135,237,411 | 1,332,464 | 148,653,283 | 17,209,988 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balance | \$ 23,573,343 | \$ 819,703 | \$ 2,121,488 | \$ 135,588,716 | \$ 11,216,220 | \$ 173,319,470 | \$ 37,342,519 |

See accompanying Notes to Basic Financial Statements.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

| | <u>2020</u> | <u>2019</u> |
|--|----------------------------|-------------------------------|
| Total Fund Balance for Governmental Funds | \$ 148,653,283 | \$ 17,209,988 |
| Total net position reported for governmental activities in the statement of net position is different because: | | |
| Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of: | | |
| Land | 4,026,417 | 1,823,335 |
| Construction in Progress | 1,562,702 | 84,623 |
| Land Improvements, Net of Accumulated Depreciation | 1,763,691 | 1,629,976 |
| Buildings and Improvements, Net of Accumulated Depreciation | 79,281,906 | 80,545,535 |
| Equipment, Net of Accumulated Depreciation | 6,908,299 | 7,778,651 |
| Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unearned revenue in the funds. | 99,616 | 83,647 |
| Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditures when due. | (1,661,296) | (889,107) |
| The District's net pension liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are: | | |
| Net Pension Liability | (38,150,684) | (37,099,685) |
| Deferred Inflows of Resources - Pensions | (46,801,176) | (56,420,519) |
| Deferred Outflows of Resources - Pensions | 32,850,428 | 45,638,140 |
| Supplemental Pension Payable | (447,944) | (423,075) |
| Compensated Absences Payable | (348,677) | (312,200) |
| The District's liability for other postemployment benefits is a long-term liability and therefore only recorded on the statement of net position. Balances at year-end are: | | |
| Other Postemployment Benefits Payable | (5,080,342) | (4,586,858) |
| Deferred Outflows - Other Postemployment Benefits | 408,677 | 293,864 |
| Deferred Inflows - Other Postemployment Benefits | (1,087,759) | (1,208,621) |
| Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term are reported in the statement of net position. Balances at year-end are: | | |
| Bonds Payable | (173,210,000) | (66,910,000) |
| Unamortized Premiums | (6,057,709) | (3,047,950) |
| Obligations Under Capital Leases | (117,814) | (165,212) |
| Severance Benefits Payable | (3,373,625) | (3,410,412) |
| Internal service funds are used by management to charge the costs of health and dental insurance services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. Internal service fund net position at year-end is: | 292,857 | 210,532 |
| Total Net Position of Governmental Activities | <u>\$ (489,150)</u> | <u>\$ (19,175,348)</u> |

See accompanying Basic Notes to Financial Statements.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

| | Major Funds | | | | | Total Governmental Funds | |
|--|---------------------|-------------------|---------------------|-----------------------|---------------------|--------------------------|----------------------|
| | General | Food Service | Community Service | Capital Projects | Debt Service | 2020 | 2019 |
| REVENUES | | | | | | | |
| Local Sources: | | | | | | | |
| Property Taxes | \$ 7,411,493 | \$ - | \$ 302,539 | \$ - | \$ 5,316,428 | \$ 13,030,460 | \$ 12,655,556 |
| Earnings and Investments | 174,662 | 12,657 | 34,322 | 405,987 | 58,853 | 686,481 | 524,912 |
| Other | 1,368,716 | 867,939 | 774,928 | 20,005,134 | - | 23,016,717 | 3,712,493 |
| State Sources | 52,149,563 | 131,913 | 2,196,243 | - | 493,569 | 54,971,288 | 52,897,502 |
| Federal Sources | 2,165,753 | 1,621,015 | 145,581 | - | - | 3,932,349 | 4,070,635 |
| Total Revenues | <u>63,270,187</u> | <u>2,633,524</u> | <u>3,453,613</u> | <u>20,411,121</u> | <u>5,868,850</u> | <u>95,637,295</u> | <u>73,861,098</u> |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| Administration | 2,053,823 | - | - | - | - | 2,053,823 | 2,102,128 |
| District Support Services | 2,792,728 | - | - | - | - | 2,792,728 | 2,554,368 |
| Elementary and Secondary Regular Instruction | 28,626,458 | - | - | - | - | 28,626,458 | 28,458,873 |
| Vocational Education Instruction | 1,009,197 | - | - | - | - | 1,009,197 | 1,106,373 |
| Special Education Instruction | 13,035,688 | - | - | - | - | 13,035,688 | 12,908,692 |
| Instructional Support Services | 2,943,927 | - | - | - | - | 2,943,927 | 2,904,404 |
| Pupil Support Services | 5,042,481 | - | - | - | - | 5,042,481 | 5,000,003 |
| Sites and Buildings | 6,269,186 | - | - | - | - | 6,269,186 | 5,691,862 |
| Fiscal and Other Fixed Cost Programs | 205,210 | - | - | - | - | 205,210 | 136,438 |
| Food Service | - | 2,714,593 | - | - | - | 2,714,593 | 2,885,984 |
| Community Service | - | - | 3,147,196 | - | - | 3,147,196 | 3,221,435 |
| Capital Outlay | 298,437 | - | 28,001 | 3,654,982 | - | 3,981,420 | 10,321,810 |
| Debt Service: | | | | | | | |
| Principal | 46,053 | - | 1,344 | - | 3,730,000 | 3,777,397 | 4,057,810 |
| Interest and Fiscal Charges | 13,746 | - | 658 | - | 2,131,950 | 2,146,354 | 2,225,291 |
| Total Expenditures | <u>62,336,934</u> | <u>2,714,593</u> | <u>3,177,199</u> | <u>3,654,982</u> | <u>5,861,950</u> | <u>77,745,658</u> | <u>83,575,471</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 933,253 | (81,069) | 276,414 | 16,756,139 | 6,900 | 17,891,637 | (9,714,373) |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Sale of Equipment | 13,944 | - | - | - | - | 13,944 | 57,152 |
| Insurance Recovery | 45,985 | - | - | - | - | 45,985 | 13,334 |
| Sale of Bonds | - | - | - | 110,030,000 | - | 110,030,000 | - |
| Bond Premium | - | - | - | 3,232,907 | - | 3,232,907 | - |
| Capital Lease Issuance | - | - | - | - | - | - | 127,085 |
| Transfers In | - | - | - | - | - | - | 19,000 |
| Transfers Out | - | - | - | - | - | - | (19,000) |
| Total Other Financing Sources | <u>59,929</u> | <u>-</u> | <u>-</u> | <u>113,262,907</u> | <u>-</u> | <u>113,322,836</u> | <u>197,571</u> |
| NET CHANGE IN FUND BALANCE | 993,182 | (81,069) | 276,414 | 130,019,046 | 6,900 | 131,214,473 | (9,516,802) |
| FUND BALANCE | | | | | | | |
| Beginning of Year | 8,694,622 | 751,374 | 1,220,063 | 5,218,365 | 1,325,564 | 17,209,988 | 26,726,790 |
| Restatement - Implementation of New Standard | 228,822 | - | - | - | - | 228,822 | - |
| Fund Balance - Beginning, as Restated | <u>8,923,444</u> | <u>751,374</u> | <u>1,220,063</u> | <u>5,218,365</u> | <u>1,325,564</u> | <u>17,438,810</u> | <u>26,726,790</u> |
| End of Year | <u>\$ 9,916,626</u> | <u>\$ 670,305</u> | <u>\$ 1,496,477</u> | <u>\$ 135,237,411</u> | <u>\$ 1,332,464</u> | <u>\$ 148,653,283</u> | <u>\$ 17,209,988</u> |

See accompanying Basic Notes to Financial Statements.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

| | 2020 | 2019 |
|---|-----------------------|-----------------------|
| Net Change in Fund Balance - Total Governmental Funds | \$ 131,214,473 | \$ (9,516,802) |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation in the current period is: | | |
| Capital Outlays | 3,259,201 | 9,385,641 |
| Capital Contributions | 2,212,812 | - |
| Loss on Disposal of Capital Assets | (504,799) | - |
| Gain on Disposal of Capital Assets | - | 38,050 |
| Insurance Recovery | (45,985) | - |
| Proceeds from the Sales of Capital Assets | (13,944) | (57,152) |
| Depreciation Expense | (3,226,390) | (3,350,321) |
| Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are unearned in the governmental funds. | 15,969 | (14,204) |
| Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net position, the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net position. | | |
| Other Financing Sources - Capital Lease | - | (127,085) |
| Change in Accrued Interest - Capital Leases | 450 | 309 |
| Principal Payments - Capital Leases | 47,398 | 142,817 |
| Pension expenditures in the governmental funds are measured by current year employer contributions. Pension expenses on the statement of activities are measured by the change in the net pension liability and the related deferred inflows and outflows of resources. | (4,205,813) | 12,568,845 |
| To record the change in the OPEB Liability | (257,809) | (301,149) |
| In the statement of activities, certain operating expenses - severance benefits, supplemental pensions, and compensated absences and the related deferred outflows and inflows - are measured by amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (amounts actually paid). | (38,114) | 89,493 |
| The governmental funds report bond issuance as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows: | | |
| General Obligation Bond Issuance | (110,030,000) | - |
| Bond Premium | (3,232,907) | - |
| Repayment of Bond Principal | 3,730,000 | 3,660,000 |
| Repayment of Certificates of Participation Payable | - | 255,000 |
| Change in Accrued Interest - General Obligation Bonds | (772,639) | 33,193 |
| Amortization of Bond Premium | 223,148 | 186,340 |
| Amortization of Certificates of Participation Premium | - | 308 |
| Internal service funds are used by the District to charge the costs of employee health and dental benefits to individual funds. The change in net position of the internal service funds is reported with governmental activities. | 82,325 | 32,729 |
| Total | \$ 18,457,376 | \$ 13,026,012 |

See accompanying Basic Notes to Financial Statements.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2020**

| | Budgeted Amounts | | Actual Amounts | Over (Under) Final Budget |
|--|-----------------------|-----------------------|---------------------|------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Local Sources: | | | | |
| Property Taxes | \$ 7,380,977 | \$ 7,458,612 | \$ 7,411,493 | \$ (47,119) |
| Earnings and Investments | 153,000 | 153,000 | 174,662 | 21,662 |
| Other | 1,006,627 | 1,091,847 | 1,368,716 | 276,869 |
| State Sources | 51,290,561 | 51,201,175 | 52,149,563 | 948,388 |
| Federal Sources | 2,096,913 | 2,162,144 | 2,165,753 | 3,609 |
| Total Revenues | <u>61,928,078</u> | <u>62,066,778</u> | <u>63,270,187</u> | <u>1,203,409</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Administration | 2,085,085 | 2,097,839 | 2,053,823 | (44,016) |
| District Support Services | 2,955,485 | 2,921,067 | 2,792,728 | (128,339) |
| Elementary and Secondary Regular Instruction | 28,856,375 | 29,221,941 | 28,626,458 | (595,483) |
| Vocational Education Instruction | 1,061,017 | 1,026,775 | 1,009,197 | (17,578) |
| Special Education Instruction | 13,688,225 | 13,508,181 | 13,035,688 | (472,493) |
| Instructional Support Services | 3,062,630 | 3,055,452 | 2,943,927 | (111,525) |
| Pupil Support Services | 4,860,106 | 4,787,924 | 5,042,481 | 254,557 |
| Sites and Buildings | 6,722,541 | 6,593,367 | 6,269,186 | (324,181) |
| Fiscal and Other Fixed Cost Programs | 199,656 | 204,655 | 205,210 | 555 |
| Capital Outlay | 476,797 | 481,049 | 298,437 | (182,612) |
| Debt Service: | | | | |
| Principal | 57,800 | 57,800 | 46,053 | (11,747) |
| Interest and Fiscal Charges | 28,881 | 28,881 | 13,746 | (15,135) |
| Total Expenditures | <u>64,054,598</u> | <u>63,984,931</u> | <u>62,336,934</u> | <u>(1,647,997)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (2,126,520) | (1,918,153) | 933,253 | 2,851,406 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of Equipment | 30,000 | 30,000 | 13,944 | (16,056) |
| Insurance Recovery | - | 4,865 | 45,985 | 41,120 |
| Transfers Out | (5,000) | (5,000) | - | 5,000 |
| Total Other Financing Sources | <u>25,000</u> | <u>29,865</u> | <u>59,929</u> | <u>30,064</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (2,101,520)</u> | <u>\$ (1,888,288)</u> | 993,182 | <u>\$ 2,881,470</u> |
| FUND BALANCE | | | | |
| Beginning of Year | | | 8,694,622 | |
| Restatement - Implementation of New Standard | | | <u>228,822</u> | |
| Fund Balance - Beginning, as Restated | | | <u>8,923,444</u> | |
| End of Year | | | <u>\$ 9,916,626</u> | |

See accompanying Basic Notes to Financial Statements.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2020**

| | Budgeted Amounts | | Actual Amounts | Over (Under) Final Budget |
|-----------------------------------|-------------------|------------------|-------------------|------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Local Sources: | | | | |
| Earnings and Investments | \$ 150 | \$ 150 | \$ 12,657 | \$ 12,507 |
| Other - Primarily Meal Sales | 1,178,646 | 1,164,549 | 867,939 | (296,610) |
| State Sources | 190,846 | 181,088 | 131,913 | (49,175) |
| Federal Sources | 1,616,781 | 1,606,178 | 1,621,015 | 14,837 |
| Total Revenues | <u>2,986,423</u> | <u>2,951,965</u> | <u>2,633,524</u> | <u>(318,441)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Food Service | 2,980,722 | 2,903,391 | 2,714,593 | (188,798) |
| Capital Outlay | 10,000 | 10,000 | - | (10,000) |
| Total Expenditures | <u>2,990,722</u> | <u>2,913,391</u> | <u>2,714,593</u> | <u>(198,798)</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (4,299)</u> | <u>\$ 38,574</u> | (81,069) | <u>\$ (119,643)</u> |
| FUND BALANCE | | | | |
| Beginning of Year | | | <u>751,374</u> | |
| End of Year | | | <u>\$ 670,305</u> | |

See accompanying Basic Notes to Financial Statements.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
COMMUNITY SERVICE FUND
YEAR ENDED JUNE 30, 2020**

| | Budgeted Amounts | | Actual Amounts | Over (Under) Final Budget |
|--|--------------------|------------------|---------------------|------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Local Sources: | | | | |
| Property Taxes | \$ 306,070 | \$ 306,204 | \$ 302,539 | \$ (3,665) |
| Earnings and Investments | 700 | 700 | 34,322 | 33,622 |
| Other - Primarily Tuition and Fees | 773,383 | 773,383 | 774,928 | 1,545 |
| State Sources | 2,114,775 | 2,185,929 | 2,196,243 | 10,314 |
| Federal Sources | 76,933 | 177,147 | 145,581 | (31,566) |
| Total Revenues | <u>3,271,861</u> | <u>3,443,363</u> | <u>3,453,613</u> | <u>10,250</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Community Service | 3,306,411 | 3,370,765 | 3,147,196 | (223,569) |
| Capital Outlay | 18,500 | 18,500 | 28,001 | 9,501 |
| Debt Service: | | | | |
| Principal | 2,868 | 2,868 | 1,344 | (1,524) |
| Interest and Fiscal Charges | 1,469 | 1,469 | 658 | (811) |
| Total Expenditures | <u>3,329,248</u> | <u>3,393,602</u> | <u>3,177,199</u> | <u>(216,403)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (57,387) | 49,761 | 276,414 | 226,653 |
| OTHER FINANCING SOURCES | | | | |
| Transfers In | <u>5,000</u> | <u>5,000</u> | - | <u>(5,000)</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (52,387)</u> | <u>\$ 54,761</u> | 276,414 | <u>\$ 221,653</u> |
| FUND BALANCE | | | | |
| Beginning of Year | | | <u>1,220,063</u> | |
| End of Year | | | <u>\$ 1,496,477</u> | |

See accompanying Basic Notes to Financial Statements.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

| | Governmental Activities - Internal Service Funds | |
|----------------------|---|------------|
| | 2020 | 2019 |
| ASSETS | | |
| Current Assets | | |
| Cash and Investments | \$ 329,954 | \$ 233,350 |
| Accounts Receivable | 2,393 | 1,199 |
| Total Assets | \$ 332,347 | \$ 234,549 |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts Payable | \$ 37,792 | \$ 21,616 |
| Unearned Revenue | 1,698 | 2,401 |
| Total Liabilities | 39,490 | 24,017 |
| NET POSITION | | |
| Unrestricted | \$ 292,857 | \$ 210,532 |

See accompanying Basic Notes to Financial Statements.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

| | Governmental Activities - Internal Service Funds | |
|-------------------------------|---|------------|
| | 2020 | 2019 |
| OPERATING REVENUES | | |
| Charges for Services: | | |
| Insurance Premiums | \$ 494,158 | \$ 262,850 |
| OPERATING EXPENSES | | |
| Insurance Claim Payments | 416,571 | 234,423 |
| OPERATING INCOME | 77,587 | 28,427 |
| NONOPERATING INCOME | | |
| Earnings on Investments | 4,738 | 4,302 |
| CHANGE IN NET POSITION | 82,325 | 32,729 |
| Net Position - Beginning | 210,532 | 177,803 |
| NET POSITION - ENDING | \$ 292,857 | \$ 210,532 |

See accompanying Basic Notes to Financial Statements.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

| | Governmental Activities - Internal Service Funds | |
|--|---|-------------------|
| | 2020 | 2019 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from Insurance Services Provided | \$ 492,261 | \$ 264,052 |
| Payments for Medical Fees and Insurance Claims | (400,395) | (212,807) |
| Net Cash Provided by Operating Activities | <u>91,866</u> | <u>51,245</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest Received | <u>4,738</u> | <u>4,302</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 96,604 | 55,547 |
| Cash and Investments - Beginning | <u>233,350</u> | <u>177,803</u> |
| CASH AND INVESTMENTS - ENDING | <u>\$ 329,954</u> | <u>\$ 233,350</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| Operating Income | \$ 77,587 | \$ 28,427 |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities: | | |
| Increase in Accounts Receivable | (1,194) | (1,199) |
| Increase Accounts Payable | 16,176 | 21,616 |
| Increase (Decrease) in Unearned Revenue | (703) | 2,401 |
| Total Adjustments | <u>14,279</u> | <u>22,818</u> |
| Net Cash Provided by Operating Activities | <u>\$ 91,866</u> | <u>\$ 51,245</u> |

See accompanying Basic Notes to Financial Statements.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020**

| | Custodial Fund |
|---|-------------------|
| ASSETS | |
| Cash and Investments | \$ 2,627 |
| LIABILITIES | |
| Salaries and Compensated Absences Payable | - |
| NET POSITION | |
| Restricted for Museum | \$ 2,627 |

See accompanying Basic Notes to Financial Statements.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2020**

| | Custodial Fund |
|-----------------------------------|-------------------|
| ADDITIONS | |
| Gifts and Contributions | \$ 1,045 |
| Fundraising | 7,700 |
| Earnings on Investments | 52 |
| Total Additions | 8,797 |
| DEDUCTIONS | |
| Salaries and Benefits | 1,387 |
| Fundraising | 7,700 |
| Total Deductions | 9,087 |
| CHANGE IN NET POSITION | (290) |
| Net Position - Beginning of Year | 2,917 |
| NET POSITION - END OF YEAR | \$ 2,627 |

See accompanying Basic Notes to Financial Statements.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Independent School District No. 761 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB pronouncements are recognized as GAAP for state and local governments.

B. Financial Reporting Entity

Independent School District No. 761 (the District) is an instrumentality of the State of Minnesota established to function as an educational institution. The elected School Board (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

GAAP requires that the District's financial statements include all funds, departments, agencies, boards, commissions, and other organizations which are not legally separated from the District. In addition, the District's financial statements are to include all component units – entities for which the District is financially accountable.

Financial accountability includes such aspects as appointing a voting majority of the District's governing body, significantly influencing the programs, projects, activities or level of services performed or provided by the organization or receiving specific financial benefits from, or imposing specific financial burden on, the District. These financial statements include all funds of the District. There are no other entities for which the District is financially accountable.

Student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside school hours. The Board does have a fiduciary responsibility in establishing broad policies and ensuring that appropriate financial records are maintained for student activities. In accordance with Minnesota State Statutes, the District's Board has elected to control or exercise oversight responsibility with respect to the underlying student activities. Accordingly, the student activity accounts are included in these financial statements as part of the General Fund.

C. Basic Financial Statement Presentation

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 statement of changes in fiduciary net position at the fund financial statement level.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation (Continued)

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 not properly included among program revenues are reported instead as general revenues.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities. Generally, the effect of material interfund activity has been removed from the government-wide financial statements.

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Fiduciary funds are presented in the fiduciary fund financial statements by type. The District has only one type of fiduciary fund – Custodial Fund. Since by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide statements.

The Internal Service Fund is presented in the proprietary fund financial statements. Because the principal users of the internal services are the District's governmental activities, the financial statement of the Internal Service Fund is consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

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. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. 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 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. Property taxes are generally recognized as revenues in the fiscal year for which they are levied, except for amounts advance recognized in accordance with a statutory "tax shift" described later in these notes. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

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 GAAP. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Food service sales, community education tuition, and other miscellaneous revenue (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. A six-month availability period is generally used for other fund revenue.
- 2. Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used. Principal and interest on long-term debt issues are recognized on their due dates.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Description of Funds

The existence of the various District funds has been established by the state of Minnesota, Department of Education. The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. A description of the funds included in this report is as follows:

Major Governmental Funds

General Fund – The General Fund is used to account for all financial resources except those required to be accounted for in another fund. It 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, and health and safety projects.

Food Service Special Revenue Fund – The Food Service Fund is used to account for food service revenues and expenditures. Revenues for the Food Service Fund are generated from user fees, federal reimbursements and state aids.

Community Service Special Revenue Fund – The Community Service Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, veterans, adult or early childhood programs or other similar services. Revenues for the Community Service Fund are generated primarily from user fees, local property taxes, federal reimbursements, and state credits.

Capital Projects Fund – The Capital Projects Fund accounts for financial resources related to debt issued for the school building projects.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and payment of, general long-term obligation bond principal, interest, and related costs.

Proprietary Fund

Internal Service Fund – The Internal Service Fund accounts for financing of goods or services provided by one department to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. Prior to 2004, the District's Internal Service Fund accounted for the District's health self-insurance program. The self-insurance program was discontinued at the end of fiscal year 2003. The District started a dental self-insurance program in fiscal year 2019, and the District became self-insured again for health effective September 1, 2020.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Description of Funds (Continued)

Fiduciary Funds

Custodial Fund – The Custodial Fund is used to account for arrangements under which principal and income benefits individuals, private organizations, or other governments. This fund accounts for gifts and bequests that are to be used for the school museum.

E. Budgeting

Budgets presented in this report for comparison to actual amounts are presented in accordance with GAAP. Each June, the School Board adopts an annual budget for the following fiscal year for the General, Food Service, Community Service, and Debt Service Funds. The approved budget is published in summary form in the District's legal newspaper by November 30 of each year. Reported budget amounts represent the amended budget as adopted by the Board. Legal budgetary control is at the fund level.

Procedurally, in establishing the budgetary data reflected in these financial statements, the Superintendent submits to the Board prior to July 1, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means to finance them. The budget is legally enacted by Board action. Revisions to budgeted amounts must be approved by the Board.

Total fund expenditures in excess of the budget require approval of the Board. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at line item levels.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgeting (Continued)

Budgeted amounts include mid-year budget amendments that changed revenue and expenditure budgets as follows:

| | Original Budget | Amendments | Amended Budget |
|------------------------|--------------------|-------------|-------------------|
| <u>Revenues</u> | | | |
| General Fund | \$ 61,958,078 | \$ 143,565 | \$ 62,101,643 |
| Special Revenue Funds: | | | |
| Food Service Fund | 2,986,423 | (34,458) | 2,951,965 |
| Community Service Fund | 3,276,861 | 171,502 | 3,448,363 |
| Capital Projects Fund | 120,000 | 133,375,730 | 133,495,730 |
| Debt Service Fund | 5,881,860 | - | 5,881,860 |
| <u>Expenditures</u> | | | |
| General Fund | \$ 64,059,598 | \$ (69,667) | \$ 63,989,931 |
| Special Revenue Funds: | | | |
| Food Service Fund | 2,990,722 | (77,331) | 2,913,391 |
| Community Service Fund | 3,329,248 | 64,354 | 3,393,602 |
| Capital Projects Fund | 4,510,086 | 2,483,279 | 6,993,365 |
| Debt Service Fund | 5,862,445 | - | 5,862,445 |

Unencumbered expenditure appropriations lapse at year-end. Encumbrances are generally not recorded.

Budget provisions for the Debt Service Fund are set by state law governing required debt service levels.

F. Cash and Investments

Cash and investments consist of interest and noninterest bearing checking and money market accounts, certificates of deposit, deposits in the MN Trust Investment Shares Portfolio, MN Trust Limited Term Duration Series and MN Trust Term Series, negotiable certificates of deposit, and state and local government bonds. Cash balances from all funds are combined and invested to the extent available in various securities as authorized by Minnesota Statutes. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Accounts Receivable

Represents amounts receivable from individuals, firms, and corporations for goods and services furnished by the District. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary. The only receivables not expected to be collected within one year are current property taxes receivable.

H. Inventories

Inventories are recorded using the consumption method of accounting and consist of paper, purchased food, supplies and surplus commodities received from the federal government. Food and supply purchases are recorded at invoice cost, computed on a first-in, first-out method, and surplus commodities are stated at standardized cost, as determined by the U.S. Department of Agriculture. Paper is recorded at latest invoice price, which approximates the first-in, first-out method.

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Prepaid items are expensed during the period benefited.

J. Property Taxes

Property tax levies are established by the Board of Education in December each year and are certified to the County for collection the following calendar year. In Minnesota, counties act as collection agents for all property taxes. The County spreads all levies over taxable property. Such taxes become a lien on January 1. Taxes are due on May 15 and October 15. The County generally remits taxes to the District at periodic intervals as they are collected. A portion of property taxes levied is paid through various state tax credits which are included in revenue from state sources in the financial statements.

Generally, tax revenue is recognized in the fiscal year ending June 30, following the calendar year in which the tax levy is collectible, while the current calendar year tax levy is recorded as a deferred inflow of resources (property taxes levied for subsequent year). The majority of District revenue in the General Fund (and to a lesser extent in the District's Community Service Special Revenue Fund) is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between taxes and state aids by the Legislature based on education funding priorities. Changes in this allocation are periodically accompanied by a change in property tax revenue recognition referred to as the "tax shift."

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Property Taxes (Continued)

In accordance with State law, the current tax shift consists of an amount equal to 31% of the District's 2000 Pay 2001 operating referendum levy, which is frozen at \$339,315 for the District. The tax shift also includes certain other levies that are recognized early based on statutory requirements.

