

AGENDA
SHAKOPEE PUBLIC UTILITIES COMMISSION
REGULAR MEETING
May 18, 2020

Following the March 13, 2020 Declaration of Peacetime Emergency by Governor Walz (as amended), the Commission is holding its regular meeting on May 18, 2020 at 5:00pm by telephone or other electronic means (WebEx) according to MN Statutes, Section 13D.021. The Commission President has concluded that an in-person meeting is not practical or prudent because of the health pandemic declared under the Emergency Order and according to current guidance from the MN Department of Health and the CDC. The Commission President will be at the regular meeting location for the Commission. The public may monitor the meeting:

Call-In Phone Number 1-408-418-9388
Enter Access Code 629 351 332
When Prompted for Password, enter #

1. **Call to Order** at 5:00pm in the SPUC Service Center, 255 Sarazin Street.
2. **Approval of Minutes**
3. **Communications**
4. **Approve the Agenda**
5. **Approval of Consent Business**
6. **Bills: Approve Warrant List**
7. **Liaison Report**
8. **Reports: Water Items**
 - 8a) Water System Operations Report – Verbal
 - 8b) Water Projects - 2020
9. **Reports: Electric Items**
 - 9a) Electric System Operations Report – Verbal
 - 9b) Electric Projects - 2020
10. **Reports: Human Resources**
11. **Reports: General**
 - 11a) 2019 Audited Financial Statements
 - C=> 11b) April 2020 Financial Report
 - 11c) 2020 Commission Goals and Objectives Work Session
 - 11d) COVID-19 - Financial and Operations Update
 - 11e) Governance Handbook



11f) SPU By-Laws – Question and Review

12. **New Business**

13. **Tentative Dates for Upcoming Meetings**

- Regular Meeting -- June 1
- Mid Month Meeting -- June 15
- Regular Meeting -- July 6
- Mid Month Meeting -- July 20

14. **Adjourn to 6/1/20 at the SPUC Service Center, 255 Sarazin Street**

MINUTES
OF THE
SHAKOPEE PUBLIC UTILITIES COMMISSION
(Regular Meeting)

President Amundson called the regular session of the Shakopee Public Utilities Commission to order at the Shakopee Public Utilities meeting room at 5:00 P.M., May 4, 2020.

MEMBERS PRESENT: Commissioners Amundson, Meyer, Mocol, Brennan and Fox. Utilities Manager Crooks. Finance Director Schmid, Planning and Engineering Director Adams, Water Superintendent Schemel, Electric Superintendent Drent, Marketing/Customer Relations Director Walsh, as well as Commissioners Meyer, Mocol, Brennan and Fox attended via WebEx.

Motion by Mocol, seconded by Fox to approve the minutes of the April 14, 2020, April 20, 2020 and April 23, 2020 Commission meetings. Motion carried.

There were no Communication items to report.

President Amundson offered the agenda for approval.

Motion by Brennan, seconded by Fox to add Item: MN State Auditor's letter to the agenda as presented. Motion carried 3-2 with Amundson and Meyer dissenting.

There was no Consent Business on the agenda.

The warrant listing for bills paid May 4, 2020 was presented.

Motion by Fox, seconded by Amundson to approve the warrant listing dated May 4, 2020 as presented. Motion carried. SPU Staff was thanked for providing more detail to the warrant list as requested April 20, 2020.

Commissioner Brennan stated there was no Liaison report.

Water Superintendent Schemel provided a report of current water operations. Water pumpage increased by 200,000 gallons from March to April. Valves are being inspected that are on the City's street mill and overlay projects for 2020. Valves will be repaired if there is an issue.

Electric Superintendent Drent provided a report of current electric operations. There were four small electric outages reviewed. Construction updates were provided.

Steve Wischman and Andrew Grice with BerganKDV presented the Audited Financial Statements for 2019. Mr. Grice provided a presentation on the results of the financial audit. The audit was unmodified, the best opinion the auditor is able to offer and no material weaknesses or



significant deficiencies were identified. The result is a clean audit. Commissioner Mocol pointed out a transposition of numbers that was identified and a correction will be made.

Motion by Meyer, seconded by Fox to accept the 2019 audited financial statements for Shakopee Public Utilities. Motion failed to carry, with Mocol, Brennan and Fox dissenting.

Marketing/Customer Relations Director Walsh presented an update on the SPU rebranding and communications campaign. The Commission thanked Ms. Walsh for her work accomplished.

Ms. Walsh announced the recipients for the SPU Tom Bovitz award for High School students. The selection for the \$1000 scholarship was Parth Purani. The selection for the \$500 scholarship was Jacqueline Macht.

Utilities Manager Crooks reviewed the annual Goals and Objectives work session for 2020 and that it was originally scheduled for March, but was postponed due to the COVID-19 events. The Commission Goals and Objectives work session will be rescheduled for the May 18, 2020.

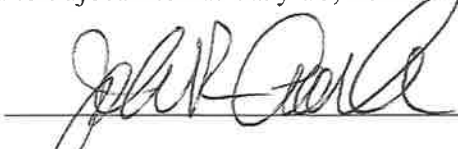
Mr. Crooks discussed updates to the Commission in regards to COVID-19 planning, preparedness and financial effects on sales. Staff will provide monthly updates going forward at the second Commission meeting of each month.

Commissioner Brennan brought forth a discussion on the SPU Governance Handbook as adopted by previous Commissions. The last update to the handbook was in 2018. Staff was directed to update descriptions of Commission Officers and to seek advice for an update from MMUA.

The Commission discussion of the State Auditor's Office letter and interpretation of MN Statutes, Section 43A.17 proceeded next. The letter was in response to a letter sent by SPU President Amundson seeking opinion on the interpretation of calculating an employee's salary in regards to the MN Governor's Salary Cap. The auditor's response from David Kenny stated their opinion was that SPU had been incorrectly interpreting the statute, and therefore the Utilities Manager's annual salary exceeded the cap.

Motion by Brennan, seconded by Mocol to accept the letter from the State Auditor' Office, to look into the salaries of three employees and to require payback if the salary cap had been exceeded. Commissioner Meyer offered a friendly amendment to only accept the letter from the State Auditor's Office. The friendly amendment was not accepted and the original motion was carried, with Amundson and Meyer dissenting.

Motion by Fox, seconded by Mocol to adjourn to the May 18, 2020 Regular Commission Meeting. Motion carried.



Commission Secretary: John R. Crooks

SHAKOPEE PUBLIC UTILITIES COMMISSION

WARRANT LISTING


May 18, 2020

By direction of the Shakopee Public Utilities Commission, the Secretary does hereby authorize the following warrants drawn upon the Treasury of Shakopee Public Utilities Commission:

55573	American Messaging	1,547.39
55574	All Elements Inc.	1,050.00
55575	Altec Industries Inc	355.32
55576	Alternative Technologies Inc	60.00
55577	Western Bank	50.00
55578	Arrow Ace Hardware	47.38
55579	Astleford International & Isuzu	1,103.19
55580	Mark Barwart	20.16
55581	Robert Berndtson	195.50
55582	Birds Lawn Care LLC	3,205.00
55583	Damon Stephen Bitney	200.00
55584	Border States Electric Supply	9,212.52
55585	Steven M Brose	200.00
55586	Brad Carlson	56.76
55587	CenterPoint Energy	925.95
55588	James & Lindsey Christopherson	500.00
55589	City of Savage	92.83
55590	City of Shakopee	1,835.50
55591	City of Shakopee	380,726.44
55592	Comcast	2.25
55593	Core & Main LP	12,760.47
55594	CSK Auto	16.76
55595	Customer Contact Services	218.68
55596	Suzanne Dack	750.00
55597	DSI/LSI	238.46
55598	Ditchwitch of Minnesota	193.24
55599	James Donald	200.00
55600	Mike Enright	89.95
55601	F & B Construction	1,800.00
55602	Fire Safety USA	1,154.28
55603	FS3 Inc	1,325.83
55604	Further	87.44
55605	Don Goodland	500.00
55606	Gopher State One-Call	1,167.75
55607	Joseph Grafner	14.95
55608	Grainger Inc	287.26
55609	Shane Haack	400.00
55610	Gary M Harder	200.00
55611	USA Blue Book	1,053.48
55612	John C Huang	500.00
55613	Impact Mailing of Minnesota Inc	13,044.28
55614	Void	-
55615	Bradley Kessler	500.00
55616	Christal Lindsley	23.05
55617	Attila & Anne Magyar	500.00
55618	Master Mechanical Inc	1,712.00
55619	McGrann Shea Carnival	1,282.50
55620	Minn Valley Testing Labs Inc.	317.00
55621	Minnesota Pollution Control Agency	357.18
55622	MMPA c/o Avant Energy	2,241,373.66
55623	MN Dept of Revenue	176,973.00
55624	Brent & Heather Murray	100.00
55625	Daniel & Mary Nelson	500.00
55626	Gerry Neville	107.53
55627	Computex Technology Solutions	6,053.16
55628	Cindy Nickolay	220.23
55629	Northern States Power Co.	4,030.19
55630	Olsen Chain & Cable Inc	1,083.60
55631	John H Parrish	200.00
55632	Thomas Pitschneider	150.00
55633	Powerplan	1.91
55634	R.W. Beck Group, Inc.	26,121.34
55635	SCSI	3,822.00
55636	Sambatek	8,517.00
55637	Jason Schwengels	4.27
55638	Scott County	162.00
55639	Scott County Treasurer	30.00
55640	Craig Shellen	100.00
55641	Southwest News Media	357.77
55642	Gregory Triplett	138.01
55643	Verizon Wireless	1,248.84
55644	Vivid Image Inc	3,450.00
55645	Water Conservation Service Inc	319.00
55646	Wells Fargo Bank MN NA	1,250.00
55647	Kelley willemssen	2,500.00
55648	Kim M Williams	300.00
55649	Edward Zambrano	26.76
55650	Innovative Office Solutions	1,031.54
55651	Innovative Office Solutions	3,092.40

TOTAL

 Commission Secretary


 Commission President


 Director of Finance & Administration



SHAKOPEE PUBLIC UTILITIES COMMISSION

WARRANT LISTING

May 18, 2020

By direction of the Shakopee Public Utilities Commission, the Secretary does hereby authorize the following warrants drawn upon the Treasury of Shakopee Public Utilities Commission:

55573	American Messaging	1,547.39	Smart Switch 5/1- 5/31 2020
55574	All Elements Inc.	1,050.00	2020 Semiannual Roof Inspection SPU - 932.01 Bldg Maint.
55575	Altec Industries Inc	355.32	Auger Slings for Digger Derrick Truck
55576	Alternative Technologies Inc	60.00	Oil test samples - Electric
55577	Western Bank	50.00	Safe deposit box rental fee
55578	Arrow Ace Hardware	47.38	PVC Pipe, Cement weld kit \$29.68 Electric / Bottle water & 36 inch BRN L DL Bottom - water dept \$17.80
55579	Astleford International & Isuzu	1,103.19	Repairs (no start diagnosis) on electric truck #616
55580	Mark Banwart	20.16	2020 Residential Lighting Rebate
55581	Robert Berndtson	195.50	Reimburse mileage
55582	Birds Lawn Care LLC	3,205.00	April 2020 Lawn service SPU
55583	Damon Stephen Bitney	200.00	2020 Residential Cooling Rebate
55584	Border States Electric Supply	9,212.52	9 cutout load break 200A 15KV \$1990.71, 18 Arrester rider pole type \$1076.94 , 8400 FT 2" PVC \$4872, 36 Pipe 2" PVC elbow 90 degree \$263.37 - all inventory - Greenlee blade cutters for hydraulic pruner \$404.54 GL 593
55585	Steven M Brose	200.00	2020 Residential Appliance Rebate
55586	Brad Carlson	56.76	Reimb for kitchen supplies in large breakroom, paper plates, wipes
55587	CenterPoint Energy	925.95	Gas usage for May for 10th Ave \$37.46 & SPU Bldg, \$888.49
55588	James & Lindsey Christopherson	500.00	2020 Residential Cooling Rebate
55589	City of Savage	92.83	Water usage @ 9361 Horizon
55590	City of Shakopee	1,835.50	April Fuel bill
55591	City of Shakopee	380,726.44	Sewer \$276,682.72 & Storm Drainage \$104,043.72 for April
55592	Comcast	2.25	Cable for breakroom
55593	Core & Main LP	12,760.47	Water - WO#2345 Meters - 2 Omni 3" C2 meters \$3820, 1 4" Sensus C2 Omni meter \$3305, 3 Hydrant meters \$5580
55594	CSK Auto	16.76	Capsule part for Tony's truck
55595	Customer Contact Services	218.68	Answering service 5/5 - 6/1 2020
55596	Suzanne Dack	750.00	2020 Residential Appliance \$300 & Recycle Rebate \$450
55597	DSI/LSI	238.46	May garbage service
55598	Ditchwitch of Minnesota	193.24	Turbo tip part for electric GL588
55599	James Donald	200.00	2020 Residential Appliance Rebate
55600	Mike Enright	89.95	Reimburse for NEOS overshoe covers
55601	F & B Construction	1,800.00	Tear out & replace sidewalk @ 219 1st Ave West / GL 678
55602	Fire Safety USA	1,154.28	4 Hydrant valve gates GL 677
55603	FS3 Inc	1,325.83	Service/Repair on Conduit puller (eyes weaved, repair both jacks & check fluids)
55604	Further	87.44	Claim reimbursement
55605	Don Goodland	500.00	2020 Residential Cooling Rebate
55606	Gopher State One-Call	1,167.75	April tickets
55607	Joseph Grafner	14.95	2020 Residential Lighting Rebate
55608	Grainger Inc	287.26	Stepladder for water dept
55609	Shane Haack	400.00	2020 Residential Appliance \$200 & Recycle Rebate \$200
55610	Gary M Harder	200.00	2020 Residential Appliance Rebate
55611	USA Blue Book	1,053.48	Water - WO#2373 Spectrophotometer Lab Equipment
55612	John C Huang	500.00	2020 Residential Cooling Rebate
55613	Impact Mailing of Minnesota Inc	13,044.28	3/27-4/30 Statements & Collection Letters
55614	Void	-	need to split Innovative check
55615	Bradley Kessler	500.00	2020 Residential Cooling Rebate
55616	Christal Lindsley	23.05	2020 Residential Lighting Rebate
55617	Attila & Anne Magyar	500.00	2020 Residential Cooling Rebate
55618	Master Mechanical Inc	1,712.00	Bldg Maint - 1st Qtr Preventative maintenance on filter change & mechanical inspection
55619	McGrann Shea Carnival	1,282.50	WO#2259 Design Construction & Project Mgmt
55620	Minn Valley Testing Labs Inc.	317.00	Nitrates & Coliform
55621	Minnesota Pollution Control Agency	357.18	Hazardous waste fee generated in 2018
55622	MMPA c/o Avant Energy	2,241,373.66	April power bill
55623	MN Dept of Revenue	176,973.00	April Sales & Use tax
55624	Brent & Heather Murray	100.00	2020 Residential Appliance Rebate
55625	Daniel & Mary Nelson	500.00	2020 Residential Cooling Rebate



SHAKOPEE PUBLIC UTILITIES COMMISSION

WARRANT LISTING

May 18, 2020

By direction of the Shakopee Public Utilities Commission, the Secretary does hereby authorize the following warrants drawn upon the Treasury of Shakopee Public Utilities Commission:

55626	Gerry Neville	107.53	Reimburse mileage
55627	Computex Technology Solutions	6,053.16	Electric SCADA carepack renewal \$5214.56 / Symantec Renewal Email \$838.60 - IT
55628	Cindy Nickolay	220.23	Reimburse mileage
55629	Northern States Power Co.	4,030.19	April power bill
55630	Olsen Chain & Cable Inc	1,083.60	Ratchet Assy wire hook, binder, chain - electric
55631	John H Parrish	200.00	2020 Residential Cooling Rebate
55632	Thomas Pitschneider	150.00	2020 Residential Appliance Rebate
55633	Powerplan	1.91	Keys made for #623 electric
55634	R.W. Beck Group, Inc.	26,121.34	WO#2376 Dean Lake Upgrade/E Sub Development
55635	SCSI	3,822.00	SPU wellhead protection plan GL923 03
55636	Sambatek	8,517.00	WO#2408 Windermere Booster \$2408 / WO#2259 Water Tank #8 \$2293 & 3816
55637	Jason Schwengels	4.27	2020 Residential Lighting Rebate
55638	Scott County	162.00	WO#2376 East Shakopee Substation Site - Utility permit
55639	Scott County Treasurer	30.00	2020 Registration #13606 - water dept Utility Right of Way Access
55640	Craig Shellen	100.00	2020 Residential Appliance Rebate
55641	Southwest News Media	357.77	Legals & Minutes for April
55642	Gregory Triplett	138.01	Reimburse mileage
55643	Verizon Wireless	1,248.84	3/24-4/23 cell phones
55644	Vivid Image Inc	3,450.00	Progress pymt on new SPU website design - 75/25 923 01/03 07 00
55645	Water Conservation Service Inc	319.00	Leak locate @ 1556 Harvest Ln 4/20/20
55646	Wells Fargo Bank MN NA	1,250.00	1st Quarter Admin/Transaction fees
55647	Kelley willemssen	2,500.00	Reimburse tuition
55648	Kim M Williams	300.00	2020 Residential Appliance Rebate
55649	Edward Zambrano	26.76	Reimburse for Clorox wipes
55650	Innovative Office Solutions	1,031.54	Calc ribbon, pencils, name plates for commissioners, kleenex, paper
55651	Innovative Office Solutions	3,092.40	Hand Sanitizer - paid via ACH

TOTAL


2,925,344.96

Commission Secretary

Commission President

Director of Finance & Administration

**SHAKOPEE PUBLIC UTILITIES
MEMORANDUM**

TO: John Crooks, Utilities Manager 

FROM: Joseph D. Adams, Planning & Engineering Director

SUBJECT: Water Projects - 2020

DATE: May 13, 2020

ISSUE

Attached are both a list and map of the current water projects.