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is a deferred inflow of resources because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes has been provided as such amounts are not expected to be material. Current levies of local taxes, less the amount recognized as revenue in the current period, including portions assumed by the State which will be recognized as revenue in the next fiscal year beginning July 1, 2020, are included in Property Taxes Levied for Subsequent Year to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

K. Capital Assets

Capital 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 their acquisition value at the date of donation. The District maintains a threshold level of \$5,000 for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statement, but are not reported in the fund financial statements. 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 purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment.

Capital assets not being depreciated include land and construction in progress.

The District does not possess any material amounts of infrastructure capital assets. Items such as sidewalks and other land improvements are considered to be part of the cost of buildings or other improvable property.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows of Resources

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses) until that time. The District has three items that qualify for reporting as this element – pension, single employer supplemental pension, and other postemployment benefits related deferred outflows of resources. All related deferred outflows of resources will be recognized as expense in subsequent 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. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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. 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.

O. Accrued Employee Benefits

Vacation Pay

All full-time, noncertified employees earn annual vacation pay at various rates based on length of service. All outstanding unpaid vacation pay is payable upon termination of employment. At June 30, 2020, unpaid vacation pay totaling \$348,677 is recorded in the financial statements.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Accrued Employee Benefits (Continued)

Sick Pay

Substantially all District employees are entitled to sick leave at various rates. For certain employees, unused sick leave enters into the calculation of severance pay upon termination.

Severance Benefits Payable

Severance benefits consist of convertible sick leave.

The District maintains various severance plans for its employee groups. Each employee group contract contains benefit formulas based on years of service and/or minimum age requirements. No employee can receive severance payments exceeding one year's salary.

The District has recorded a liability for accrued convertible sick leave based on the sick leave accumulated at June 30, 2020 for employees currently eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments. Under this "vesting method," accruals for those employees expected to become eligible in the future are based on assumptions concerning the probability that the employees will become eligible to receive termination payments (vest) at some point in the future.

During fiscal year 2020, expenditures for convertible sick leave benefits totaled \$239,996. At June 30, 2020, the long-term portion of the convertible sick leave liability is included as part of severance benefits payable in the statement of net position, totaling \$3,373,625.

Other Postemployment Benefits Payable

Under the terms of certain collective bargaining employment contracts, the District provides health care coverage until age 65 if certain age and minimum years of service requirements are met. The amount to be incurred is limited as specified by contract. All premiums are funded on a pay-as-you-go basis. This amount was actuarially determined, in accordance with GASB 75.

P. Statement of Cash Flows

For purposes of the statement of cash flows, the District considers cash on hand and demand deposits accounts to be cash and cash equivalents. Cash and cash equivalents are included in cash and investments.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Deferred Inflows of Resources

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four items which occur related to revenue recognition. The first occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year. The second type of deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's year-end) under the modified accrual basis of accounting. The third type of deferred outflow is pension related as discussed in Note 7. The fourth type of deferred outflow is other postemployment benefits related as discussed in Note 8.

R. Unearned Revenues

Unearned revenues are those in which resources are received by the District before it has a legal claim to them. The District has reported unearned revenues for prepaid meals in the Food Service Fund and prepaid student and community courses in the Community Service Fund. The District also reported unearned revenues in the General Fund related to prepaid driver's education classes.

S. Fund Balance

In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned, and unassigned fund balances. Nonspendable portions of fund balance relate to prepaid items and inventories. Restricted funds are constrained from outside parties (statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by a resolution approved by the Board of Education. The Board of Education passed a resolution authorizing the Superintendent, Director of Finance and Operations, and Controller to assign fund balances and their intended uses. Unassigned fund balances are considered the remaining amounts. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to use restricted first, then unrestricted fund balance. When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts are available, it is the District's policy to use committed first, then assigned, and finally unassigned amounts.

The District has a minimum fund balance policy, which identifies a minimum unassigned General Fund balance of no less than 8% and no more than 10% of the General Fund annual expenditure budget.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, proprietary fund, and fiduciary fund 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 imposed on its use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

U. Summarized Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2019, from which the summarized information was derived. Certain comparative information has been reclassified to conform with the current year presentation.

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

A. Excess of Expenditures Over Budget

Expenditures did not exceed budgeted amounts in any of the District's major governmental funds.

B. Interfund Transfers

The District did not have any interfund transfers at June 30, 2020.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 DEPOSITS AND INVESTMENTS

A. Deposits

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned in full. The District does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits.

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Investments." In accordance with Minnesota Statutes, the District maintains deposits at financial institutions which are authorized by the District's Board.

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds.

The District's deposits in banks at June 30, 2020 were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

B. Investments

The District may also invest idle funds as authorized by Minnesota Statutes as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies.
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency and all of the investments have a final maturity of 13 months or less.
- General obligations rated "A" or better; revenue obligations rated "AA" or better.
- General obligations of the Minnesota Housing Finance Agency rated "A" or better.
- Banker's acceptances of United States banks eligible for purchase by the Federal Reserve System.
- Commercial paper issued by United States banks, corporations, or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories.
- Repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

At June 30, 2020, the District had the following investments:

| Investments Measured at Fair Value | Fair Value |
|---|-------------------|
| Negotiable Certificates of Deposit with Maturities at Purchase of Greater Than One Year | \$ 1,762,758 |
| Municipal Bonds | 41,646,544 |
| Total Investments Measured at Fair Value | \$ 43,409,302 |
| Investments Measured at Amortized Cost | |
| Negotiable Certificates of Deposit with Maturities at Purchase of Less Than One Year | \$ 497,813 |
| Municipal Bonds with Maturities at Purchase of Less Than One Year | 539,025 |
| MN Trust Investment Shares | 36,125,699 |
| MN Trust Limited Term Duration Series | 2,929,796 |
| MN Trust Term Series Money Market | 5,000,000 |
| Total Investments Measured at Amortized Cost | \$ 45,092,333 |
| Total District Investments | \$ 88,501,635 |

The MN Trust Investment Shares Portfolio, MN Trust Term Series Money Market, and MN Trust Limited Term Duration Series are external investment pools and their investments are valued at amortized cost. The amortized cost method of valuation values a security at its cost on the date of purchase and thereafter assumes a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of investments.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The District had investments in MN Trust Term Series with an interest rate of 0.2% and matures in July 2020. Redemption prior to the maturity date of the MN Trust Term Series may result in a penalty.

The remaining investments are held by PMA Financial Network as temporary investments of the District's cash.

Custodial Credit Risk

For an investment, custodial credit risk 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. At June 30, 2020, all investments and collateral were listed in the name of the District.

Credit Risk and Interest Rate Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District's investment policies do not limit the maturities of investments; however, when purchasing investments the District considers such things as interest rates and cash flow needs.

The credit ratings and maturities for the District's investments are as follows:

| Type | Total | Maturity Duration in Years | | | No Maturities | Rating |
|---------------------------------------|----------------------|----------------------------|----------------------|----------------------|----------------------|------------|
| | | Less Than 1 | 1 to 2 | 2 to 5 | | |
| MN Trust Investment Series | \$ 36,125,699 | \$ - | \$ - | \$ - | \$ 36,125,699 | AAAm |
| MN Trust Term Series | 5,000,000 | 5,000,000 | - | - | - | Not Rated |
| MN Trust Limited Term Duration Series | 2,929,796 | - | - | - | 2,929,796 | Not Rated |
| Certificates of Deposit | 2,260,571 | 1,000,699 | 1,003,691 | 256,181 | - | Not Rated |
| Municipal Bonds | 42,185,569 | 539,025 | 13,286,185 | 28,360,359 | - | AA- to AAA |
| Total | <u>\$ 88,501,635</u> | <u>\$ 6,539,724</u> | <u>\$ 14,289,876</u> | <u>\$ 28,616,540</u> | <u>\$ 39,055,495</u> | |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Concentration of Credit Risk

Except for amounts invested with Trustees, the District limits the amount of its total deposits and investments portfolio that may be invested with any one depository to 75% of the total portfolio.

No investments individually comprise more than 5% of the District's total investment.

C. Balance Sheet Presentation

The deposits and investments are presented in the financial statements as follows:

| | |
|--|------------------------------|
| Cash and Investments - Statement of Net Position | \$ 154,970,763 |
| Cash and Investments - Statement of Fiduciary Net Position | <u>2,627</u> |
| Total Cash and Investments | <u><u>\$ 154,973,390</u></u> |

D. Fair Value Measurements

The District uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The District follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the District has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

D. Fair Value Measurement (Continued)

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset.

Assets measured at fair value on a recurring basis:

| <u>Investment</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--|----------------|----------------------|----------------|----------------------|
| Negotiable Certificates of Deposit with Maturities at Purchase of Greater Than One Year | \$ - | \$ 1,762,758 | \$ - | \$ 1,762,758 |
| Municipal Bonds | - | 41,646,544 | - | 41,646,544 |
| Total Investments Measured at Fair Value | <u>\$ -</u> | <u>\$ 43,409,302</u> | <u>\$ -</u> | <u>43,409,302</u> |
| Investments Measured at Amortized Cost | | | | 45,092,333 |
| Total District Investments | | | | <u>\$ 88,501,635</u> |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 4 CAPITAL ASSETS

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

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|---------------------|---------------------|----------------------|
| Governmental Activities | | | | |
| Capital Assets, Not Being Depreciated | | | | |
| Land | \$ 1,823,335 | \$ 2,203,082 | \$ - | \$ 4,026,417 |
| Construction in Progress | 84,623 | 1,478,079 | - | 1,562,702 |
| Total Capital Assets, Not Being Depreciated | <u>1,907,958</u> | <u>3,681,161</u> | <u>-</u> | <u>5,589,119</u> |
| Capital Assets, Being Depreciated | | | | |
| Land Improvements | 3,896,179 | 278,937 | (69,163) | 4,105,953 |
| Buildings and Improvements | 105,825,509 | 957,840 | (145,481) | 106,637,868 |
| Equipment | 15,559,686 | 554,075 | (2,809,336) | 13,304,425 |
| Total Capital Assets, Being Depreciated | <u>125,281,374</u> | <u>1,790,852</u> | <u>(3,023,980)</u> | <u>124,048,246</u> |
| Accumulated Depreciation for: | | | | |
| Land Improvements | (2,266,203) | (126,677) | 50,618 | (2,342,262) |
| Buildings and Improvements | (25,279,974) | (2,121,175) | 45,187 | (27,355,962) |
| Equipment | (7,781,035) | (978,538) | 2,363,447 | (6,396,126) |
| Total Accumulated Depreciation | <u>(35,327,212)</u> | <u>(3,226,390)</u> | <u>2,459,252</u> | <u>(36,094,350)</u> |
| Total Capital Assets, Being Depreciated, Net | <u>89,954,162</u> | <u>(1,435,538)</u> | <u>(564,728)</u> | <u>87,953,896</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 91,862,120</u> | <u>\$ 2,245,623</u> | <u>\$ (564,728)</u> | <u>\$ 93,543,015</u> |

Depreciation expense was charged to functions of the District as follows:

| | |
|---|---------------------|
| Governmental Activities | |
| Administration | \$ 17,860 |
| District Support Services | 125,774 |
| Regular Instruction | 2,848,077 |
| Vocational Education Instruction | 9,433 |
| Special Education Instruction | 3,165 |
| Instructional Support Services | 25,488 |
| Pupil Support Services | 35,501 |
| Sites and Buildings | 54,427 |
| Food Service | 70,043 |
| Community Service | 36,622 |
| Total Depreciation Expense, Governmental Activities | <u>\$ 3,226,390</u> |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 5 GENERAL LONG-TERM DEBT

A. Components of General Long-Term Debt

The District has issued general obligation school building bonds to finance the construction of capital facilities or refinance previous bond issues. Assets of the Debt Service Fund, together with scheduled future tax levies, are dedicated for the retirement of these bonds. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

| Issue | Net Interest Rate | Original Issue | Final Maturity | Principal Outstanding | |
|----------------------------------|-------------------|----------------|----------------|-----------------------|-----------------------|
| | | | | Due Within One Year | Total |
| 2015A G.O. School Building Bonds | 2.00% - 3.25% | \$ 9,800,000 | 2/1/2036 | \$ 200,000 | \$ 9,600,000 |
| 2016A G.O. School Building Bonds | 2.00% - 5.00% | 65,385,000 | 2/1/2036 | 2,860,000 | 53,580,000 |
| 2020A G.O. School Building Bonds | 2.00% - 4.00% | 110,030,000 | 2/1/2045 | 1,935,000 | 110,030,000 |
| Total General Obligation Bonds | | | | 4,995,000 | 173,210,000 |
| Bond Premiums | | | | - | 6,057,709 |
| Capital Lease Payable | | | | 41,181 | 117,814 |
| Severance Benefits Payable | | | | 500,000 | 3,373,625 |
| Supplemental Pension Payable | | | | 35,935 | 447,944 |
| Compensated Absences Payable | | | | 261,974 | 348,677 |
| Total | | | | <u>\$ 5,834,090</u> | <u>\$ 183,555,769</u> |

B. Minimum Debt Payments

Minimum annual principal and interest payments required to retire long-term bonds and the certificate of participation payable are as follows:

| Year Ending June 30, | General Obligation Bonds Payable | |
|----------------------|----------------------------------|----------------------|
| | Principal | Interest |
| 2021 | \$ 4,995,000 | \$ 4,476,930 |
| 2022 | 4,620,000 | 4,687,150 |
| 2023 | 4,770,000 | 4,535,850 |
| 2024 | 5,095,000 | 4,379,500 |
| 2025 | 5,265,000 | 4,211,100 |
| 2026-2030 | 29,710,000 | 17,660,750 |
| 2031-2035 | 34,865,000 | 12,509,300 |
| 2036-2040 | 39,595,000 | 7,540,450 |
| 2041-2045 | 44,295,000 | 3,034,125 |
| Total | <u>\$ 173,210,000</u> | <u>\$ 63,035,155</u> |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 5 GENERAL LONG-TERM DEBT (CONTINUED)

C. Description of Long-Term Debt

General Obligation Bonds

On December 29, 2015, the District issued \$9,800,000 of General Obligation School Building Bonds, Series 2015A. The proceeds of this issue are being used to fund the betterment of school sites and facilities. The new issue was issued at a premium of \$130,146. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies, are dedicated to retire these bonds.

On February 23, 2016, the District issued \$65,385,000 of General Obligation School Building Bonds, Series 2016A. The proceeds of this issue are being used to fund the betterment of school sites and facilities. The new issue was issued at a premium of \$3,529,689. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies, are dedicated to retire these bonds.

On March 19, 2020, the District issued \$110,030,000 of General Obligation School Building Bonds, Series 2020A. The proceeds of this issue are being used to finance the acquisition and betterment of school sites and facilities, including but not limited to, construction of a new high school and re-purposing of the old high school site for District use. The new issue was issued at a premium of \$3,232,907. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies, are dedicated to retire these bonds.

Capital Leases Payable

During 2010, the District entered into a lease agreement for a vending machine. The total lease for \$6,687 had principal and interest payments due monthly through October 2013. The District continues to lease the vending machine at the same terms.

In April 2019, the District entered into a lease agreement for copy machines. The total lease of \$127,085 has principal and interest payments due monthly at a rate of 9.49%.

The District entered into an additional copier lease in February 2016 for \$103,681. The total lease has principal and interest payments due monthly at a rate of 12.0%.

Total cost of assets held under capital leases is \$261,372. Related accumulated depreciation of assets under capital leases at June 30, 2020 is \$142,981.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 5 GENERAL LONG-TERM DEBT (CONTINUED)

C. Description of Long-Term Debt (Continued)

Capital Leases Payable (Continued)

Annual payments required under capital leases are as follows:

| <u>Year Ending June 30,</u> | Capital Leases Payable | |
|-----------------------------|------------------------|-----------|
| | Principal | Interest |
| 2021 | \$ 41,181 | \$ 8,699 |
| 2022 | 25,591 | 6,180 |
| 2023 | 28,129 | 3,642 |
| 2024 | 22,913 | 916 |
| Total | \$ 117,814 | \$ 19,437 |

Compensated Absences Payable

Compensated absences payable consists of unused vacation as of June 30, 2020. In the past, vacation expense has been paid by the General Fund, the Food Service Fund, and the Community Service Fund.

Severance Benefits Payable and Supplemental Pension Payable

Severance benefits payable and supplemental pension payable consist of severance payments and accumulated sick leave. See Note 7 for more detail on the supplemental pension plan. In the past, severance benefits and supplemental pension payments have been liquidated by the General Fund, the Food Service Fund, and the Community Service Fund.

D. Changes in Long-Term Liabilities

| | June 30, 2019 | Additions | Retirements | June 30, 2020 |
|------------------------------|------------------|----------------|--------------|------------------|
| Bonds Payable | \$ 66,910,000 | \$ 110,030,000 | \$ 3,730,000 | \$ 173,210,000 |
| Bond Premiums | 3,047,950 | 3,232,907 | 223,148 | 6,057,709 |
| Capital Leases Payable | 165,212 | - | 47,398 | 117,814 |
| Severance Benefits Payable | 3,410,412 | 203,209 | 239,996 | 3,373,625 |
| Supplemental Pension Payable | 423,075 | 77,108 | 52,239 | 447,944 |
| Compensated Absences Payable | 312,200 | 345,342 | 308,865 | 348,677 |
| Total | \$ 74,268,849 | \$ 113,888,566 | \$ 4,601,646 | \$ 183,555,769 |

NOTE 6 RESTRICTED FUND BALANCES

Fund Equity

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.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 RESTRICTED FUND BALANCES (CONTINUED)

Fund Equity (Continued)

The following is a summary of the restricted fund balances for the governmental funds:

A. Restricted for Staff Development

Restricted for staff development represents general education aid resources to be expended for staff development programs.

B. Restricted for Teacher Development and Evaluation

Restricted for teacher development and evaluation represents resources available for teacher development and evaluation uses.

C. Restricted for Student Activities

Restricted for the extracurricular activity funds raised by students.

D. Restricted for Basic Skills Programs

In accordance with state statute, this restriction represents available resources dedicated exclusively for meeting the educational needs of pupils who enroll under-prepared for learners of their age.

E. Restricted for Basic Skills Extended Time

In accordance with state statute, this restriction represents available resources dedicated exclusively for meeting the educational needs of pupils who enroll under-prepared for learners of their age in an extended time program.

F. Restricted for Operating Capital

The District levies taxes and receives state aid to be used for the purchase of equipment, books, and vehicles, and to purchase, rent, improve, and repair school facilities as allowed by state statute. The cumulative excess of such revenues over equipment and facilities expenditures is reported as a restriction of fund balance.

G. Restricted for Community Education Programs

The fund balance restriction represents accumulated resources available to provide general community education programming.

H. Restricted for Early Childhood and Family Education Programs

This fund balance restriction represents accumulated resources available to provide services for early childhood and family education programming.

I. Restricted for School Readiness

This fund balance restriction represents resources available to provide school readiness programming in accordance with funding made available for that purpose.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 RESTRICTED FUND BALANCES (CONTINUED)

Fund Equity (Continued)

J. Restricted for Adult Basic Education

This fund balance restriction represents accumulated resources available to provide services for adult basic education.

K. Restricted for Achievement and Integration

This fund balance restriction represents accumulated resources remaining from the Achievement and Integration Levy.

L. Safe Schools Levy

This fund balance represents unspent resources available from the safe schools levy.

M. Restricted for Long-Term Facilities Maintenance

Represents unspent State aid to finance facilities plans approved by its board and the commissioner.

N. Restricted for Medical Assistance

Represents resources to be used for Medical Assistance expenditures.

O. Restricted for Other Purposes

Represents amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 PENSION PLANS

A. Plan Description

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

1. General Employees Retirement Plan (GERF)

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

2. Teachers Retirement Fund (TRA)

The Teacher's 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 employed by St. Paul schools or University of Minnesota System).

B. Benefits Provided

PERA and TRA provide 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.

1. General Employees Plan Benefits

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

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

1. General Employees Plan Benefits (Continued)

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

2. TRA Benefits

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

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

Tier 1 Benefits

| Tier 1 | 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:

- (1) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- (2) 3.0% per year early retirement reduction factor for all years under normal retirement age.
- (3) Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

or

Tier II Benefits

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

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

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

C. Contributions

1. General Employees Fund Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature. Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2020 and the District was required to contribute 7.50% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2020, were \$634,079. The District's contributions were equal to the required contributions as set by state statute.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 PENSION PLANS (CONTINUED)

C. Contributions (Continued)

2. TRA Contributions

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for fiscal year 2020 were:

| | 2020 | |
|------------|----------|----------|
| | Employee | Employer |
| Basic | 11.00% | 11.92% |
| Coordinate | 7.50% | 7.92% |

The District's contributions to TRA for the plan's fiscal year ended June 30, 2020 were \$2,309,679. The District's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

1. General Employees Fund Pension Costs

At June 30, 2020, the District reported a liability of \$6,656,646 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million to the fund in 2019. The state of Minnesota is considered a nonemployer 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 \$206,991, for a total net pension liability of \$6,863,637 associated with the District. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018 through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers.

At June 30, 2019, the District's proportionate share was 0.1204% which was a decrease of 0.006% from its proportionate share measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$687,613 for its proportionate share of the General Employees Fund's pension expense. In addition, the District recognized an additional \$15,502 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.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

At June 30, 2020, the District reported its proportionate share of the General Employees Fund's deferred outflows of resources and deferred inflows of resources from the following sources:

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences Between Expected and Actual | | |
| Economic Experience | \$ 184,480 | \$ - |
| Changes in Actuarial Assumptions | - | 523,217 |
| Net Difference Between Projected and Actual | | |
| Earnings on Plan Investments | - | 674,730 |
| Changes in Proportion and Differences Between | | |
| District Contributions and Proportionate Share | | |
| of Contributions | 7,622 | 399,175 |
| District Contributions Subsequent to the | | |
| Measurement Date | 634,079 | - |
| Total | <u>\$ 826,181</u> | <u>\$ 1,597,122</u> |

Of the resources related to pensions resulting from District contributions to the General Employees Fund subsequent to the measurement date, \$634,079 reported as deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to General Employees Fund pensions will be recognized in pension expense as follows:

| <u>Year Ending June 30.</u> | Pension Expense Amount |
|-----------------------------|---------------------------|
| 2021 | \$ (500,405) |
| 2022 | (688,738) |
| 2023 | (226,604) |
| 2024 | 10,727 |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs

At June 30, 2020, the District reported a liability of \$31,494,038 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the state of Minnesota, City of Minneapolis, and Minneapolis School District. The District's proportionate share was 0.4941% at the end of the measurement period and 0.4790% at the beginning of the period.

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:

| Description | Amount |
|--|---------------|
| District's Proportionate Share of the TRA | |
| Net Pension Liability | \$ 31,494,038 |
| State's Proportionate Share of the Net Pension | |
| Liability Associated with the District | 2,786,991 |
| Total Net Pension Liability | \$ 34,281,029 |

For the year ended June 30, 2020, the District recognized pension expense of \$6,436,974. It also recognized \$211,855 as pension expense (and grant revenue) for the support provided by direct aid.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

At June 30, 2020, the District reported its proportionate share of the TRA's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences Between Expected and Actual | | |
| Economic Experience | \$ 4,477 | \$ 764,724 |
| Changes in Actuarial Assumptions | 26,503,557 | 41,780,926 |
| Net Difference Between Projected and Actual | | |
| Earnings on Plan Investments | - | 2,609,892 |
| Changes in Proportion and Differences Between | | |
| District Contributions and Proportionate Share | | |
| of Contributions | 3,080,130 | 35,200 |
| District Contributions Subsequent to the | | |
| Measurement Date | 2,309,679 | - |
| Total | <u>\$ 31,897,843</u> | <u>\$ 45,190,742</u> |

Of the resources related to pensions resulting from District contributions to TRA subsequent to the measurement date, \$2,309,679 reported as deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to TRA will be recognized in pension expense as follows:

| <u>Year Ending June 30.</u> | <u>Pension Expense Amount</u> |
|-----------------------------|-----------------------------------|
| 2021 | \$ 2,562,205 |
| 2022 | 594,011 |
| 2023 | (11,132,644) |
| 2024 | (7,804,556) |
| 2025 | 178,406 |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 PENSION PLANS (CONTINUED)

E. Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

| Assumptions | GERF | TRA |
|---------------------------|----------------|---|
| Inflation | 2.50% per Year | 2.50% per Year 2.85% for 10 years & 3.25% thereafter |
| Salary Growth | 3.25% per Year | thereafter |
| Investment Rate of Return | 7.50% | 7.50% |

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

Actuarial assumptions used in the PERA June 30, 2019 valuation were based on the results of actuarial experience studies. The most recent six-year experience study in the General Employees Plan was completed in 2015. Economic assumptions were updated in 2017 based on a review of inflation and investment return assumptions.

TRA pre-retirement mortality rates were based on 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. Post-retirement mortality rates were based on 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. Post-disability mortality rates were based on the RP-2014 disabled retiree mortality table, without adjustment. TRA cost of living benefit increases 1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

TRA assumptions are based on the full experience study dated June 2015 and the study of the economic assumptions presented to the Board in November 2017.

The following changes in actuarial assumptions for the General Employees Fund occurred in 2019:

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

The following changes in plan provisions for the General Employees Fund occurred in 2019:

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

**OWATONNA PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

The following changes in actuarial assumptions for TRA occurred in 2019:

- The 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% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 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 zero percent 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 is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next five years, (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.

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

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------|-------------------|--|
| Domestic Stocks | 35.50 % | 5.10% |
| International Equity | 17.50 | 5.30% |
| Fixed Income | 20.00 | 0.75% |
| Private Markets | 25.00 | 5.90% |
| Cash | 2.00 | 0.00% |
| Totals | 100.00 % | |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 PENSION PLANS (CONTINUED)

F. Discount Rate

The discount rate used to measure the PERA General Employees Plan liability in 2019 was 7.50%. 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 positions of the General Employees Fund were 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.

The discount rate used to measure the TRA pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contribution will be made at the fiscal year 2019 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

G. Pension Liability Sensitivity

The following 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 one percentage point lower or one percentage point higher than the current discount rate:

| Description | 1% Decrease in Discount Rate | Current Discount Rate | 1% Increase in Discount Rate |
|---|---------------------------------|--------------------------|---------------------------------|
| <u>GERF Discount Rate</u> | 6.50% | 7.50% | 8.50% |
| District's Proportionate Share of the GERF Net Pension Liability | \$ 10,943,168 | \$ 6,656,646 | \$ 3,117,270 |
| <u>TRA Discount Rate</u> | 6.50% | 7.50% | 8.50% |
| District's Proportionate Share of the TRA Net Pension Liability | \$ 50,209,197 | \$ 31,494,038 | \$ 16,063,665 |

H. Pension Plan Fiduciary Net Position

Detailed information about General Employees Plan's fiduciary's net position is available in a separately-issued PERA financial report. That report may be obtained on the Internet at www.mnpera.org.

Detailed information about TRA's fiduciary net position is available in a separately-issued TRA financial report. That report can be obtained at www.MinnesotaTRA.org; by writing to TRA at 60 Empire Drive #400, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-2409 or 1-800-657-3669.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 PENSION PLANS (CONTINUED)

I. Supplemental Pension Plan

1. Plan Description

The District operates a single-employer defined benefit supplemental pension benefit for eligible principals and directors. Currently, principals and directors are eligible after five years of service. There are 29 active participants in the plan as of July 1, 2018. The pension payment is equal to a percentage of the final annual salary, paid in a lump sum at the time of termination. Benefit and eligibility provisions are established through negotiations between the District and the employee or the union and are negotiated each bargaining period. The Plan does not issue a publicly available financial report.

2. Funding Policy

Payments under the plan are made on a pay-as-you-go basis. There are no invested plan assets accumulated for payment of future benefits. The General Fund, Food Service Fund, and Community Service Fund are used for funding all pension benefits. The employer makes all contributions.

3. Total Pension Liability

The District recognizes its total pension liability, rather than a net pension liability. In order for the District to recognize a net pension liability, assets must be accumulated in a trust that meets the following criteria:

- Contributions from the employer and nonemployer contributing entities, and the earnings thereon, must be irrevocable.
- Pension plan assets must be dedicated to providing pensions to Plan members in accordance with benefit terms.
- Pension plan assets must be legally protected from the creditors of employer, nonemployer contributing entities, the Plan administrator, and the Plan members.

No assets are accumulated in a trust that meets all of the above criteria. Accordingly, the District's total pension liability is not reduced by any assets accumulated in a trust that meets the criteria, and the District must report its total pension liability.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 PENSION PLANS (CONTINUED)

I. Supplemental Pension Plan (Continued)

3. Total Pension Liability (Continued)

The District's total pension liability was determined by an actuarial valuation as of July 1, 2019 (the measurement date). At June 30, 2020, the District reported a total pension liability of \$447,944. Changes in the District's total pension liability were as follows:

| | | |
|---|----|-----------------------|
| Total Pension Liability - June 30, 2019 | \$ | 423,075 |
| Changes for the Year: | | |
| Service Cost | | 51,151 |
| Interest | | 15,692 |
| Changes of Assumptions of Other Inputs | | 10,265 |
| Benefit Payments | | <u>(52,239)</u> |
| Net Changes | | <u>24,869</u> |
| Total Pension Liability - June 30, 2020 | \$ | <u><u>447,944</u></u> |

4. Pension Costs

For the year ended June 30, 2020, the District recognized pension expense of \$74,360. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences Between Expected and Actual Experience | \$ 81,060 | \$ - |
| Changes of Assumptions or Other Inputs | 9,409 | 13,312 |
| Benefit Payments Subsequent to the Measurement Date | 35,935 | - |
| Total | <u><u>\$ 126,404</u></u> | <u><u>\$ 13,312</u></u> |

With the pension costs recognized by the District related to the TRA and PERA plans, the District recognized a total pension expense related to all of its pension plans of \$7,426,304.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 PENSION PLANS (CONTINUED)

I. Supplemental Pension Plan (Continued)

4. Pension Costs (Continued)

The District's benefit payments and amounts incurred by the District for pension administrative expenses subsequent to the measurement date of \$35,935 reported as deferred outflows of resources will be recognized as a reduction of the total pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to the supplemental pension plan will be recognized in pension expense as follows:

| Year Ending June 30, | Pension Expense |
|----------------------|--------------------|
| 2021 | \$ 7,517 |
| 2022 | 7,517 |
| 2023 | 7,517 |
| 2024 | 7,517 |
| 2025 | 7,517 |
| Thereafter | 39,572 |

5. Actuarial Methods and Assumptions

The actuarial total pension liability was determined as of July 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|------------------------|--|
| Valuation Date: | July 1, 2018 |
| Measurement Date: | July 1, 2019 |
| Actuarial Cost Method: | Entry Age, Level Percentage of Pay |
| Discount Rate: | 3.10% |
| Inflation: | 2.50% |
| Salary Increases: | 3.00% |
| Retirement Age: | 55 |
| Mortality: | RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale |

6. Discount Rate

The discount rate used to measure the total pension liability was 3.10%. The discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds.

7. Total Pension Liability Sensitivity

The following presents the District's total pension liability, calculated using the discount rate of 3.10%, as well as what the District's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.10%) or one percentage point higher (4.10%) than the current rate:

| | 1% Decrease (2.10%) | Current Discount Rate (3.10%) | 1% Increase (4.10%) |
|-------------------------|------------------------|----------------------------------|------------------------|
| Total Pension Liability | \$ 480,134 | \$ 447,944 | \$ 416,872 |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN

A. Plan Description

The District operates a single-employer retiree benefit plan (the Plan) that provides health, dental, and life insurance to eligible employees and their spouses through the District's insurance plans. There are 629 active participants and 123 retired participants and spouses receiving benefits. Benefit and eligibility provisions are established through negotiations between the District and various unions representing the District's employees and are renegotiated each bargaining period. The Plan does not issue a publicly available financial report. There are no assets accumulated in an OPEB trust that meets the criteria of GASB Statement No. 75 paragraph 4.

B. Funding Policy

Contribution requirements are also negotiated between the District and the union representatives. The District contributes up to 100% of the cost of current year premiums for eligible retired plan members and their spouses. For fiscal year 2020, the District contributed \$232,062 to the plan.

C. Actuarial Methods and Assumptions

The District's OPEB liability was measured as of July 1, 2019, and the total OPEB liability (asset) used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2018. Liabilities in this report were calculated as of the valuation date and rolled forward to the measurement date using standard actuarial roll-forward techniques.

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

| | |
|------------------------------|--|
| Inflation | 2.50% |
| Salary Increases | 3.00% |
| 20-Year Municipal Bond Yield | 3.10% |
| Health Care Trend Rates | 6.25% Decreasing to 5.00% Over 5 Years |

Mortality rates were based on the RP-2014 mortality tables with projected mortality improvements based on the MP-2017 Generational Improvement Scale.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2017 to June 30, 2018.

The discount rate used to measure the total OPEB liability was 3.10%. The discount rate is based on the estimated yield of 20-year AA-rated bonds.

Since the most recent GASB Statement No. 75 Other Postemployment Benefits valuation, the following changes have been made:

- The discount rate was changed from 3.50% to 3.10%.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

D. Changes in the OPEB Liability

The following table shows the components of the changes in the District's OPEB Liability:

| | Increase (Decrease) Total OPEB Liability |
|--------------------------|---|
| Balances at July 1, 2019 | <u>\$ 4,586,858</u> |
| Changes for the Year: | |
| Service Cost | 420,727 |
| Interest Cost | 171,548 |
| Assumption Changes | 115,481 |
| Benefit Payments | <u>(214,272)</u> |
| Net Changes | <u>493,484</u> |
| Balances at July 1, 2020 | <u><u>\$ 5,080,342</u></u> |

The follow presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

| | 1% Decrease (2.1%) | Discount Rate (3.1%) | 1% Increase (4.1%) |
|------------------------------|-----------------------|-------------------------|-----------------------|
| Total OPEB Liability (Asset) | <u>\$ 5,444,191</u> | <u>\$ 5,080,342</u> | <u>\$ 4,734,343</u> |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

D. Changes in the OPEB Liability (Continued)

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower (5.25% decreasing to 4.00% over five years) or 1% point higher (7.25% decreasing to 6.00% over five years) than the current healthcare cost trend rates:

| | Healthcare Cost | | |
|------------------------------|--|--|--|
| | 1% Decrease (5.25% Decreasing to 4.00% over 5 Years) | Current Trend Rates (6.25% Decreasing to 5.00% over 5 Years) | 1% Increase (7.25% Decreasing to 6.00% over 5 Years) |
| Total OPEB Liability (Asset) | \$ 4,503,669 | \$ 5,080,342 | \$ 5,766,777 |

E. OPEB Liability Costs

For the year ended June 30, 2020, the District recognized OPEB expense of \$489,870. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Change of Assumptions | \$ 176,615 | \$ - |
| Net Difference Between Projected and Actual Investment Earnings | - | 1,087,759 |
| Contributions Between Measurement Date and Reporting Date | 232,062 | - |
| Total | \$ 408,677 | \$ 1,087,759 |

At June 30, 2020, the District's contributions and amounts incurred by the District for pension administrative expenses subsequent to the measurement date of \$232,062 reported as deferred outflows of resources will be recognized as a reduction of the total pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to the supplemental pension plan will be recognized in pension expense as follows.

| Year Ending June 30, | Pension Expense Amount |
|----------------------|---------------------------|
| 2021 | \$ (102,404) |
| 2022 | (102,404) |
| 2023 | (102,404) |
| 2024 | (102,404) |
| 2025 | (102,404) |
| Thereafter | (399,124) |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 FLEXIBLE BENEFIT PLAN

The District has a flexible benefit plan that is classified as a “cafeteria plan” under Section 125 of the Internal Revenue Code. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pre-tax dollars withheld from payroll checks to the plan for health care and dependent care benefits.

The current plan year runs from September 1 to August 31. Before the beginning of the plan year, each participant designates a total amount of pre-tax dollars to be contributed to the plan during the year. At June 30, the District is contingently liable for claims against the total amount of participants’ annual contributions for the health care portion of the plan, whether or not such contributions have been made.

Payments of health insurance premiums are made by the District directly to the designated insurance companies. These payments are made on a monthly basis and are accounted for in the General, Food Service, and Community Service Funds.

Payments for amounts withheld for medical reimbursement and dependent care are made to participating employees upon submitting a request for reimbursement of eligible expenses.

All plan property and income attributable to that property is solely the property of the District, subject to the claims of the District’s general creditors. Participants’ rights under the plan are equal to those of general creditors of the District in an amount equal to eligible health care and dependent care expenses incurred by the participants. The District believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 10 PROPRIETARY FUND

The District elected to discontinue self-insuring its employee health insurance program as of June 30, 2003. The District continued to pay claims it incurred before June 30, 2003. As of June 30, 2020, the District is not aware of any remaining unpaid health claims. Starting in fiscal year 2019, the District started using this fund to account for a dental self-insurance program. The District was retaining the portion of fund balance remaining in the fund related to the previous health self-insurance fund as start-up funds should a decision be made in the future to self-insure. The District became self-insured for health benefits again effective September 1, 2020.

The liability for unpaid claims included in the Internal Service Fund as claims payable, including \$24,358 for an estimated liability for claims incurred but not reported, for 2020 and the preceding year were:

| | 2020 | 2019 |
|---|-----------|-----------|
| Beginning of Fiscal Year Liability - July 1, | \$ 21,616 | \$ - |
| Current Year Claims, Changes in Estimates, and Other Charges | 416,571 | 234,423 |
| Current Year Claims Paid, Including an Estimate of Claims Incurred But Not Reported (IBNR) | (400,395) | (212,807) |
| End of Fiscal Year Liability - June 30, | \$ 37,792 | \$ 21,616 |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11 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; injuries to employees; natural disasters and workers compensation.

The District has joined together with other school districts in Minnesota in the Southeast Service Cooperative Gross Self-Insured Health Insurance Plan, a public entity risk pool currently operating as common risk management and insurance program for member districts. The District pays an annual premium to this plan for its health insurance coverage. These premiums are used to purchase reinsurance through commercial companies. The administrators of the plan believe assessment to participating districts for future losses sustained is extremely remote.

The District continues to purchase commercial insurance coverage for all other risks. There has been no significant reduction in insurance coverage from the previous year in any of the District's policies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 12 COMMITMENTS AND CONTINGENCIES

Federal and State Programs

Amounts received or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

NOTE 13 JOINT POWERS AGREEMENT

A. Ice Arena

Effective March 1999, the City of Owatonna, Steele County, and the District entered into a joint powers agreement to provide for the operation and maintenance of a joint ice arena. The ice arena is run and maintained by the County, with the City contributing up to \$55,000 annually in the form of public utilities. Under the terms of the agreement, the District made financial contributions to the construction of the ice arena totaling \$250,000 between March 1999 and 2002. In addition, the District agreed to maintain its present level of use of the ice arena during the term any bonds are outstanding related to the project. Total payments for the use of the ice arena were \$58,631 for the year ended June 30, 2020. The bonds matured in various increments through 2011.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 13 JOINT POWERS AGREEMENT (CONTINUED)

B. Cannon Valley Special Education Cooperative

Independent School District No. 761 is a member of the Cannon Valley Special Education Cooperative. The Cannon Valley Special Education Cooperative was established for the primary objective to provide specialized services for special education students, as defined by state law, and to provide other programs and services as approved by the Joint Powers Governing Board. The Cooperative was established by four separate member districts.

Each member district shares in the cost of the programming based on its allocable participation, which is paid to the education district in the form of membership fees, reimbursements, and other charges for services. In addition, each member district is assessed a charge related to the cost of the building which houses the cooperative. Independent School District No. 761's allocable assessment related to the building cost is approximately \$243,145 annually and is anticipated to extend through July 2021. The education district is able to recover the cost of its programs through the previously mentioned revenue sources.

NOTE 14 RESTATEMENT OF BEGINNING NET POSITION

During fiscal year ended June 30, 2020, the District adopted GASB Statement No. 84, *Fiduciary Activities*. As a result of the implementation of this standard, the District reported a restatement for the change in accounting principle in the general fund and governmental activities as noted below. With the implementation of this standard, the previously reported private purpose trust was determined to be a custodial fund under GASB 84, so its presentation was updated to a custodial fund, instead of showing both a private purpose trust and custodial fund and a related restatement of net position between the funds.

| <u>Description</u> | <u>Governmental Activities</u> | <u>General Fund</u> |
|---|------------------------------------|-------------------------|
| Net Position, June 30, 2019, as Previously Reported | | |
| Cumulative Affect of Application of GASB 84, <i>Fiduciary Activities</i> | \$ (19,175,348) | \$ 8,694,622 |
| | 228,822 | 228,822 |
| Net Position, June 30, 2019 as Restated | <u>\$ (18,946,526)</u> | <u>\$ 8,923,444</u> |

NOTE 15 SUBSEQUENT EVENT

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) an ongoing worldwide pandemic. The COVID-19 pandemic continues having significant effects on global markets, supply chains, businesses, and communities. Specific to the District COVID-19 may impact various parts of its 2021 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Management believes the District is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred both before and subsequent to year-end and are still developing.

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REQUIRED SUPPLEMENTARY INFORMATION

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**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS**

| | Measurement Date | | |
|---|----------------------------|----------------------------|----------------------------|
| | July 1, 2019 | July 1, 2018 | July 1, 2017 |
| Service Cost | \$ 420,727 | \$ 384,834 | \$ 467,511 |
| Interest | 171,548 | 195,217 | 186,012 |
| Changes in Benefit Terms | - | 48,273 | - |
| Differences Between Expected and Actual Experience | - | (1,329,483) | - |
| Changes of Assumptions of Other Inputs | 115,481 | 87,551 | - |
| Benefit Payments | (214,272) | (310,154) | (290,252) |
| Other Changes | - | - | - |
| Net Changes | <u>493,484</u> | <u>(923,762)</u> | <u>363,271</u> |
| Total OPEB Liability - Beginning | <u>4,586,858</u> | <u>5,510,620</u> | <u>5,147,349</u> |
| Total OPEB Liability - Ending | <u><u>\$ 5,080,342</u></u> | <u><u>\$ 4,586,858</u></u> | <u><u>\$ 5,510,620</u></u> |
| Covered Employee Payroll | \$ 34,507,402 | \$ 33,502,332 | \$ 30,412,867 |
| Total OPEB Liability as a Percentage of Covered Employee Payroll | 14.72% | 13.69% | 18.12% |

NOTE: The District implemented GASB Statement No. 75 in fiscal year 2018, and the above table will be expanded to 10 years of information as the information becomes available.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
LAST SIX MEASUREMENT DATES***

| TRA | Measurement Date | | | | | |
|--|----------------------|----------------------|-----------------------|-----------------------|----------------------|----------------------|
| | June 30, 2019 | June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 | June 30, 2014 |
| District's Proportion of the Net Pension Liability | 0.4941% | 0.4790% | 0.4618% | 0.4504% | 0.4522% | 0.4487% |
| District's Proportionate Share of the Net Pension Liability | \$ 31,494,038 | \$ 30,087,531 | \$ 92,183,657 | \$ 107,431,147 | \$ 27,973,042 | \$ 20,675,773 |
| State's Proportionate Share of the Net Pension Liability Associated with District | 2,786,991 | 2,826,615 | 8,910,382 | 10,783,101 | 3,431,386 | 1,454,618 |
| Total | <u>\$ 34,281,029</u> | <u>\$ 32,914,146</u> | <u>\$ 101,094,039</u> | <u>\$ 118,214,248</u> | <u>\$ 31,404,428</u> | <u>\$ 22,130,391</u> |
| District's Covered Payroll | \$ 28,295,746 | \$ 26,829,000 | \$ 24,989,587 | \$ 23,699,920 | \$ 23,334,840 | \$ 20,480,514 |
| District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | 111.30% | 112.15% | 368.89% | 453.30% | 119.88% | 100.95% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 78.21% | 78.07% | 51.57% | 44.88% | 76.80% | 81.50% |

* The District implemented GASB Statement No. 68 in fiscal 2015, and the above table will be expanded to 10 years as information is available.

| GERF | Measurement Date | | | | | |
|--|---------------------|---------------------|---------------------|----------------------|---------------------|---------------------|
| | June 30, 2019 | June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 | June 30, 2014 |
| District's Proportion of the Net Pension Liability | 0.1204% | 0.1264% | 0.1301% | 0.1296% | 0.1285% | 0.1254% |
| District's Proportionate Share of the Net Pension Liability | \$ 6,656,646 | \$ 7,012,154 | \$ 8,305,498 | \$ 10,522,877 | \$ 6,659,537 | \$ 5,890,664 |
| State's Proportionate Share of the Net Pension Liability Associated with District | 206,991 | 230,106 | 104,421 | 137,440 | - | - |
| Total | <u>\$ 6,863,637</u> | <u>\$ 7,242,260</u> | <u>\$ 8,409,919</u> | <u>\$ 10,660,317</u> | <u>\$ 6,659,537</u> | <u>\$ 5,890,664</u> |
| District's Covered Payroll | \$ 8,525,440 | \$ 8,496,880 | \$ 8,389,253 | \$ 8,037,947 | \$ 7,475,892 | \$ 6,584,883 |
| District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | 78.08% | 82.53% | 99.00% | 130.91% | 89.08% | 89.46% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 80.23% | 79.53% | 75.90% | 68.90% | 78.20% | 78.70% |

* The District implemented GASB Statement No. 68 in fiscal 2015, and the above table will be expanded to 10 years as information is available.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
LAST SEVEN FISCAL YEARS***

| TRA | Fiscal Year | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Statutorily Required Contribution | \$ 2,309,679 | \$ 2,181,602 | \$ 2,012,175 | \$ 1,874,219 | \$ 1,777,494 | \$ 1,750,113 | \$ 1,433,636 |
| Contributions in Relation to the Statutorily Required Contribution | (2,309,679) | (2,181,602) | (2,012,175) | (1,874,219) | (1,777,494) | (1,750,113) | (1,433,636) |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's Covered Payroll | \$ 29,162,614 | \$ 28,295,746 | \$ 26,829,000 | \$ 24,989,587 | \$ 23,699,920 | \$ 23,334,840 | \$ 20,480,514 |
| Contributions as a Percentage of Covered Payroll | 7.92% | 7.71% | 7.50% | 7.50% | 7.50% | 7.50% | 7.00% |

* The District implemented GASB Statement No. 68 in fiscal 2015, and the above table will be expanded to 10 years as information is available.

| GERF | Fiscal Year | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Statutorily Required Contribution | \$ 634,079 | \$ 639,408 | \$ 637,266 | \$ 629,194 | \$ 602,846 | \$ 551,347 | \$ 477,404 |
| Contributions in Relation to the Statutorily Required Contribution | (634,079) | (639,408) | (637,266) | (629,194) | (602,846) | (551,347) | (477,404) |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's Covered Payroll | \$ 8,454,387 | \$ 8,525,440 | \$ 8,496,880 | \$ 8,389,253 | \$ 8,037,947 | \$ 7,475,892 | \$ 6,584,883 |
| Contributions as a Percentage of Covered Payroll | 7.50% | 7.50% | 7.50% | 7.50% | 7.50% | 7.38% | 7.25% |

* The District implemented GASB Statement No. 68 in fiscal 2015, and the above table will be expanded to 10 years as information is available.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL PENSION LIABILITY
AND RELATED RATIOS
SUPPLEMENTAL PENSION PLAN
LAST FOUR MEASUREMENT DATES ***

| | Measurement Date | | | |
|--|-------------------|-------------------|-------------------|-------------------|
| | July 1, 2019 | July 1, 2018 | July 1, 2017 | July 1, 2016 |
| Service Cost | \$ 51,151 | \$ 47,490 | \$ 43,433 | \$ 44,526 |
| Interest | 15,692 | 12,101 | 12,025 | 12,784 |
| Differences Between Expected and Actual Experience | - | 97,272 | - | - |
| Changes of Assumptions of Other Inputs | 10,265 | (3,743) | (13,592) | - |
| Benefit Payments | (52,239) | (76,303) | (132,724) | (32,754) |
| Net Changes | 24,869 | \$ 76,817 | (90,858) | 24,556 |
| Total Pension Liability - Beginning | <u>423,075</u> | <u>\$ 346,258</u> | <u>437,116</u> | <u>412,560</u> |
| Total Pension Liability - Ending | <u>\$ 447,944</u> | <u>\$ 423,075</u> | <u>\$ 346,258</u> | <u>\$ 437,116</u> |
| Covered Payroll | \$ 3,186,673 | \$ 3,093,857 | \$ 2,716,855 | \$ 2,637,723 |
| Total Pension Liability as a Percentage of Covered Employee Payroll | 14.06% | 13.67% | 12.74% | 16.57% |

*Ten Years of Data Will be Presented as it Becomes Available

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the years ended June 30:

A. General Employees Fund

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018 Changes

Changes in Actuarial Assumptions

- The morality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50% 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 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00 percent funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS
(CONTINUED)**

2017 Changes

Changes in Actuarial Assumptions

- The combined service annuity (CSA) loads were changed from 0.80% for active members and 60.00% for vested and non-vested deferred members. The revised CSA load are now 0.00% for active member liability, 15.00% for vested deferred member liability, and 3.00% for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed for 1.00% per year for all years to 1.00% per year through 2044 and 2.50% 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 postretirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes:

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00 percent per year through 2035 and 2.50% 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.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS
(CONTINUED)**

The following changes were reflected in the valuation performed on behalf of the Teachers Retirement Association for the years ended June 30:

A. Coordinated Plan

2019 Changes

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions

- The investment return assumption was changed from 8.5% to 7.5%.
- The price inflation assumption was lowered from 3.0% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The wage inflation assumption (above price inflation) was reduced from 0.75% to 0.35% for the next 10 years, and 0.75% thereafter.
- The total salary increase assumption was adjusted by the wage inflation change.
- The amortization date for the funding of the Unfunded Actuarial Accrual Liability (UAAL) was reset to June 30, 2048 (30 years).
- The mechanism in the law that provided the TRA Board with some authority to set contribution rates was eliminated.

Changes in Plan Provisions

- The 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% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 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 zero percent 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 is reduced from 8.5% to 7.5%, effective July 1, 2018.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS
(CONTINUED)**

2018 Changes (Continued)

- The employer contribution rate is increased each July 1 over the next 5 years, (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 cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- 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 COLA was not assumed to increase to 2.5%, but remain at 2.0% for all future years.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 3.5% 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.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions

- The cost of living adjustment was not assumed to increase (it remained at 2.0% for all future years).
- The price inflation assumption was lowered from 3.0% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes at 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 6 years, and female rates set back 5 years. Generational projection uses the MP-2015 scale.
- The postretirement mortality assumption was changed to the RP-2014 white collar annuitant table, male rates set back 3 years and female rates set back 3 years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS
(CONTINUED)**

2016 Changes (Continued)

- The post-disability mortality assumption was changed to the RP-2014 disabled retiree mortality table, without adjustments.
- 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 forms of payment at retirement were made.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

- The cost of living adjustment was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2037.
- The investment return assumption was changed from 8.25% to 8.0%.

Changes in Plan Provisions

- The Duluth Teachers Retirement Fund Association was merged into TRA on June 30, 2015. This also resulted in a state-provided contribution stream of \$14.377 million until the System becomes fully funded.

2014 Changes

Changes in Actuarial Assumptions

- The cost of living adjustment was assumed to increase from 2.0% annually to 2.5% annually once the legally specified criteria was met. This was estimated to occur July 1, 2031.

Changes in Plan Provisions

- The increase in the postretirement benefit adjustment (COLA) will be made once the System is 90% funded (on a market value basis) in two consecutive years, rather than just one year.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS
(CONTINUED)**

The following changes were reflected in the valuation performed on behalf of the District's Postemployment Benefits Plan for the years ended June 30:

2020

- The discount rate was changed from 3.50% to 3.10%.

2019

- A \$1,000 lump sum paid to an HRA was added for retirement eligible teachers hired before July 1, 2001 that give notice of retirement prior to February 15th
- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality table was updated from 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 retiree plan participation assumption for educational assistants, food service, paraprofessionals, and non-affiliated participants was changed from 70% to 30%.
- The end age for dental insurance implicit rate subsidy was increased from age 65 to age 70.
- The discount rate was changed from 3.40% to 3.50%.

2018

- The discount rate was changed from 3.00% to 3.40%.
- The actuarial cost method was changed from projected unit credit to entry age as prescribed by GASB 75.