BACKGROUND

Staff has combined the SPU 2020 Capital Projects and City, County and Developer Projects that impact the water utility into one comprehensive list and mapped them for review and discussion purposes.

DISCUSSION

Staff is prepared to discuss the status of each of these projects and answer questions the Commission may have.


REQUESTED ACTION

No action by the Commission is necessary at this time.



	Development	Address/Location	Type	Development Timing	Development Status	Projected Water demand (Equiv. SAC Units)	Residential Units Left to Build/Rent	Public Water Improvements
1	Countryside 2nd Addition	Lusitano/Pena	Single-Family	2018-Ongoing	Completed	31	22	Watermain
2	Menden Addition	Jennifer Lane	Single-Family	2017-Ongoing	Completed	12	5	Watermain
3	MT Olive Church Addition	Windermere Way	Single-Family	2019-2020	Completed	3	2	Watermain
4	Prairie Meadows - 1st	Jennifer Lane	Single-Family	2017-Ongoing	Completed	26	12	Watermain
5	Prairie Meadows - 2nd	Jennifer Lane	Single-Family	2019-Ongoing	Completed	24	16	Watermain
6	Ridge Creek 1st Addition	Oakridge Trail	Single-Family	2017-2020	Completed	44	10	Watermain
7	Ridge Creek 2nd Addition	Crossings BLVD	Single-Family	2019-2020	Completed	29	14	Watermain
8	Ridge Creek 3rd Addition	Crossings BLVD	Single-Family	2019-2022	Completed	31	31	Watermain
9	South Parkview 5th Addition	Vierling west of Adams St	Single-Family	2012-Ongoing	Completed	21	6	Watermain
10	Southbridge @ Stagecoach	Stagecoach/Riverside	Single-Family	2018-Ongoing	Completed	59	41	Watermain
11	Windermere	17th Ave and CR 15	Single & Multi-Family	2018-2019	Completed	64	0	Watermain
12	Windermere 2nd Addtion	17th Ave and CR 15	Single-Family	2017-2018	Completed	27	0	Watermain
13	Windermere South 1st	Windermere Way	Single-Family	2018-Ongoing	Completed	31	3	Watermain
14	Windermere South 2nd	128th St & CR 15	Single-Family	2019-2020	Completed	125	125	Watermain
15	Sarazin Flats I	1575 Sarazin Street	Multi-Family	2019	Completed	60	0	Watermain
16	Sarazin Flats II	1595 Sarazin Street	Multi-Family	2020	Completed	51	41	Watermain
17	SB Crossings Apartments - 1st BLDG	1341 Crossings BLVD	Multi-Family	2018-2021	Completed	102	60	Watermain
18	Summergate (Church Addition)	CR 16 & CR 83	Multi-Family	2017-2019	Completed	13	0	Watermain
19	West Vierling Acres	1601 Harvest Lane	Multi-Family	2018-Ongoing	Completed	136	50	Watermain
20	2800 4th Ave Storage	2800 4th Ave E	Commercial	2018-2019	Completed	6		Service Line Only
21	Doggie Doo's	2555 Vierling Drive W	Commercial	2019	Completed	8		Service Line Only
22	My Place Hotel	3912 12th Ave E	Commercial	2019	Completed	34		Service Line Only
23	Northstar Treatment Center - BLDG 1	1250 Lincoln St	Commercial	2019	Completed	6		Service Line Only
24	SB Crossings Apartments - Clubhouse	1331 Crossings BLVD	Commercial	2018	Completed	1		Watermain
25	Triple Crown - Clubhouse	840 Shenandoah Drive	Commercial	2019	Completed	1		Service Line Only
26	Canterbury Business Park North	3200 4th Ave E	Industrial	2020	Completed	43		Watermain
27	Microsource/Gavilon	7632 County Road 101 E	Industrial	2020	Completed	2		NA
28	Universal Business Center	961 Stagecoach Rd	Industrial	2019	Completed	10		Watermain
29	Valley View Business Park 3rd - Phase 1	2700 4th Ave E	Industrial	2019	Completed	30		Watermain
30	Valley View Business Park 3rd - Phase 2	2650 4th Ave E	Industrial	2019	Completed	18		Watermain
31	The Deco Apartments	129 Holmes ST	Mixed Use	2021	Construction	92	89	Service Line Only
32	The Willows Apartments	1655 Willow Cir	Multi-Family	2020-Ongoing	Construction	48	60	Service Line Only
33	Triple Crown - 1st Phase	830 Shenandoah Drive	Multi-Family	2020-Ongoing	Construction	323		Service Line Only
34	Triple Crown - 2nd Phase	850 Shenandoah Drive	Multi-Family	2021	Construction	307	305	Service Line Only
35	BHS - Senior Living	1705 Windermere Way	Commercial	2020	Construction	118		Watermain
36	Scott County Government Center 2	200 4th Ave W	Government	2021	Construction	42		Service Line Only
37	KEB America - Expansion	5100 Valley Ind BLVD S	Industrial	2020	Construction	18		Service Line Only
38	Summerland Place Addition	17th Ave/Phillip Dr	Single & Multi-Family	2020-2023	Design	288	288	Watermain
39	Canterbury Park 12th Addition - Town Homes	Shenandoah Drive	Multi-Family	2021	Design	160	160	Watermain
40	SB Crossings Apartments - 2nd BLDG	1341 Crossings BLVD	Multi-Family	2021	Design	140	140	Watermain
41	Summerland Place Addition - Apartments	17th Ave	Multi-Family	2023	Design	300	300	Watermain
42	Trident Apartments - Powers 2nd Addition	Lusitano Street/Marystown Rd	Multi-Family	2021	Design	140	140	Watermain
43	River Bluff Apartments	Levee & Scott	Mixed Use	2021	Design	200	170	Watermain
44	Canterbury Park Ninth Addition	Shenandoah/Vierling	Commercial	2020-2022	Design	200		Watermain
45	Canterbury Park 12th Addition - Senior Housing	Shenandoah Drive	Commercial	2021	Design	100		Watermain
46	Texas Roadhouse	8170 Old Carriage CT N	Commercial	2020	Design	25		Service Line Only
47	VA Clinic - Powers Addition	12312 Marystown Rd	Commercial	2021	Design	6		Watermain
48	St Francis - ER Expansion	1455 St Francis Ave	Commercial	2020	Design	4		NA
49	Medical Office - Powers 2nd Addition	Lusitano Street/Marystown Rd	Commercial	2021	Design	20		Watermain
50	Cherne - Vierling Industrial	2300 Vierling Dr W	Industrial	2021	Design	37		Watermain
51	Opus Spec - Vierling Industrial	2400 Vierling Dr W	Industrial	2021	Design	12		Watermain

**SHAKOPEE PUBLIC UTILITIES
MEMORANDUM**

TO: John Crooks, Utilities Manager 

FROM: Joseph D. Adams, Planning & Engineering Director

SUBJECT: Electric Projects - 2020

DATE: May 13, 2020

ISSUE

Attached are both a list and map of the current electric projects.

BACKGROUND

Staff has combined the SPU 2020 Capital Projects and City, County and Developer Projects that impact the electric utility into one comprehensive list and mapped them for review and discussion purposes.

DISCUSSION

Staff is prepared to discuss the status of each of these projects and answer questions the Commission may have.

REQUESTED ACTION

No action by the Commission is necessary at this time.



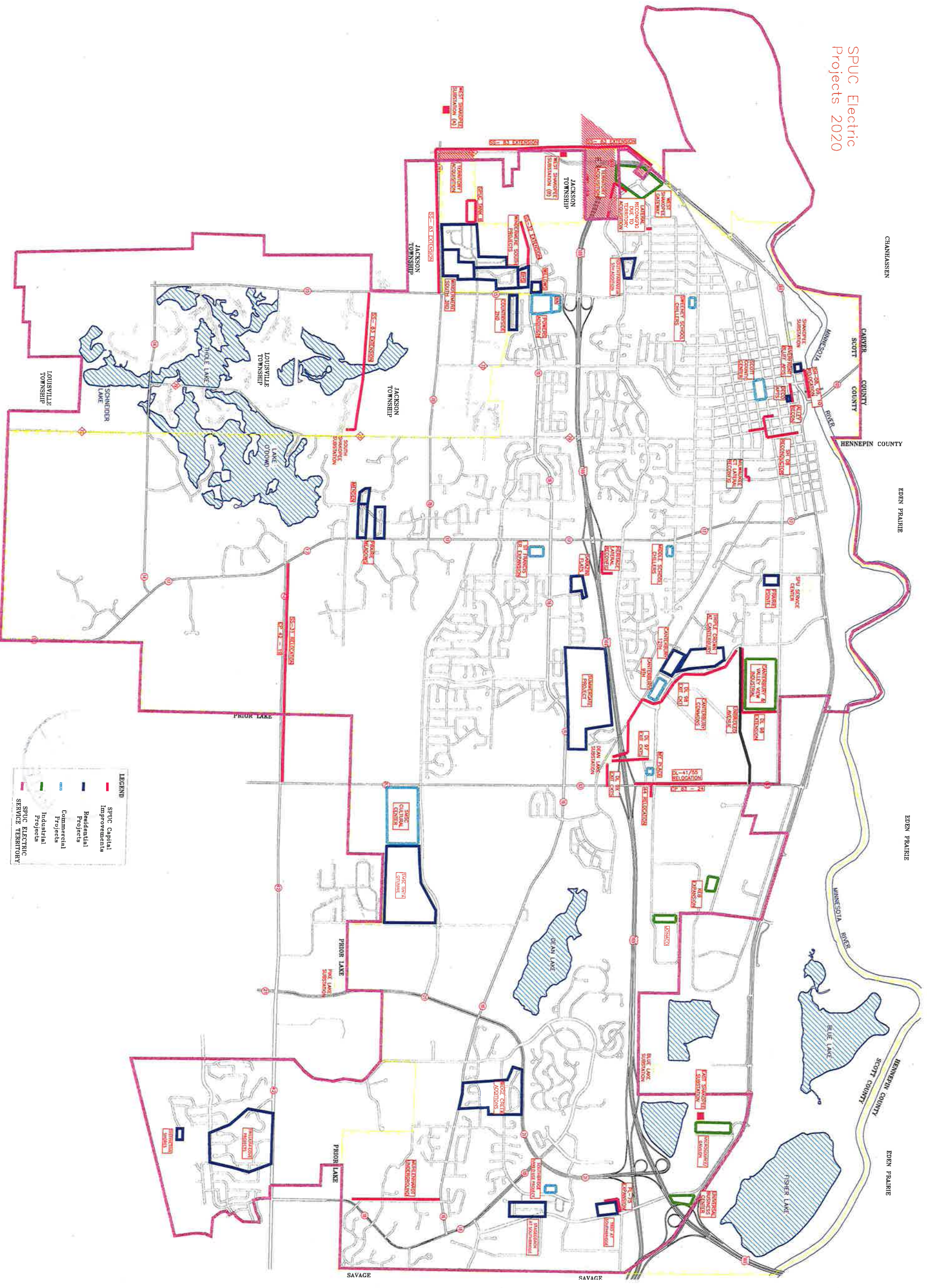
Development - Electric System Projects

	Development	Address/Location	Type	Development Timing	Development Status	Projected Load (kW)	Additional Load for 2020
1	Countryside 2nd Addition	Lusitano/Pena	Single-Family	2018-Ongoing	Completed	125	50
2	Menden Addition	Jennifer Lane	Single-Family	2017-Ongoing	Completed	50	20
3	MT Olive Church Addition	Windermere Way	Single-Family	2019-2020	Completed	10	5
4	Prairie Meadows - 1st	Jennifer Lane	Single-Family	2017-Ongoing	Completed	100	40
5	Prairie Meadows - 2nd	Jennifer Lane	Single-Family	2019-Ongoing	Completed	90	40
6	Ridge Creek 1st Addition	Oakridge Trail	Single-Family	2017-2020	Completed	175	40
7	Ridge Creek 2nd Addition	Crossings BLVD	Single-Family	2019-2020	Completed	115	55
8	Ridge Creek 3rd Addition	Crossings BLVD	Single-Family	2019-2022	Completed	125	50
9	SMSC Tinta Otunwe	Tiwahe Drive/Tintaocanku	Single-Family	2019-Ongoing	Completed	720	300
10	South Parkview 5th Addition	Vierling west of Adams St	Single-Family	2012-Ongoing	Completed	85	25
11	Southbridge @ Stagecoach	Stagecoach/Riverside	Single-Family	2018-Ongoing	Completed	235	70
12	Trillium Cove - 1st Phase	Prior Lake - Meadowlawn Trail	Single & Multi-Family	2017-2020	Completed	330	75
13	Trillium Cove - 2nd Phase	Prior Lake - Meadowlawn Trail	Single & Multi-Family	2018-2021	Completed	370	100
14	Trillium Cove - 3rd Phase	Prior Lake - Meadowlawn Trail	Single-Family	2019-2022	Completed	100	50
15	Windermere	17th Ave and CR 15	Single & Multi-Family	2018-2019	Completed	105	0
16	Windermere 2nd Addtion	17th Ave and CR 15	Single-Family	2017-2018	Completed	110	0
17	Windermere South 1st	Windermere Way	Single-Family	2018-Ongoing	Completed	125	15
18	Windermere South 2nd	128th St & CR 15	Single-Family	2019-2020	Completed	500	250
19	Sarazin Flats I	1575 Sarazin Street	Multi-Family	2019	Completed	200	200
20	Sarazin Flats II	1595 Sarazin Street	Multi-Family	2020	Completed	170	170
21	SB Crossings Apartments - 1st BLDG	1341 Crossings BLVD	Multi-Family	2018-2021	Completed	350	100
22	Summergate (Church Addition)	CR 16 & CR 83	Multi-Family	2017-2019	Completed	50	0
23	West Vierling Acres	1601 Harvest Lane	Multi-Family	2018-Ongoing	Completed	465	100
24	2800 4th Ave Storage	2800 4th Ave E	Commercial	2018-2019	Completed	90	0
25	Doggie Doo's	2555 Vierling Drive W	Commercial	2019	Completed	70	70
26	My Place Hotel	3912 12th Ave E	Commercial	2019	Completed	150	150
27	Northstar Treatment Center - BLDG 1	1250 Lincoln St	Commercial	2019	Completed	100	100
28	Park Place Storage	1822 115th St W	Commercial	2018	Completed	250	100
29	SB Crossings Apartments - Clubhouse	1331 Crossings BLVD	Commercial	2018	Completed	60	0
30	Shakopee Vet Clinic	12675 Marystown Rd	Commercial	2019	Completed	60	60
31	SMSC Cultural Center	2300 Tiwahe Cir	Commercial	2019	Completed	600	200
32	Triple Crown - Clubhouse	840 Shenandoah Drive	Commercial	2019	Completed	100	100
33	Canterbury Business Park North	3200 4th Ave E	Industrial	2020	Completed	600	200
34	Jonaco Machine	1157 Valley Park Drive	Industrial	2020	Completed	800	500
35	Microsource/Gavilon	7632 County Road 101 E	Industrial	2020	Completed	300	300
36	Universal Business Center	961 Stagecoach Rd	Industrial	2019	Completed	450	350
37	Valley View Business Park 3rd - Phase 1	2700 4th Ave E	Industrial	2019	Completed	800	200
38	Valley View Business Park 3rd - Phase 2	2650 4th Ave E	Industrial	2019	Completed	400	100
39	The Deco Apartments	129 Holmes ST	Mixed Use	2021	Construction	350	50
40	The Willows Apartments	1655 Willow Cir	Multi-Family	2020-Ongoing	Construction	200	50
41	Triple Crown - 1st Phase	830 Shenandoah Drive	Multi-Family	2020-Ongoing	Construction	1200	400
42	Triple Crown - 2nd Phase	850 Shenandoah Drive	Multi-Family	2021	Construction	1200	50
43	BHS - Senior Living	1705 Windermere Way	Commercial	2020	Construction	700	200
44	Scott County Government Center 2	200 4th Ave W	Government	2021	Construction	500	100
45	East Junior High - Chiller Addition	1137 Marschall Rd	Schools	2020	Construction	350	350
46	Sweeney Elementary - Chiller Addition	1001 Adams St	Schools	2020	Construction	150	150
47	KEB America - Expansion	2100 Valley Ind BLVD S	Industrial	2020	Construction	400	50
48	Distinctive Shores	Beach Street - Prior Lake	Single-Family	2020-2021	Design	25	0

Development - Electric System Projects

	Development	Address/Location	Type	Development Timing	Development Status	Projected Load (kW)	Additional Load for 2020
49	Summerland Place Addition	17th Ave/Phillip Dr	Single & Multi-Family	2020-2023	Design	1100	0
50	Canterbury Park 12th Addition - Town Homes	Shenandoah Drive	Multi-Family	2021	Design	500	0
51	SB Crossings Apartments - 2nd BLDG	1341 Crossings BLVD	Multi-Family	2021	Design	480	0
52	Summerland Place Addition - Apartments	17th Ave	Multi-Family	2023	Design	1000	0
53	Trident Apartments - Powers 2nd Addition	Lusitano Street/Marystown Rd	Multi-Family	2021	Design	500	0
54	River Bluff Apartments	Levee & Scott	Mixed Use	2021	Design	850	50
55	Canterbury Park Ninth Addition	Shenandoah/Vierling	Commercial	2020-2022	Design	800	0
56	Canterbury Park 12th Addition - Senior Housing	Shenandoah Drive	Commercial	2021	Design	300	0
57	Texas Roadhouse	8170 Old Carriage CT N	Commercial	2020	Design	200	100
58	VA Clinic - Powers 2nd Addition	Lusitano Street/Marystown Rd	Commercial	2021	Design	100	50
59	Medical Office - Powers 2nd Addition	Lusitano Street/Marystown Rd	Commercial	2021	Design	150	0
60	Cherne - West Shakopee Gateway 2nd	2300 Vierling Dr W	Industrial	2021	Design	400	50
61	Opus Spec - West Shakopee Gateway 2nd	2400 Vierling Dr W	Industrial	2020-2021	Design	600	50

SPUC Electric
Projects 2020



LEGEND

- SPUC Capital Improvements
- Residential Projects
- Commercial Projects
- Industrial Projects
- SPUC ELECTRIC SERVICE TERRITORY

berganKDV

May 11, 2020

Ms. Deb Amundson, Board Chair
Shakopee Public Utilities Commission
255 Sarazin Street
Shakopee MN 55379

Board Chair Amundson:

Thank you for the opportunity to present the 2019 Audited Financial Statements at your regular Commission meeting on May 4, 2020. As requested, I am following up on the acceptance status of the 2019 audit.

The Office of the State Auditor (OSA) provides guidance that Special Districts audited financial statements are due to be filed with the OSA within 180 days after the end of the fiscal year. This requirement is contained in Minnesota Statutes Section 471.697 and specifically includes Public Utilities Commissions. For the Shakopee Public Utilities Commission, the deadline is June 30, 2020 unless an extension is requested and granted. Please refer to the attached pdf of the statute for full reference.

Second, the Shakopee Public Utilities Commission 2019 audit report has been requested to be included as a component unit by the City of Shakopee in accordance with Governmental Accounting Standards Board (GASB) Statement 61. BerganKDV, Ltd. has received a request to authorize release of the 2019 audit report by the City of Shakopee's auditors. It is the policy of our firm to not authorize release of the 2019 audit until it has been formally reviewed and accepted by the Commission. It is our understanding that as of May 8, 2020 the 2019 audit has not been formally approved by the Commission board.

Please contact me at any time to discuss any questions regarding the 2019 audit status.

Sincerely,

Steven Wischmann CPA

Steven Wischmann
BerganKDV, Ltd.



471.697 FINANCIAL REPORTS; FILING; CITIES, TOWNS OF 2,500.

Subdivision 1. **All operations except some hospitals, nursing homes.** In any city with a population of more than 2,500 according to the latest federal census, or town with a population of more than 2,500 according to the latest federal census with an annual revenue of (1) \$670,500 or more in 2004, or (2) \$670,500 adjusted for inflation using the annual implicit price deflator for state and local expenditures as published by the United States Department of Commerce in 2005 and after, the city clerk, chief financial officer, town clerk, or town clerk-treasurer shall:

(a) Prepare a financial report covering the city's or town's operations including operations of municipal hospitals and nursing homes, liquor stores, and public utility commissions during the preceding fiscal year after the close of the fiscal year. Cities shall publish the report or a summary of the report, in a form as prescribed by the state auditor, in a qualified newspaper of general circulation in the city or, if there is none, post copies in three of the most public places in the city, no later than 30 days after the report is due in the office of the state auditor. The report shall contain financial statements and disclosures which present the city's or town's financial position and the results of city or town operations in conformity with generally accepted accounting principles. The report shall include such information and be in such form as may be prescribed by the state auditor;

(b) File the financial report in the clerk's or financial officer's office for public inspection and present it to the city council or town board after the close of the fiscal year. One copy of the financial report shall be furnished to the state auditor after the close of the fiscal year; and

(c) Submit to the state auditor audited financial statements which have been attested to by a certified public accountant, public accountant, or the state auditor within 180 days after the close of the fiscal year, except that the state auditor may upon request of a city or town and a showing of inability to conform, extend the deadline. The state auditor may accept this report in lieu of the report required in clause (b). A copy of the audited financial statement along with any management letter or other written findings or comments by the auditor must be provided to each city council member and the mayor, or to each town board member, no later than 30 days after the report is required to be submitted to the state auditor and presented at a scheduled meeting of the city council or town board prior to October 31 of the year in which the report is submitted to the state auditor.

A municipal hospital or nursing home established before June 6, 1979, whose fiscal year is not a calendar year on August 1, 1980, is not subject to this subdivision but shall submit to the state auditor a detailed statement of its financial affairs audited by a certified public accountant, a public accountant or the state auditor no later than 120 days after the close of its fiscal year. It may also submit a summary financial report for the calendar year.

Subd. 2. **First class city audits.** The state auditor shall continue to audit cities of the first class pursuant to section 6.49, subject to the authority in section 6.49 for certain cities of the first class to have audits performed by a certified public accountant firm.

History: 1978 c 787 s 3; 1979 c 330 s 4; 1980 c 487 s 18; 1980 c 502 s 1; 1984 c 543 s 64; 1986 c 444; 1992 c 592 s 13; 1998 c 276 s 1; 2004 c 161 s 1; 1Sp2011 c 10 art 3 s 35

**Shakopee Public Utilities Commission
Shakopee, Minnesota**

Communications Letter

December 31, 2019



**Shakopee Public Utilities Commission
Table of Contents**

Report on Matters Identified as a Result of the Audit of the Financial Statements	1
Required Communication	3
Financial Analysis	7

Report on Matters Identified as a Result of the Audit of the Financial Statements

Board of Commissioners and Management
Shakopee Public Utilities Commission
Shakopee, Minnesota

In planning and performing our audit of the financial statements of the business-type activities of the Shakopee Public Utilities Commission, Shakopee, Minnesota, as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing our audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error, or fraud may occur and not be detected by such controls.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

The accompanying memorandum also includes financial analysis provided as a basis for discussion. The matters discussed herein were considered by us during our audit and they do not modify the opinion expressed in our Independent Auditor's Report dated March 19, 2020, on such statements.

This communication is intended solely for the information and use of management, the Board of Commissioners, and others within the Commission and oversight agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

Bergan KDV, Ltd.

St. Cloud, Minnesota
March 19, 2020

Shakopee Public Utilities Commission Required Communication

We have audited the financial statements of the Commission as of and for the year ended December 31, 2019. Professional standards require that we advise you of the following matters related to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Commission solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgement, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Generally accepted accounting principles provide for certain Required Supplementary Information (RSI) to supplement the basic financial statements. Our responsibility with respect to the RSI, which supplements the basic audit financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI was not audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we do not express an opinion or provide any assurance on the RSI.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Shakopee Public Utilities Commission Required Communication

Qualitative Aspects of Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Commission is included in the notes to financial statements. There have been no initial selection of accounting policies and no changes to significant accounting policies or their application during 2019. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgements. Those judgements are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgements. The most sensitive estimates affecting the financial statements were:

Depreciation – The Commission is currently depreciating its capital assets over their estimated useful lives, as determined by management, using the straight-line method.

Expense Allocation – The Commission is currently allocating certain costs among the utility funds based on management's estimates of the benefit provided to each particular fund.

Allowance for Doubtful Accounts – The Commission is currently using an estimate to determine what accounts will be uncollectible. Amounts are based on bills past due.

Net Pension Liability, Deferred Outflows of Resources Related to Pensions and Deferred Inflows of Resources Related to Pensions – These balances are based on an allocation by the pension plans using estimates based on contributions.

We evaluated the key factors and assumptions used to develop the accounting estimates and determined that they are reasonable in relation to the financial statements taken as a whole

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Shakopee Public Utilities Commission Required Communication

Uncorrected and Corrected Misstatements

For the purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effects of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Commission's financial statements or the auditor's report. No such disagreements arose during the course of our audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management has informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Commission, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the Commission, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Commission's auditor.

Other Information in Documents Containing Audited Financial Statements

We applied certain limited procedures to the RSI that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

**Shakopee Public Utilities Commission
Required Communication**

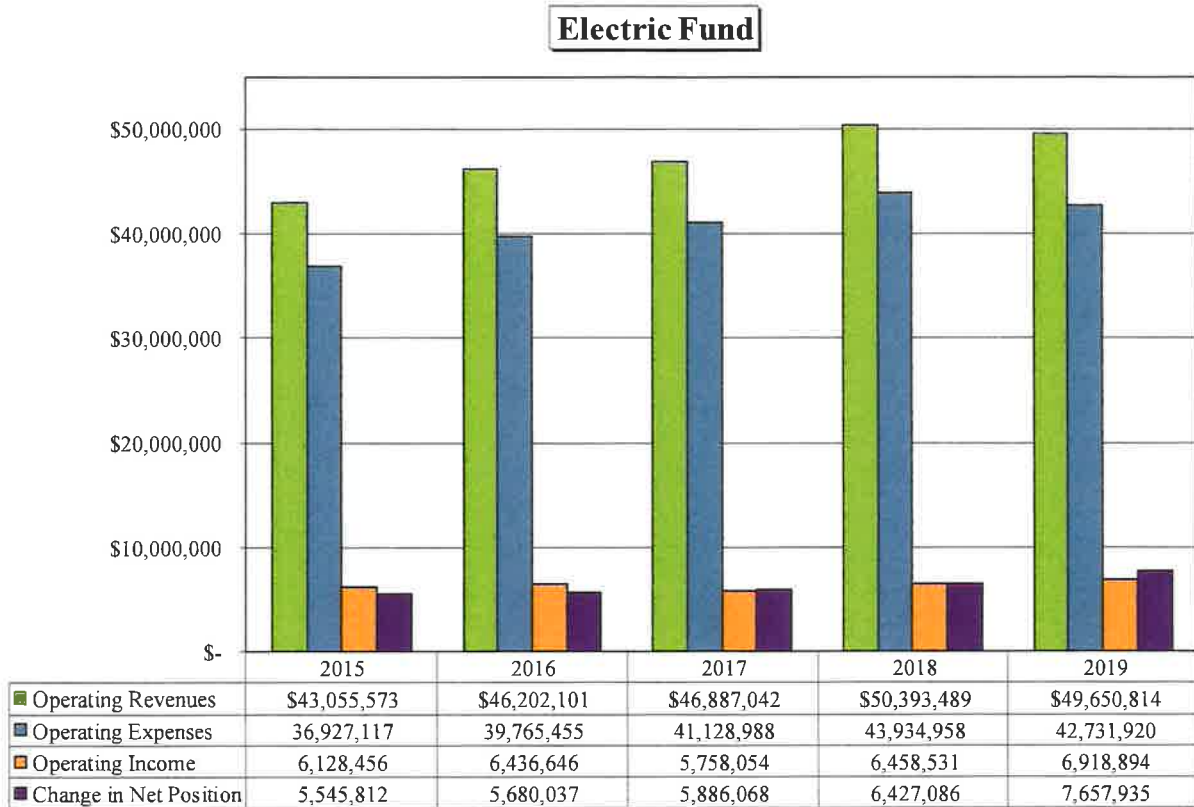
Other Information in Documents Containing Audited Financial Statements (Continued)

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

**Shakopee Public Utilities Commission
Financial Analysis**

The following pages provide graphic representation of select data pertaining to the financial position and operations of the commission for the past five years. Our analysis of each graph is presented to provide a basis for discussion of past performance.

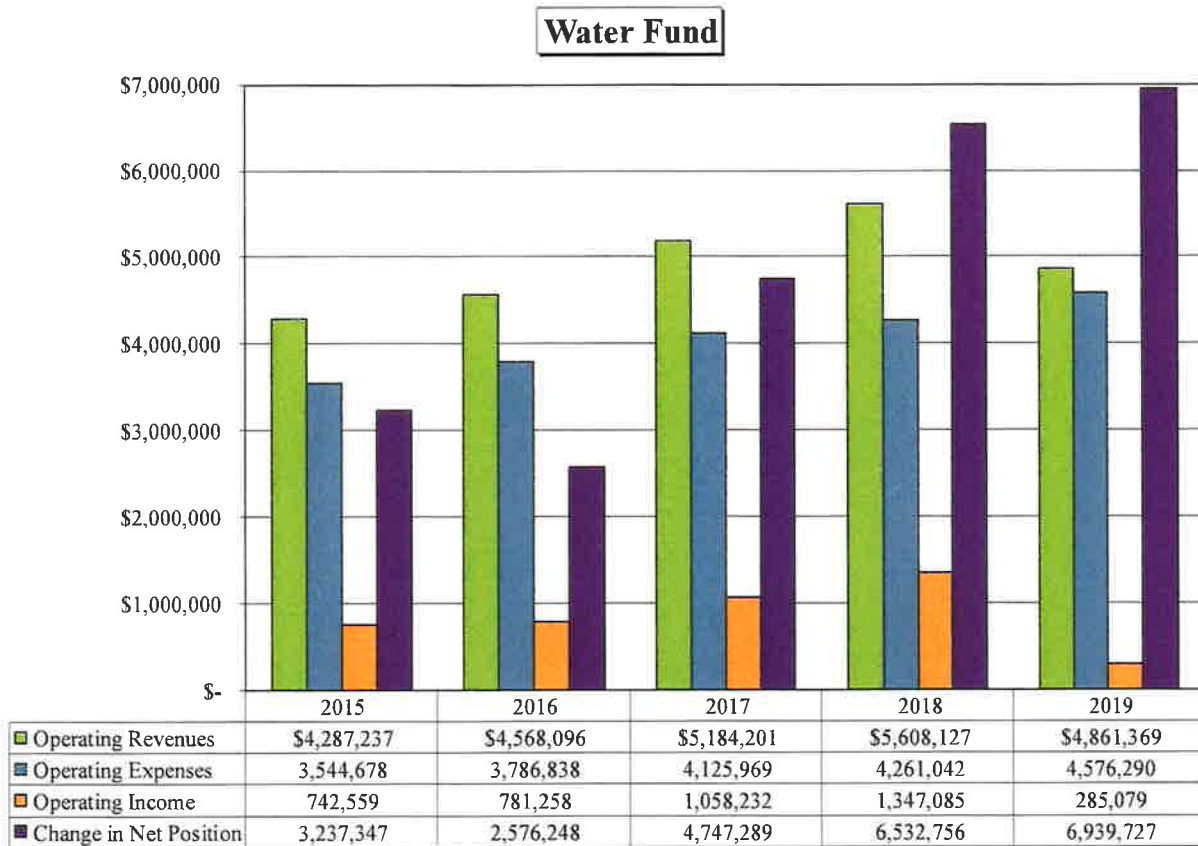
ELECTRIC FUND



Revenues have increased in four of the last five years presented. In 2019, operating revenues decreased \$742,675 due to a decrease in electricity usage by customers and decrease power cost adjustment. Operating expenses, excluding depreciation, decreased \$1,291,581 from 2018 to 2019. This is the result of less power being purchased during 2019 related to the lower usage in 2019. The end result of 2019 activity was operating income of \$6,918,894. The Commission also had net nonoperating revenue of \$1,404,624, received \$759,222 in capital contributions from developers, and contributed \$1,424,805 to the City of Shakopee as payments in lieu of taxes. As a result, net position increased \$7,657,935 in 2019.

**Shakopee Public Utilities Commission
Financial Analysis**

WATER FUND



Revenues have exceeded expenses for all years presented above. During 2019, operating revenues exceeded operating expenses by \$285,079. Operating revenues decreased \$746,758 from 2018 to 2019, driven by decreased usage related to increased precipitation. Operating expenses, excluding depreciation, stayed consistent only increasing \$145,992. During 2019, the Commission had net nonoperating revenue of \$731,222, received \$6,922,746 in capital contributions from developers and connection charges, and contributed \$999,320 to the City of Shakopee as payments in lieu of taxes. As a result, net position increased \$6,939,727 from 2018 to 2019.

The Commission has no debt outstanding at December 31, 2019.