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SUPPLEMENTARY INFORMATION

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**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GENERAL FUND
BALANCE SHEET
JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

| | <u>2020</u> | <u>2019</u> |
|---|----------------------|----------------------|
| ASSETS | | |
| Cash and Investments | \$ 12,101,481 | \$ 10,864,504 |
| Receivables: | | |
| Current Taxes | 4,572,511 | 3,899,224 |
| Delinquent Taxes | 80,699 | 66,777 |
| Accounts and Interest Receivable | 150,065 | 240,681 |
| Due from Other Minnesota School Districts | 378,547 | 403,254 |
| Due from Minnesota Department of Education | 5,412,127 | 5,294,741 |
| Due from Federal Through the Minnesota Department of Education | 659,547 | 1,104,287 |
| Due from Other Governmental Units | 3,538 | 3,773 |
| Inventory | 14,140 | 10,176 |
| Prepays | 200,688 | 160,470 |
| | <u>\$ 23,573,343</u> | <u>\$ 22,047,887</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE | | |
| Liabilities: | | |
| Salaries and Compensated Absences Payable | \$ 2,796,056 | \$ 2,932,181 |
| Payroll Deductions and Employer Contributions Payable | 3,012,591 | 2,921,421 |
| Accounts and Contracts Payable | 448,618 | 511,911 |
| Due to Other Governmental Units | 96,608 | 129,426 |
| Unearned Revenue | 11,454 | 10,490 |
| Total Liabilities | <u>6,365,327</u> | <u>6,505,429</u> |
| Deferred Inflows of Resources: | | |
| Unavailable Revenue - Property Taxes Levied for Subsequent Year | 7,233,493 | 6,798,565 |
| Unavailable Revenue - Delinquent Taxes | 57,897 | 49,271 |
| Total Deferred Inflows of Resources | <u>7,291,390</u> | <u>6,847,836</u> |
| Fund Balance: | | |
| Nonspendable: | | |
| Inventory | 14,140 | 10,176 |
| Prepays | 200,688 | 160,470 |
| Restricted for: | | |
| Student Activities | 135,708 | - |
| Staff Development | 303,449 | 160,645 |
| Operating Capital | 717,726 | 383,894 |
| Basic Skills Extended Time | - | 1,784 |
| Teacher Development and Evaluation | 17,384 | 27,568 |
| Basic Skills Programs | 293,900 | 175,093 |
| Achievement and Integration | 80,457 | - |
| Safe Schools Levy | 146,003 | - |
| Long-Term Facilities Maintenance | 1,627,389 | 1,672,855 |
| Medical Assistance | 480,207 | 105,522 |
| Unassigned | 5,899,575 | 5,996,615 |
| Total Fund Balance | <u>9,916,626</u> | <u>8,694,622</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balance | <u>\$ 23,573,343</u> | <u>\$ 22,047,887</u> |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

| | 2020 | | Over (Under) Final Budget | 2019 |
|--|-------------------|-------------------|------------------------------|-------------------|
| | Final Budget | Actual Amounts | | Actual Amounts |
| REVENUES | | | | |
| Local Sources: | | | | |
| Property Taxes | \$ 7,458,612 | \$ 7,411,493 | \$ (47,119) | \$ 6,836,522 |
| Earnings and Investments | 153,000 | 174,662 | 21,662 | 200,439 |
| Other | 1,091,847 | 1,368,716 | 276,869 | 1,637,816 |
| State Sources | 51,201,175 | 52,149,563 | 948,388 | 50,135,866 |
| Federal Sources | 2,162,144 | 2,165,753 | 3,609 | 2,393,682 |
| Total Revenues | <u>62,066,778</u> | <u>63,270,187</u> | <u>1,203,409</u> | <u>61,204,325</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Administration: | | | | |
| Salaries | 1,429,785 | 1,432,714 | 2,929 | 1,448,438 |
| Employee Benefits | 488,051 | 450,349 | (37,702) | 472,847 |
| Purchased Services | 73,923 | 90,954 | 17,031 | 78,955 |
| Supplies and Materials | 64,151 | 43,565 | (20,586) | 64,719 |
| Other Expenditures | 41,929 | 36,241 | (5,688) | 37,169 |
| Total Administration | <u>2,097,839</u> | <u>2,053,823</u> | <u>(44,016)</u> | <u>2,102,128</u> |
| District Support Services: | | | | |
| Salaries | 1,276,547 | 1,172,004 | (104,543) | 1,162,984 |
| Employee Benefits | 463,486 | 428,371 | (35,115) | 467,480 |
| Purchased Services | 374,209 | 388,994 | 14,785 | 429,648 |
| Supplies and Materials | 790,825 | 801,359 | 10,534 | 483,501 |
| Other Expenditures | 16,000 | 2,000 | (14,000) | 10,755 |
| Total District Support Services | <u>2,921,067</u> | <u>2,792,728</u> | <u>(128,339)</u> | <u>2,554,368</u> |
| Elementary and Secondary Regular Instruction: | | | | |
| Salaries | 19,388,063 | 19,167,250 | (220,813) | 18,967,774 |
| Employee Benefits | 7,089,515 | 7,061,369 | (28,146) | 6,805,513 |
| Purchased Services | 1,589,689 | 1,386,095 | (203,594) | 1,487,041 |
| Supplies and Materials | 1,020,177 | 881,503 | (138,674) | 1,081,369 |
| Other Expenditures | 134,497 | 130,241 | (4,256) | 117,176 |
| Total Elementary and Secondary Regular Instruction | <u>29,221,941</u> | <u>28,626,458</u> | <u>(595,483)</u> | <u>28,458,873</u> |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

| | 2020 | | Over (Under) Final Budget | 2019 |
|--|-------------------|-------------------|------------------------------|-------------------|
| | Final Budget | Actual Amounts | | Actual Amounts |
| EXPENDITURES (CONTINUED) | | | | |
| Current (Continued): | | | | |
| Vocational Education Instruction: | | | | |
| Salaries | \$ 670,559 | \$ 673,919 | \$ 3,360 | \$ 778,457 |
| Employee Benefits | 285,259 | 280,405 | (4,854) | 265,498 |
| Purchased Services | 12,632 | 5,805 | (6,827) | 6,250 |
| Supplies and Materials | 52,627 | 43,629 | (8,998) | 51,198 |
| Other Expenditures | 5,698 | 5,439 | (259) | 4,970 |
| Total Vocational Education Instruction | <u>1,026,775</u> | <u>1,009,197</u> | <u>(17,578)</u> | <u>1,106,373</u> |
| Special Education Instruction: | | | | |
| Salaries | 9,155,200 | 9,031,101 | (124,099) | 8,635,159 |
| Employee Benefits | 3,816,067 | 3,505,852 | (310,215) | 3,469,310 |
| Purchased Services | 395,914 | 370,851 | (25,063) | 666,171 |
| Supplies and Materials | 92,500 | 73,146 | (19,354) | 86,215 |
| Other Expenditures | 48,500 | 54,738 | 6,238 | 51,837 |
| Total Special Education Instruction | <u>13,508,181</u> | <u>13,035,688</u> | <u>(472,493)</u> | <u>12,908,692</u> |
| Instructional Support Services: | | | | |
| Salaries | 1,861,354 | 1,774,706 | (86,648) | 1,778,518 |
| Employee Benefits | 696,899 | 686,531 | (10,368) | 645,906 |
| Purchased Services | 253,449 | 234,395 | (19,054) | 254,122 |
| Supplies and Materials | 222,750 | 223,543 | 793 | 205,838 |
| Other Expenditures | 21,000 | 24,752 | 3,752 | 20,020 |
| Total Instructional Support Services | <u>3,055,452</u> | <u>2,943,927</u> | <u>(111,525)</u> | <u>2,904,404</u> |
| Pupil Support Services: | | | | |
| Salaries | 1,171,554 | 1,163,170 | (8,384) | 1,117,065 |
| Employee Benefits | 422,613 | 405,302 | (17,311) | 404,834 |
| Purchased Services | 3,168,595 | 3,453,868 | 285,273 | 3,453,618 |
| Supplies and Materials | 20,318 | 14,674 | (5,644) | 15,611 |
| Other Expenditures | 4,844 | 5,467 | 623 | 8,875 |
| Total Pupil Support Services | <u>4,787,924</u> | <u>5,042,481</u> | <u>254,557</u> | <u>5,000,003</u> |
| Sites and Buildings: | | | | |
| Salaries | 2,035,368 | 1,994,086 | (41,282) | 1,964,965 |
| Employee Benefits | 813,085 | 784,600 | (28,485) | 786,918 |
| Purchased Services | 3,033,940 | 2,802,317 | (231,623) | 2,222,627 |
| Supplies and Materials | 618,299 | 677,988 | 59,689 | 710,666 |
| Other Expenditures | 92,675 | 10,195 | (82,480) | 6,686 |
| Total Sites and Buildings | <u>6,593,367</u> | <u>6,269,186</u> | <u>(324,181)</u> | <u>5,691,862</u> |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

| | 2020 | | 2019 | |
|--|-----------------------|---------------------|------------------------------|---------------------|
| | Final Budget | Actual Amounts | Over (Under) Final Budget | Actual Amounts |
| EXPENDITURES (CONTINUED) | | | | |
| Current (Continued): | | | | |
| Fiscal and Other Fixed Costs: | | | | |
| Purchased Services | \$ 204,655 | \$ 205,210 | \$ 555 | \$ 136,438 |
| Capital Outlay: | | | | |
| Administration | - | 3,762 | 3,762 | 1,762 |
| District Support Services | 153,750 | 55,023 | (98,727) | 18,762 |
| Regular Instruction | 177,423 | 102,645 | (74,778) | 377,912 |
| Vocational Education Instruction | 15,000 | 3,869 | (11,131) | 16,355 |
| Special Education Instruction | - | 3,931 | 3,931 | - |
| Instructional Support Services | 19,876 | 9,355 | (10,521) | 38,997 |
| Pupil Support Services | - | 631 | 631 | - |
| Sites and Buildings | 115,000 | 119,221 | 4,221 | 126,194 |
| Total Capital Outlay | <u>481,049</u> | <u>298,437</u> | <u>(182,612)</u> | <u>579,982</u> |
| Debt Service: | | | | |
| Principal | 57,800 | 46,053 | (11,747) | 395,115 |
| Interest and Fiscal Charges | 28,881 | 13,746 | (15,135) | 19,836 |
| Total Debt Service | <u>86,681</u> | <u>59,799</u> | <u>(26,882)</u> | <u>414,951</u> |
| Total Expenditures | <u>63,984,931</u> | <u>62,336,934</u> | <u>(1,647,997)</u> | <u>61,858,074</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (1,918,153) | 933,253 | 2,851,406 | (653,749) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of Equipment | 30,000 | 13,944 | (16,056) | 57,152 |
| Insurance Recovery | 4,865 | 45,985 | 41,120 | 13,334 |
| Capital Lease Issuance | - | - | - | 127,085 |
| Transfers Out | (5,000) | - | 5,000 | (19,000) |
| Total Other Financing Sources | <u>29,865</u> | <u>59,929</u> | <u>30,064</u> | <u>178,571</u> |
| NET CHANGE IN FUND BALANCE | \$ (1,888,288) | 993,182 | \$ 2,881,470 | (475,178) |
| FUND BALANCE | | | | |
| Beginning of Year | | 8,694,622 | | 9,169,800 |
| Restatement - Implementation of New Standard | | 228,822 | | - |
| Fund Balance - Beginning, as Restated | | <u>8,923,444</u> | | <u>9,169,800</u> |
| End of Year | | <u>\$ 9,916,626</u> | | <u>\$ 8,694,622</u> |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
FOOD SERVICE SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

| | 2020 | 2019 |
|---|------------|------------|
| ASSETS | | |
| Cash and Investments | \$ 555,006 | \$ 720,415 |
| Receivables: | | |
| Accounts and Interest Receivable | 7,839 | 14,066 |
| Due from Minnesota Department of Education | - | 4,294 |
| Due from Federal Through the Minnesota Department of Education | 178,291 | 38,674 |
| Inventory | 74,524 | 38,528 |
| Prepays | 4,043 | 8,439 |
| | \$ 819,703 | \$ 824,416 |
| LIABILITIES AND FUND BALANCE | | |
| Liabilities: | | |
| Salaries and Compensated Absences Payable | \$ 19,296 | \$ 13,155 |
| Accounts and Contracts Payable | 30,972 | 3,437 |
| Unearned Revenue | 99,130 | 56,450 |
| Total Liabilities | 149,398 | 73,042 |
| Fund Balance: | | |
| Nonspendable: | | |
| Inventory | 74,524 | 38,528 |
| Prepays | 4,043 | 8,439 |
| Restricted for: | | |
| Food Service | 591,738 | 704,407 |
| Total Fund Balance | 670,305 | 751,374 |
| | \$ 819,703 | \$ 824,416 |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
FOOD SERVICE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

| | 2020 | | | 2019 |
|-----------------------------------|------------------|-------------------|------------------------------|-------------------|
| | Final Budget | Actual Amounts | Over (Under) Final Budget | Actual Amounts |
| REVENUES | | | | |
| Local Sources: | | | | |
| Earnings and Investments | \$ 150 | \$ 12,657 | \$ 12,507 | \$ 13,988 |
| Other - Primarily Meal Sales | 1,164,549 | 867,939 | (296,610) | 1,178,544 |
| State Sources | 181,088 | 131,913 | (49,175) | 184,735 |
| Federal Sources | 1,606,178 | 1,621,015 | 14,837 | 1,600,518 |
| Total Revenues | <u>2,951,965</u> | <u>2,633,524</u> | <u>(318,441)</u> | <u>2,977,785</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Salaries | 1,112,847 | 1,049,660 | (63,187) | 1,050,417 |
| Employee Benefits | 377,569 | 377,283 | (286) | 382,197 |
| Purchased Services | 59,027 | 34,855 | (24,172) | 54,027 |
| Supplies and Materials | 1,348,248 | 1,250,267 | (97,981) | 1,397,504 |
| Other Expenditures | 5,700 | 2,528 | (3,172) | 1,839 |
| Capital Outlay | 10,000 | - | (10,000) | 27,494 |
| Total Expenditures | <u>2,913,391</u> | <u>2,714,593</u> | <u>(198,798)</u> | <u>2,913,478</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ 38,574</u> | (81,069) | <u>\$ (119,643)</u> | 64,307 |
| FUND BALANCE | | | | |
| Beginning of Year | | <u>751,374</u> | | <u>687,067</u> |
| End of Year | | <u>\$ 670,305</u> | | <u>\$ 751,374</u> |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
COMMUNITY SERVICE SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2020**

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)

| | 2020 | 2019 |
|---|--------------|--------------|
| ASSETS | | |
| Cash and Investments | \$ 1,554,573 | \$ 1,531,914 |
| Receivables: | | |
| Current Taxes | 182,642 | 165,995 |
| Delinquent Taxes | 3,691 | 3,204 |
| Accounts and Interest Receivable | 5,328 | 8,248 |
| Due from Minnesota Department of Education | 217,546 | 208,755 |
| Due from Federal Through the Minnesota Department of Education | 125,581 | 76,435 |
| Due from Other Governmental Units | 1,295 | - |
| Prepays | 30,832 | 27,000 |
| Total Assets | \$ 2,121,488 | \$ 2,021,551 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE | | |
| Liabilities: | | |
| Salaries and Compensated Absences Payable | \$ 26,438 | \$ 28,377 |
| Accounts and Contracts Payable | 63,696 | 62,021 |
| Due to Other Minnesota School Districts | 203,432 | 243,466 |
| Unearned Revenue | 19,110 | 157,672 |
| Total Liabilities | 312,676 | 491,536 |
| Deferred Inflows of Resources: | | |
| Property Taxes Levied for Subsequent Year | 309,534 | 307,559 |
| Unavailable Revenue - Delinquent Taxes | 2,801 | 2,393 |
| Total Deferred Inflows of Resources | 312,335 | 309,952 |
| Fund Balance: | | |
| Nonspendable: | | |
| Prepays | 30,832 | 27,000 |
| Restricted for: | | |
| Community Education | 472,520 | 395,598 |
| Early Childhood and Family Education | 78,710 | 78,370 |
| School Readiness | 673,128 | 505,608 |
| Adult Basic Education | 204,576 | 158,780 |
| Other Community Service Programs | 36,711 | 54,707 |
| Total Fund Balance | 1,496,477 | 1,220,063 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balance | \$ 2,121,488 | \$ 2,021,551 |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
COMMUNITY SERVICE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

| | 2020 | | 2019 | |
|---|--------------|-------------------|------------------------------|-------------------|
| | Final Budget | Actual Amounts | Over (Under) Final Budget | Actual Amounts |
| REVENUES | | | | |
| Local Sources: | | | | |
| Property Taxes | \$ 306,204 | \$ 302,539 | \$ (3,665) | \$ 307,326 |
| Earnings and Investments | 700 | 34,322 | 33,622 | 35,580 |
| Other - Primarily Tuition and Fees | 773,383 | 774,928 | 1,545 | 896,133 |
| State Sources | 2,185,929 | 2,196,243 | 10,314 | 2,038,823 |
| Federal Sources | 177,147 | 145,581 | (31,566) | 76,435 |
| Total Revenues | 3,443,363 | 3,453,613 | 10,250 | 3,354,297 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Salaries | 1,155,813 | 1,024,891 | (130,922) | 1,026,289 |
| Employee Benefits | 324,650 | 305,559 | (19,091) | 320,608 |
| Purchased Services | 1,770,067 | 1,648,856 | (121,211) | 1,680,043 |
| Supplies and Materials | 111,160 | 151,061 | 39,901 | 182,527 |
| Other Expenditures | 9,075 | 16,829 | 7,754 | 11,968 |
| Capital Outlay | 18,500 | 28,001 | 9,501 | 24,383 |
| Debt Service: | | | | |
| Principal | 2,868 | 1,344 | (1,524) | 2,695 |
| Interest and Fiscal Charges | 1,469 | 658 | (811) | 359 |
| Total Expenditures | 3,393,602 | 3,177,199 | (216,403) | 3,248,872 |
| EXCESS OF REVENUES OVER EXPENDITURES | 49,761 | 276,414 | 226,653 | 105,425 |
| OTHER FINANCING SOURCES | | | | |
| Transfers In | 5,000 | - | (5,000) | 19,000 |
| NET CHANGE IN FUND BALANCE | \$ 54,761 | 276,414 | \$ 221,653 | 124,425 |
| FUND BALANCE | | | | |
| Beginning of Year | | 1,220,063 | | 1,095,638 |
| End of Year | | \$ 1,496,477 | | \$ 1,220,063 |

**OWATONNA PUBLIC SCHOOLS
 INDEPENDENT SCHOOL DISTRICT NO. 761
 CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND
 BALANCE SHEET
 JUNE 30, 2020
 (WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

| | 2020 | 2019 |
|---|----------------|--------------|
| ASSETS | | |
| Cash and Investments | \$ 135,491,561 | \$ 5,245,361 |
| Receivables: | | |
| Accounts and Interest Receivable | 97,155 | - |
| Total Assets | \$ 135,588,716 | \$ 5,245,361 |
| LIABILITIES AND FUND BALANCE | | |
| Liabilities: | | |
| Accounts and Contracts Payable | \$ 351,305 | \$ 26,996 |
| Fund Balance: | | |
| Restricted for Other Purposes | 135,237,411 | 5,218,365 |
| Total Liabilities and Fund Balance | \$ 135,588,716 | \$ 5,245,361 |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

| | 2020 | | | 2019 |
|--|-----------------------|-----------------------|------------------------------|---------------------|
| | Final Budget | Actual Amounts | Over (Under) Final Budget | Actual Amounts |
| REVENUES | | | | |
| Local Sources: | | | | |
| Earnings and Investments | \$ 620,000 | \$ 405,987 | \$ (214,013) | \$ 207,062 |
| Other | 20,000,000 | 20,005,134 | 5,134 | - |
| Total Revenues | <u>20,620,000</u> | <u>20,411,121</u> | <u>(208,879)</u> | <u>207,062</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Salaries | 207 | - | (207) | - |
| Employee Benefits | 34 | - | (34) | - |
| Purchased Services | 1,500,000 | 3,037,714 | 1,537,714 | 431,551 |
| Supplies and Materials | - | - | - | 311,097 |
| Capital Outlay | 5,493,124 | 617,268 | (4,875,856) | 8,947,303 |
| Total Expenditures | <u>6,993,365</u> | <u>3,654,982</u> | <u>(3,338,383)</u> | <u>9,689,951</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 13,626,635 | 16,756,139 | 3,129,504 | (9,482,889) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of Bonds | 112,875,730 | 110,030,000 | (2,845,730) | - |
| Bond Premium | - | 3,232,907 | 3,232,907 | - |
| Total Other Financing Sources (Uses) | <u>112,875,730</u> | <u>113,262,907</u> | <u>387,177</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ 126,502,365</u> | 130,019,046 | <u>\$ 3,516,681</u> | (9,482,889) |
| FUND BALANCE | | | | |
| Beginning of Year | | <u>5,218,365</u> | | <u>14,701,254</u> |
| End of Year | | <u>\$ 135,237,411</u> | | <u>\$ 5,218,365</u> |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
DEBT SERVICE FUND
BALANCE SHEET
JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION JUNE 30, 2019)**

| | Totals | |
|---|----------------------|---------------------|
| | 2020 | 2019 |
| ASSETS | | |
| Cash and Investments | \$ 4,938,188 | \$ 3,747,447 |
| Receivables: | | |
| Current Taxes | 6,174,101 | 3,356,210 |
| Delinquent Taxes | 54,575 | 45,839 |
| Due from Minnesota Department of Education | 49,356 | 53,808 |
| | <u>\$ 11,216,220</u> | <u>\$ 7,203,304</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE | | |
| Deferred Inflows of Resources: | | |
| Property Taxes Levied for Subsequent Year | \$ 9,844,838 | \$ 5,845,757 |
| Unavailable Revenue - Delinquent Taxes | 38,918 | 31,983 |
| Total Deferred Inflows of Resources | <u>9,883,756</u> | <u>5,877,740</u> |
| Fund Balance: | | |
| Restricted for Debt Service | <u>1,332,464</u> | <u>1,325,564</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balance | <u>\$ 11,216,220</u> | <u>\$ 7,203,304</u> |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

| | 2020 | | Over (Under) Final Budget | 2019 |
|-----------------------------------|------------------------------|--------------------------------------|---------------------------------|---------------------|
| | Final Budgeted Amounts | Actual Regular Debt Service | | Actual Amounts |
| REVENUES | | | | |
| Local Sources: | | | | |
| Property Taxes | \$ 5,386,769 | \$ 5,316,428 | \$ (70,341) | \$ 5,511,708 |
| Earnings and Investments | 1,348 | 58,853 | 57,505 | 67,843 |
| State Sources | 493,743 | 493,569 | (174) | 538,078 |
| Total Revenues | <u>5,881,860</u> | <u>5,868,850</u> | <u>(13,010)</u> | <u>6,117,629</u> |
| EXPENDITURES | | | | |
| Debt Service: | | | | |
| Principal | 3,730,000 | 3,730,000 | - | 3,660,000 |
| Bond Interest | 2,131,950 | 2,131,950 | - | 2,204,600 |
| Paying Agent Fees and Other | 495 | - | (495) | 496 |
| Total Expenditures | <u>5,862,445</u> | <u>5,861,950</u> | <u>(495)</u> | <u>5,865,096</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ 19,415</u> | 6,900 | <u>\$ (12,515)</u> | 252,533 |
| FUND BALANCE | | | | |
| Beginning of Year | | <u>1,325,564</u> | | <u>1,073,031</u> |
| End of Year | | <u>\$ 1,332,464</u> | | <u>\$ 1,325,564</u> |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
JUNE 30, 2020**

| | AUDIT | UFARS | DIFFERENCE |
|---|---------------|---------------|------------|
| 01 GENERAL FUND | | | |
| Total Revenue | \$ 63,316,172 | \$ 63,316,173 | \$ (1) |
| Total Expenditures | 62,336,934 | 62,336,942 | (8) |
| <i>Nonspendable:</i> | | | |
| 460 Nonspendable Fund Balance | 214,828 | 214,827 | 1 |
| <i>Restricted:</i> | | | |
| 401 Student Activities | 135,708 | 135,709 | (1) |
| 402 Scholarships | - | - | - |
| 403 Staff Development | 303,449 | 303,449 | - |
| 407 Capital Project Levy | - | - | - |
| 408 Cooperative Programs | - | - | - |
| 413 Projects Funded by COP | - | - | - |
| 414 Operating Debt | - | - | - |
| 416 Levy Reduction | - | - | - |
| 417 Taconite Building Maintenance | - | - | - |
| 424 Operating Capital | 717,726 | 717,726 | - |
| 426 \$25 Taconite | - | - | - |
| 427 Disabled Accessibility | - | - | - |
| 428 Learning and Development | - | - | - |
| 434 Area Learning Center | - | - | - |
| 435 Contracted Alternative Programs | - | - | - |
| 436 State-Approved Alternative Programs | - | - | - |
| 438 Gifted and Talented | - | - | - |
| 440 Teacher Development and Evaluations | 17,384 | 17,384 | - |
| 441 Basic Skills Programs | 293,900 | 293,899 | 1 |
| 445 Career and Technical Programs | - | - | - |
| 448 Achievement and Integration | 80,457 | 80,457 | - |
| 449 Safe Schools Crime Levy | 146,003 | 146,003 | - |
| 451 QZAB Payments | - | - | - |
| 452 OPEB Liability Not Held in Trust | - | - | - |
| 459 Basic Skills Extended Time | - | - | - |
| 467 LTFM | 1,627,389 | 1,627,389 | - |
| 472 Medical Assistance | 480,207 | 480,207 | - |
| 464 Restricted Fund Balance | - | - | - |
| <i>Committed:</i> | | | |
| 418 Committed for Separation | - | - | - |
| 461 Committed Fund Balance | - | - | - |
| <i>Assigned:</i> | | | |
| 462 Assigned Fund Balance | - | - | - |
| <i>Unassigned:</i> | | | |
| 422 Unassigned Fund Balance | 5,899,575 | 5,899,572 | 3 |
| 02 FOOD SERVICE | | | |
| Total Revenue | 2,633,524 | 2,633,523 | 1 |
| Total Expenditures | 2,714,593 | 2,714,593 | - |
| <i>Nonspendable:</i> | | | |
| 460 Nonspendable Fund Balance | 78,567 | 78,567 | - |
| <i>Restricted:</i> | | | |
| 452 OPEB Liability Not Held in Trust | - | - | - |
| 464 Restricted Fund Balance | 591,738 | 591,738 | - |
| <i>Unassigned:</i> | | | |
| 463 Unassigned Fund Balance | - | - | - |
| 04 COMMUNITY SERVICE | | | |
| Total Revenue | 3,453,613 | 3,453,609 | 4 |
| Total Expenditures | 3,177,199 | 3,177,197 | 2 |
| <i>Nonspendable:</i> | | | |
| 460 Nonspendable Fund Balance | 30,832 | 30,832 | - |
| <i>Restricted:</i> | | | |
| 426 \$25 Taconite | - | - | - |
| 431 Community Education | 472,520 | 472,520 | - |
| 432 E. C. F. E. | 78,710 | 78,710 | - |
| 440 Teacher Development and Evaluations | - | - | - |
| 444 School Readiness | 673,128 | 673,128 | - |
| 447 Adult Basic Education | 204,576 | 204,576 | - |
| 452 OPEB Liability Not Held in Trust | - | - | - |
| 464 Restricted Fund Balance | 36,711 | 36,710 | 1 |
| <i>Unassigned:</i> | | | |
| 463 Unassigned Fund Balance | - | - | - |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS (CONTINUED)
COMPLIANCE TABLE
JUNE 30, 2020**

| | AUDIT | UFARS | DIFFERENCE |
|----------------------------------|---------------|---------------|------------|
| 06 BUILDING CONSTRUCTION | | | |
| Total Revenue | \$ 20,411,121 | \$ 20,411,119 | \$ 2 |
| Total Expenditures | 3,654,982 | 3,654,981 | 1 |
| <i>Nonspendable:</i> | | | |
| 460 Nonspendable Fund Balance | - | - | - |
| <i>Restricted:</i> | | | |
| 407 Capital Projects Levy | - | - | - |
| 409 Alternative Facility Program | - | - | - |
| 413 Projects Funded by COP | - | - | - |
| 467 LTFM | - | - | - |
| 464 Restricted Fund Balance | 135,237,411 | 135,237,410 | 1 |
| <i>Unassigned:</i> | | | |
| 463 Unassigned Fund Balance | - | - | - |
| 07 DEBT SERVICE | | | |
| Total Revenue | 5,868,850 | 5,868,850 | - |
| Total Expenditures | 5,861,950 | 5,861,950 | - |
| <i>Nonspendable:</i> | | | |
| 460 Nonspendable Fund Balance | - | - | - |
| <i>Restricted:</i> | | | |
| 425 Bond Refunding | - | - | - |
| 451 QZAB and QSCB Payments | - | - | - |
| 464 Restricted Fund Balance | 1,332,464 | 1,332,464 | - |
| <i>Unassigned:</i> | | | |
| 463 Unassigned Fund Balance | - | - | - |
| 08 TRUST | | | |
| Total Revenue | - | - | - |
| Total Expenditures | - | - | - |
| <i>Net Position:</i> | | | |
| 422 Net Position | - | - | - |
| 18 CUSTODIAL FUND | | | |
| Total Revenue | 8,797 | 8,797 | - |
| Total Expenditures | 9,087 | 9,087 | - |
| <i>Net Position:</i> | | | |
| 401 Student Activities | - | - | - |
| 402 Scholarships | - | - | - |
| 448 Achievement & Integration | - | - | - |
| 464 Restricted Fund Balance | 2,627 | 2,627 | - |
| 20 INTERNAL SERVICE | | | |
| Total Revenue | 498,896 | 498,896 | - |
| Total Expenditures | 416,571 | 416,572 | (1) |
| <i>Net Position:</i> | | | |
| 422 Net Position | 292,857 | 292,856 | 1 |
| 25 OPEB REVOCABLE TRUST | | | |
| Total Revenue | - | - | - |
| Total Expenditures | - | - | - |
| <i>Net Position:</i> | | | |
| 422 Net Position | - | - | - |
| 45 OPEB IRREVOCABLE TRUST | | | |
| Total Revenue | - | - | - |
| Total Expenditures | - | - | - |
| <i>Net Position:</i> | | | |
| 422 Net Position | - | - | - |
| 47 OPEB DEBT SERVICE | | | |
| Total Revenue | - | - | - |
| Total Expenditures | - | - | - |
| <i>Nonspendable:</i> | | | |
| 460 Nonspendable Fund Balance | - | - | - |
| <i>Restricted:</i> | | | |
| 425 Bond Refunding | - | - | - |
| 464 Restricted Fund Balance | - | - | - |
| <i>Unassigned:</i> | | | |
| 463 Unassigned Fund Balance | - | - | - |