**Shakopee Public Utilities Commission
Separate Enterprise Funds of the
City of Shakopee, Minnesota**

Financial Statements

December 31, 2019



**Shakopee Public Utilities Commission
Table of Contents**

Board of Commissioners and Administration	1
Independent Auditor's Report	2
Management's Discussion and Analysis	5
Basic Financial Statements	
Fund Financial Statements	
Statement of Net Position – Proprietary Funds	20
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds – Proprietary Funds	21
Statement of Cash Flows – Proprietary Funds	22
Notes to Financial Statements	25
Required Supplementary Information	
Schedule of Commission's Proportionate Share of Net Pension Liability General Employees Retirement Fund	44
Schedule of Commission Contributions General Employees Retirement Fund	45
Notes to the Required Supplementary Information	46
Supplementary Information	
Electric Utility	
Statement of Net Position – Electric Utility	50
Statement of Revenues, Expenses, and Changes in Fund Net Position – Electric Utility	51
Statement of Cash Flows – Electric Utility	52
Detailed Statement of Operating Revenues and Expenses – Electric Utility	54
Schedule of Plant in Service – Electric Utility	55
Water Utility	
Statement of Net Position – Water Utility	58
Statement of Revenues, Expenses, and Changes in Fund Net Position – Water Utility	59
Statement of Cash Flows – Water Utility	60
Detailed Statement of Operating Revenues and Expenses – Water Utility	62
Schedule of Plant in Service – Water Utility	63
Minnesota Legal Compliance Report	65

**Shakopee Public Utilities Commission
Board of Commissioners and Administration
December 31, 2019**

<u>Officials</u>	<u>Position</u>	<u>Term Expires</u>
Terry Joos	President	March 31, 2020
Deb Amundson	Vice President/MMPA Rep	March 31, 2021
Mathew Meyer	Commissioner	March 31, 2021
Steven Clay	Commissioner	March 31, 2020
Kathi Mocol	Commissioner	March 31, 2022
<u>Administration</u>		
John R. Crooks	Utilities Manager	
Renee Schmid	Director of Finance and Administration	

Independent Auditor's Report

Board of Commissioners
Shakopee Public Utilities Commission
Shakopee, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund of the Shakopee Public Utilities Commission, Shakopee, Minnesota, as of and for the year ended December 31, 2019, and the related notes to financial statements, which collectively comprise the Commission's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission'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 Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the Shakopee Public Utilities Commission, Shakopee, Minnesota, as of December 31, 2019, and the respective changes in financial position and cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Opinions (Continued)

As discussed in the Note 1, the financial statements present only the Commission's Enterprise Funds and are not intended to present fairly the financial position of the City of Shakopee, Minnesota, and the changes in its financial position and its cash flows in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Shakopee Public Utilities Commission's basic financial statements. The detailed fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The detailed fund financial statements and schedules are the responsibility of management and were 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 detailed fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Matters (Continued)

Report on Summarized Comparative Information

The financial statements include partial prior year comparative information. Such information does not include all the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Commission's financial statement for the year ended December 31, 2018, from which such partial information was derived.

We have previously audited the Commission's 2018 financial statements and our report, dated March 29, 2019, expressed unmodified opinions on the respective financial statements of each major fund. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bergan KDV, Ltd.

St. Cloud, Minnesota
March 19, 2020

Shakopee Public Utilities Commission Management's Discussion and Analysis

The management of the Shakopee Public Utilities Commission (electric and water utilities) offers all persons interested in the financial position of the utilities an objective, easy to read overview, and analysis of the utilities' financial performance during the years ending December 31, 2019. You are invited to read this narrative in conjunction with the Utilities' financial statements.

Financial Highlights

- The electric utility's net position increased \$7,657,935 to \$84,575,793 in 2019, an increase of 10.0%. Total assets increased by \$7,338,726 due to increases in net capital assets of \$261,719, increases in cash and investments of \$7,563,076 from net operating activity, and decreases in accounts receivable and other assets of \$486,069. Deferred outflows of resources decreased \$286,649 reflecting GASB 68 pension reporting. Total liabilities decreased by \$446,211 due to a decrease in accounts payable and other current liabilities of \$429,880, a decrease in net pension liability of \$33,982, decreases in customer deposits of \$120,686 due to expiration of security for a large purchase power agreement, and increases in customer advances and other liabilities of \$138,337 driven by development projects. Deferred inflows of resources decreased \$159,647 (See Table 1).
- The electric utility's operating revenues, generated mostly by user fees, decreased by \$742,675 or 1.5%, driven by lower kWh sales and a decrease in power cost adjustment revenue, driven by lower sales and lower purchased power costs per kilowatt hour. Total kWh sales volume decreased 1.8%. The electric utility added 385 new customers in 2019, an increase of 2.2% (See Table 3).
- The electric utility's operating expenses in 2019 decreased \$1,203,038 or 2.7%, due to decreases in purchased power costs of \$1,356,930 driven by lower sales and a decrease in purchased power costs per kWh of 1.7%, increases in operating expenses of \$65,349, and increases in depreciation expense of \$88,543.
- The water utility's net position increased \$6,939,727 to \$75,060,809 in 2019, an increase of 10.2%. Total assets increased by \$7,433,404 due to an increase in net capital assets of \$5,829,979 for investment in a new booster station and water main construction, an increase of \$1,696,006 in the connection account, an increase in customer deposits of \$22,398, and a decrease in the reconstruction account of \$356,035, and increases in cash and investments, accounts receivables, and other current assets of \$241,056, the result of operating activities. Deferred outflows of resources decreased \$95,548 reflecting the GASB 68 pension reporting activity. Total liabilities increased by \$451,343 due to increases in current liabilities of \$696,245, increases in customer deposit liabilities of \$22,398, decreases in net pension liability of \$11,326, and a decrease in customer advances of \$255,974. Deferred inflows of resources decreased \$53,214 due to GASB 68 pension reporting activity (See Table 2).
- The water utility's 2019 operating revenues, generated mostly by user fees, decreased \$746,758, or 13.3% due to a rate decrease on water reconstruction rates and a decrease in water gallons sold of 9.0%. 2019 was one the highest years on record for precipitation levels which impacted customer usage and water sales. The water utility added 129 new customers in 2019, an increase of 1.1% (See Table 4).
- The water utility's operating expenses in 2019 increased \$315,248 or 7.4% reflecting increases in operating expense of \$145,992 and increase in depreciation expense of \$169,256.
- Non-Operating revenues for the utilities increased from 2018 to 2019 by \$979,463 due to higher investment income, lower amortization expenses due to bond defeasances in 2018, and gains on the disposition of property, and lower rental and miscellaneous income.

Shakopee Public Utilities Commission Management's Discussion and Analysis

Financial Highlights (Continued)

- Capital contributions for the utilities increased from 2018 to 2019 by \$1,083,089 due to increases in water connection fee activity, and offset by decreases in developer capital contributions in electric and water, and decreases in trunk fees.

Overview of the Financial Statements

The electric and water utilities are self-supporting entities and separate enterprise funds of the City of Shakopee. The utilities provide electric and water service to properties within the City of Shakopee and some areas outside the municipality. Water service is provided within the corporate limits of the City of Shakopee. The electric utility service territory is a matter of state law, which became effective in 1975 and is supported by official maps. The areas generally served are the City of Shakopee, Townships of Jackson and Louisville, and part of the City of Prior Lake lying north of Prior Lake and abutting the City of Shakopee.

The electric and water utility is managed by a utilities commission and operates under *Minnesota Statutes* 453. The Commission has, and continues to establish, rates and charges without approval, review, or veto authority of the City Council. The Commission also establishes the policies and service rules that guide the administration and management of the Shakopee Public Utilities. The City Council created the utility commission in the mid-1950s.

The current utility commission is made up of five members having authority under the Power Agency Law, *Minnesota Statutes* 453, adopted by the State Legislature in 1976. The Power Agency Law replaces the original empowerment authority and provides the legal platform for the Commission to operate as the governing body of the "electric utility" and join other utilities to solve the issues of generation and transmission.

This annual report consists of two parts: Management's Discussion and Analysis and the financial statements as well as the Independent Auditor's Report.

An analysis of the utilities' financial position begins with a review of the statement of net position and the statement of revenues, expenses, and changes in net fund position. These two statements report the Utilities' Net Position and changes therein. The Utilities' Net Position, the difference between assets and deferred outflows of resources and liabilities, are important in measuring the financial health of the Utility. Over time, increases or decreases in the net position value are an indicator of whether the financial position is improving or deteriorating. However, it should be noted that the financial position may also be affected by other non-financial factors, including economic conditions, customer growth, climate conditions, and new regulations.

Utility Financial Analysis

The Statement of Net Position includes all of the Utilities' assets and deferred outflows and inflows of resources and liabilities and provides information about the nature and amount of investments in resources and the obligations to creditors. This Statement provides the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the Utilities.

A summary of the Utilities' Statement of Net Position is presented in Tables 1 and 2.

**Shakopee Public Utilities Commission
Management's Discussion and Analysis**

Utility Financial Analysis (Continued)

**Table 1
Condensed Statement of Net Position – Electric Utility**

	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 47,504,719	\$ 40,427,712
Net capital assets	46,696,778	46,435,059
Total assets	<u>94,201,497</u>	<u>86,862,771</u>
Deferred outflows of resources	<u>242,380</u>	<u>529,029</u>
Total assets and deferred outflows of resources	<u>\$ 94,443,877</u>	<u>\$ 87,391,800</u>
Net pension liability	\$ 2,649,666	\$ 2,683,648
Other liabilities	6,713,910	7,126,139
Total liabilities	<u>9,363,576</u>	<u>9,809,787</u>
Deferred inflows of resources	<u>504,508</u>	<u>664,155</u>
Net investment in capital assets	46,696,778	46,435,059
Unrestricted	37,879,015	30,842,799
Total net position	<u>84,575,793</u>	<u>76,917,858</u>
Total liabilities, deferred inflows, and net position	<u>\$ 94,443,877</u>	<u>\$ 87,391,800</u>

As can be seen from the table above, the electric utility net position increased \$7,657,935 to \$84,575,793 in 2019, an increase of 10.0%. Total assets increased by \$7,338,726 due to increases in net capital assets of \$261,721 reflecting \$1,986,123 in investments in underground lines, transformation, substation improvements, and other infrastructure and equipment, offset by increased accumulated depreciation and increases in work in process, increases in cash and investments of \$7,563,076 from net operating activity, and decreases in accounts receivable and other current assets of \$365,383, and a decrease in Customer deposits of \$120,686 due to expiration of security requirement for a large purchased power contract. Deferred outflows of resources decreased \$286,649 reflecting a decrease in GASB 68 pension reporting activity.

Total liabilities decreased by \$446,211 due to a decrease in accounts payable and other current liabilities of \$429,880, a decrease in Customer deposit liability of \$120,686, a decrease in net pension liability of \$33,982, which were partially offset by an increase of \$138,337 in customer advances and other liabilities. Deferred inflows of resources decreased \$159,647 reflecting changes in GASB 68 pension reporting activity.

**Shakopee Public Utilities Commission
Management's Discussion and Analysis**

Utility Financial Analysis (Continued)

**Table 2
Condensed Statement of Net Position – Water Utility**

	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 25,259,627	\$ 23,656,202
Net capital assets	<u>52,413,496</u>	<u>46,583,517</u>
Total assets	<u>77,673,123</u>	<u>70,239,719</u>
 Deferred outflows of resources	 <u>80,794</u>	 <u>176,342</u>
 Total assets and deferred outflows of resources	 <u>\$ 77,753,917</u>	 <u>\$ 70,416,061</u>
 Net pension liability	 \$ 883,222	 \$ 894,548
Other liabilities	<u>1,641,716</u>	<u>1,179,047</u>
Total liabilities	<u>2,524,938</u>	<u>2,073,595</u>
 Deferred inflows of resources	 <u>168,170</u>	 <u>221,384</u>
 Net investment in capital assets	 52,413,496	 46,583,517
Restricted for connections and reconstruction	<u>15,270,755</u>	<u>13,930,784</u>
Unrestricted	<u>7,376,558</u>	<u>7,606,781</u>
Total net position	<u>75,060,809</u>	<u>68,121,082</u>
 Total liabilities, deferred inflows, and net position	 <u>\$ 77,753,917</u>	 <u>\$ 70,416,061</u>

As can be seen from the table above, the water utility net position increased by \$6,939,727 to \$75,060,809 in 2019, an increase of 10.2%. Total assets increased by \$7,433,404 due to an increase in net capital assets of \$5,829,979 for investment in a new booster station and water main construction, an increase of \$1,696,006 in the connection account, a decrease in the reconstruction account of \$356,035, and increases in cash and investments, accounts receivables and other assets of \$263,454, the result of operating activities. Deferred outflows of resources decreased \$95,548 reflecting GASB 68 pension reporting activity. Total liabilities increased by \$451,343 due to increases in current liabilities of \$696,245, a decrease in net pension liability of \$11,326 that was partially offset by an increase of \$22,398 in customer deposits, and a decrease in customer advances of \$255,974. Deferred inflows of resources decreased \$53,214 reflecting GASB 68 pension reporting activity.

The restricted portion of net position includes accounts that are limited by bond covenants. Listed below are restricted assets:

Customer Deposit Account – Restricted resources from customers required to deposit monies before the utility will begin service. These deposits are subject to repayment when the customer leaves the utility's service area.

**Shakopee Public Utilities Commission
Management's Discussion and Analysis**

Utility Financial Analysis (Continued)

Connection and Trunk Water Accts – Restricted resources, per enabling legislation, to be used for future water production and trunk distribution facility acquisitions.

The specific nature or source of these changes becomes more evident in the statement of revenues, expenses, and changes in fund net position as shown in Tables 3 and 4.

The statement of revenues, expenses, and changes in fund net position provide an indication of the utilities' financial health.

**Table 3
Condensed Statement of Revenues, Expenses, and Changes in Fund Net Position
Electric Utility**

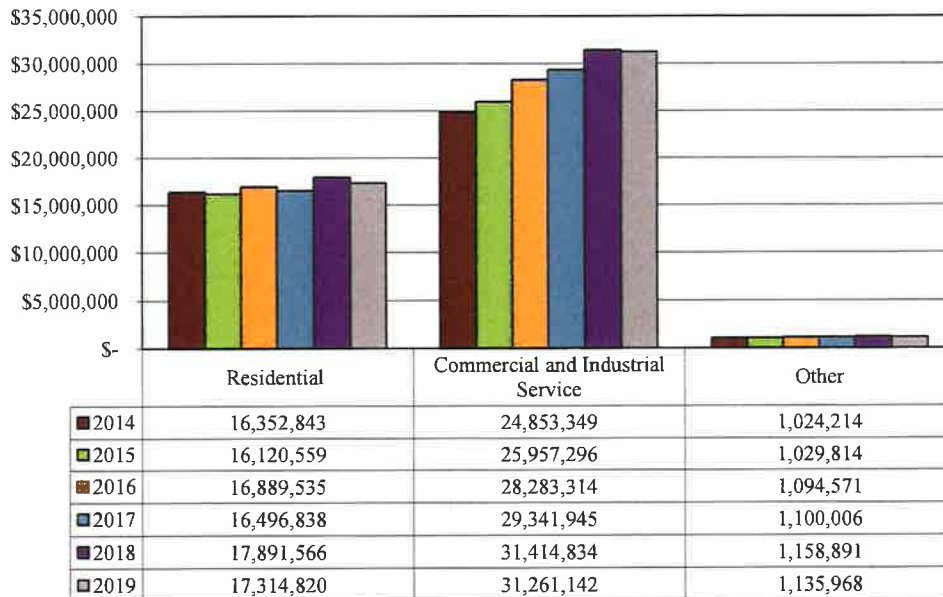
	<u>2019</u>	<u>2018</u>
Operating revenues	\$ 49,650,814	\$ 50,393,489
Operation, customer, and administrative	40,405,850	41,697,431
Depreciation expense	<u>2,326,070</u>	<u>2,237,527</u>
Total operating expenses	<u>42,731,920</u>	<u>43,934,958</u>
Operating income	6,918,894	6,458,531
Non-operating revenues (expenses)	1,404,624	747,115
Capital contributions	759,222	730,662
Transfers to municipality	<u>(1,424,805)</u>	<u>(1,509,222)</u>
Change in net position	7,657,935	6,427,086
Beginning net position	<u>76,917,858</u>	<u>70,490,772</u>
Ending net position	<u>\$ 84,575,793</u>	<u>\$ 76,917,858</u>

Shakopee Public Utilities Commission Management's Discussion and Analysis

Utility Financial Analysis (Continued)

As can be seen in Table 3 on the previous page, the electric utility's operating revenues decreased in 2019 by \$742,675 from 2018 or 1.5% driven by a decrease in total kWh sales volume of 1.8% and a decrease in power cost adjustment revenue driven by lower purchased power costs due to lower sales and decreased cost of purchased power per kWh of 1.7%. Operating expenses decreased \$1,203,038 or 2.7%, primarily due to decreases in purchased power costs of \$1,356,930 driven by lower kWh sales and decreased costs of purchased power per kWh of 1.7%, and partially offset by increases in operating expenses of \$65,349, and increases in depreciation expense of \$88,543 reflecting \$1,986,123 in investment in new underground construction and transformation driven by new development, substation improvements, and other infrastructure and equipment investments. Purchased power costs totaled \$34,198,101 in 2019, a decrease of 3.8% from 2018. Purchased power is the single largest expense item in the electric system operating budget. Non-operating income increased \$657,509 due to higher investment income of \$531,742, lower amortization costs of \$216,694, a gain on the disposition of property of \$78,944, and were partially offset by lower rental and miscellaneous income of \$171,200. Capital contributions increased \$28,560 year to year due to increases in developer capital contributions year to year. Municipal contributions expenses to the City of Shakopee decreased \$84,417 from \$1,509,222 to \$1,424,805 driven by lower electric sales revenue from year to year of \$19,392 and lower costs of free services for energy for street lighting of \$65,025. SPU invested over \$800,000 in 2018 and converted the majority of city streetlights to LED which reduced the costs of energy for street lighting.

**Comparison of Electric Revenues
(without bad debt)**



Residential, commercial, and other sales of electricity decreased in 2019 by \$753,361 or 1.5%. 2019 was a record year for precipitation which impacted customer usage and sales in both the electric and water utilities. The electric utility added 385 new customers in 2019, an increase of 2.2%.

**Shakopee Public Utilities Commission
Management's Discussion and Analysis**

Utility Financial Analysis (Continued)

Total kWh purchased in 2019 was 459,120,703 as compared to 469,262,264 in 2018, reflecting a decrease of 2.2% year over year. Total kWh sold in 2019 was 454,234,398 as compared to 446,158,441 in 2018, reflecting a decrease of 1.8% for the year 2019. Electric operating revenues totaled \$49,650,814 in 2019 compared to \$50,393,488 in 2018, a decrease of \$742,675 or 1.5% driven by lower kWh sales, and lower power cost adjustment revenue due to decreased sales and decreased costs of power per kWh. Power costs per kWh decreased from 7.58 cents per kWh in 2018 to 7.45 cents per kWh, a decrease of 1.7%.

The utility purchases power from MMPA and joined MMPA as a full member in 2004, with a long-term Purchase Power Agreement extending to 2050.

The following is the total cost of kilowatt-hours purchased, total kilowatt-hours purchased, system peak demand, and total kilowatt-hours delivered for the past ten years.

Historical Power and Energy Requirements				
Energy (kWh)				
<u>Year</u>	<u>Total kWh Purchased</u>	<u>Cost of kWh Purchased</u>	<u>System Peak Demand (kW)</u>	<u>Total kWh Delivered</u>
2019	459,120,703	\$34,198,101	104,661	446,158,441
2018	469,262,264	35,555,031	102,853	454,234,398
2017	452,308,391	33,180,393	99,725	429,261,118
2016	449,534,290	32,282,815	100,501	426,048,194
2015	425,268,243	29,939,985	92,605	406,459,331
2014	417,376,994	29,426,606	93,549	401,272,664
2013	413,119,096	28,499,899	95,148	394,596,477
2012	416,558,417	27,338,777	96,369	399,828,851
2011	414,150,120	26,782,506	97,882	397,223,982
2010	412,310,323	25,808,252	93,027	395,127,626
2009	394,883,403	23,452,081	85,603	376,253,876

Kilowatt (kWh) Hours

Metered Electric Customers

Following are the number of metered connections for the past ten years.

<u>Year</u>	<u>Meters</u>	<u>Year</u>	<u>Meters</u>
2019	17,960	2014	16,700
2018	17,575	2013	16,508
2017	17,126	2012	16,398
2016	17,084	2011	16,314
2015	16,885	2010	16,139

**Shakopee Public Utilities Commission
Management's Discussion and Analysis**

Utility Financial Analysis (Continued)

**Table 4
Condensed Statement of Revenues, Expenses, and Changes in Fund Net Position
Water Utility**

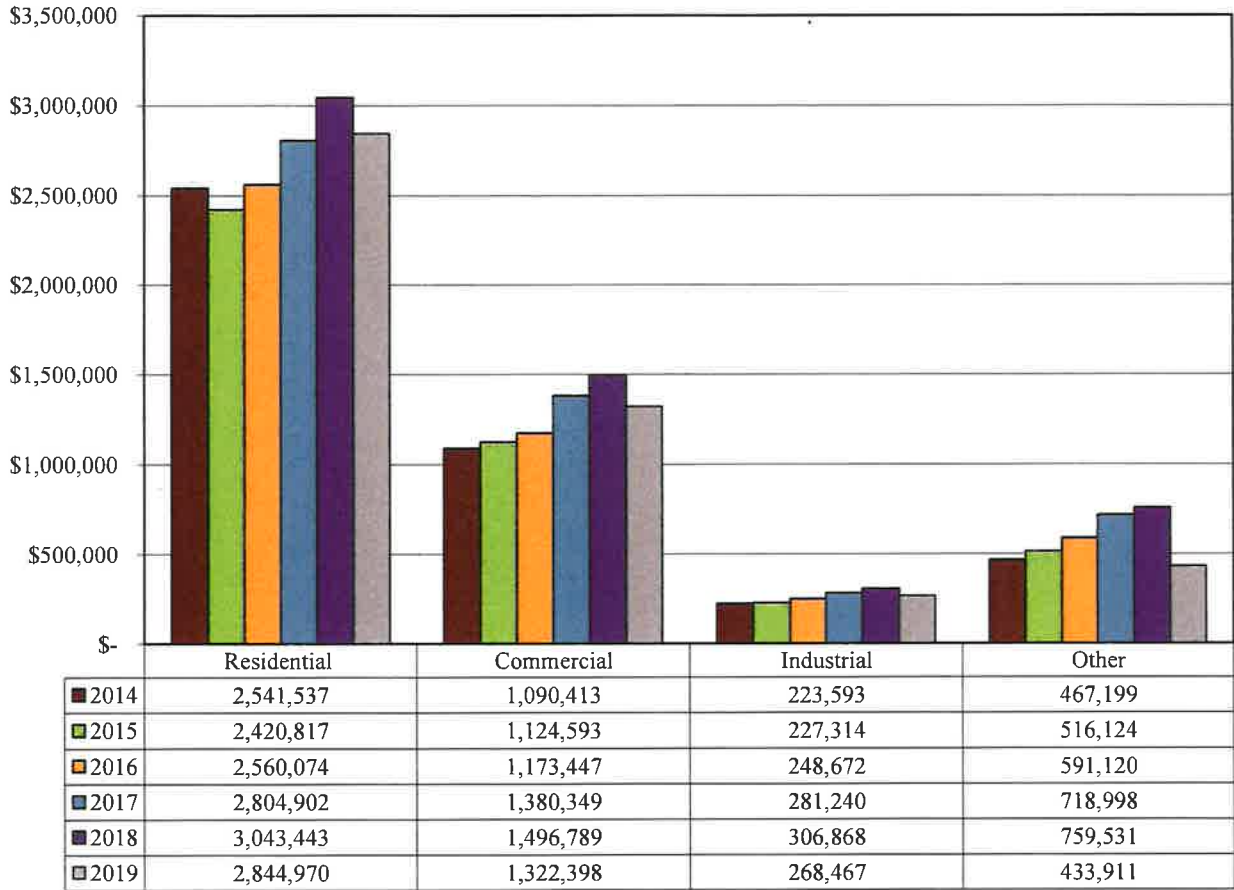
	<u>2019</u>	<u>2018</u>
Operating revenues	\$ 4,861,369	\$ 5,608,127
Operation, customer, and administrative	2,991,997	2,846,005
Depreciation expense	<u>1,584,293</u>	<u>1,415,037</u>
Total operating expenses	<u>4,576,290</u>	<u>4,261,042</u>
Operating income	285,079	1,347,085
Non-operating revenues (expenses)	731,222	409,268
Capital contributions	6,922,746	5,868,217
Transfers to municipality	<u>(999,320)</u>	<u>(1,091,814)</u>
Change in net position	6,939,727	6,532,756
Beginning of year	<u>61,121,082</u>	<u>61,588,326</u>
Ending Net Position	<u>\$ 75,060,809</u>	<u>\$ 68,121,082</u>

In 2019 the water utility's operating revenues decreased by \$746,758, or 13.3% from \$5,608,127 in 2018 to \$4,861,369. The decrease in operating revenues is the result of a decrease in water gallons sold of 9.0%, a decrease in water sales revenues of \$411,266, and a decrease of \$336,776 in water reconstruction fund revenues due to a rate decrease and lower sales. 2019 was one of the highest years on record for precipitation levels which impacted customer usage and water sales. Operating expenses increased \$315,248, or 7.4%. The increase in expense is the result of an increase in operating expense of \$145,992 and increase in depreciation expense of \$169,256 reflecting the addition of a new booster station and new water main construction. Non-Operating income increased \$321,954 from \$409,268 to \$731,222 reflecting an increase in investment income of \$307,779, an increase in miscellaneous income of \$83,408, partially offset by loss on the disposition of property of \$67,927 due to early retirement of water main driven by a new development project. Capital contributions increased by \$1,054,529 year over year due to increases in water connection fees activity of \$1,401,054, and partially offset by decreases in developer constructed water main of \$180,409 and trunk water fees of \$190,760. Municipal contributions expenses to the City of Shakopee decreased \$92,494 from \$1,091,814 to \$999,320 driven by lower water sales revenue from year to year.

**Shakopee Public Utilities Commission
Management's Discussion and Analysis**

Utility Financial Analysis (Continued)

**Comparison of Water Revenues
(without bad debt)**



Sales of water (without bad debt) decreased in 2019 by \$736,885 or 13.1%. The decrease in operating revenues is the result of a decrease in water gallons sold of 9.03% and a decrease in water reconstruction rates. The water utility added 129 new customers in 2019, an increase of 1.1%.

Water gallons pumped in 2019 totaled 1,664,216 thousand gallons as compared to 1,884,625 thousand gallons in 2018, reflecting a decrease of 9.8% for the year 2019 from 2018. Water gallons sold including hydrant sales in 2019 totaled 1,511,266 thousand gallons as compared to 1,661,211 thousand gallons in 2018, reflecting a decrease of 9.0% for the year 2019 from 2018. Water operating revenues excluding reconstruction fees totaled \$4,485,155 in 2019 as compared to \$4,891,138 in 2018, a decrease of 8.3%.

**Shakopee Public Utilities Commission
Management's Discussion and Analysis**

Utility Financial Analysis (Continued)

Water Demand

Following is the average daily demand and peak daily demand for the past ten years.

<u>Year</u>	Average Daily	
	<u>Demand (MGD)</u>	<u>Peak Daily Demand (MGD)</u>
2019	4.559	11.149
2018	5.054	11.122
2017	4.873	13.234
2016	4.792	11.582
2015	4.556	9.936
2014	4.631	10.878
2013	4.987	13.379
2012	5.948	16.257
2011	4.852	10.799
2010	4.707	10.624

Water Meters/Production

The following shows the number of meters and production for the water utility for the past ten years:

<u>Year</u>	<u>Average Daily Daily Water Pumped (gallons)</u>	<u>Service Population*</u>	<u>Total Service Connections</u>	<u>Residential Usage</u>	<u>Non-Residential Usage</u>
2019	4,559,496	38,506	11,567	60%	40%
2018	5,053,767	38,519	11,438	59	41
2017	4,873,381	37,643	11,299	59	41
2016	4,792,447	37,254	11,277	60	40
2015	4,555,603	37,254	11,170	60	40
2014	4,631,167	35,300	11,085	62	38
2013	4,987,855	35,120	10,956	62	38
2012	5,948,063	34,652	10,872	60	40
2011	4,852,447	34,652	10,781	62	38
2010	4,706,923	34,076	10,648	61	39
2009	5,111,956	30,000	10,470	63	37

*Total City Population per Metropolitan Council estimates less population served by private and community wells

**Shakopee Public Utilities Commission
Management's Discussion and Analysis**

Utility Financial Analysis (Continued)

The statement of cash flows report the cash provided and used by operating activities, as well as other cash sources such as investment income and cash payments for repayment of bonds and capital additions.

**Condensed Statements of Cash Flows (Table 5)
Electric Utility**

	2019	2018
Cash flows from		
Operating activities	\$ 9,541,006	\$ 8,416,527
Noncapital financing activities	(1,193,433)	(1,167,876)
Capital and related financing activities	(1,878,761)	(9,016,023)
Investing activities	444,443	189,644
Net change in cash and cash equivalents	6,913,255	(1,577,728)
Cash and cash equivalents – beginning of year	18,849,745	20,427,473
Cash and cash equivalents – end of year	\$ 25,763,000	\$18,849,745

**Condensed Statements of Cash Flows (Table 6)
Water Utility**

	2019	2018
Cash flows from		
Operating activities	\$ 3,056,489	\$ 1,616,948
Noncapital financing activities	(816,389)	(504,520)
Capital and related financing activities	(558,701)	1,293,413
Investing activities	337,729	187,834
Net change in cash and cash equivalents	2,019,128	2,593,675
Cash and cash equivalents – beginning of year	20,494,348	17,900,673
Cash and cash equivalents – end of year	\$22,513,476	\$20,494,348

**Shakopee Public Utilities Commission
Management's Discussion and Analysis**

Utility Financial Analysis (Continued)

**Table 7
Capital Assets – Electric Utility**

	2019	2018
Capital assets		
Distribution	\$ 56,201,029	\$ 54,441,669
General	17,891,675	17,664,912
Total capital assets	74,092,704	72,106,581
Less accumulated depreciation	(28,325,053)	(26,344,935)
Construction in progress	929,127	673,413
Net capital assets	\$ 46,696,778	\$ 46,435,059

The electric utility's capital assets increased \$261,719 or 0.6% in 2019 from 2018. Capital assets increased \$1,986,123 due to investment in new underground construction and transformation driven by new development, substation improvements, and other infrastructure and equipment investments offset by increases in accumulated depreciation of \$1,980,118 and increases in construction in progress of \$255,714.

**Table 8
Capital Assets – Water Utility**

	2019	2018
Capital assets		
Distribution	\$70,940,281	\$63,920,685
General	1,661,496	1,617,926
Total capital assets	72,601,777	65,538,611
Less accumulated depreciation	(21,192,768)	(19,674,545)
Construction in progress	1,004,487	719,451
Net capital assets	\$52,413,496	\$46,583,517

During 2019, the water utility's capital assets increased by \$5,829,979 or 12.5% from 2018. Capital assets increased \$7,063,166 due to construction of a new booster station, new water main construction, and other system investments offset by increases in accumulated depreciation of \$1,518,223 and increases in construction in progress of \$285,036.

Please refer to the notes to the financial statements for further detail of the utilities' capital assets.

Shakopee Public Utilities Commission Management's Discussion and Analysis

Long-Term Debt

The electric and water utilities have no bonds outstanding as of December 31, 2019. The Shakopee Public Utilities Commission approved defeasance of the remaining bond issue outstanding consisting of \$7,590,000 Crossover Refunding Net Revenue Bonds, Series 2006 as of February 1, 2018.

If the commission were to issue bonds, they would be payable from and secured by a pledge of income and revenue to be derived from the operation of the electric and water utilities and are primarily issued for various infrastructure projects. Expansion of the water and electric utilities is dependent on (1) cash flow from operations (after expenses) for the electric utilities, (2) special water connection and trunk charges for the water utilities, and (3) the ability to access the capital markets to borrow funds. Bonds are issued only on an as needed basis and for projects described within the capital improvement program approved annually by the Commission.

Issued Bonds are limited obligations of the Shakopee Public Utilities Commission, payable solely from net revenues of the Commission. The Bonds are not general obligations of the Commission, and neither the full faith and credit nor the taxing powers of the City of Shakopee, the County of Scott, or the State of Minnesota are available to pay for the principal and interest on the Bonds.

Currently Known Facts/Economic Conditions

The City of Shakopee is located approximately 25 miles southwest of downtown Minneapolis. Shakopee is the county seat of Scott County. The City was organized in 1870 and became a statutory city, Plan A, in April 1975. It is organized under a mayor/council form of government as outlined in *Minnesota Statutes* 412. A Mayor is elected for a four-year term and four City Council Members are elected to staggered four year terms. The community is served by US No. 169 and Scott County Highway No. 101; US No. 169 connects Scott County with Hennepin County and the Metro Center of Minneapolis-Saint Paul.

The City Council has the obligation to appoint the members to the Shakopee Public Utilities Commission.

Contacting Utility Management

This financial report is designed to provide our customers, investors, and creditors with a general overview of the utilities' finances. If you have questions about this report, or need additional financial information, contact the Director of Finance and Administration, Post Office Box 470, 255 Sarazin Street, Shakopee, Minnesota 55379.

General information relating to the Shakopee Public Utilities can be found at the Utility web site: <https://www.spucweb.com>.

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BASIC FINANCIAL STATEMENTS

Shakopee Public Utilities Commission
Statement of Net Position - Proprietary Funds
December 31, 2019
With Comparative Totals as of December 31, 2018

	Electric	Water	Total	
			2019	2018
Assets				
Current assets				
Cash and investments	\$ 39,752,560	\$ 9,210,673	\$ 48,963,233	\$ 40,677,941
Accrued interest receivable	65,627	135,959	201,586	69,946
Customer accounts receivable	3,737,683	305,522	4,043,205	4,330,847
Allowance for uncollectible accounts	(40,833)	(9,799)	(50,632)	(34,071)
Other accounts receivable	104,019	86,826	190,845	1,089,716
Due from City of Shakopee	95,008	116,849	211,857	146,249
Inventory	1,376,162	31,439	1,407,601	1,242,948
Prepaid expenses	46,371	15,458	61,829	67,199
Total current assets	<u>45,136,597</u>	<u>9,892,927</u>	<u>55,029,524</u>	<u>47,590,775</u>
Noncurrent assets				
Restricted assets				
Customer deposits account	2,268,122	95,945	2,364,067	2,462,355
Connection account	-	14,781,889	14,781,889	13,085,883
Water reconstruction account	-	488,866	488,866	844,901
Capital assets				
Plant in service	74,092,704	72,601,777	146,694,481	137,645,192
Accumulated depreciation	(28,325,053)	(21,192,768)	(49,517,821)	(46,019,480)
Construction in progress	929,127	1,004,487	1,933,614	1,392,864
Other assets				
Emergency repairs account	100,000	-	100,000	100,000
Total noncurrent assets	<u>49,064,900</u>	<u>67,780,196</u>	<u>116,845,096</u>	<u>109,511,715</u>
Total assets	<u>94,201,497</u>	<u>77,673,123</u>	<u>171,874,620</u>	<u>157,102,490</u>
Deferred Outflows of Resources				
Deferred outflows of resources related to pensions	242,380	80,794	323,174	705,371
Total assets and deferred outflows of resources	<u>\$ 94,443,877</u>	<u>\$ 77,753,917</u>	<u>\$ 172,197,794</u>	<u>\$ 157,807,861</u>
Liabilities				
Current liabilities				
Accounts payable	\$ 3,024,062	\$ 1,114,597	\$ 4,138,659	\$ 3,512,373
Due to City of Shakopee	398,424	180,442	578,866	1,047,763
Other current liabilities	331,261	206,608	537,869	428,893
Total current liabilities	<u>3,753,747</u>	<u>1,501,647</u>	<u>5,255,394</u>	<u>4,989,029</u>
Liabilities payable from restricted assets				
Customer deposits	2,268,122	95,945	2,364,067	2,462,355
Noncurrent liabilities				
Unearned revenues	5,210	-	5,210	3,447
Customer advances	686,831	44,124	730,955	850,355
Net pension liability	2,649,666	883,222	3,532,888	3,578,196
Total noncurrent liabilities	<u>3,341,707</u>	<u>927,346</u>	<u>4,269,053</u>	<u>4,431,998</u>
Total liabilities	<u>9,363,576</u>	<u>2,524,938</u>	<u>11,888,514</u>	<u>11,883,382</u>
Deferred Inflows of Resources				
Deferred inflows of resources related to pensions	504,508	168,170	672,678	885,539
Net Position				
Net investment in capital assets	46,696,778	52,413,496	99,110,274	93,018,576
Restricted for connections and reconstruction	-	15,270,755	15,270,755	13,930,784
Unrestricted	37,879,015	7,376,558	45,255,573	38,089,580
Total net position	<u>84,575,793</u>	<u>75,060,809</u>	<u>159,636,602</u>	<u>145,038,940</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 94,443,877</u>	<u>\$ 77,753,917</u>	<u>\$ 172,197,794</u>	<u>\$ 157,807,861</u>

See notes to financial statements.