STATISTICAL SECTION

This is part of the District'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.

| <u>Contents</u> | <u>Page</u> |
|--|--------------------|
| Financial Trends Information These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time. | 114-139 |
| Revenue Capacity Information These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax. | 140-148 |
| Debt Capacity Information These schedules present 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. | 149-154 |
| Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. | 155-157 |
| Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs. | 158-169 |

Sources: Unless otherwise noted, the information in these schedules is derived from the Independent Auditors' Report for the relevant year.

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FINANCIAL TRENDS INFORMATION

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**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

| | <u>2020</u> | <u>2019</u> | <u>**** 2018</u> | <u>*** 2017</u> |
|----------------------------------|----------------------------|-------------------------------|-------------------------------|-------------------------------|
| GOVERNMENTAL ACTIVITIES: | | | | |
| Net Investment in Capital Assets | \$ 27,801,926 | \$ 25,775,466 | \$ 25,321,667 | \$ 22,440,420 |
| Restricted | 27,455,384 | 6,077,521 | 4,406,926 | 3,237,576 |
| Unrestricted | <u>(55,746,460)</u> | <u>(51,028,335)</u> | <u>(61,929,953)</u> | <u>(44,748,825)</u> |
| Total Net Position | <u>\$ (489,150)</u> | <u>\$ (19,175,348)</u> | <u>\$ (32,201,360)</u> | <u>\$ (19,070,829)</u> |

Source: Independent Auditors' Report

* The District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 63 for the year ended June 30, 2013. This standard renames the residual of all other amounts presented in the statement of financial position from "net assets" to "net position."

** The District adopted the provisions of Governmental Accounting Standards Board (GASB) Statements 68 and 71 for the year ended June 30, 2015. Accordingly, this change in principle resulted in the restatement of beginning net position related to the recognition of the District's proportionate share of the Public Employees' Retirement Association and Teacher's Retirement Association net pension liabilities.

*** The District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 73 for the year ended June 30, 2017. Accordingly, this change in principle resulted in the restatement of beginning net position related to the recognition of the total pension liability of the District's Supplemental Pension Benefit Plan.

**** The District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 75 for the year ended June 30, 2018. Accordingly, this change in principle resulted in the restatement of beginning net position related to the recognition of the other postemployment benefits payable liability.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NET POSITION BY COMPONENT (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

| <u>2016</u> | ^{**} <u>2015</u> | <u>2014</u> | [*] <u>2013</u> | <u>2012</u> | <u>2011</u> |
|-------------------------------------|-------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| \$ 21,078,576 | \$ 20,932,061 | \$ 19,161,911 | \$ 17,576,923 | \$ 15,763,708 | \$ 13,921,139 |
| 2,249,861 | 2,687,436 | 2,237,866 | 2,343,043 | 1,930,064 | 1,779,406 |
| <u>(30,364,858)</u> | <u>(31,099,684)</u> | <u>(574,936)</u> | <u>(1,835,273)</u> | <u>(1,677,498)</u> | <u>(399,224)</u> |
| <u><u>\$ (7,036,421)</u></u> | <u><u>\$ (7,480,187)</u></u> | <u><u>\$ 20,824,841</u></u> | <u><u>\$ 18,084,693</u></u> | <u><u>\$ 16,016,274</u></u> | <u><u>\$ 15,301,321</u></u> |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GOVERNMENT-WIDE EXPENSES, PROGRAM REVENUES, AND NET
(EXPENSE) REVENUE
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| EXPENSES: | | | | |
| Governmental Activities: | | | | |
| Administration | \$ 2,251,227 | \$ 1,603,607 | \$ 2,609,603 | \$ 2,963,994 |
| District Support Services | 2,959,470 | 2,711,024 | 2,737,804 | 2,797,265 |
| Regular Instruction | 34,676,460 | 22,816,196 | 37,380,547 | 36,455,830 |
| Vocational Education Instruction | 1,227,900 | 740,965 | 1,410,958 | 1,473,429 |
| Special Education Instruction | 14,063,277 | 9,512,823 | 15,644,812 | 15,709,996 |
| Instructional Support Services | 3,207,316 | 2,320,004 | 3,573,685 | 3,412,259 |
| Pupil Support Services | 5,182,090 | 4,658,190 | 5,279,376 | 5,195,714 |
| Sites and Buildings | 6,907,113 | 6,362,997 | 4,930,141 | 6,888,572 |
| Fiscal and Other Fixed Cost Programs | 205,210 | 136,438 | 182,457 | 131,805 |
| Food Service | 2,788,688 | 2,969,206 | 2,987,795 | 2,935,602 |
| Community Service | 3,281,550 | 3,013,798 | 3,544,540 | 3,401,735 |
| Interest and Fiscal Charges on Long-Term Liabilities | 2,695,394 | 2,005,134 | 2,101,446 | 2,213,904 |
| Total Government-wide Expenses | <u>79,445,695</u> | <u>58,850,382</u> | <u>82,383,164</u> | <u>83,580,105</u> |
| PROGRAM REVENUES: | | | | |
| Governmental Activities: | | | | |
| Charges for Services: | | | | |
| District Support Services | - | 2,516 | - | - |
| Regular Instruction | 341,507 | 405,950 | 425,232 | 472,185 |
| Special Education Instruction | 615,636 | 288,173 | 259,586 | 814,087 |
| Sites and Buildings | 23,915 | 30,498 | 18,495 | 21,191 |
| Food Service | 849,937 | 1,159,703 | 1,183,602 | 1,193,555 |
| Community Service | 750,337 | 866,970 | 871,314 | 989,669 |
| Operating Grants and Contributions | 21,164,673 | 17,365,383 | 19,118,955 | 19,306,364 |
| Capital Grants and Contributions | 24,122,013 | 2,028,735 | 1,710,180 | 1,293,398 |
| Total Government-Wide Program Revenues | <u>47,868,018</u> | <u>22,147,928</u> | <u>23,587,364</u> | <u>24,090,449</u> |
| Total Government-wide Net Expense | <u>\$ (31,577,677)</u> | <u>\$ (36,702,454)</u> | <u>\$ (58,795,800)</u> | <u>\$ (59,489,656)</u> |

Source: Independent Auditors' Report

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GOVERNMENT-WIDE EXPENSES, PROGRAM REVENUES, AND NET
(EXPENSE) REVENUE (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

| <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| \$ 2,214,892 | \$ 1,962,158 | \$ 1,895,700 | \$ 1,855,310 | \$ 2,042,444 | \$ 1,871,259 |
| 2,490,625 | 2,651,016 | 2,112,832 | 2,066,752 | 2,381,115 | 2,400,208 |
| 25,985,184 | 24,983,484 | 22,903,003 | 22,253,825 | 22,586,215 | 22,918,131 |
| 1,024,380 | 963,470 | 879,531 | 857,644 | 985,654 | 947,088 |
| 11,877,751 | 9,794,757 | 9,070,850 | 9,229,338 | 8,918,235 | 8,487,358 |
| 2,711,883 | 2,232,335 | 2,071,416 | 2,242,796 | 2,646,055 | 2,602,566 |
| 3,980,170 | 3,868,506 | 3,721,881 | 3,619,996 | 3,590,963 | 3,597,773 |
| 6,152,761 | 5,315,351 | 4,906,176 | 5,180,489 | 4,546,753 | 4,610,789 |
| 164,374 | 161,149 | 125,231 | 137,108 | 117,021 | 97,980 |
| 2,875,779 | 2,867,876 | 2,584,227 | 2,691,837 | 2,622,427 | 2,517,812 |
| 3,002,921 | 2,728,023 | 2,912,620 | 2,466,413 | 2,403,407 | 1,853,866 |
| <u>906,867</u> | <u>54,965</u> | <u>224,363</u> | <u>303,988</u> | <u>484,230</u> | <u>503,226</u> |
| <u>63,387,587</u> | <u>57,583,090</u> | <u>53,407,830</u> | <u>52,905,496</u> | <u>53,324,519</u> | <u>52,408,056</u> |
| - | - | - | - | - | - |
| 445,947 | 538,156 | 536,263 | 545,092 | 642,220 | 497,422 |
| 334,202 | 269,575 | 210,772 | 198,302 | 360,893 | 211,809 |
| 33,080 | 48,014 | 41,199 | 44,563 | 38,154 | 28,686 |
| 1,233,859 | 1,263,543 | 1,178,313 | 1,213,603 | 1,281,616 | 1,346,758 |
| 817,215 | 772,640 | 738,720 | 625,895 | 609,207 | 613,790 |
| 18,249,598 | 16,208,948 | 15,283,318 | 14,313,633 | 13,683,114 | 13,411,316 |
| 816,942 | 1,344,754 | 814,588 | 651,823 | 602,199 | 748,976 |
| <u>21,930,843</u> | <u>20,445,630</u> | <u>18,803,173</u> | <u>17,592,911</u> | <u>17,217,403</u> | <u>16,858,757</u> |
| <u>\$ (41,456,744)</u> | <u>\$ (37,137,460)</u> | <u>\$ (34,604,657)</u> | <u>\$ (35,312,585)</u> | <u>\$ (36,107,116)</u> | <u>\$ (35,549,299)</u> |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GOVERNMENT-WIDE GENERAL REVENUES AND
TOTAL CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Net (Expense)/Revenue | | | | |
| Total Government-wide Net Expense (1) | \$ (31,577,677) | \$ (36,702,454) | \$ (58,795,800) | \$ (59,489,656) |
| General Revenues and Changes in Net Position | | | | |
| Governmental Activities: | | | | |
| Property Taxes Levied for: | | | | |
| General Purposes | 7,420,119 | 6,827,834 | 6,766,704 | 6,494,953 |
| Community Service | 302,947 | 306,821 | 306,774 | 309,761 |
| Debt Service | 5,323,363 | 5,506,697 | 6,000,116 | 6,120,304 |
| State Aid Not Restricted to | | | | |
| Specific Purposes | 36,096,402 | 35,825,372 | 34,366,105 | 33,961,847 |
| Earnings on Investments | 691,219 | 529,214 | 406,016 | 651,836 |
| Gain on Sale of Fixed Assets | - | 38,050 | - | - |
| Miscellaneous | 201,003 | 694,478 | 330,548 | 532,475 |
| Total General Revenues | <u>50,035,053</u> | <u>49,728,466</u> | <u>48,176,263</u> | <u>48,071,176</u> |
| Total Government-Wide | <u>\$ 18,457,376</u> | <u>\$ 13,026,012</u> | <u>\$ (10,619,537)</u> | <u>\$ (11,418,480)</u> |

(1) See previous page for these numbers.

* The District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 63 for the year ended June 30, 2013. This standard renames the residual of all other amounts presented in the statement of financial position from "net assets" to "net position."

Source: Independent Auditors' Report

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GOVERNMENT-WIDE GENERAL REVENUES AND
TOTAL CHANGE IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

| <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|--------------------------|----------------------------|----------------------------|----------------------------|--------------------------|----------------------------|
| \$ (41,456,744) | \$ (37,137,460) | \$ (34,604,657) | \$ (35,312,585) | \$ (36,107,116) | \$ (35,549,299) |
| 6,031,626 | 6,107,724 | 3,179,245 | 5,243,922 | 5,098,253 | 7,077,607 |
| 311,480 | 315,344 | 159,876 | 313,998 | 292,039 | 432,268 |
| 2,248,429 | 2,260,549 | 2,236,767 | 2,652,516 | 2,386,440 | 2,449,394 |
| 32,843,509 | 31,890,460 | 31,572,695 | 29,089,562 | 28,951,399 | 26,927,364 |
| 171,188 | 13,374 | 3,874 | 10,359 | 3,091 | 7,010 |
| - | - | 32,886 | 19,500 | - | 17,610 |
| 294,278 | 530,243 | 159,462 | 51,147 | 90,847 | 206,783 |
| <u>41,900,510</u> | <u>41,117,694</u> | <u>37,344,805</u> | <u>37,381,004</u> | <u>36,822,069</u> | <u>37,118,036</u> |
| <u>\$ 443,766</u> | <u>\$ 3,980,234</u> | <u>\$ 2,740,148</u> | <u>\$ 2,068,419</u> | <u>\$ 714,953</u> | <u>\$ 1,568,737</u> |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|-----------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Federal Sources: | | | | | |
| Federal Grants | \$ 2,311,334 | \$ 2,470,117 | \$ 2,653,541 | \$ 2,037,055 | \$ 1,823,109 |
| Food Service | 1,621,015 | 1,600,518 | 1,564,463 | 1,567,270 | 1,532,244 |
| Total Federal Sources | <u>3,932,349</u> | <u>4,070,635</u> | <u>4,218,004</u> | <u>3,604,325</u> | <u>3,355,353</u> |
| State Sources: | | | | | |
| General Education Aid | 52,149,563 | 50,135,866 | 48,363,332 | 47,090,815 | 46,377,303 (7) |
| Food Service | 131,913 | 184,735 | 174,164 | 171,047 | 175,629 |
| Community Service | 2,196,243 | 2,038,823 | 2,117,566 | 1,921,960 | 1,787,768 |
| Debt Service Aid | 493,569 | 538,078 (9) | 69,316 | 70,069 | 38,174 |
| Total State Sources | <u>54,971,288</u> | <u>52,897,502</u> | <u>50,724,378</u> | <u>49,253,891</u> | <u>48,378,874</u> |
| Local Sources: | | | | | |
| Property Taxes | 13,030,460 | 12,655,556 | 13,080,919 | 12,899,196 (8) | 8,598,217 |
| Food Service Sales | 867,939 | 1,178,544 | 1,193,958 | 1,198,152 | 1,233,859 |
| Other Revenues | 22,835,259 (10) | 3,058,861 | 2,472,825 | 3,437,236 | 2,269,903 |
| Total Local Sources | <u>36,733,658</u> | <u>16,892,961</u> | <u>16,747,702</u> | <u>17,534,584</u> | <u>12,101,979</u> |
| Total Revenues | <u>\$ 95,637,295</u> | <u>\$ 73,861,098</u> | <u>\$ 71,690,084</u> | <u>\$ 70,392,800</u> | <u>\$ 63,836,206</u> |

* Includes general, food service, community service, capital projects, and debt service funds.

- (1) Property Taxes increased in fiscal year 2011 due to property tax shift at 48.6%. This resulted in advance recognition of tax revenue in the District's General Fund and Community Service Fund and a corresponding state and holdback totaling \$2,078,197 and \$150,770, respectively.
- (2) Property Taxes decreased in fiscal year 2012. The tax shift in the General Fund resulted in an increase in state aid of \$69,184 and a corresponding decrease to property taxes. The tax shift in the Community Service Fund resulted in an increase to property taxes of \$3,541 and a corresponding decrease to state aids.
- (3) General Education increased due to an additional \$50 per pupil in the basic formula allowance, additional compensatory revenue, and an increased enrollment from FY 12.
- (4) Federal Grants decreased due to Education Jobs funding that was received in FY 12.
- (5) General Education increased in fiscal year 2014 due to an additional 1.5% increase in the basic formula allowance, additional compensatory revenue, and the payback of the tax shift.
- (6) Property Taxes decreased in fiscal year 2014 due to property tax shift payback which resulted in an increase in general education aid.
- (7) General Education increased due to an additional \$117 per pupil in the basic formula allowance.
- (8) Property Taxes increased in fiscal year 2017 due to taxes levied for scheduled payments on the 2015A and 2016A G.O. School Building Bonds.
- (9) In fiscal year 2019, the school building bond agricultural credit was enacted by legislation causing a significant increase in debt service aid.
- (10) Other revenues increased significantly due to a \$20,000,000 donation received from Federated Mutual Insurance Company to help finance the building of a new high school.

Source: Independent Auditors' Report

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GOVERNMENTAL FUNDS REVENUES (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

| 2015 | 2014 | 2013 | 2012 | 2011 |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| \$ 1,766,772 | \$ 1,713,004 | \$ 1,783,378 (4) | \$ 2,869,223 | \$ 2,914,456 |
| <u>1,440,115</u> | <u>1,230,098</u> | <u>1,247,788</u> | <u>1,202,516</u> | <u>1,134,338</u> |
| <u>3,206,887</u> | <u>2,943,102</u> | <u>3,031,166</u> | <u>4,071,739</u> | <u>4,048,794</u> |
| 43,665,805 | 42,325,660 (5) | 38,806,389 (3) | 37,146,909 | 35,747,140 |
| 186,792 | 121,883 | 123,037 | 136,743 | 140,524 |
| 1,651,148 | 1,768,739 | 1,549,457 | 1,491,873 | 742,064 |
| <u>28,265</u> | <u>28,376</u> | <u>34,282</u> | <u>211,467</u> | <u>211,140</u> |
| <u>45,532,010</u> | <u>44,244,658</u> | <u>40,513,165</u> | <u>38,986,992</u> | <u>36,840,868</u> |
| 8,724,362 | 5,575,389 (6) | 8,212,858 | 7,766,105 (2) | 10,004,765 (1) |
| 1,263,543 | 1,278,313 | 1,213,603 | 1,281,616 | 1,346,758 |
| <u>2,377,233</u> | <u>1,907,890</u> | <u>1,985,859</u> | <u>1,893,945</u> | <u>1,624,930</u> |
| <u>12,365,138</u> | <u>8,761,592</u> | <u>11,412,320</u> | <u>10,941,666</u> | <u>12,976,453</u> |
| <u>\$ 61,104,035</u> | <u>\$ 55,949,352</u> | <u>\$ 54,956,651</u> | <u>\$ 54,000,397</u> | <u>\$ 53,866,115</u> |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

| | 2020 | 2019 | 2018 | 2017 |
|--------------------------------------|----------------------|----------------------|-----------------------|----------------------|
| Administration | \$ 2,053,823 | \$ 2,102,128 | \$ 1,991,411 | \$ 2,307,867 |
| District Support Services | 2,792,728 | 2,554,368 | 2,109,779 | 2,184,030 |
| Regular Instruction | 28,626,458 | 28,458,873 | 26,546,720 | 25,337,708 |
| Vocational Education Instruction | 1,009,197 | 1,106,373 | 1,000,843 | 1,028,694 |
| Special Education Instruction | 13,035,688 | 12,908,692 | 12,281,737 | 11,891,557 |
| Instructional Support Services | 2,943,927 | 2,904,404 | 2,883,971 | 2,717,301 |
| Pupil Support Services | 5,042,481 | 5,000,003 | 4,879,388 | 4,710,045 |
| Sites and Buildings | 6,269,186 | 5,691,862 | 5,224,579 | 5,421,044 |
| Fiscal and Other Fixed Cost Programs | 205,210 | 136,438 | 182,457 | 131,805 |
| Food Service | 2,714,593 | 2,885,984 | 2,863,630 | 2,772,475 |
| Community Service | 3,147,196 | 3,221,435 | 3,233,767 | 3,053,274 |
| Capital Outlay | 3,981,420 | 10,321,810 | 37,366,787 | 26,814,514 |
| Debt Service: | | | | |
| Principal | 3,777,397 | 4,057,810 | 3,981,171 | 4,009,914 |
| Interest and Fiscal Charges | 2,146,354 | 2,224,291 | 2,311,825 | 2,340,073 |
| Total Expenditures | \$ 77,745,658 | \$ 83,574,471 | \$ 106,858,065 | \$ 94,720,301 |

| | | | | |
|--|--------------|--------------|--------------|--------------|
| Debt Service as a Percentage of Noncapital Expenditures | 7.95% | 8.58% | 9.06% | 9.35% |
|--|--------------|--------------|--------------|--------------|

* Includes general, food service, community service, capital projects, and debt service funds.

Source: Independent Auditors' Report

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

| 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 2,161,376 | \$ 1,994,336 | \$ 1,858,308 | \$ 1,853,688 | \$ 2,111,976 | \$ 1,794,161 |
| 1,953,769 | 2,007,416 | 1,534,178 | 1,730,390 | 1,976,172 | 2,216,781 |
| 24,484,071 | 23,404,977 | 21,594,864 | 21,547,782 | 21,499,307 | 21,632,973 |
| 990,356 | 986,583 | 851,994 | 833,950 | 940,505 | 897,302 |
| 11,656,999 | 9,909,196 | 8,945,039 | 9,180,796 | 8,734,486 | 8,500,187 |
| 2,662,586 | 2,231,225 | 2,041,098 | 2,292,712 | 2,650,922 | 2,549,555 |
| 3,915,037 | 3,833,825 | 3,638,496 | 3,670,854 | 3,580,587 | 3,507,532 |
| 4,946,245 | 5,371,578 | 5,225,798 | 4,902,410 | 4,852,149 | 4,603,163 |
| 164,374 | 161,149 | 125,231 | 137,108 | 117,021 | 97,980 |
| 2,819,989 | 2,815,798 | 2,518,030 | 2,587,328 | 2,502,500 | 2,446,111 |
| 2,952,143 | 2,728,387 | 2,871,959 | 2,415,777 | 2,405,876 | 1,796,287 |
| 3,768,015 | 2,976,204 | 1,878,653 | 1,764,382 | 1,358,898 | 3,983,269 |
| 2,633,549 | 2,460,000 | 2,575,000 | 2,545,000 | 2,425,000 | 2,265,000 |
| 153,625 | 90,496 | 117,119 | 505,489 | 515,048 | 532,685 |
| \$ 65,262,134 | \$ 60,971,170 | \$ 55,775,767 | \$ 55,967,666 | \$ 55,670,447 | \$ 56,822,986 |
| 4.53% | 4.40% | 4.99% | 5.63% | 5.41% | 5.29% |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
OTHER FINANCING SOURCES AND USES AND
NET CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

| | 2020 | 2019 | 2018 | 2017 |
|---|-----------------------|-----------------------|------------------------|------------------------|
| Total Revenues (1) | \$ 95,637,295 | \$ 73,861,098 | \$ 71,690,084 | \$ 70,392,800 |
| Total Expenditures (2) | 77,745,658 | 83,575,471 | 106,858,065 | 94,720,301 |
| Excess of Revenues Over (Under) Expenditures | 17,891,637 | (9,714,373) | (35,167,981) | (24,327,501) |
| Other Financing Sources (Uses) | | | | |
| Capital Lease Issuance | - | 127,085 | - | - |
| Judgments for School Districts | - | - | - | - |
| Sale of Equipment | 13,944 | 57,152 | 25,505 | 42,327 |
| Insurance Recovery | 45,985 | 13,334 (6) | 48,347 (5) | 195,132 (5) |
| Sale of Certificates of Participation | - | - | - | - |
| Certificates of Participation Premium | - | - | - | - |
| Sale of Bonds | 110,030,000 (7) | - | - | - |
| Bond Premium | 3,232,907 | - | - | - |
| Payment to Refunded Bond Escrow Agent | - | - | - | - |
| Total Other Financing Sources (Uses) | 113,322,836 | 197,571 | 73,852 | 237,459 |
| Net Change in Fund Balances | \$ 131,214,473 | \$ (9,516,802) | \$ (35,094,129) | \$ (24,090,042) |

* Includes general, food service, community service, capital projects - building construction, and debt service funds.

(1) From Governmental Funds Revenues spreadsheet.

(2) From Governmental Funds Expenditures and Debt Service Ratio spreadsheet.

(3) Insurance recovery due to a fire in the High School Auditorium.

(4) Bond proceeds from a bond referendum passed in November 2015.

(5) Insurance recovery due to water damage to the gymnasium floor at the high school.

(6) Insurance recovery due to storm damage to the District's agricultural building and a driver's ed vehicle involved in a collision

(7) Bond proceeds from a bond referendum passed in November 2019 to build a new high school and renovate the existing high school.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
OTHER FINANCING SOURCES AND USES AND
NET CHANGE IN FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

| <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|----------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|
| \$ 63,836,206 | \$ 61,104,035 | \$ 55,949,352 | \$ 54,956,651 | \$ 54,000,397 | \$ 53,866,115 |
| 65,262,134 | 60,971,170 | 55,775,767 | 55,967,666 | 55,670,447 | 56,822,986 |
| (1,425,928) | 132,865 | 173,585 | (1,011,015) | (1,670,050) | (2,956,871) |
| 103,681 | 559,889 | - | 266,136 | - | 201,918 |
| 999 | - | 4,800 | - | 28,333 | 138,357 |
| 57,660 | 60,750 | 32,886 | 19,500 | - | 20,256 |
| - | 499,745 (3) | 160,339 (3) | - | - | - |
| - | - | - | - | - | 1,855,000 |
| - | - | - | - | - | 14,771 |
| 75,185,000 (4) | - | - | 9,445,000 | - | - |
| 3,659,835 | - | - | 110,816 | - | - |
| - | - | - | (8,690,000) | - | - |
| <u>79,007,175</u> | <u>1,120,384</u> | <u>198,025</u> | <u>1,151,452</u> | <u>28,333</u> | <u>2,230,302</u> |
| \$ 77,581,247 | \$ 1,253,249 | \$ 371,610 | \$ 140,437 | \$ (1,641,717) | \$ (726,569) |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GENERAL SCHOOL SYSTEM REVENUES BY SOURCE
GOVERNMENT WIDE
LAST TEN FISCAL YEARS
(UNAUDITED)**

| Fiscal Year | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | General Revenues | Total |
|----------------|----------------------------|--|--|----------------------|-----------------------|
| 2011 | \$ 2,698,465 5% | \$ 13,411,316 25% | \$ 748,976 1% | \$ 37,118,036 69% | \$ 53,976,793 100% |
| 2012 | 2,932,090 5% | 13,683,114 25% | 602,199 1% | 36,822,069 69% | 54,039,472 100% |
| 2013 | 2,627,455 5% | 14,313,633 26% | 651,823 1% | 37,381,004 68% | 54,973,915 100% |
| 2014 | 2,705,267 5% | 15,283,318 27% | 814,588 1% | 37,344,805 67% | 56,147,978 100% |
| 2015 | 2,891,928 5% | 16,208,948 26% | 1,344,754 2% | 41,117,694 67% | 61,563,324 100% |
| 2016 | 2,864,303 4% | 18,249,598 29% | 816,942 1% | 41,900,510 66% | 63,831,353 100% |
| 2017 | 3,490,687 5% | 19,306,364 27% | 1,293,398 2% | 48,071,176 66% | 72,161,625 100% |
| 2018 | 2,758,229 4% | 19,118,955 27% | 1,710,180 2% | 48,176,263 67% | 71,763,627 100% |
| 2019 | 2,753,810 4% | 17,365,383 24% | 2,028,735 3% | 49,728,466 69% | 71,876,394 100% |
| 2020 | 2,581,332 3% | 21,164,673 22% | 24,122,013 25% | 50,035,053 51% | 97,903,071 100% |

Source: Independent Auditors' Report

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GENERAL SCHOOL SYSTEM REVENUES BY SOURCE
FUND LEVEL
LAST TEN FISCAL YEARS
(UNAUDITED)**

| Fiscal Year | Local Property Tax Levies | Other Local Sources | State Sources | Federal Sources | Total Revenues |
|----------------|---------------------------------|---------------------------|----------------------|--------------------|-----------------------|
| 2011 (1) | \$ 10,004,765 19% | \$ 2,971,688 5% | \$ 36,840,868 68% | \$ 4,048,794 8% | \$ 53,866,115 100% |
| 2012 (2) | 7,766,105 14% | 3,175,561 6% | 38,986,992 72% | 4,071,739 8% | 54,000,397 100% |
| 2013 | 8,212,858 15% | 3,199,462 6% | 40,513,165 74% | 3,031,166 5% | 54,956,651 100% |
| 2014 (3) | 5,575,389 10% | 3,186,203 6% | 44,244,658 79% | 2,943,102 5% | 55,949,352 100% |
| 2015 (4) | 8,724,362 14% | 3,640,776 6% | 45,532,010 75% | 3,206,887 5% | 61,104,035 100% |
| 2016 (5) | 8,598,217 13% | 3,503,762 6% | 48,378,874 76% | 3,355,353 5% | 63,836,206 100% |
| 2017 (6) | 12,899,196 18% | 4,635,388 7% | 49,253,891 70% | 3,604,325 5% | 70,392,800 100% |
| 2018 | 13,080,919 18% | 3,666,783 5% | 50,724,378 71% | 4,218,004 6% | 71,690,084 100% |
| 2019 | 12,655,556 17% | 4,237,405 5% | 52,897,502 72% | 4,070,635 6% | 73,861,098 100% |
| 2020 (7) | 13,030,460 14% | 23,703,198 25% | 54,971,288 57% | 3,932,349 4% | 95,637,295 100% |

* Includes general, food service, community service, capital projects - building construction, and debt service funds.

- (1) Property Taxes increased in fiscal year 2011 due to property tax shift at 48.6%. This resulted in advance recognition of tax revenue in the District's General Fund and Community Service Fund and a corresponding state aid holdback totaling \$2,078,197 and \$150,770, respectively.
- (2) Property Taxes decreased in fiscal year 2012. The tax shift in the General Fund resulted in an increase in state aid of \$69,184 and a corresponding decrease to property taxes. The tax shift in the Community Service Fund resulted in an increase to property taxes of \$3,541 and a corresponding decrease to state aids.
- (3) Property Taxes decreased in fiscal year 2014. During Fiscal Year 2014 there was a tax shift payback which resulted in a reduction of property taxes and an offsetting increase to State Aids of \$2,305,142.
- (4) Property Taxes increased in fiscal year 2015. During Fiscal Year 2014 there was a tax shift payback which resulted in a reduction of property taxes and an offsetting increase to State Aids.
- (5) State Aid increased by \$117 per pupil in fiscal year 2016.
- (6) Property Taxes increased in fiscal year 2017 due to taxes levied for scheduled payments on the 2015A and 2016A G.O. School Building Bonds.
- (7) Other revenues increased significantly due to a \$20,000,000 donation received from Federated Mutual Insurance Company to help finance the building of a new high school.

Source: Independent Auditors' Report

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GENERAL SCHOOL SYSTEM EXPENSES BY FUNCTION
GOVERNMENT WIDE
LAST TEN FISCAL YEARS
(UNAUDITED)**

| Fiscal Year | Administration | District Support Services | Regular Instruction | Vocational Education Instruction | Special Education Instruction | Instructional Support Services |
|----------------|--------------------|---------------------------------|------------------------|--|-------------------------------------|--------------------------------------|
| 2011 | \$ 1,871,259 3% | \$ 2,400,208 5% | \$ 22,918,131 44% | \$ 947,088 2% | \$ 8,487,358 16% | \$ 2,602,566 5% |
| 2012 | 2,042,444 4% | 2,381,115 4% | 22,586,215 41% | 985,654 2% | 8,918,235 17% | 2,646,055 5% |
| 2013 | 1,855,310 4% | 2,066,752 4% | 22,253,825 42% | 857,644 2% | 9,229,338 17% | 2,242,796 4% |
| 2014 | 1,895,700 4% | 2,112,832 4% | 22,903,003 43% | 879,531 2% | 9,070,850 17% | 2,071,416 4% |
| 2015 | 1,962,158 3% | 2,651,016 5% | 24,983,484 43% | 963,470 2% | 9,794,757 17% | 2,232,335 4% |
| 2016 | 2,214,892 3% | 2,490,625 4% | 25,985,184 41% | 1,024,380 2% | 11,877,751 19% | 2,711,883 4% |
| 2017 | 2,963,994 4% | 2,797,265 3% | 36,455,830 44% | 1,473,429 2% | 15,709,996 19% | 3,412,259 4% |
| 2018 | 2,609,603 3% | 2,737,804 3% | 37,380,547 45% | 1,410,958 2% | 15,644,812 19% | 3,573,685 4% |
| 2019 | 1,603,607 3% | 2,711,024 5% | 22,816,196 39% | 740,965 1% | 9,512,823 16% | 2,320,004 4% |
| 2020 | 2,251,227 3% | 2,959,470 4% | 34,676,460 43% | 1,227,900 2% | 14,063,277 17% | 3,207,316 4% |

Source: Independent Auditors' Report

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GENERAL SCHOOL SYSTEM EXPENSES BY FUNCTION (CONTINUED)
GOVERNMENT WIDE
LAST TEN FISCAL YEARS
(UNAUDITED)**

| Pupil Support Services | Sites and Buildings | Fiscal and Other Fixed Cost Programs | Food Service | Community Service | Interest and Fiscal Charges on Long-term Liabilities | Total |
|------------------------------|---------------------------|---|--------------------|----------------------|---|-----------------------|
| \$ 3,597,773 7% | \$ 4,610,789 9% | \$ 97,980 0% | \$ 2,517,812 5% | \$ 1,853,866 3% | \$ 503,226 1% | \$ 52,408,056 100% |
| 3,590,963 7% | 4,546,753 9% | 117,021 0% | 2,622,427 5% | 2,403,407 5% | 484,230 1% | 53,324,519 100% |
| 3,619,996 7% | 5,180,489 10% | 137,108 0% | 2,691,837 5% | 2,466,413 4% | 303,988 1% | 52,905,496 100% |
| 3,721,881 7% | 4,906,176 9% | 125,231 0% | 2,584,227 5% | 2,912,620 5% | 224,363 0% | 53,407,830 100% |
| 3,868,506 7% | 5,315,351 9% | 161,149 0% | 2,867,876 5% | 2,728,023 5% | 54,965 0% | 57,583,090 100% |
| 3,980,170 6% | 6,152,761 10% | 164,374 0% | 2,875,779 5% | 3,002,921 5% | 906,867 1% | 63,387,587 100% |
| 5,195,714 6% | 6,888,572 8% | 131,805 0% | 2,935,602 3% | 3,401,735 4% | 2,213,904 3% | 83,580,105 100% |
| 5,279,376 7% | 4,930,141 6% | 182,457 0% | 2,987,795 4% | 3,544,540 4% | 2,101,446 3% | 82,383,164 100% |
| 4,658,190 8% | 6,362,997 11% | 136,438 0% | 2,969,206 5% | 3,013,798 5% | 2,005,134 3% | 58,850,382 100% |
| 5,182,090 7% | 6,907,113 9% | 205,210 0% | 2,788,688 4% | 3,281,550 4% | 2,695,394 3% | 79,445,695 100% |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GENERAL SCHOOL SYSTEM EXPENSES BY FUNCTION
FUND LEVEL
LAST TEN FISCAL YEARS
(UNAUDITED)**

| Fiscal Year | Administration | District Support Services | Regular Instruction | Vocational Education Instruction | Special Education Instruction | Instructional Support Services |
|----------------|--------------------|---------------------------------|------------------------|--|-------------------------------------|--------------------------------------|
| 2011 | \$ 1,794,161 3% | \$ 2,216,781 4% | \$ 21,632,973 38% | \$ 897,302 2% | \$ 8,500,187 15% | \$ 2,549,555 5% |
| 2012 | 2,111,976 4% | 1,976,172 4% | 21,499,307 39% | 940,505 2% | 8,734,486 16% | 2,650,922 5% |
| 2013 | 1,853,688 3% | 1,730,390 3% | 21,547,782 39% | 833,950 2% | 9,180,796 16% | 2,292,712 4% |
| 2014 | 1,858,308 3% | 1,534,178 3% | 21,594,864 39% | 851,994 2% | 8,945,039 16% | 2,041,098 4% |
| 2015 | 1,994,336 3% | 2,007,416 3% | 23,404,977 38% | 986,583 2% | 9,909,196 17% | 2,231,225 4% |
| 2016 | 2,161,376 3% | 1,953,769 3% | 24,484,071 38% | 990,356 2% | 11,656,999 18% | 2,662,586 4% |
| 2017 | 2,307,867 2% | 2,184,030 2% | 25,337,708 27% | 1,028,694 1% | 11,891,557 13% | 2,717,301 3% |
| 2018 | 1,991,411 2% | 2,109,779 2% | 26,546,720 25% | 1,000,843 1% | 12,281,737 11% | 2,883,971 3% |
| 2019 | 2,102,128 3% | 2,554,368 3% | 28,458,873 34% | 1,106,373 1% | 12,908,692 16% | 2,904,404 3% |
| 2020 | 2,053,823 3% | 2,792,728 4% | 28,626,458 36% | 1,009,197 1% | 13,035,688 18% | 2,943,927 4% |

* Includes general, food service, community service, capital projects - building construction, and debt service funds.

Source: Independent Auditors' Report

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GENERAL SCHOOL SYSTEM EXPENSES BY FUNCTION (CONTINUED)
FUND LEVEL
LAST TEN FISCAL YEARS
(UNAUDITED)**

| <u>Pupil Support Services</u> | <u>Sites and Buildings</u> | <u>Fiscal and Other Fixed Cost Programs</u> | <u>Food Service</u> | <u>Community Service</u> | <u>Capital Outlay and Building Construction</u> | <u>Debt Service</u> | <u>Total Expenditures</u> |
|-------------------------------|----------------------------|---|---------------------|--------------------------|---|---------------------|---------------------------|
| \$ 3,507,532 6% | \$ 4,603,163 8% | \$ 97,980 0% | \$ 2,446,111 4% | \$ 1,796,287 3% | \$ 3,983,269 7% | \$ 2,797,685 5% | \$ 56,822,986 100% |
| 3,580,587 6% | 4,852,149 9% | 117,021 0% | 2,502,500 4% | 2,405,876 4% | 1,358,898 2% | 2,940,048 5% | 55,670,447 100% |
| 3,670,854 7% | 4,902,410 9% | 137,108 0% | 2,587,328 5% | 2,415,777 4% | 1,764,382 3% | 3,050,489 5% | 55,967,666 100% |
| 3,638,496 7% | 5,225,798 9% | 125,231 0% | 2,518,030 4% | 2,871,959 5% | 1,878,653 3% | 2,692,119 5% | 55,775,767 100% |
| 3,833,825 6% | 5,371,578 9% | 161,149 0% | 2,815,798 5% | 2,728,387 4% | 2,976,204 5% | 2,550,496 4% | 60,971,170 100% |
| 3,915,037 6% | 4,946,245 8% | 164,374 0% | 2,819,989 4% | 2,952,143 4% | 3,768,015 6% | 2,787,174 4% | 65,262,134 100% |
| 4,710,045 5% | 5,421,044 6% | 131,805 0% | 2,772,475 3% | 3,053,274 3% | 26,814,514 28% | 6,349,987 7% | 94,720,301 100% |
| 4,879,388 4% | 5,224,579 5% | 182,457 0% | 2,863,630 3% | 3,233,767 3% | 37,366,787 35% | 6,292,996 6% | 106,858,065 100% |
| 5,000,003 6% | 5,691,862 7% | 136,438 0% | 2,885,984 3% | 3,221,435 4% | 10,321,810 12% | 6,283,101 8% | 83,575,471 100% |
| 5,042,481 6% | 6,269,186 8% | 205,210 0% | 2,714,593 3% | 3,147,196 4% | 3,981,420 5% | 5,923,751 8% | 77,745,658 100% |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
STATEMENT OF REVENUES AND EXPENDITURES
GENERAL FUND
LAST TEN FISCAL YEARS
(UNAUDITED)**

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| <u>REVENUES</u> | | | | |
| Local Property Tax Levies | \$ 7,411,493 | \$ 6,836,522 | \$ 6,773,102 | \$ 6,498,033 |
| Other Local Sources | 1,543,378 | 1,838,255 | 1,229,255 | 1,781,327 |
| State Sources | 52,149,563 | 50,135,866 | 48,363,332 | 47,090,815 |
| Federal Sources | 2,165,753 | 2,393,682 | 2,580,989 | 1,935,377 |
| TOTAL REVENUES | <u>63,270,187</u> | <u>61,204,325</u> | <u>58,946,678</u> | <u>57,305,552</u> |
| <u>EXPENDITURES</u> | | | | |
| CURRENT | | | | |
| Administration | 2,053,823 | 2,102,128 | 1,991,411 | 2,307,867 |
| District Support Services | 2,792,728 | 2,554,368 | 2,109,779 | 2,184,030 |
| Regular Instruction | 28,626,458 | 28,458,873 | 26,546,720 | 25,337,708 |
| Vocational Education Instruction | 1,009,197 | 1,106,373 | 1,000,843 | 1,028,694 |
| Special Education Instruction | 13,035,688 | 12,908,692 | 12,281,737 | 11,891,557 |
| Instructional Support Services | 2,943,927 | 2,904,404 | 2,883,971 | 2,717,301 |
| Pupil Support Services | 5,042,481 | 5,000,003 | 4,879,388 | 4,710,045 |
| Sites and Buildings | 6,269,186 | 5,691,862 | 5,224,579 | 5,421,044 |
| Fiscal and Other Fixed Cost Programs | 205,210 | 136,438 | 182,457 | 131,805 |
| Capital Outlay | 298,437 | 579,982 | 852,880 | 749,579 |
| Debt Service (1) | 59,799 | 414,951 | 423,044 | 481,891 |
| TOTAL EXPENDITURES | <u>62,336,934</u> | <u>61,858,074</u> | <u>58,376,809</u> | <u>56,961,521</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 933,253 | (653,749) | 569,869 | 344,031 |
| OTHER FINANCIAL SOURCES (USES) | | | | |
| Capital Lease Issuance | - | 127,085 | - | - |
| Insurance Recovery | 45,985 | 13,334 | 48,347 | 195,132 |
| Judgments for School Districts | - | - | - | - |
| Transfers Out | - | (19,000) | - | - |
| Sale of Equipment | 13,944 | 57,152 | 25,505 | 42,327 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>59,929</u> | <u>178,571</u> | <u>73,852</u> | <u>237,459</u> |
| Fund Balance - Beginning of Year | 8,694,622 | 9,169,800 | 8,526,079 | 7,944,589 |
| Restatement | 228,822 | - | - | - |
| Fund Balance - Beginning of Year, Restated | <u>8,923,444</u> | <u>9,169,800</u> | <u>8,526,079</u> | <u>7,944,589</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 9,916,626</u> | <u>\$ 8,694,622</u> | <u>\$ 9,169,800</u> | <u>\$ 8,526,079</u> |

(1) Debt Service payments are for the three capital leases the District has related to the leasing of various copy machines. 2016-2019 debt service payments also included lease payments for portable classrooms.

(2) In FY 14 there was a property tax shift payback which led to a decrease in property taxes and an increase in state aid.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
STATEMENT OF REVENUES AND EXPENDITURES (CONTINUED)
GENERAL FUND
LAST TEN FISCAL YEARS
(UNAUDITED)**

| 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 6,048,854 | \$ 6,126,535 | \$ 3,154,143 (2) | \$ 5,250,419 | \$ 5,073,899 | \$ 7,090,035 |
| 1,290,274 | 1,556,172 | 1,158,558 | 1,080,473 | 1,257,752 | 992,297 |
| 46,377,303 | 43,665,805 | 42,325,660 | 38,806,389 | 37,146,909 | 35,747,140 |
| 1,726,973 | 1,696,897 | 1,643,853 | 1,748,422 | 2,819,076 | 2,888,963 |
| 55,443,404 | 53,045,409 | 48,282,214 | 46,885,703 | 46,297,636 | 46,718,435 |
| 2,161,376 | 1,994,336 | 1,858,308 | 1,853,688 | 2,111,976 | 1,794,161 |
| 1,953,769 | 2,007,416 | 1,534,178 | 1,730,390 | 1,976,172 | 2,216,781 |
| 24,484,071 | 23,404,977 | 21,594,864 | 21,547,782 | 21,499,307 | 21,632,973 |
| 990,356 | 986,583 | 851,994 | 833,950 | 940,505 | 897,302 |
| 11,656,999 | 9,909,196 | 8,945,039 | 9,180,796 | 8,734,486 | 8,500,187 |
| 2,662,586 | 2,231,225 | 2,041,098 | 2,292,712 | 2,650,922 | 2,549,555 |
| 3,915,037 | 3,833,825 | 3,638,496 | 3,670,854 | 3,580,587 | 3,507,532 |
| 4,946,245 | 5,371,578 | 5,225,798 | 4,902,410 | 4,852,149 | 4,603,163 |
| 164,374 | 161,149 | 125,231 | 137,108 | 117,021 | 97,980 |
| 1,168,002 | 2,895,834 | 1,067,970 | 1,424,053 | 1,218,831 | 2,120,939 |
| 476,695 | 245,801 | 225,000 | 248,196 | 233,660 | - |
| 54,579,510 | 53,041,920 | 47,107,976 | 47,821,939 | 47,915,616 | 47,920,573 |
| 863,894 | 3,489 | 1,174,238 | (936,236) | (1,617,980) | (1,202,138) |
| 103,681 | 559,889 | - | 266,136 | - | 201,918 |
| - | 499,745 | 160,339 | - | - | - |
| 999 | - | 4,800 | - | 28,333 | 138,357 |
| (10,791) | (1,603) | (127,494) | (14,000) | (27,688) | (18,654) |
| 57,660 | 60,750 | 32,886 | 19,500 | - | 20,256 |
| 151,549 | 1,118,781 | 70,531 | 271,636 | 645 | 341,877 |
| 6,929,146 | 5,806,876 | 4,562,107 | 5,226,707 | 6,844,042 | 7,704,303 |
| - | - | - | - | - | - |
| 6,929,146 | 5,806,876 | 4,562,107 | 5,226,707 | 6,844,042 | 7,704,303 |
| \$ 7,944,589 | \$ 6,929,146 | \$ 5,806,876 | \$ 4,562,107 | \$ 5,226,707 | \$ 6,844,042 |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GENERAL FUND COMPARED TO THE PRIOR YEAR
FISCAL YEARS ENDED, JUNE 30
(UNAUDITED)**

| | 2020 | 2019 | Increase/ (Decrease) | % Inc./Dec.) |
|--|---------------------|---------------------|-------------------------|-----------------|
| <u>REVENUES</u> | | | | |
| Local Property Tax Levies | \$ 7,411,493 | \$ 6,836,522 | \$ 574,971 | 8.41 % |
| Other Local Sources | 1,543,378 | 1,838,255 | (294,877) | (16.04) |
| State Sources | 52,149,563 | 50,135,866 | 2,013,697 | 4.02 |
| Federal Sources | 2,165,753 | 2,393,682 | (227,929) | (9.52) |
| TOTAL REVENUES | 63,270,187 | 61,204,325 | 2,065,862 | 3.38 |
| <u>EXPENDITURES</u> | | | | |
| CURRENT | | | | |
| Administration | 2,053,823 | 2,102,128 | (48,305) | (2.30) |
| District Support Services | 2,792,728 | 2,554,368 | 238,360 | 9.33 |
| Regular Instruction | 28,626,458 | 28,458,873 | 167,585 | 0.59 |
| Vocational Education Instruction | 1,009,197 | 1,106,373 | (97,176) | (8.78) |
| Special Education Instruction | 13,035,688 | 12,908,692 | 126,996 | 0.98 |
| Instructional Support Services | 2,943,927 | 2,904,404 | 39,523 | 1.36 |
| Pupil Support Services | 5,042,481 | 5,000,003 | 42,478 | 0.85 |
| Sites and Buildings | 6,269,186 | 5,691,862 | 577,324 | 10.14 |
| Fiscal and Other Fixed Cost Programs | 205,210 | 136,438 | 68,772 | 50.41 |
| Capital Outlay | 298,437 | 579,982 | (281,545) | (48.54) |
| Debt Service | 59,799 | 414,951 | (355,152) | (85.59) |
| TOTAL EXPENDITURES | 62,336,934 | 61,858,074 | 478,860 | 0.77 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 933,253 | (653,749) | | |
| OTHER FINANCING SOURCES | | | | |
| Capital Lease Issuance | - | 127,085 | | |
| Insurance Recovery | 45,985 | 13,334 | | |
| Transfers Out | - | (19,000) | | |
| Sale of Equipment | 13,944 | 57,152 | | |
| TOTAL OTHER FINANCING SOURCES | 59,929 | 178,571 | | |
| FUND BALANCES JULY 1: | | | | |
| Nonspendable | 170,646 | 97,649 | | |
| Restricted | 2,527,361 | 1,507,756 | | |
| Unassigned | 5,996,615 | 7,564,395 | | |
| TOTAL | 8,694,622 | 9,169,800 | | |
| FUND BALANCES JUNE 30: | | | | |
| Nonspendable | 214,828 | 170,646 | | |
| Restricted | 3,802,223 | 2,527,361 | | |
| Unassigned | 5,899,575 | 5,996,615 | | |
| TOTAL | \$ 9,916,626 | \$ 8,694,622 | | |

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**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|------------------------------|----------------------------|-----------------------------|-----------------------------|
| General Fund | | | | |
| Nonspendable | \$ 214,828 | \$ 170,646 | \$ 97,649 | \$ 167,720 |
| Restricted | 3,802,223 | 2,527,361 | 1,507,756 | 1,077,566 |
| Unassigned | 5,899,575 | 5,996,615 | 7,564,395 | 7,280,793 |
| Total General Fund | <u>\$ 9,916,626</u> | <u>\$ 8,694,622</u> | <u>\$ 9,169,800</u> | <u>\$ 8,526,079</u> |
| All Other Governmental Funds | | | | |
| Nonspendable | \$ 109,399 | \$ 73,967 | \$ 67,128 | \$ 68,030 |
| Restricted | 138,627,258 | 8,441,399 | 17,489,862 | 53,226,810 |
| Total All Other Governmental Funds | <u>\$ 138,736,657</u> | <u>\$ 8,515,366</u> | <u>\$ 17,556,990</u> | <u>\$ 53,294,840</u> |

Source: Independent Auditors' Report

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
FUND BALANCES OF GOVERNMENTAL FUNDS (CONTINUED)
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

| <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|-----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| \$ 176,123 | \$ 160,773 | \$ 238,720 | \$ 133,846 | \$ 125,661 | \$ 178,919 |
| 952,611 | 1,088,555 | 831,872 | 679,795 | 274,223 | 429,467 |
| 6,815,855 | 5,679,818 | 4,736,284 | 3,748,466 | 4,826,823 | 6,235,656 |
| <u>\$ 7,944,589</u> | <u>\$ 6,929,146</u> | <u>\$ 5,806,876</u> | <u>\$ 4,562,107</u> | <u>\$ 5,226,707</u> | <u>\$ 6,844,042</u> |
| | | | | | |
| \$ 69,367 | \$ 68,599 | \$ 81,396 | \$ 54,462 | \$ 56,100 | \$ 58,044 |
| 78,052,621 | 1,487,585 | 1,343,809 | 2,243,902 | 1,437,227 | 1,459,665 |
| <u>\$ 78,121,988</u> | <u>\$ 1,556,184</u> | <u>\$ 1,425,205</u> | <u>\$ 2,298,364</u> | <u>\$ 1,493,327</u> | <u>\$ 1,517,709</u> |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
UNASSIGNED GENERAL FUND BALANCE COMPARED TO ANNUAL EXPENDITURES
LAST TEN FISCAL YEARS
(UNAUDITED)**

| Fiscal Year | | Unassigned Fund Balance | Following Year Expenditures | Balance As Percent of Expenditures |
|-------------|-----|----------------------------|--------------------------------|--|
| 2011 | (2) | \$ 6,235,656 | \$ 47,058,637 | 13.25% |
| 2012 | | 4,826,823 | 48,658,357 | 9.91% |
| 2013 | | 3,748,466 | 47,867,815 | 7.83% |
| 2014 | | 4,736,284 | 53,043,523 | 8.92% |
| 2015 | | 5,679,818 | 54,590,301 | 10.40% |
| 2016 | | 6,815,855 | 56,961,521 | 11.96% |
| 2017 | | 7,280,793 | 58,376,809 | 12.47% |
| 2018 | | 7,564,395 | 61,858,074 | 12.22% |
| 2019 | | 5,996,615 | 62,336,934 | 9.61% |
| 2020 | | 5,899,575 | 64,160,952 (1) | 9.19% |

(1) Total expenditures from the 2020-21 Preliminary Budget.