Shakopee Public Utilities Commission
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	Electric	Water	Total	
			2019	2018
Operating revenues	\$ 49,650,814	\$ 4,861,369	\$ 54,512,183	\$ 56,001,616
Operating expenses	42,731,920	4,576,290	47,308,210	48,196,000
Operating income	6,918,894	285,079	7,203,973	7,805,616
Nonoperating revenues (expenses)				
Rentals and miscellaneous	259,598	268,265	527,863	615,655
Interdepartmental rent from water	90,000	-	90,000	90,000
Investment income	980,761	527,643	1,508,404	668,883
Interest expense	(64,280)	(2,295)	(66,575)	(66,598)
Amortization of bond discount and loss on refunding	-	-	-	(216,694)
Gain (loss) on disposition of property	138,545	(62,391)	76,154	65,137
Total nonoperating revenues (expenses)	1,404,624	731,222	2,135,846	1,156,383
Income before contributions and transfers	8,323,518	1,016,301	9,339,819	8,961,999
Capital contributions	759,222	6,922,746	7,681,968	6,598,879
Municipal contributions	(1,424,805)	(999,320)	(2,424,125)	(2,601,036)
Change in net position	7,657,935	6,939,727	14,597,662	12,959,842
Net position				
Beginning of year	76,917,858	68,121,082	145,038,940	132,079,098
End of year	\$ 84,575,793	\$ 75,060,809	\$ 159,636,602	\$ 145,038,940

See notes to financial statements.

Shakopee Public Utilities Commission
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	Electric	Water	Total	
			2019	2018
Cash Flows - Operating Activities				
Receipts from customers and users	\$ 50,442,600	\$ 5,502,074	\$ 55,944,674	\$ 55,742,591
Payments to suppliers	(35,724,978)	(333,456)	(36,058,434)	(38,626,313)
Payments to employees	(5,176,616)	(2,112,129)	(7,288,745)	(7,082,803)
Net cash flows - operating activities	<u>9,541,006</u>	<u>3,056,489</u>	<u>12,597,495</u>	<u>10,033,475</u>
Cash Flows - Noncapital				
Financing Activities				
Payments to City of Shakopee	(1,317,892)	(818,878)	(2,136,770)	(1,849,558)
Proceeds from sale of assets	124,459	2,489	126,948	177,162
Net cash flows - noncapital financing activities	<u>(1,193,433)</u>	<u>(816,389)</u>	<u>(2,009,822)</u>	<u>(1,672,396)</u>
Cash Flows - Capital and Related				
Financing Activities				
Principal paid on debt	-	-	-	(7,590,000)
Interest paid on debt	(64,280)	(2,295)	(66,575)	(203,418)
Acquisition of capital assets	(1,814,481)	(5,291,976)	(7,106,457)	(3,425,948)
Installation fees	-	90,821	90,821	62,300
Connection charges	-	4,446,012	4,446,012	3,044,959
Trunk charges	-	198,737	198,737	389,497
Net cash flows - capital and related financing activities	<u>(1,878,761)</u>	<u>(558,701)</u>	<u>(2,437,462)</u>	<u>(7,722,610)</u>
Cash Flows - Investing Activities				
Proceeds (purchases) of investments	(529,135)	(65,457)	(594,592)	(283,018)
Interest and dividends received	973,578	403,186	1,376,764	660,496
Net cash flows - investing activities	<u>444,443</u>	<u>337,729</u>	<u>782,172</u>	<u>377,478</u>
Net change in cash and cash equivalents	6,913,255	2,019,128	8,932,383	1,015,947
Cash and Cash Equivalents				
Beginning of year	<u>18,849,745</u>	<u>20,494,348</u>	<u>39,344,093</u>	<u>38,328,146</u>
End of year	<u>\$ 25,763,000</u>	<u>\$ 22,513,476</u>	<u>\$ 48,276,476</u>	<u>\$ 39,344,093</u>

Shakopee Public Utilities Commission
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	Electric	Water	Total	
			2019	2018
Reconciliation of Operating Income to Net Cash Flows - Operating Activities				
Operating income	\$ 6,918,894	\$ 285,079	\$ 7,203,973	\$ 7,805,616
Adjustments to reconcile operating income to net cash flows - operating activities				
Free electric service to City of Shakopee	(106,913)	-	(106,913)	(170,988)
Nonoperating revenues	349,598	268,265	617,863	705,655
Depreciation expense	2,326,070	1,584,293	3,910,363	3,652,564
Pension related activity	93,020	31,008	124,028	45,095
Allowance for uncollectible accounts	13,428	3,133	16,561	30
Change in assets and liabilities				
Customer accounts receivable	248,999	38,643	287,642	(101,665)
Other accounts receivable	238,108	660,763	898,871	(926,056)
Due from City of Shakopee	30,915	(96,523)	(65,608)	(70,058)
Inventory	(162,912)	(1,741)	(164,653)	99,836
Prepaid items	4,028	1,342	5,370	(7,596)
Accounts payable	(399,043)	1,025,329	626,286	(1,258,383)
Customer deposits	(120,686)	22,398	(98,288)	(44,466)
Unearned revenue	1,763	-	1,763	2,399
Customer advances	136,574	(255,974)	(119,400)	346,124
Due to City of Shakopee	(68,849)	(580,490)	(649,339)	(33,427)
Other liabilities	38,012	70,964	108,976	(11,205)
Total adjustments	2,622,112	2,771,410	5,393,522	2,227,859
Net cash flows - operating activities	<u>\$ 9,541,006</u>	<u>\$ 3,056,489</u>	<u>\$ 12,597,495</u>	<u>\$ 10,033,475</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position				
Customer deposits account	\$ 2,268,122	\$ 95,945	\$ 2,364,067	\$ 2,462,355
Emergency repairs account	100,000	-	100,000	100,000
Connection account	-	14,781,889	14,781,889	13,085,883
Water reconstruction account	-	488,866	488,866	844,901
Cash and investments	39,752,560	9,210,673	48,963,233	40,677,941
Total	42,120,682	24,577,373	66,698,055	57,171,080
Less long-term investments	(16,357,682)	(2,063,897)	(18,421,579)	(17,826,987)
Cash and cash equivalents	<u>\$ 25,763,000</u>	<u>\$ 22,513,476</u>	<u>\$ 48,276,476</u>	<u>\$ 39,344,093</u>
Noncash Investing, Capital and Financing Activities				
Contributions of capital assets from the municipality and developers	\$ 759,222	\$ 2,187,176	\$ 2,946,398	\$ 3,102,123
Free electric service to City of Shakopee	106,913	-	106,913	170,988

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**Shakopee Public Utilities Commission
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The electric and water utilities of the Shakopee Public Utilities Commission (the "Commission") are self-supporting entities and collectively comprise separate enterprise funds of the City of Shakopee (the "City"). The Commission provides electric and water operations to properties within the City as well as electric distribution to certain other areas outside of the City. The Commission accounts for the costs of electric and water operations on a continuing basis and is managed by the Commission. The Commission consists of five members who serve three year terms.

Customer and service rates are established by the Commission.

B. Fund Financial Statements

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred, and net income is necessary for management accountability.

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

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Description of Funds

Proprietary Funds:

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

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

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

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

**Shakopee Public Utilities Commission
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Deposits and Investments

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances.

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

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

Certain investments for the Commission are reported at fair value as disclosed in Note 2. The Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

In accordance with GASB Statement No. 79, the Minnesota Municipal Investment Pool securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption.

2. Receivables and Payables

Activity between funds that are representative of lending or borrowing arrangements outstanding at the end of the year are referred to as advances to/from other funds. All other outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the Commission and other funds of the City are reported as receivables from or payables to the City. An allowance for uncollectible accounts is used to account for delinquent customer balances greater than 120 days overdue as of December 31, 2019. Bad debts are expensed annually when deemed uncollectible.

**Shakopee Public Utilities Commission
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. Inventory, Prepaid Items, and Other Assets

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Inventory is valued at average cost and using the first-in, first-out (FIFO) method.

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

4. Restricted Assets

Customer Deposit Account – Restricted resources from customers required to deposit monies before the Commission will begin electric or water service. These deposits are subject to repayment when the customer leaves the Commission's service area.

Connection Account – Restricted resources, per enabling legislation, to be used for future expansion of the water system.

Water Reconstruction Account – Restricted resources to be used for future water reconstruction projects.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the proprietary fund financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$3,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets are capitalized as projects are constructed. Interest incurred (net of interest earned on invested proceeds during the construction phase) is reflected in the capitalized value of capital assets constructed.

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

**Shakopee Public Utilities Commission
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Capital Assets (Continued)

Property, plant, and equipment of the Commission are depreciated using a half year convention the first year with the straight-line method over the remaining estimated useful lives.

	Years
Electric	
Distribution	10 - 40
General	4 - 20
Water	
Distribution	20 - 75
General	4 - 40

6. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element 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 Commission has one item that qualifies for reporting in this category. The Commission presents deferred inflows of resources on the Statement(s) of Net Position for deferred inflows of resources related to pensions for various estimate differences that will be amortized and recognized over future years.

7. Electric Plant Acquisition

The Commission acquired a plant from Minnesota Valley Electric Cooperative, including legal, engineering, and plant costs, which was amortized over 25 years using the straight-line method and is shown net of the accumulated amortization and depreciation on the Statement of Net Position. The electric plant became fully amortized in 2015.

8. Customer Advances for Construction

This account represents customer advances for construction which may be refundable in part or in whole.

**Shakopee Public Utilities Commission
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Customer Deposits

This account represents required deposits to be used to guaranty electric and water utility billings.

10. Compensated Absences

Commission employees earn vacation time based on years of Commission service. Employees also can earn compensatory time for hours worked above 80 hours per pay period. A liability has been recorded in the Statement of Net Position for accrued vacation and compensatory pay. Employees also earn sick leave; however, this is not paid out upon separation so no liability exists for this benefit.

11. 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 additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

12. Long-Term Obligations

Long-term debt and other obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts, as well as bond issuance costs, are deferred and amortized over the life of the bonds using the straight-line method.

13. Capital Contributions

Cash and capital assets are contributed to the Commission from customers, the municipality, or external parties. The value of property contributed to the utility is reported as revenues on the statement of revenues, expenses, and changes in fund net position.

14. Municipal Contributions

Municipal contributions include the contribution in lieu of taxes to the municipality and free service to the municipality for streetlights.

15. Net Position

Net position represents the difference between assets and deferred outflows of resources; and liabilities and deferred inflows of resources in the financial statements. Net position invested in capital assets, net of related debt 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 financial statements when there are limitations on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**Shakopee Public Utilities Commission
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Use of Estimates

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

NOTE 2 – DEPOSITS AND INVESTMENTS

Cash balances of the Commission’s funds are combined (pooled) and invested to the extent available in various investments authorized by *Minnesota Statutes*. Each fund’s portion of this pool (or pools) is displayed in the financial statements as "cash and cash equivalents" or "investments". For purposes of identifying risk of investing public funds, the balances and related restrictions are summarized as follows.

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

A. Deposits

Custodial Credit Risk – Deposits: This is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission has a deposit policy that requires the Commission's deposits to be collateralized as required by *Minnesota Statutes* 118.03 for an amount exceeding FDIC, SAIF, BIF, FCUA, or other federal deposit coverage. As of December 31, 2019, the Commission's bank balance was not exposed to custodial credit risk because it was insured and fully collateralized with securities held by the pledging financial institution's trust department or agent and in the Commission's name.

The Commission's deposits had a book balance as follows:

	2019
Checking	\$ 6,987,392
CDARS	5,448,754
Money market	236,826
Total deposits	\$ 12,672,972

**Shakopee Public Utilities Commission
Notes to Financial Statements**

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

As of December 31, 2019, the Commission had the following investments:

	Rating	Fair Value	Years to Maturity	
			Less than 1 Year	1-5 Years
U.S. Agencies	AAA	\$ 9,075,515	\$ 5,050,218	\$ 4,025,296
U.S. Treasuries	AAA	10,325,641	2,400,199	7,925,443
4M Fund	NR	12,920,563	12,920,563	-
4M Plus Fund	NR	3,681,571	3,681,571	-
4M Term Series	NR	18,000,000	18,000,000	-
Money Market Fund	NR	20,093	20,093	-
Total		\$ 54,023,383	\$ 42,072,644	\$ 11,950,739

The Commission has the following recurring fair value measurements as of December 31, 2019:

- \$19,401,156 of investments are valued using a quoted market prices (Level 2 inputs).
- \$34,622,227 of investments are uncategorized in accordance with GASB 72 and GASB 79.

The Commission has a formal investment policy in place as of December 31, 2019, to address the following risks:

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. *Minnesota Statutes* 118A.04 and 118A.05 limit investments that are in the top two ratings issued by nationally recognized statistical rating organizations. The Commission's policy states to ensure safety, it is the policy of the Shakopee Public Utilities Commission that when considering an investment, all depositories under consideration be cross-checked against existing investments to make certain that funds in excess of insurance limits are not made in the same institution unless collateralized as outlined below. Furthermore, the Shakopee Public Utilities Commission will approve all financial institutions, brokers, and advisers with which the Shakopee Public Utilities Commission will do business.

**Shakopee Public Utilities Commission
Notes to Financial Statements**

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

At December 31, 2019, the investment portfolio was concentrated as follows:

Investments	Percent of Portfolio
Federal Home Loan Bank	5.3 %
Federal National Mortgage Association	6.2
Federal Home Loan Mortgage Corporation	6.4
Federal Farm Credit Bank	1.7

Concentration of Credit Risk - Investments: This is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Commission's policy states they will minimize risk by only purchasing investments that are held in safekeeping with a Federal Reserve bank, United States Bank with corporate trust powers, a primary reporting dealer to the Federal Reserve Bank of New York, or a broker dealer having its principal executive office in Minnesota, and that designated brokers have insurance through the SIPC (Securities Investor Protection Corporation). As of December 31, 2019, the Commission had more than 5% of total investments in three issuers as noted above. U.S. Treasuries and investments in external investment pools and money markets are excluded from this requirement.

Interest Rate Risk: This is the risk that market values of securities in a portfolio would decrease due to changes in market interest rates. The Commission's policy states it will minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

Custodial Credit Risk – Investments: This is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Commission's policy states they will minimize risk by only purchasing investments that are held in safekeeping with a Federal Reserve bank, United States Bank with corporate trust powers, a primary reporting dealer to the Federal Reserve Bank of New York, or a broker dealer having its principal executive office in Minnesota and that designated brokers have insurance through the SIPC (Securities Investor Protection Corporation).