(2) The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 54 were adopted as of June 30, 2011. This standard replaces the previous unreserved/undesignated fund balance categories with unassigned fund balance.

Source: Independent Auditor's Report

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**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
CASH AND INVESTMENT BALANCES BY FUND
LAST TEN FISCAL YEARS
(UNAUDITED)**

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|-------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| General Fund without Tax and Aid Anticipation Certificate | \$ 12,101,481 | \$ 10,864,504 | \$ 11,966,962 | \$ 10,526,571 |
| General Fund - Tax and Anticipation Certificate | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Subtotal General Fund | 12,101,481 | 10,864,504 | 11,966,962 | 10,526,571 |
| Food Service | 555,006 | 720,415 | 679,197 | 593,379 |
| Community Service | 1,554,573 | 1,531,914 | 1,424,212 | 1,184,745 |
| Debt Service | 4,938,188 | 3,747,447 | 4,083,068 | 3,983,571 |
| Building Construction | 135,491,561 | 5,245,361 | 19,537,897 | 56,967,145 |
| Internal Service Fund | 329,954 | 233,350 | 177,803 | 205,716 |
| Trust Funds | <u>2,627</u> | <u>3,097</u> | <u>3,650</u> | <u>3,306</u> |
| TOTAL | <u><u>\$ 154,973,390</u></u> | <u><u>\$ 22,346,088</u></u> | <u><u>\$ 37,872,789</u></u> | <u><u>\$ 73,464,433</u></u> |

Source: Independent Auditors' Report

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
CASH AND INVESTMENT BALANCES BY FUND (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)**

| <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|-----------------------------|-----------------------------|-----------------------------|----------------------------|----------------------------|----------------------------|
| \$ 8,852,532 | \$ 7,298,115 | \$ 8,153,714 | \$ 2,843,730 | \$ (3,975,523) | \$ - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>8,076,394</u> | <u>-</u> |
| 8,852,532 | 7,298,115 | 8,153,714 | 2,843,730 | 4,100,871 | - |
| 413,642 | 149,567 | 386,136 | 388,940 | 487,985 | - |
| 935,341 | 985,567 | 788,210 | 722,011 | 226,724 | - |
| 3,736,476 | 1,585,674 | 1,574,645 | 1,611,632 | 1,744,137 | 1,744,930 |
| 76,616,974 | - | - | 610,155 | - | 84,855 |
| 204,533 | 203,703 | 203,414 | 252,047 | 251,861 | 81,035 |
| <u>4,396</u> | <u>4,608</u> | <u>5,370</u> | <u>4,946</u> | <u>5,592</u> | <u>2,136</u> |
| <u>\$ 90,763,894</u> | <u>\$ 10,227,234</u> | <u>\$ 11,111,489</u> | <u>\$ 6,433,461</u> | <u>\$ 6,817,170</u> | <u>\$ 1,912,956</u> |

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REVENUE CAPACITY INFORMATION

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
SCHEDULE OF TAX CAPACITY, TAX RATES, AND TAX LEVIED FOR JUNE 30, 2020
(UNAUDITED)**

| | Levy Collectible in Calendar Year 2020 |
|--|--|
| TAX CAPACITY | |
| Real Agriculture | \$ 6,396,361 |
| Real Nonagricultural | 25,582,266 |
| Personal Property | 520,627 |
| Tax Increment | (784,681) |
| Total Tax Capacity Rate Determination Valuation | \$ 31,714,573 |
| TAX CAPACITY RATE (1) | |
| General Fund | 24.518% |
| Community Service Fund | 0.976% |
| Debt Service Fund | 31.042% |
| Total Tax Capacity Rate | 56.536% |
| REFERENDUM MARKET VALUE | \$ 2,381,373,100 |
| REFERENDUM MARKET VALUE TAX RATE (2) | 0.21800% |
| COUNTY AUDITOR ADJUSTED CERTIFIED LEVY | |
| General Fund - Referendum | \$ 5,191,325 |
| General Fund - Other | 2,584,190 |
| Community Service Fund | 309,383 |
| Debt Service Fund - Voter Approved | 9,844,559 |
| Total | \$ 17,929,457 |
| COUNTY AUDITOR COMPUTED LEVY (3) | |
| General Fund - Referendum | \$ 5,191,393 |
| General Fund - Other | 2,584,421 |
| Community Service Fund | 309,534 |
| Debt Service Fund - Voter Approved | 9,844,838 |
| Total | \$ 17,930,186 |

(1) Applicable tax capacity rate is determined by dividing the computed levy by the total tax capacity rate determination valuation.

(2) Applicable referendum market value tax rate is determined by dividing the computed levy by the referendum market value.

(3) The computed levy is net of abatements, fiscal disparities, and other adjustments.

Source: School Tax Report - 2019 Payable 2020

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)**

| Fiscal Year | Total Tax Levy (1) | Current Tax Collections | % of Current Tax Collected | Delinquent Tax Collections | Total Tax Collections | % of Total Tax Collected |
|----------------|--------------------------|-------------------------------|----------------------------------|----------------------------------|-----------------------------|--------------------------------|
| 2011 | \$ 8,243,950 | \$ 8,193,619 | 99.38% | \$ 80,692 | \$ 8,274,311 | 100.37% |
| 2012 | 8,046,320 | 7,989,621 | 99.29% | 80,723 | 8,070,344 | 100.30% |
| 2013 | 7,875,069 | 7,822,548 | 99.33% | 86,992 | 7,909,540 | 100.44% |
| 2014 | 8,609,018 | 8,567,279 | 99.51% | 95,615 | 8,662,894 | 100.63% |
| 2015 | 8,492,653 | 8,464,266 | 99.66% | 74,585 | 8,538,851 | 100.54% |
| 2016 | 13,007,985 | 12,980,880 | 99.79% | 52,249 | 13,033,129 | 100.19% |
| 2017 | 13,044,241 | 12,998,295 | 99.64% | 45,946 | 13,044,241 | 100.00% |
| 2018 | 13,098,736 | 13,064,963 | 99.74% | 64,078 | 13,129,041 | 100.23% |
| 2019 | 13,457,303 | 13,429,096 | 99.79% | 55,443 | 13,484,539 | 100.20% |
| 2020 | 18,056,764 | 18,020,597 | 99.80% | 63,448 | 18,084,045 | 100.15% |

(1) County auditor spread levy plus additional assessments less abatements and other reductions.

Note: The State of Minnesota has funded a portion of the above levies through tax credits as follows:

| | |
|------------------|-------------|
| Fiscal Year 2011 | 331,035 |
| Fiscal Year 2012 | 376,433 |
| Fiscal Year 2013 | 60,965 (2) |
| Fiscal Year 2014 | 58,955 |
| Fiscal Year 2015 | 69,612 |
| Fiscal Year 2016 | 76,119 |
| Fiscal Year 2017 | 98,939 |
| Fiscal Year 2018 | 105,007 |
| Fiscal Year 2019 | 569,164 (3) |
| Fiscal Year 2020 | 524,939 (4) |

(2) In fiscal year 2013 the homestead market value credit was eliminated by legislation causing a significant decrease in the portion of the above levies funded through tax credits.

(3) In fiscal year 2019 the school building bond agricultural credit was enacted by legislation causing a significant increase in the portion of the above levies funded through tax credits. The credit equals 40% of qualifying property net tax capacity multiplied by the school debt tax rate.

(4) In fiscal year 2020 the school building bond agricultural credit was increased to 50% of qualifying property net tax capacity multiplied by the school debt tax rate. However, the overall tax credit decreased due to the decrease in payments scheduled for the school district's outstanding debt.

Source: Steele County Auditor School Tax Report - 2019 Payable 2020, Steele and Waseca County Auditors Taxes Receivable Reports, and District Records

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)**

| Fiscal Year Ended June 30, | Residential Property | Non-Homestead Residential Property | Commercial/ Industrial Property | Agricultural Property | Utility and Railroad Property |
|-------------------------------------|-------------------------|--|---------------------------------------|--------------------------|-------------------------------------|
| 2010 | \$ 13,335,868 | \$ 2,248,391 | \$ 5,901,557 | \$ 4,255,863 | \$ 208,249 |
| 2011 | 11,024,730 | 2,179,811 | 5,357,801 | 4,277,735 | 208,903 |
| 2012 | 10,370,631 | 2,219,362 | 5,809,551 | 5,053,617 | 233,512 |
| 2013 | 10,428,229 | 2,372,789 | 5,859,690 | 6,263,479 | 248,402 |
| 2014 | 10,529,656 | 2,432,004 | 6,333,299 | 7,183,577 | 256,357 |
| 2015 | 10,769,322 | 2,497,950 | 6,942,463 | 6,561,764 | 278,968 |
| 2016 | 11,443,726 | 2,541,320 | 7,114,667 | 6,622,414 | 327,605 |
| 2017 | 11,915,569 | 2,580,572 | 7,588,757 | 6,248,123 | 426,830 |
| 2018 | 12,769,317 | 2,763,924 | 8,054,121 | 6,282,530 | 456,742 |
| 2019 | 13,688,989 | 2,853,217 | 8,299,391 | 6,396,322 | 443,183 |

Note: The City Assessor, pursuant to State law, is responsible for the assessment of all taxable property located within a city. State law provides, with certain exceptions, that all taxable property is to be valued at its market value. All real property subject to taxation must be listed and may be revalued each year with reference to its value as of January 2. The assessor views and reappraises all parcels at maximum intervals of four years. Personal property subject to taxation must also be listed and assessed annually as of January 2. Property is appraised at Estimated Market Value, defined as the usual selling price of the property which would be obtained at private sale and not at a forced auction sale. The 2019 sales ratio was 93.5%. The taxable value of property, upon which taxes are levied, extended and collected, is a percentage of the Estimated Market Value. Taxable value is referred to as Net Tax Capacity. Net Tax Capacity equals Estimated Market Value multiplied by a given percentage called a class rate for the particular classification of property.

Source: Minnesota Department of Education Levy Limitation and Certification Reports and Steele County Auditor

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF PROPERTY (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)**

| Commercial/ Residential Seasonal Property | Total Net Tax Capacity | Estimated Market Value | % Total Net Tax Capacity of Estimated Market Value | Total Direct Rate |
|--|---------------------------------|------------------------------|---|-------------------------|
| \$ 33,354 | \$ 25,983,282 | \$ 2,244,092,283 | 1.16% | 17.478 |
| 28,010 | 23,076,990 | 2,159,392,700 | 1.07% | 20.181 |
| 26,532 | 23,713,205 | 2,242,110,800 | 1.06% | 19.573 |
| 28,183 | 25,200,772 | 2,418,746,000 | 1.04% | 18.374 |
| 30,304 | 26,765,197 | 2,609,490,040 | 1.03% | 17.066 |
| 31,425 | 27,081,892 | 2,607,372,625 | 1.04% | 17.066 |
| 34,441 | 28,084,173 | 2,672,989,555 | 1.05% | 7.862 |
| 33,735 | 28,793,586 | 2,732,567,087 | 1.05% | 7.219 |
| 33,363 | 30,359,997 | 2,850,690,837 | 1.07% | 7.131 |
| 33,471 | 31,714,573 | 2,982,363,002 | 1.06% | 11.307 |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NET TAX CAPACITY AND ADJUSTED NET TAX CAPACITY
LAST TEN FISCAL YEARS
(UNAUDITED)**

| <u>Year of Valuation</u> | <u>Net Tax Capacity (1)</u> | <u>Sales Ratio</u> | <u>Adjusted Net Tax Capacity (2)</u> |
|------------------------------|---------------------------------|------------------------|--|
| 2010 | \$ 25,983,282 | 95.5% | \$ 27,208,570 |
| 2011 | 23,076,990 | 92.7% | 24,893,987 |
| 2012 | 23,713,205 | 96.4% | 24,599,279 |
| 2013 | 25,200,772 | 96.0% | 26,262,877 |
| 2014 | 26,765,197 | 95.6% | 28,008,846 |
| 2015 | 27,081,892 | 95.6% | 28,323,992 |
| 2016 | 28,084,173 | 95.3% | 29,468,675 |
| 2017 | 28,793,586 | 92.4% | 31,158,245 |
| 2018 | 30,359,997 | 95.1% | 31,923,918 |
| 2019 | 31,714,573 | 93.5% | 33,930,746 |

(1) The net tax capacity of a parcel of property is calculated by applying the appropriate classification rate as defined in State law to the estimated market valuation of the parcel.

(2) The adjusted net tax capacity is calculated by dividing the net tax capacity by the sales ratio.

Source: Minnesota Department of Education Levy Limitation and Certification Reports

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
SCHOOL TAX LEVIES, INITIAL TAX RATES BY FUND
LAST TEN FISCAL YEARS
(UNAUDITED)**

| | Year Collectible | General Fund | Community Service | Debt Service | Total All Funds |
|---------------------------------|---------------------|-----------------|----------------------|-----------------|-----------------------|
| Levies | 2011 | \$ 5,125,826 | \$ 310,240 | \$ 2,596,454 | \$ 8,032,520 |
| | 2012 | 5,058,733 | 317,539 | 2,686,797 | 8,063,069 |
| | 2013 | 5,313,028 | 318,705 | 2,265,142 | 7,896,875 |
| | 2014 | 5,933,249 | 319,294 | 2,375,157 | 8,627,700 |
| | 2015 | 5,910,694 | 316,365 | 2,171,510 | 8,398,569 |
| | 2016 | 6,448,990 | 313,608 | 6,189,655 | 12,952,253 |
| | 2017 | 6,638,604 | 310,115 | 6,061,542 | 13,010,261 |
| | 2018 | 6,701,472 | 309,918 | 6,044,737 | 13,056,127 |
| | 2019 | 7,269,318 | 307,492 | 5,845,512 | 13,422,322 |
| | 2020 | 7,775,515 | 309,383 | 9,844,559 | 17,929,457 |
| Initial Tax Rate (1) | 2011 | 19.73% | 1.19% | 9.99% | 30.91% |
| | 2012 | 21.92% | 1.19% | 9.99% | 33.10% |
| | 2013 | 22.41% | 1.19% | 9.99% | 33.59% |
| | 2014 | 23.54% | 1.27% | 9.42% | 34.23% |
| | 2015 | 22.08% | 1.18% | 8.11% | 31.37% |
| | 2016 | 23.81% | 1.16% | 22.86% | 47.83% |
| | 2017 | 23.64% | 1.10% | 21.58% | 46.33% |
| | 2018 | 23.27% | 1.08% | 20.99% | 45.34% |
| | 2019 | 23.94% | 1.01% | 19.25% | 44.21% |
| | 2020 | 24.52% | 0.98% | 31.04% | 56.54% |

(1) Applicable initial tax rate is determined by dividing the computed levy by total taxable net tax capacity.

Note 1: The State of Minnesota has funded a portion of the General Fund levies as follows:

| | |
|-----------------------|-------------|
| Year Collectible 2011 | \$ 331,035 |
| Year Collectible 2012 | 376,433 |
| Year Collectible 2013 | 60,965 (1) |
| Year Collectible 2014 | 58,955 |
| Year Collectible 2015 | 69,612 |
| Year Collectible 2016 | 76,119 |
| Year Collectible 2017 | 98,939 |
| Year Collectible 2018 | 105,007 |
| Year Collectible 2019 | 569,164 (2) |
| Year Collectible 2020 | 524,939 (3) |

(1) In fiscal year 2013 the homestead market value credit was eliminated by legislation causing a significant decrease in the portion of the above levies funded through tax credits.

(2) In fiscal year 2019 the school building bond agricultural credit was enacted by legislation causing a significant increase in the portion of the above levies funded through tax credits. The credit equals 40% of qualifying property net tax capacity multiplied by the school debt tax rate.

(3) In fiscal year 2020 the school building bond agricultural credit was increased to 50% of qualifying property net tax capacity multiplied by the school debt tax rate. However, the overall tax credit decreased due to the decrease in payments scheduled for the school district's outstanding debt.

Note 2: In Fiscal Year 2016, the tax rate for the debt service fund increased due to the passage of a bond referendum and the issuance of two school building bonds

Note 3: In Fiscal Year 2020, the tax rate for the debt service fund increased due to the issuance of a high school building bond.

Source: School Tax Report - 2019 Payable 2020 and District Records

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(UNAUDITED)**

| Fiscal Year | District Direct Rates | | | Overlapping Rates | |
|----------------|------------------------|---------------------|--------|-------------------|---------------------|
| | Referendum Purposes | General Purposes | Total | Steele County | City of Owatonna |
| 2011 | 0.182 | 17.296 | 17.478 | 56.751 | 50.197 |
| 2012 | 0.182 | 19.999 | 20.181 | 64.343 | 58.051 |
| 2013 | 0.178 | 19.395 | 19.573 | 63.780 | 59.756 |
| 2014 | 0.220 | 18.154 | 18.374 | 60.440 | 59.018 |
| 2015 | 0.210 | 16.856 | 17.066 | 59.187 | 58.102 |
| 2016 | 0.222 | 8.699 | 8.921 | 61.769 | 60.653 |
| 2017 | 0.214 | 7.648 | 7.862 | 60.974 | 59.890 |
| 2018 | 0.202 | 7.017 | 7.219 | 61.739 | 63.554 |
| 2019 | 0.220 | 6.911 | 7.131 | 61.731 | 63.283 |
| 2020 | 0.218 | 11.089 | 11.307 | 61.530 | 62.481 |

Note: The information provided includes Steele County only. Information was not obtained from Waseca County.

Source: Steele County Auditor

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
NET TAX CAPACITY BY CATEGORY
LAST TEN FISCAL YEARS
(UNAUDITED)**

| Real Estate Type | Net Tax* Capacity Value Taxes Payable 2019 | % of Total Property |
|--|---|------------------------|
| Residential | \$ 13,688,989 | 42.47 % |
| Agricultural | 6,396,322 | 19.84 |
| Commercial/Industrial | 8,299,391 | 25.75 |
| Utility and Railroad | 443,183 | 1.37 |
| Non-Homestead Residential | 2,853,217 | 8.85 |
| Commercial and Residential Seasonal/Recreational | 33,471 | 0.10 |
| Total Real Estate | 31,714,573 | 98.38 |
| Personal Property | 520,635 | 1.62 |
| Total Real and Personal Property | \$ 32,235,208 | 100.00 % |

* The taxes payable in 2019 are recorded as revenue for the 2019-20 fiscal year. The net tax capacity per county differ slightly from the amount used in the certified levy calculation.

Source: Steele County Auditor and Waseca County Auditor

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

| | 2020 * | | | 2011 | | |
|-------------------------------|--------------------------|----------|--|--------------------------|------|--|
| | 2020 Net Tax Capacity | Rank (1) | % of Total Net Tax Capacity \$ 31,714,573 | 2011 Net Tax Capacity | Rank | % of Total Net Tax Capacity \$ 25,983,282 |
| Viracon, Inc. | \$ 531,982 | 1 | 1.68% | \$ 192,850 | 2 | 0.74% |
| Northern Natural Gas Company | 272,900 | 2 | 0.86% | | | |
| Cybox International, Inc. | 265,370 | 3 | 0.84% | 112,902 | 10 | 0.43% |
| Federated Mutual Ins Co. | 211,728 | 4 | 0.67% | 147,670 | 5 | 0.57% |
| Southern MN Municipal | 205,020 | 5 | 0.65% | | | |
| Crystal Valley Cooperative | 185,083 | 6 | 0.58% | | | |
| SPT Prairie 3900 CB Drive LLC | 177,378 | 7 | 0.56% | | | |
| Daikan Applied Americas Inc | 162,474 | 8 | 0.51% | | | |
| Cheney Owatonna LLC | 158,086 | 9 | 0.50% | | | |
| Owatonna Clinic - Mayo | 154,866 | 10 | 0.49% | 156,300 | 4 | 0.60% |
| JAS Realty, L.L.C. | | | | 121,690 | 6 | 0.47% |
| Cabelas Retail Inc. | | | | 195,404 | 1 | 0.75% |
| Mills Properties Inc | | | | 166,440 | 3 | 0.64% |
| Wal-Mart | | | | 119,896 | 7 | 0.46% |
| Owatonna Hospitality, L.L.C. | | | | 119,464 | 8 | 0.46% |
| Lowe's Home Centers, Inc | | | | 115,588 | 9 | 0.44% |

* As of December 31, 2019

(1) The ranking for 2019 is based on the total taxes paid by the taxpayer. Therefore, the related net tax capacity and percentage may not agree to the ranking.

Source: Steele County Auditor and 2011 CAFR Report

DEBT CAPACITY INFORMATION

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)**

| Fiscal Year | Bonded Debt | Lease Purchase Obligations | Aid & Tax Anticipation Certificates | Certificates of Participation | Total Primary Government | % of Personal Income | Per Capita (1) |
|-------------|---------------|----------------------------|-------------------------------------|-------------------------------|--------------------------|----------------------|----------------|
| 2011 | \$ 13,235,000 | \$ 285,211 | \$ - | \$ 1,855,000 | \$ 15,375,211 | 1.06% | 525 |
| 2012 | 11,010,000 | 167,339 | 8,076,394 | 1,655,000 | 20,908,733 | 1.34% | 714 |
| 2013 | 9,445,000 | 338,697 | - | 1,430,000 | 11,213,697 | 0.73% | 383 |
| 2014 | 7,095,000 | 236,642 | - | 1,205,000 | 8,536,642 | 0.55% | 291 |
| 2015 | 4,865,000 | 519,116 | - | 975,000 | 6,359,116 | 0.41% | 217 |
| 2016 | 77,795,000 | 479,248 | - | 740,000 | 79,014,248 | 4.94% | 2,697 |
| 2017 | 74,160,000 | 344,334 | - | 500,000 | 75,004,334 | 4.67% | 2,560 |
| 2018 | 70,570,000 | 199,572 | - | 255,000 | 71,024,572 | 3.77% | 2,424 |
| 2019 | 66,910,000 | 165,212 | - | - | 67,075,212 | 4.05% | 2,289 |
| 2020 | 179,267,709 | 117,814 | - | - | 179,385,523 | N/A | 6,122 |

N/A - Personal income for 2020 is not available, so the calculation cannot be completed.

(1) The ratio was calculated by using the Independent School District No. 761 population.

Note 1: Information of the District's current outstanding debt can be found in the Notes to Basic Financial Statements.

Note 2: The increase in 2012 was due to aid and tax anticipation certificates being issued.

Note 3: The decrease in 2013 was due to aid and tax anticipation certificates being paid off.

Note 4: The increase in 2016 is due to bond referendum passed in fiscal year 2016.

Note 5: The increase in 2020 is due to bond referendum passed in fiscal year 2020.

Source: Independent Auditor's Report, Bureau of Economic Analysis

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
RATIOS OF OUTSTANDING DEBT
LAST TEN FISCAL YEARS
(UNAUDITED)**

| Fiscal Year | General Bonded Debt Outstanding | | | Net Tax Capacity | Percent of Net Debt to Net Tax Capacity | Percent of Personal Income | Per Capita |
|-------------|---------------------------------|---|-----------------|------------------|---|----------------------------|------------|
| | General Obligation Bonds | Less: Debt Service Fund Balance (Deficit) | Net Bonded Debt | | | | |
| 2011 | \$ 13,235,000 | \$ 725,061 | \$ 12,509,939 | \$ 25,983,282 | 48.15% | 0.87% | \$ 427 |
| 2012 | 11,010,000 | 629,550 | 10,380,450 | 23,076,990 | 44.98% | 0.67% | 354 |
| 2013 | 9,445,000 | 608,737 | 8,836,263 | 23,713,205 | 37.26% | 0.58% | 302 |
| 2014 | 7,095,000 | 543,057 | 6,551,943 | 25,200,772 | 26.00% | 0.42% | 224 |
| 2015 | 4,865,000 | 548,852 | 4,316,148 | 26,765,197 | 16.13% | 0.27% | 147 |
| 2016 | 77,795,000 | 528,251 | 77,266,749 | 27,081,892 | 285.31% | 4.83% | 2,637 |
| 2017 | 74,160,000 | 842,483 | 73,317,517 | 28,084,173 | 261.06% | 4.56% | 2,502 |
| 2018 | 70,570,000 | 1,073,031 | 69,496,969 | 28,793,586 | 241.36% | 3.97% | 2,372 |
| 2019 | 66,910,000 | 1,325,564 | 65,584,436 | 30,359,997 | 216.02% | 3.68% | 2,238 |
| 2020 | 179,267,709 | 1,332,464 | 177,935,245 | 31,714,573 | 561.05% | N/A | 5,866 |

N/A - Personal income for 2020 is not available, so the calculation cannot be completed.