**Shakopee Public Utilities Commission
Notes to Financial Statements**

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Deposits and Investments

Summary of cash, deposits, and investments as of December 31, 2019:

	2019
Deposit (Note 2.A.)	\$ 12,672,972
Investments (Note 2.B.)	54,023,383
Petty cash	1,700
Total deposits and investments	\$ 66,698,055

Deposits and investments are presented in the December 31, 2019, basic financial statements as follows:

	2019
Statement of net position	
Current assets	
Cash and investments	\$ 48,963,233
Noncurrent assets	
Restricted assets	
Customer deposit account	2,364,067
Connection account	14,781,889
Water reconstruction account	488,866
Other assets	
Emergency repairs account	100,000
Total	\$ 66,698,055

**Shakopee Public Utilities Commission
Notes to Financial Statements**

NOTE 3 – CAPITAL ASSETS

Electric capital asset activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land and land rights	\$ 4,381,196	\$ -	\$ -	\$ 4,381,196
Construction in progress	673,413	1,707,847	1,452,133	929,127
Total capital assets not being depreciated	<u>5,054,609</u>	<u>1,707,847</u>	<u>1,452,133</u>	<u>5,310,323</u>
Capital assets being depreciated				
Distribution	53,611,802	1,792,535	33,175	55,371,162
General	14,113,583	525,455	298,692	14,340,346
Total capital assets being depreciated	<u>67,725,385</u>	<u>2,317,990</u>	<u>331,867</u>	<u>69,711,508</u>
Less accumulated depreciation	<u>26,344,935</u>	<u>2,326,070</u>	<u>345,952</u>	<u>28,325,053</u>
Total capital assets being depreciated, net	<u>41,380,450</u>	<u>(8,080)</u>	<u>(14,085)</u>	<u>41,386,455</u>
Capital assets, net	<u>\$ 46,435,059</u>	<u>\$ 1,699,767</u>	<u>\$ 1,438,048</u>	<u>\$ 46,696,778</u>

Water capital asset activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land and land rights	\$ 892,333	\$ 293,424	\$ -	\$ 1,185,757
Construction in progress	719,451	4,080,668	3,795,632	1,004,487
Total capital assets not being depreciated	<u>1,611,784</u>	<u>4,374,092</u>	<u>3,795,632</u>	<u>2,190,244</u>
Capital assets being depreciated				
Distribution	63,028,355	6,855,037	128,868	69,754,524
General	1,617,923	45,655	2,082	1,661,496
Total capital assets being depreciated	<u>64,646,278</u>	<u>6,900,692</u>	<u>130,950</u>	<u>71,416,020</u>
Less accumulated depreciation	<u>19,674,545</u>	<u>1,584,293</u>	<u>66,070</u>	<u>21,192,768</u>
Total capital assets being depreciated, net	<u>44,971,733</u>	<u>5,316,399</u>	<u>64,880</u>	<u>50,223,252</u>
Capital assets, net	<u>\$ 46,583,517</u>	<u>\$ 9,690,491</u>	<u>\$ 3,860,512</u>	<u>\$ 52,413,496</u>

Depreciation expense for 2019 for Electric and Water totaled \$2,326,070 and \$1,584,293 respectively.

**Shakopee Public Utilities Commission
Notes to Financial Statements**

NOTE 4 – MUNICIPAL RECEIVABLES, PAYABLES, AND CONTRIBUTIONS

Amounts receivable from and payable to the City of Shakopee as of December 31, 2019, are as follows:

<u>Receivable Fund/Municipality</u>	<u>Payable Fund/Municipality</u>	<u>2019 Amount</u>
Electric Fund	City of Shakopee	\$ 95,008
City of Shakopee	Electric Fund	398,424
Water Fund	City of Shakopee	116,849
City of Shakopee	Water Fund	180,442

The receivables and payables generally represent billing expenses, general operating expenses, and capital projects.

The composition of municipal contributions as of December 31, 2019, was as follows:

<u>Contributions To</u>	<u>Contributions From</u>	<u>2019 Amount</u>
City of Shakopee	Water Fund	\$ 999,320
City of Shakopee	Electric Fund	1,424,805
Total		<u>\$ 2,424,125</u>

Contributions were made from the Water and Electric Funds to the City for contributions in lieu of taxes and for free service to the City.

NOTE 5 – RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions, workers compensation, and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles.

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

The Commission's workers' compensation insurance policy is retrospectively rated. With this type of policy, final premiums are determined after loss experience is known. The amount of premium adjustment for 2019 is estimated to be immaterial based on workers' compensation rates and salaries for the year.

At December 31, 2019, there were no other claims liabilities reported in the fund based on the requirements of GASB Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

**Shakopee Public Utilities Commission
Notes to Financial Statements**

NOTE 6 – PENSION PLANS

The Water and Electric Funds typically liquidate the Liability related to the pension.

Public Employees' Retirement Association

A. Plan Description

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

General Employees Retirement Plan

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

B. Benefits Provided

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

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 a 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.

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% 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.

**Shakopee Public Utilities Commission
Notes to Financial Statements**

NOTE 6 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

C. Contributions

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

General Employee Fund Contributions

Coordinated Plan members were required to contribute 6.5%, of their annual covered salary in calendar year 2019 and the Commission was required to contribute 7.5% for Coordinated Plan members. The Commission's contributions to the General Employees Fund for the year ended December 31, 2019, were \$350,018. The Commission's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2019, the Commission reported a liability of \$3,532,888 for its proportionate share of the General Employees Fund's net pension liability. The Commission's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2019. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the Commission totaled \$109,829. The net pension liability was measured as of June 30, 2019, and the total pension commission liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportionate share of the net pension liability was based on the Commission's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the Commission's proportionate share was 0.0639% which was a decrease of 0.0006% from its proportionate share measured as of June 30, 2018.

Commission's proportionate share of the net pension liability	\$ 3,532,888
State of Minnesota's proportionate share of the net pension liability associated with the Commission	<u>109,829</u>
Total	<u><u>\$ 3,642,717</u></u>

For the year ended December 31, 2019, the Commission recognized pension expense of \$482,271 for its proportionate share of General Employees Fund's pension expense. In addition, the Commission recognized an additional \$8,225 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.

**Shakopee Public Utilities Commission
Notes to Financial Statements**

NOTE 6– PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs

At December 31, 2019, the Commission reported its proportionate share of General Employees Fund's deferred outflows of resources and deferred inflows of resources, related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 98,286	\$ -
Changes in actuarial assumptions	-	279,540
Difference between projected and actual investment earnings	-	368,175
Changes in proportion	49,879	24,963
Contributions paid to PERA subsequent to the measurement date	<u>175,009</u>	<u>-</u>
Total	<u>\$ 323,174</u>	<u>\$ 672,678</u>

\$175,009 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2020	\$ (156,933)
2021	(293,532)
2022	(79,741)
2023	<u>5,693</u>
Total	<u>\$ (524,513)</u>

**Shakopee Public Utilities Commission
Notes to Financial Statements**

NOTE 6 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

E. Actuarial Assumptions

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

Inflation	2.50%	Per year
Salary increase	3.25%	Per year
Investment rate of return	7.50%	

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

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. Economic assumptions were updated in 2018 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions occurred in 2019:

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 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.

**Shakopee Public Utilities Commission
Notes to Financial Statements**

NOTE 6 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

E. Actuarial Assumptions (Continued)

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness 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
Domestic Equity	35.5 %	5.10 %
Private Markets	25.0	5.90
Fixed Income	20.0	0.75
International Equity	17.5	5.90
Cash Equivalents	2.0	0.00
Total	<u>100 %</u>	

F. Discount Rate

The discount rate used to measure the total pension liability in 2019 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net positions of the General Employees Fund and the Police and Fire 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.

G. Pension Liability Sensitivity

The following presents the Commission'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 Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
Commission's proportionate share of the General Employees Fund net pension liability	\$ 5,807,877	\$ 3,532,888	\$ 1,654,432

**Shakopee Public Utilities Commission
Notes to Financial Statements**

NOTE 6 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

H. Pension Plan Fiduciary Net Position

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

NOTE 7 – COMMITMENTS

The Commission has in process various multi-year construction projects which were not completed in the current fiscal year. As of December 31, 2019, outstanding commitments for these multi-year projects total approximately \$94,415.

NOTE 8 – NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 87, Leases establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement will be effective for the year ending December 31, 2020.

GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. This statement will be effective for the year ending December 31, 2020.

NOTE 9 – SUBSEQUENT EVENT

On March 13, 2020, a national emergency was declared for the COVID-19 outbreak in the United States of America. This event affects the economy and financial markets. The extent of the impact on the Commission may be both direct and indirect and will vary based on the duration of the outbreak and various other factors. An estimate of the financial effect on the Commission's financial statements at December 31, 2019 cannot be determined at this time.

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REQUIRED SUPPLEMENTARY INFORMATION

**Shakopee Public Utilities Commission
Schedule of Commission's Proportionate Share
of Net Pension Liability
General Employees Retirement Fund
Last Ten Years**

For Fiscal Year Ended June 30,	Commission's Proportion Share (Percentage) of the Net Pension Liability (Asset)	Commission's Proportionate Share (Amount) of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the Commission	Commission's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the Commission	Commission's Covered Payroll	Commission's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	0.0639%	\$ 3,532,888	\$ 109,829	\$ 3,642,717	\$ 4,522,507	78.12%	80.23%
2018	0.0645%	3,578,196	117,344	3,695,540	4,333,280	82.57%	79.53%
2017	0.0644%	4,111,253	51,656	4,162,909	4,145,653	99.17%	75.90%
2016	0.0621%	5,042,212	65,842	5,108,054	3,854,427	130.82%	68.91%
2015	0.0608%	3,150,972	-	3,150,972	3,516,627	89.60%	78.19%

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

**Shakopee Public Utilities Commission
Schedule of Commission Contributions
General Employees Retirement Fund
Last Ten Years**

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Commission's Covered Payroll	Contributions as a Percentage of Covered Payroll
2019	\$ 350,018	\$ 350,018	\$ -	\$ 4,666,907	7.50%
2018	339,188	339,188	-	4,522,507	7.50%
2017	315,791	315,791	-	4,210,547	7.50%
2016	299,473	299,473	-	3,992,973	7.50%
2015	277,221	277,221	-	3,696,280	7.50%

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

Shakopee Public Utilities Commission
Notes to the Required Supplementary Information

GENERAL EMPLOYEES FUND

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 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 mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% 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% 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.

2017 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

Shakopee Public Utilities Commission
Notes to the Required Supplementary Information

GENERAL EMPLOYEES FUND (CONTINUED)

2017 Changes (Continued)

Changes in Plan Provisions (Continued)

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

2016 Changes

Changes in Actuarial Assumptions

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

2015 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

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**SUPPLEMENTARY INFORMATION
ELECTRIC UTILITY FUND**

Shakopee Public Utilities Commission
Statement of Net Position - Electric Utility
December 31, 2019
With Comparative Totals as of December 31, 2018

	2019	2018
Assets		
Current assets		
Cash and investments	\$ 39,752,560	\$ 32,189,484
Accrued interest receivable	65,627	58,444
Customer accounts receivable	3,737,683	3,986,682
Allowance for uncollectible accounts	(40,833)	(27,405)
Other accounts receivable	104,019	342,127
Due from City of Shakopee	95,008	125,923
Inventory	1,376,162	1,213,250
Prepaid expenses	46,371	50,399
Total current assets	45,136,597	37,938,904
Noncurrent assets		
Restricted assets		
Customer deposits account	2,268,122	2,388,808
Capital assets		
Plant in service	74,092,704	72,106,581
Accumulated depreciation	(28,325,053)	(26,344,935)
Construction in progress	929,127	673,413
Other assets		
Emergency repairs account	100,000	100,000
Total noncurrent assets	49,064,900	48,923,867
Total assets	94,201,497	86,862,771
Deferred Outflows of Resources		
Deferred outflows of resources related to pensions	242,380	529,029
Total assets and deferred outflows of resources	\$ 94,443,877	\$ 87,391,800
Liabilities		
Current liabilities		
Accounts payable	\$ 3,024,062	\$ 3,423,105
Due to City of Shakopee	398,424	467,273
Other current liabilities	331,261	293,249
Total current liabilities	3,753,747	4,183,627
Liabilities payable from restricted assets		
Customer deposits	2,268,122	2,388,808
Noncurrent liabilities		
Unearned revenues	5,210	3,447
Customer advances	686,831	550,257
Net pension liability	2,649,666	2,683,648
Total noncurrent liabilities	3,341,707	3,237,352
Total liabilities	9,363,576	9,809,787
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions	504,508	664,155
Net Position		
Net investment in capital assets	46,696,778	46,435,059
Unrestricted	37,879,015	30,482,799
Total net position	84,575,793	76,917,858
Total liabilities, deferred inflows of resources, and net position	\$ 94,443,877	\$ 87,391,800

Shakopee Public Utilities Commission
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Electric Utility
Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	<u>2019</u>	<u>2018</u>
Operating revenues	\$ 49,650,814	\$ 50,393,489
Operating expenses		
Operation, customer and administrative	40,405,850	41,697,431
Depreciation of capital assets	<u>2,326,070</u>	<u>2,237,527</u>
Total operating expenses	<u>42,731,920</u>	<u>43,934,958</u>
Operating income	6,918,894	6,458,531
Nonoperating revenues (expenses)		
Rentals and miscellaneous	259,598	430,798
Interdepartmental rent from water	90,000	90,000
Investment income	980,761	449,019
Interest expense	(64,280)	(65,609)
Amortization of bond discount and loss on refunding	-	(216,694)
Gain (loss) on disposition of property	<u>138,545</u>	<u>59,601</u>
Total nonoperating revenues (expenses)	<u>1,404,624</u>	<u>747,115</u>
Income before contributions and transfers	8,323,518	7,205,646
Capital contributions	759,222	730,662
Municipal contributions	<u>(1,424,805)</u>	<u>(1,509,222)</u>
Change in net position	7,657,935	6,427,086
Net position		
Beginning of year	<u>76,917,858</u>	<u>70,490,772</u>
End of year	<u>\$ 84,575,793</u>	<u>\$ 76,917,858</u>

Shakopee Public Utilities Commission
Statement of Cash Flows - Electric Utility
Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	2019	2018
Cash Flows - Operating Activities		
Receipts from customers and users	\$ 50,442,600	\$ 50,482,328
Payments to suppliers	(35,724,978)	(37,079,969)
Payments to employees	(5,176,616)	(4,985,832)
Net cash flows - operating activities	9,541,006	8,416,527
Cash Flows - Noncapital		
Financing Activities		
Payments to City of Shakopee	(1,317,892)	(1,338,234)
Proceeds from sale of assets	124,459	170,358
Net cash flows - noncapital financing activities	(1,193,433)	(1,167,876)
Cash Flows - Capital and Related		
Financing Activities		
Principal paid on debt	-	(7,590,000)
Interest paid on debt	(64,280)	(202,429)
Acquisition of capital assets	(1,814,481)	(1,223,594)
Net cash flows - capital and related financing activities	(1,878,761)	(9,016,023)
Cash Flows - Investing Activities		
Purchases of investments	(529,135)	(251,911)
Interest and dividends received	973,578	441,555
Net cash flows - investing activities	444,443	189,644
Net change in cash and cash equivalents	6,913,255	(1,577,728)
Cash and Cash Equivalents		
Beginning of year	18,849,745	20,427,473
End of year	\$ 25,763,000	\$ 18,849,745

Shakopee Public Utilities Commission
Statement of Cash Flows - Electric Utility
Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	<u>2019</u>	<u>2018</u>
Reconciliation of Operating		
Income to Net Cash Flows -		
Operating Activities		
Operating income	\$ 6,918,894	\$ 6,458,531
Adjustments to reconcile operating income		
to net cash flows - operating activities		
Free electric service to City of Shakopee	(106,913)	(170,988)
Nonoperating revenues	349,598	520,798
Depreciation expense	2,326,070	2,237,527
Pension related activity	93,020	33,826
Allowance for uncollectible accounts	13,428	4,500
Change in assets and liabilities		
Customer accounts receivable	248,999	(75,261)
Other accounts receivable	238,108	(227,638)
Due from City of Shakopee	30,915	(65,250)
Inventory	(162,912)	98,744
Prepaid items	4,028	(5,697)
Accounts payable	(399,043)	(600,047)
Customer deposits	(120,686)	(65,141)
Unearned revenue	1,763	2,399
Customer advances	136,574	165,420
Due to City of Shakopee	(68,849)	81,661
Other liabilities	38,012	23,143
Total adjustments	<u>2,622,112</u>	<u>1,957,996</u>
Net cash flows - operating		
activities	<u>\$ 9,541,006</u>	<u>\$ 8,416,527</u>
Reconciliation of Cash and Cash		
Equivalents to the Statement		
of Net Position		
Customer deposits account	\$ 2,268,122	\$ 2,388,808
Emergency repairs account	100,000	100,000
Cash and investments	<u>39,752,560</u>	<u>32,189,484</u>
Total	42,120,682	34,678,292
Less long-term investments	<u>(16,357,682)</u>	<u>(15,828,547)</u>
	<u>\$ 25,763,000</u>	<u>\$ 18,849,745</u>
Noncash Investing, Capital, and		
Financing Activities		
Contributions of capital assets from the		
municipality and developers	\$ 759,222	\$ 730,662
Free electric service to City of Shakopee	106,913	170,988

**Shakopee Public Utilities Commission
Detailed Statement of Operating Revenues
and Expenses - Electric Utility
Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018**

	2019	2018
Operating Revenues		
Sales of electricity		
Residential	\$ 17,314,820	\$ 17,891,566
Commercial	31,261,142	31,414,834
Uncollectible accounts	(61,116)	(71,802)
Total sales of electricity	48,514,846	49,234,598
Forfeited discounts	304,445	252,538
Free service to City of Shakopee	106,913	170,988
Conservation program	724,610	735,365
Total operating revenues	49,650,814	50,393,489
Operating Expenses		
Operation and maintenance		
Purchased power	34,198,101	35,555,031
Distribution operation expenses	450,753	417,658
Distribution system maintenance	650,200	942,149
Maintenance of general plant	308,832	258,740
Total operating expenses	35,607,886	37,173,578
Customer accounts		
Meter reading	127,806	115,910
Customer records and collection	523,715	467,845
Energy conservation	724,610	735,365
Total customer accounts	1,376,131	1,319,120
Administrative and general		
Administrative and general salaries	666,835	610,512
Office supplies and expense	173,835	139,740
Outside services employed	133,237	186,004
Insurance	127,006	129,290
Employee benefits	1,953,383	1,830,931
Miscellaneous general	367,537	308,256
Total administrative and general	3,421,833	3,204,733
Total operation, customer, and administrative expenses	40,405,850	41,697,431
Depreciation of capital assets	2,326,070	2,237,527
Total operating expenses	42,731,920	43,934,958
Operating income	\$ 6,918,894	\$ 6,458,531