Source: Independent Auditor's Report, Minnesota Department of Education Levy Limitation and Certification Reports, and Bureau of Economic Analysis

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL OBLIGATION BONDED DEBT
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS
(UNAUDITED)**

| Fiscal Year | Principal | Interest and Fees | Total Debt Service | Total General Governmental Expenditures | Ratio of Debt Service to Gen. Govt. Expenditures |
|----------------|--------------|----------------------|--------------------------|--|---|
| 2011 | \$ 2,265,000 | \$ 532,685 | \$ 2,797,685 | \$ 56,822,986 | 4.92% |
| 2012 | 2,225,000 | 481,388 | 2,706,388 | 55,670,447 | 4.86% |
| 2013 | 2,320,000 | 482,293 | 2,802,293 | 55,967,666 | 5.01% |
| 2014 | 2,350,000 | 117,119 | 2,467,119 | 55,775,767 | 4.42% |
| 2015 | 2,230,000 | 74,695 | 2,304,695 | 60,971,170 | 3.78% |
| 2016 | 2,255,000 | 51,870 | 2,306,870 | 65,262,134 | 3.53% |
| 2017 | 3,635,000 | 2,229,487 | 5,864,487 | 94,720,301 | 6.19% |
| 2018 | 3,590,000 | 2,276,345 | 5,866,345 | 106,858,065 | 5.49% |
| 2019 | 3,660,000 | 2,204,600 | 5,864,600 | 83,575,471 | 7.02% |
| 2020 | 3,730,000 | 2,131,950 | 5,861,950 | 77,745,658 | 7.54% |

* Includes general, food service, community service, capital projects, and debt service funds.

Source: Independent Auditors' Report

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
(UNAUDITED)**

| Governmental Unit (1) | General Obligation Debt | Estimated Applicable Percentage (2) | Estimated Share of Direct and Overlapping Debt |
|-----------------------------------|-------------------------------|---|--|
| Steele County | \$ 8,385,000 | 98.34% | \$ 8,246,088 |
| Waseca County | 5,105,000 | 0.04% | 2,087 |
| City of Owatonna | 20,182,928 | 40.82% | <u>8,239,081</u> |
| Subtotal, Overlapping Debt | | | 16,487,255 |
| District Direct Debt | | | <u>66,910,000</u> |
| Total Direct and Overlapping Debt | | | <u><u>\$ 83,397,255</u></u> |

(1) There were three taxing jurisdictions which overlap the District and had general obligation debt outstanding as of December 31, 2019.

(2) The Estimated Applicable Percentage is determined by dividing the Taxable Net Tax Capacity of the Governmental Unit within the District by Total Taxable Net Tax Capacity of the entire Governmental Unit.

Source: Independent Auditor's Report, Steele and Waseca County Auditors, City of Owatonna Finance Department.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Assessed Value | \$ 2,982,363,002 | \$ 2,850,690,837 | \$ 2,732,567,087 | \$ 2,672,989,555 |
| Debt Limit Percentage | <u>15%</u> | <u>15%</u> | <u>15%</u> | <u>15%</u> |
| Debt Limit | 447,354,450 | 427,603,626 | 409,885,063 | 400,948,433 |
| Total Net Debt Applicable to Limit | <u>179,267,709</u> | <u>66,910,000</u> | <u>70,570,000</u> | <u>74,160,000</u> |
| Legal Debt Margin | <u>\$ 268,086,741</u> | <u>\$ 360,693,626</u> | <u>\$ 339,315,063</u> | <u>\$ 326,788,433</u> |
| Total Net Debt Applicable to the Limit as a % of Debt Limit | 40.07% | 15.65% | 17.22% | 18.50% |

Note 1: Minnesota Statutes, Section 475.53, Subdivision 4, presently limits the outstanding indebtedness of school districts, net of debt redemption funds, to 15% of the actual market value.

Source: Independent Auditor's Report and Minnesota Department of Education Levy Limitation and Certification Reports

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
LEGAL DEBT MARGIN INFORMATION (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)**

| <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 2,607,372,625 | \$ 2,609,490,040 | \$ 2,418,746,000 | \$ 2,242,110,800 | \$ 2,159,392,700 | \$ 2,244,092,283 |
| <u>15%</u> | <u>15%</u> | <u>15%</u> | <u>15%</u> | <u>15%</u> | <u>15%</u> |
| 391,105,894 | 391,423,506 | 362,811,900 | 336,316,620 | 323,908,905 | 336,613,842 |
| <u>77,795,000</u> | <u>4,865,000</u> | <u>7,095,000</u> | <u>9,445,000</u> | <u>11,010,000</u> | <u>13,235,000</u> |
| <u>\$ 313,310,894</u> | <u>\$ 386,558,506</u> | <u>\$ 355,716,900</u> | <u>\$ 326,871,620</u> | <u>\$ 312,898,905</u> | <u>\$ 323,378,842</u> |
| 19.89% | 1.24% | 1.96% | 2.81% | 3.40% | 3.93% |

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DEMOGRAPHIC AND ECONOMIC INFORMATION

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

| Fiscal Year | Steele County | | | | ISD No. 761 |
|-------------|----------------|---------------------|--------------------------------|-----------------------|-------------------------|
| | Population (1) | Personal Income (1) | Per Capita Personal Income (1) | Unemployment Rate (2) | District Population (3) |
| 2011 | 36,534 | \$ 1,445,080,000 | \$ 39,554 | 5.10% | 29,301 |
| 2012 | 36,322 | 1,559,882,000 | 42,946 | 4.70% | 29,301 |
| 2013 | 36,465 | 1,527,446,000 | 41,888 | 3.70% | 29,301 |
| 2014 | 36,573 | 1,548,216,000 | 42,332 | 2.70% | 29,301 |
| 2015 | 36,755 | 1,569,887,000 | 42,712 | 2.40% | 29,301 |
| 2016 | 36,805 | 1,599,923,000 | 43,470 | 2.90% | 29,301 |
| 2017 | 36,887 | 1,606,397,000 | 43,549 | 2.10% | 29,301 |
| 2018 | 36,803 | 1,751,958,000 | 47,604 | 2.20% | 29,301 |
| 2019 | 36,649 | 1,780,396,000 | 48,580 | 2.60% | 29,301 |
| 2020 | N/A | N/A | N/A | 2.60% | 29,301 |

N/A - Information is not available.

Note: The District includes parts of Steele County and Waseca County. Since the District is mostly in Steele County, we have decided to include information for Steele County only.

Source: (1) Bureau of Economic Analysis
(2) Minnesota Department of Employment and Economic Development
(3) Minnesota State Demographer

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

| Employer | 2020 | | | 2011 | | |
|---------------------------|-----------------------|------|---------------------------------|---------------------|------|---------------------------------|
| | Number of Employees * | Rank | % of Total Employment 21,445 | Number of Employees | Rank | % of Total Employment 20,698 |
| Viracon, Inc. | 1,750 | 1 | 8.16% | 1,105 | 2 | 5.34% |
| Federated Mutual Ins. Co. | 1,500 | 2 | 6.99% | 1,470 | 1 | 7.10% |
| Owatonna Public Schools | 750 | 3 | 3.50% | 650 | 4 | 3.14% |
| Truth Hardware Corp | 630 | 4 | 2.94% | 735 | 3 | 3.55% |
| Bosch | 540 | 5 | 2.52% | | | |
| Daikin | 450 | 6 | 2.10% | | | |
| Josten's Inc. | 416 | 7 | 1.94% | 416 | 7 | 2.01% |
| Wenger Corporation | 370 | 8 | 1.73% | 450 | 6 | 2.17% |
| Mayo Clinic Health System | 350 | 9 | 1.63% | | | |
| Steele County | 320 | 10 | 1.49% | | | |
| Owatonna Hospital | | | | 323 | 8 | 1.56% |
| SPX Corporation | | | | 540 | 5 | 2.61% |
| Cybox Corporation | | | | 295 | 9 | 1.43% |
| Owatonna Clinic | | | | 250 | 10 | 1.21% |
| Total | <u>7,076</u> | | <u>33.00%</u> | <u>6,234</u> | | <u>0.30%</u> |

* - Employee data is as of September 2019

Source: Owatonna Chamber of Commerce, 2011 CAFR Report, and Minnesota Department of Employment and Economic Development

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
PROPERTY VALUE AND CONSTRUCTION
LAST TEN FISCAL YEARS
(UNAUDITED)**

| Calendar Year | Total Permits | Total Value |
|------------------|------------------|----------------|
| 2011 | 1,945 | \$ 55,237,955 |
| 2012 (1) | 1,697 | 29,383,382 |
| 2013 (2) | 1,705 | 39,699,930 |
| 2014 | 1,698 | 42,033,158 |
| 2015 (3) | 1,716 | 31,170,127 |
| 2016 (4) | 1,347 | 41,290,671 |
| 2017 (5) | 2,414 | 47,955,321 |
| 2018 (6) | 1,977 | 50,671,148 |
| 2019 (7) | 1,410 | 24,018,482 |
| 2020 * (8) | 1,392 | 83,413,154 |

(1) - The decrease in the number of permits is due to new dwellings. The decrease in total value is due to several large new commercial permits issued in 2011.

(2) - The increase in the number of permits is due to new dwellings and new commercial projects. The increase in total value is due to several large new commercial permits issued in 2013.

(3) - The decrease in total value is due to several large commercial permits that were issued in 2014.

(4) - The increase in total value is due to several large commercial permits that were issued in 2016.

(5) - The increase in both total permits and total value is substantially due to new apartment buildings and residential dwellings and alterations.

(6) - Total number of permits has decreased from the prior year, but overall value has increased due to two apartment buildings in 2018.

(7) - The decrease in total value is due to two apartment buildings in 2018.

(8) - Total number of permits has decreased from the prior year, but overall value has increased due to three large commercial projects in 2020.

*- Most recent data available from September 30, 2020

Source: City of Owatonna, Minnesota

OPERATING INFORMATION

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
FINANCIAL INFORMATION
(UNAUDITED)**

Financial Consultants

PMA Securities, Inc. has acted as Financial Consultants to the District. Requests for information concerning the District should be addressed to PMA Securities, Inc., 5301 Kyler Ave NE, Albertville, Minnesota 55301.

Rating

The District participates in the Minnesota Credit Enhancement Program for School Districts (Minnesota Statutes, Section 126C.55), which provides for payment by the State of Minnesota in the event of a potential default of a school district obligation.

The District's bond rating, from Moody's Investors Service, as of June 30, 2020 was "Aa2". An investor should communicate with the rating agency for an explanation of the significance of the rating.

Source: District Records

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**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
GENERAL INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

Year Established: 1865

Accreditation: North Central Association of Colleges and Schools

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|---|-------------|-------------|-------------|-------------|-------------|
| Geographical Area - Square Miles | 245 | 245 | 245 | 245 | 245 |
| District Population | 29,301 | 29,301 | 29,301 | 29,301 | 29,301 |
| Student Enrollment - by Average Daily Membership (ADM) | 4,883 | 4,938 | 4,884 | 4,902 | 4,862 |
| Facilities | | | | | |
| Senior High School (Grades 9-12) | 1 | 1 | 1 | 1 | 1 |
| Middle School (Grades 6-8) * | 1 | 1 | 1 | 0 | 0 |
| Junior High School (Grades 7-8) * | 0 | 0 | 0 | 1 | 1 |
| Intermediate School (Grade 6) * | 0 | 0 | 0 | 1 | 1 |
| Elementary Schools (Grades K-5) | 4 | 4 | 4 | 4 | 4 |
| Owatonna Education Center ** | 1 | 1 | 1 | 0 | 0 |
| Community Education Building | 1 | 1 | 1 | 1 | 1 |
| Central Administration Building | 1 | 1 | 1 | 1 | 1 |
| District Receiving, Storage, and Area Learning Center Building ** | 1 | 1 | 1 | 1 | 1 |
| Storage Building | 1 | 1 | 1 | 1 | 1 |

* The Junior High School was converted into a Middle School beginning with the 2017-18 school year.

** One of the district buildings was converted to an Area Learning Center and Early Childhood Special Education Building beginning with the 2017-18 school year.

Source: Minnesota Department of Education, Minnesota State Demographer, and District Records

**OWATONNA PUBLIC SCHOOLS
 INDEPENDENT SCHOOL DISTRICT NO. 761
 GENERAL INFORMATION (CONTINUED)
 LAST TEN FISCAL YEARS
 (UNAUDITED)**

| <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|-------------|-------------|-------------|-------------|-------------|
| 245 | 245 | 245 | 245 | 245 |
| 29,301 | 29,301 | 29,301 | 29,301 | 29,301 |
| 4,862 | 4,748 | 4,788 | 4,755 | 4,786 |
| 1 | 1 | 1 | 1 | 1 |
| 0 | 0 | 0 | 0 | 0 |
| 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 |
| 4 | 4 | 4 | 4 | 4 |
| 0 | 0 | 0 | 0 | 0 |
| 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
AVERAGE DAILY MEMBERSHIP BY GRADE LEVEL
LAST TEN FISCAL YEARS
(UNAUDITED)**

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|------------------------|------------------------|------------------------|------------------------|------------------------|
| Early Childhood | 97.79 | 113.58 (1) | 75.29 | 73.80 |
| Kindergarten | 376.74 | 362.86 | 314.67 | 354.21 |
| Grades 1-6 | 2110.98 | 2187.99 | 2,226.18 | 2,227.42 |
| Grades 7-12 | <u>2297.16</u> | <u>2278.78</u> | <u>2,268.18</u> | <u>2,246.26</u> |
| Total | <u><u>4,882.67</u></u> | <u><u>4,943.21</u></u> | <u><u>4,884.32</u></u> | <u><u>4,901.69</u></u> |

Note: Student enrollment numbers for 2019 and prior are from the final numbers issued in January after the fiscal year ended.

(1) - The District received funding from the state of Minnesota to operate a Voluntary Pre-Kindergarten program beginning in 2018-19.

Source: Minnesota Department of Education

**OWATONNA PUBLIC SCHOOLS
 INDEPENDENT SCHOOL DISTRICT NO. 761
 AVERAGE DAILY MEMBERSHIP BY GRADE LEVEL (CONTINUED)
 LAST TEN FISCAL YEARS
 (UNAUDITED)**

| <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| 68.17 | 52.25 | 55.93 | 58.44 | 54.55 | 61.48 |
| 329.27 | 379.75 | 324.87 | 330.63 | 323.37 | 291.42 |
| 2,276.94 | 2,215.75 | 2,125.15 | 2,135.42 | 2,131.23 | 2,126.98 |
| <u>2,187.19</u> | <u>2,213.98</u> | <u>2,242.28</u> | <u>2,263.64</u> | <u>2,245.84</u> | <u>2,305.87</u> |
| <u>4,861.57</u> | <u>4,861.73</u> | <u>4,748.23</u> | <u>4,788.13</u> | <u>4,754.99</u> | <u>4,785.75</u> |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
FULL-TIME AND PART-TIME DISTRICT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)**

| Function | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Administrators | 12 | 12 | 12 | 12 | 12 |
| Adult Basic Education | 1 | 2 | 3 | 3 | 2 |
| Central Office Personnel | 28 | 27 | 29 | 26 | 22 |
| Clerical and Media Educational Assistants | 6 | 6 | 6 | 7 | 7 |
| Custodial/Cleaning/Maintenance | 44 | 44 | 43 | 43 | 42 |
| Directors | 17 | 18 | 17 | 15 | 13 |
| Early Childhood Family Education Learning Readiness | 8 | 9 | 9 | 11 | 5 |
| Food Service | 40 | 39 | 36 | 34 | 39 |
| Health Services | 10 | 11 | 11 | 11 | 10 |
| Noon Supervisors | 0 | 2 | 5 | 6 | 22 |
| Offset | 1 | 1 | 1 | 1 | 2 |
| School Aged Child Care | 13 | 17 | 17 | 15 | 11 |
| Secretarial/Office Personnel | 32 | 34 | 33 | 32 | 22 |
| Special Education Paraprofessionals | 78 | 76 | 84 | 96 | 98 |
| Student Supervision Educational Assistants | 2 | 3 | 3 | 4 | 7 |
| Teacher Educational Assistants | 54 | 78 | 81 | 72 | 67 |
| Teachers | 381 | 380 | 371 | 361 | 342 |
| Tutors | 0 | 0 | 0 | 0 | 0 |
| Total | <u>727</u> | <u>759</u> | <u>761</u> | <u>749</u> | <u>723</u> |

Source: District Records

**OWATONNA PUBLIC SCHOOLS
 INDEPENDENT SCHOOL DISTRICT NO. 761
 FULL-TIME AND PART-TIME DISTRICT EMPLOYEES BY FUNCTION (CONTINUED)
 LAST TEN FISCAL YEARS
 (UNAUDITED)**

| <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|-------------------|-------------------|-------------------|-------------------|-------------------|
| 12 | 11 | 10 | 9 | 9 |
| 2 | 2 | 2 | 1 | 1 |
| 23 | 23 | 22 | 22 | 22 |
| 7 | 7 | 7 | 7 | 7 |
| 42 | 40 | 38 | 38 | 40 |
| 10 | 10 | 13 | 13 | 13 |
| 10 | 10 | 13 | 15 | 14 |
| 39 | 37 | 34 | 33 | 33 |
| 10 | 10 | 10 | 12 | 10 |
| 24 | 22 | 22 | 10 | 10 |
| 2 | 1 | 1 | 1 | 1 |
| 11 | 11 | 10 | 7 | 10 |
| 22 | 22 | 22 | 28 | 25 |
| 90 | 81 | 80 | 73 | 71 |
| 7 | 7 | 9 | 13 | 16 |
| 63 | 52 | 38 | 47 | 34 |
| 341 | 333 | 333 | 337 | 326 |
| 0 | 0 | 0 | 9 | 8 |
| <u>715</u> | <u>679</u> | <u>664</u> | <u>675</u> | <u>650</u> |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

| <u>Fiscal Year</u> | <u>Enrollment</u> | <u>Operating Expenditures (1)</u> | <u>Cost per Pupil</u> | <u>% Change</u> | <u># of Teachers</u> | <u>Pupil - Teacher Ratio</u> | <u>% of Students Receiving Free or Reduced Price Lunch (2)</u> |
|--------------------|-------------------|-----------------------------------|-----------------------|-----------------|----------------------|------------------------------|--|
| 2011 | 4,786 | \$ 50,549,647 | \$ 10,563 | 2.29% | 326 | 14.7 | 34.30% |
| 2012 | 4,755 | 51,421,163 | 10,814 | 2.37% | 337 | 14.1 | 38.60% |
| 2013 | 4,788 | 51,203,857 | 10,694 | -1.10% | 333 | 14.4 | 37.50% |
| 2014 | 4,748 | 51,253,720 | 10,794 | 0.93% | 333 | 14.3 | 41.30% |
| 2015 | 4,862 | 55,690,271 | 11,455 | 6.12% | 341 | 14.3 | 43.40% |
| 2016 | 4,862 | 58,706,945 | 12,076 | 5.42% | 342 | 14.2 | 36.30% |
| 2017 | 4,902 | 61,555,800 | 12,558 | 3.99% | 361 | 13.6 | 41.90% |
| 2018 | 4,884 | 63,198,282 | 12,939 | 3.03% | 371 | 13.2 | 42.70% |
| 2019 | 4,943 | 66,970,560 | 13,548 | 4.72% | 380 | 13.0 | 41.80% |
| 2020 | 4,883 | 67,840,487 | 13,894 | 2.56% | 381 | 12.8 | 41.20% |

(1) Operating expenditures are calculated by taking the total districtwide expenditures less capital outlay and debt service expenditures.

(2) The percentage is based on the number of students enrolled in the free or reduced lunch program and number of students enrolled as of October 1 of each fiscal year.

Source: District Records and Minnesota Department of Education

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
TEACHER BASE SALARIES
LAST TEN FISCAL YEARS
(UNAUDITED)**

| <u>Fiscal Year</u> | <u>Minimum Salary</u> | <u>Maximum Salary</u> |
|------------------------|---------------------------|---------------------------|
| 2011 | \$ 33,386 | \$ 68,948 |
| 2012 | 33,636 | 69,465 |
| 2013 | 33,973 | 70,160 |
| 2014 | 34,313 | 70,861 |
| 2015 | 35,399 | 72,679 |
| 2016 | 36,390 | 74,715 |
| 2017 | 37,409 | 76,807 |
| 2018 | 38,157 | 78,343 |
| 2019 | 41,132 | 79,743 |
| 2020 | 42,160 | 81,737 |

Note: Amounts do not include fringe benefits, such as health insurance, pension, etc.

Source: Owatonna Education Association Contract

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|-------------|-------------|-------------|-------------|
| Elementary (Grades K-5) | | | | |
| Lincoln (1959) | | | | |
| Square Feet | 71,450 | 71,450 | 71,450 | 59,884 |
| Enrollment | 550 | 556 | 584 | 515 |
| Acres | 40 | 40 | 40 | 40 |
| McKinley (previously Willow Creek) (1990) | | | | |
| Square Feet | 86,484 | 86,484 | 86,484 | 55,433 |
| Enrollment | 560 | 619 | 630 | 410 |
| Acres | 60 | 60 | 60 | 60 |
| Washington (previously McKinley) (1955) | | | | |
| Square Feet | 66,749 | 66,749 | 66,749 | 54,437 |
| Enrollment | 518 | 509 | 509 | 586 |
| Acres | 13 | 13 | 13 | 13 |
| Wilson (1968) | | | | |
| Square Feet | 65,800 | 65,800 | 65,800 | 67,327 |
| Enrollment | 457 | 477 | 559 | 590 |
| Acres | 10 | 10 | 10 | 10 |
| Middle School (Grades 6-8) * | | | | |
| Middle School (previously Junior High) (1968) | | | | |
| Square Feet | 203,580 | 203,580 | 203,580 | 166,564 |
| Enrollment | 1,119 | 1,101 | 1,218 | 667 |
| Acres | 18 | 18 | 18 | 18 |
| High School (Grades 9-12) | | | | |
| High School (1921) | | | | |
| Square Feet | 351,313 | 351,313 | 351,313 | 353,710 |
| Enrollment | 1,446 | 1,521 | 1,608 | 1,463 |
| Acres | 19 | 19 | 19 | 19 |
| Owatonna Education Center ** | | | | |
| OEC (previously Washington) (1949) | | | | |
| Square Feet | 53,832 | 53,832 | 53,832 | 54,779 |
| Enrollment | 311 | 325 | 238 | 464 |
| Acres | 3 | 3 | 3 | 3 |
| Rose Street Center (1956) | | | | |
| Square Feet | 12,930 | 12,930 | 12,930 | 12,930 |
| Enrollment | 0 | 0 | 0 | 82 |
| Acres | 0.88 | 0.88 | 0.88 | 0.88 |
| Community Center | | | | |
| Roosevelt (1954) | | | | |
| Square Feet | 15,694 | 15,694 | 15,694 | 15,694 |
| Enrollment (Early Childhood) | 129 | 129 | 167 | 167 |
| Acres | 8 | 8 | 8 | 8 |

* The Junior High School was converted into a Middle School beginning with the 2017-18 school year.

** One of the district buildings was converted to an Area Learning Center and Early Childhood Special Education Building beginning with the 2017-18 school year.

Source: District Records and Minnesota Department of Education.

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
SCHOOL BUILDING INFORMATION (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)**

| <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 59,884 | 59,884 | 59,884 | 59,884 | 59,884 | 59,884 |
| 515 | 515 | 529 | 529 | 528 | 532 |
| 40 | 40 | 40 | 40 | 40 | 40 |
| 55,433 | 55,433 | 55,433 | 55,433 | 55,433 | 55,433 |
| 410 | 410 | 364 | 364 | 375 | 384 |
| 60 | 60 | 60 | 60 | 60 | 60 |
| 54,437 | 54,437 | 54,437 | 54,437 | 54,437 | 54,437 |
| 586 | 586 | 493 | 493 | 503 | 501 |
| 13 | 13 | 13 | 13 | 13 | 13 |
| 67,327 | 67,327 | 67,327 | 67,327 | 67,327 | 67,327 |
| 590 | 590 | 546 | 546 | 527 | 529 |
| 10 | 10 | 10 | 10 | 10 | 10 |
| 166,564 | 166,564 | 166,564 | 166,564 | 166,564 | 166,564 |
| 667 | 667 | 698 | 698 | 679 | 692 |
| 18 | 18 | 18 | 18 | 18 | 18 |
| 353,710 | 353,710 | 353,710 | 353,710 | 353,710 | 353,710 |
| 1,463 | 1,463 | 1,465 | 1,465 | 1,480 | 1,494 |
| 19 | 19 | 19 | 19 | 19 | 19 |
| 54,779 | 54,779 | 54,779 | 54,779 | 54,779 | 54,779 |
| 464 | 464 | 540 | 540 | 536 | 420 |
| 3 | 3 | 3 | 3 | 3 | 3 |
| 12,930 | 12,930 | 12,930 | 12,930 | 12,930 | 12,930 |
| 82 | 82 | 80 | 80 | 95 | 103 |
| 0.88 | 0.88 | 0.88 | 0.88 | 0.88 | 0.88 |
| 15,694 | 15,694 | 15,694 | 15,694 | 15,694 | 15,694 |
| 167 | 167 | 152 | 152 | 167 | 150 |
| 8 | 8 | 8 | 8 | 8 | 8 |

**OWATONNA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 761
SCHEDULE OF INSURANCE COVERAGE
FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

| Coverage | Amount | Description |
|---------------------------|---|---|
| Property | \$ 117,047,312 | Blanket Real and Personal Property |
| | 400,000 | Musical Instruments and Uniforms |
| | 45,000 | Auditorium Curtains |
| | 379,800 | Smart Boards |
| General Liability | 2,000,000 | General Aggregate |
| | 2,000,000 | Products/Completed Operations Aggregate |
| | 1,000,000 | Each Occurrence |
| | 1,000,000 | Personal/Advertising Injury Limit |
| | 300,000 | Damage to Premises Rented to You Limit |
| | 5,000 | Medical Expense Limit |
| Professional Liability | 2,000,000 | Aggregate |
| | 1,000,000 | Each Occurrence |
| Automobile Liability | 1,000,000 | Combined Single Limit |
| | 1,000,000 | Uninsured/Underinsured Motorists |
| | | Deductible: \$250-\$500 Collision |
| | | \$100-\$250 Comprehensive |
| Worker's Compensation | | |
| Employer's Liability | 500,000 | Each Accident |
| | 500,000 | By Disease, Policy Limits |
| | 500,000 | By Disease, Each Employee |
| Umbrella Excess Liability | 1,000,000 | Each Occurrence and Aggregate |
| Boiler and Machinery | Various limits based on type of equipment | |
| | 250,000 | Pollutant Clean-Up and Removal |
| | 25,000 | Computer Equipment - media or data |

Source: Tincher Peterson Sincock