Shakopee Public Utilities Commission
Schedule of Plant in Service - Electric Utility
December 31, 2019

	Balance 12/31/18	Additions	Retirements/ Adjustments	Balance 12/31/19
Capital Assets				
Distribution				
Land and land rights	\$ 829,867	\$ -	\$ -	\$ 829,867
Structures and improvements	460,701	-	-	460,701
Station equipment	22,683,030	323,090	-	23,006,120
Station battery	1,857	-	-	1,857
Poles, towers, and fixtures	527,824	-	-	527,824
Overhead conductors and devices	2,829,302	20,781	11,520	2,838,563
Underground conduit	906,281	-	-	906,281
Underground conductors and devices	19,253,499	971,690	11,967	20,213,222
Line transformers	5,512,538	362,027	20,396	5,854,169
Services	50,643	-	-	50,643
Meters	1,386,127	126,182	527	1,511,782
Total distribution	<u>54,441,669</u>	<u>1,803,770</u>	<u>44,410</u>	<u>56,201,029</u>
General				
Land and land rights	3,551,329	-	-	3,551,329
Structures and improvements	9,149,163	9,411	-	9,158,574
Office furniture and equipment	1,126,774	22,961	-	1,149,735
Computer equipment	621,772	51,332	-	673,104
Transportation equipment	2,163,285	316,491	266,947	2,212,829
Tools, shop and garage equipment	177,153	17,264	-	194,417
Laboratory equipment	20,041	-	-	20,041
Power operated equipment	548,976	57,295	31,745	574,526
Communication equipment	306,419	50,701	-	357,120
Total general	<u>17,664,912</u>	<u>525,455</u>	<u>298,692</u>	<u>17,891,675</u>
Total plant in service	<u>\$ 72,106,581</u>	<u>\$ 2,329,225</u>	<u>\$ 343,102</u>	<u>\$ 74,092,704</u>

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**SUPPLEMENTARY INFORMATION
WATER UTILITY FUND**

Shakopee Public Utilities Commission
Statement of Net Position - Water Utility
December 31, 2019
With Comparative Totals as of December 31, 2018

	2019	2018
Assets		
Current assets		
Cash and investments	\$ 9,210,673	\$ 8,488,457
Accrued interest receivable	135,959	11,502
Customer accounts receivable	305,522	344,165
Allowance for uncollectible accounts	(9,799)	(6,666)
Other accounts receivable	86,826	747,589
Due from City of Shakopee	116,849	20,326
Inventory	31,439	29,698
Prepaid Expenses	15,458	16,800
Total current assets	9,892,927	9,651,871
Noncurrent assets		
Restricted assets		
Customer deposits account	95,945	73,547
Connection account	14,781,889	13,085,883
Water reconstruction account	488,866	844,901
Capital assets		
Plant in service	72,601,777	65,538,611
Accumulated depreciation	(21,192,768)	(19,674,545)
Construction in progress	1,004,487	719,451
Total noncurrent assets	67,780,196	60,587,848
Total assets	77,673,123	70,239,719
Deferred Outflows of Resources		
Deferred outflows of resources related to pension activity	80,794	176,342
Total assets and deferred outflows of resources	\$ 77,753,917	\$ 70,416,061
Liabilities		
Current liabilities		
Accounts payable	\$ 1,114,597	\$ 89,268
Due to City of Shakopee	180,442	580,490
Other current liabilities	206,608	135,644
Total current liabilities	1,501,647	805,402
Liabilities payable from restricted assets		
Customer deposits	95,945	73,547
Noncurrent liabilities		
Customer advances	44,124	300,098
Net pension liability	883,222	894,548
Total noncurrent liabilities	927,346	1,194,646
Total liabilities	2,524,938	2,073,595
Deferred Inflows of Resources		
Deferred inflows of resources related to pension	168,170	221,384
Net Position		
Net investment in capital assets	52,413,496	46,583,517
Restricted for connections and reconstruction	15,270,755	13,930,784
Unrestricted	7,376,558	7,606,781
Total net position	75,060,809	68,121,082
Total liabilities, deferred inflows of resources, and net position	\$ 77,753,917	\$ 70,416,061

Shakopee Public Utilities Commission
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Water Utility
Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	<u>2019</u>	<u>2018</u>
Operating revenues	\$ 4,861,369	\$ 5,608,127
Operating expenses		
Operation, customer, and administrative	2,991,997	2,846,005
Depreciation	<u>1,584,293</u>	<u>1,415,037</u>
Total operating expenses	<u>4,576,290</u>	<u>4,261,042</u>
Operating income	285,079	1,347,085
Nonoperating revenues (expenses)		
Rentals and miscellaneous	268,265	184,857
Investment income	527,643	219,864
Interest expense	(2,295)	(989)
Gain (loss) on disposition of property	<u>(62,391)</u>	<u>5,536</u>
Total nonoperating revenues (expenses)	<u>731,222</u>	<u>409,268</u>
Income before contributions and transfers	1,016,301	1,756,353
Capital contributions	6,922,746	5,868,217
Municipal contributions	<u>(999,320)</u>	<u>(1,091,814)</u>
Change in net position	6,939,727	6,532,756
Net position		
Beginning of year	<u>68,121,082</u>	<u>61,588,326</u>
End of year	<u>\$ 75,060,809</u>	<u>\$ 68,121,082</u>

Shakopee Public Utilities Commission
Statement of Cash Flows - Water Utility
Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	2019	2018
Cash Flows - Operating Activities		
Receipts from customers and users	\$ 5,502,074	\$ 5,260,263
Payments to suppliers	(333,456)	(1,546,344)
Payments to employees	(2,112,129)	(2,096,971)
Net cash flows - operating activities	3,056,489	1,616,948
Cash Flows - Noncapital		
Financing Activities		
Payments to City of Shakopee	(818,878)	(511,324)
Proceeds from sale of assets	2,489	6,804
Net cash flows - noncapital financing activities	(816,389)	(504,520)
Cash Flows - Capital and Related		
Financing Activities		
Interest paid on debt	(2,295)	(989)
Acquisition of capital assets	(5,291,976)	(2,202,354)
Installation fees	90,821	62,300
Connection charges	4,446,012	3,044,959
Trunk charges	198,737	389,497
Net cash flows - capital and related financing activities	(558,701)	1,293,413
Cash Flows - Investing Activities		
Proceeds of investments	(65,457)	(31,107)
Interest and dividends received	403,186	218,941
Net cash flows - investing activities	337,729	187,834
Net change in cash and cash equivalents	2,019,128	2,593,675
Cash and Cash Equivalents		
Beginning of year	20,494,348	17,900,673
End of year	\$ 22,513,476	\$ 20,494,348

**Shakopee Public Utilities Commission
Statement of Cash Flows - Water Utility
Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018**

**Reconciliation of Operating Income
to Net Cash Flows- Operating Activities**

Operating income	\$ 285,079	\$ 1,347,085
Adjustments to reconcile operating income to net cash flows - operating activities		
Nonoperating revenues	268,265	184,857
Depreciation expense	1,584,293	1,415,037
Pension related activity	31,008	11,269
Allowance for uncollectible accounts	3,133	(4,470)
Change in assets and liabilities		
Customer accounts receivable	38,643	(26,404)
Other accounts receivable	660,763	(698,418)
Due from City of Shakopee	(96,523)	(4,808)
Inventory	(1,741)	1,092
Prepaid items	1,342	(1,899)
Accounts payable	1,025,329	(658,336)
Customer deposits	22,398	20,675
Customer advances	(255,974)	180,704
Due to City of Shakopee	(580,490)	(115,088)
Other liabilities	70,964	(34,348)
Total adjustments	<u>2,771,410</u>	<u>269,863</u>
Net cash flows - operating activities	<u>\$ 3,056,489</u>	<u>\$ 1,616,948</u>

**Reconciliation of Cash and Cash Equivalents
to the Statement of Net Position**

Customer deposits account	\$ 95,945	\$ 73,547
Connection account	14,781,889	13,085,883
Water reconstruction account	488,866	844,901
Cash and investments	9,210,673	8,488,457
Total	<u>24,577,373</u>	<u>22,492,788</u>
Less long-term investments	<u>(2,063,897)</u>	<u>(1,998,440)</u>
Cash and cash equivalents	<u>\$ 22,513,476</u>	<u>\$ 20,494,348</u>

Shakopee Public Utilities Commission
Detailed Statement of Operating Revenues
and Expenses - Water Utility
Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	<u>2019</u>	<u>2018</u>
Operating revenues		
Sales of water	\$ 4,827,271	\$ 5,568,251
Forfeited discounts	42,475	38,380
Uncollectible accounts	(8,377)	1,496
Total operating revenues	<u>4,861,369</u>	<u>5,608,127</u>
Operating expenses		
Operation and maintenance		
Pumping and distribution operation	522,705	474,523
Pumping and distribution maintenance	420,451	427,410
Power for pumping	289,410	300,400
Maintenance of general plant	67,721	37,283
Total operation and maintenance	<u>1,300,287</u>	<u>1,239,616</u>
Customer accounts		
Meter reading	66,830	61,848
Customer records and collection	130,908	129,395
Total customer accounts	<u>197,738</u>	<u>191,243</u>
Administrative and general		
Administrative and general salaries	407,966	397,716
Office supplies and expense	61,984	47,746
Outside services employed	76,964	72,615
Insurance	42,335	43,097
Employee benefits	712,944	666,999
Miscellaneous general	191,779	186,973
Total administrative and general	<u>1,493,972</u>	<u>1,415,146</u>
Total operation, customer, and administrative expenses	2,991,997	2,846,005
Depreciation	<u>1,584,293</u>	<u>1,415,037</u>
Total operating expenses	<u>4,576,290</u>	<u>4,261,042</u>
Operating income	<u>\$ 285,079</u>	<u>\$ 1,347,085</u>

Shakopee Public Utilities Commission
Schedule of Plant in Service - Water Utility
December 31, 2019

	Balance 12/31/18	Additions	Retirements/ Adjustments	Balance 12/31/19
Capital Assets				
Distribution				
Land and land rights	\$ 892,333	\$ 293,424	\$ -	\$ 1,185,757
Wells	4,313,590	84,549	-	4,398,139
Electric pumping equipment	5,493,313	2,975,729	-	8,469,042
Towers and pump houses	7,527,749	54,860	-	7,582,609
Distribution system	42,984,707	3,593,875	128,459	46,450,123
Meters	2,708,993	146,024	406	2,854,611
Total distribution	<u>63,920,685</u>	<u>7,148,461</u>	<u>128,865</u>	<u>70,940,281</u>
General				
Office furniture and equipment	126,864	7,654	156	134,362
Computer equipment	174,754	17,110	1,388	190,476
Transportation equipment	413,155	-	197	412,958
Tools, shop and garage equipment	22,632	-	237	22,395
Laboratory equipment	54,386	3,733	-	58,119
Power operated equipment	5,812	-	-	5,812
Communication equipment	22,480	-	-	22,480
Scada equipment	450,230	13,438	105	463,563
Building improvements	347,613	3,718	-	351,331
Total general	<u>1,617,926</u>	<u>45,653</u>	<u>2,083</u>	<u>1,661,496</u>
 Total plant in service	 <u>\$ 65,538,611</u>	 <u>\$ 7,194,114</u>	 <u>\$ 130,948</u>	 <u>\$ 72,601,777</u>

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Minnesota Legal Compliance

Independent Auditor's Report

Board of Commissioners
Shakopee Public Utilities Commission
Shakopee, Minnesota

We have audited, in accordance with auditing standards general accepted in the United States of America, the financial statements of each major fund of the Shakopee Public Utilities Commission, Shakopee, Minnesota, as of and for the year ended December 31, 2019, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated March 19, 2020.


In connection with our audit, nothing came to our attention that caused us to believe that the Commission failed to comply with the provisions contracting and bidding, deposits and investments, conflicts of interest, claims and disbursements, and miscellaneous provisions sections of the Minnesota Legal Compliance Audit Guide for other Political Subdivisions, promulgated by the State Auditor pursuant to *Minnesota Statutes* § 6.65. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Commission's noncompliance with the above referenced provisions.

This report is intended solely for the information and use of those charged with governance and management of the Commission and the State Auditor and is not intended to be, and should not be, used by anyone other than these specified parties.


Bergan KDV, Ltd.

St. Cloud, Minnesota
March 19, 2020

May 13, 2020

TO: John Crooks, Utilities Manager  Propose as Consent

CC: Joe Adams
Sherri Anderson
Greg Drent
Lon Schemel
Sharon Walsh
Kelley Willemsen

FROM:  Renee Schmid, Director of Finance and Administration

SUBJECT: Financial Results for April, 2020

The following Financial Statements are attached for your review and approval.

Month to Date and Year to Date Financial Results – April, 2020

- Combined Statement of Revenue & Expense and Net Assets – Electric, Water and Total Utility
- Electric Operating Revenue & Expense Detail
- Water Operating Revenue & Expense Detail

Key items to note:

Month to Date Results – April, 2020

- Total Utility Operating Revenues for the month of April totaled \$3.6 million and were unfavorable to budget by \$0.3 million or 6.8%. Electric revenues totaled \$3.3 million and are unfavorable to budget by \$249k or 7.0%. Water revenues totaled \$0.3 million and were unfavorable to budget by \$10k or 3.4%.
- Total operating expenses were \$3.2 million and were favorable to budget by \$382k or 10.6%. Total purchased power in April was \$2.2 million and was \$107k or 4.5% lower than budget for the month. Total Operating Expense for electric including purchased power totaled \$2.9 million and was favorable to budget by \$300k or 9.5% due to lower than plan purchased power costs and timing of expenditures in administrative and general expense, conservation expense, and operation and maintenance expenses. Total Operating Expense for Water totaled \$0.4 million and was also favorable to budget by \$82k or 18.2% due to lower than plan expenditures due to timing in system operation and maintenance, customer accounts, administrative and general, and depreciation.
- Total Utility Operating Income was \$334k and was \$124k favorable to budget due to lower than plan operating expenses of \$382k that was partially offset by and lower than plan operating revenues of \$259k.
- Total Utility Non-Operating Revenue was \$42k and was unfavorable to budget by \$61k driven by lower than plan investment income of \$51k, and lower than plan rental and miscellaneous income of \$13k, and was partially offset by lower than plan interest expense on customer deposits of \$3k.



- Capital Contributions for the month of April totaled \$390k and were favorable to budget by \$61k primarily due to timing of collection water capacity charge fees and were partially offset by lower than plan trunk water fees.
- Transfers to the City of Shakopee totaled \$203k and were higher than plan by \$2k or 1.1%.
- Change in Net Position was \$564k and was favorable to budget by \$121k primarily due to higher than plan operating income of \$123k, higher than plan capital contributions of \$61k, and were partially offset by lower than plan non-operating income of \$61k and higher than plan transfer to the City of Shakopee of \$2k.
- Electric usage billed to customers in April was 29,507,831 kWh, a decrease of 11.4% from March usage billed at 33,303,499 kWh.
- Water usage billed to customers in April was 80.2 million gallons, a decrease of 5.8% from March usage billed at 85.1 million gallons.

Year to Date Financial Results – April, 2020

- Total Utility Operating Revenues year to date April totaled \$15.2 million and were unfavorable to budget by \$1.2 million or 7.2%. Electric revenues totaled \$14.1 million and were unfavorable to budget by \$1.1 million or 7.0% driven by lower than plan energy sales of \$309k in residential and industrial revenue groups and by lower than plan power cost adjustment revenues of \$707k due to lower sales and lower unit costs of purchased power. Average cost per kWh purchased year-to-date in 2020 was 6.95 cents per kWh and 2.39% lower than the planned cost per kWh of 7.12 cents per kWh, which results in lower power cost adjustment revenue in addition to lower kWh sales volumes. Water revenues totaled \$1.2 million and were also unfavorable to budget by \$0.1 million or 9.4% driven by lower than plan sales volumes in all revenue groups.
- Total Utility Operating Expenses year to date April were \$14.0 million and were favorable to budget by \$1.2 million or 7.9% primarily due to lower than plan purchased power costs of \$535k, timing of expenditures in energy conservation of \$207k, timing of administrative and general expense of \$300k of which \$136k is in outside services and \$115k in employee benefits, operations and maintenance expense in electric and water of \$138k due to timing, customer accounts of \$23k, and depreciation expense of \$2k. Total Operating Expense for electric including purchased power was \$12.4 million and was favorable to budget by \$1.0 million or 7.5%. Total Operating Expense for Water was \$1.6 million and was also favorable to budget by \$0.2 million or 10.9%.
- Total Utility Operating Income was \$1.2 million and was favorable to budget by \$27k or 2.2% driven by lower than planned operating expenses of \$1.205 million and partially offset by lower than plan operating revenues of \$1.178 million.
- Total Utility Non-Operating Income was \$747k and was favorable to budget by \$199k due to higher than planned investment income of \$233k, and lower than plan interest expense on customer deposits of \$11k, that were partially offset by lower than plan rental and miscellaneous income of \$39k due to timing, and a \$6k loss on the disposition of equipment in electric.
- YTD Capital Contributions were \$725k and are unfavorable to budget by \$593k primarily due to timing of collection of trunk water fees of \$154k and timing of collection of water capacity charge fees of \$445k.
- Municipal contributions to the City of Shakopee totaled \$807k year to date and are higher than plan by \$4k or 0.5%. The actual estimated payment throughout the year is based on prior year results and will be trued up at the end of the year.
- YTD Change in Net Position is \$1.9 million and is unfavorable to budget by \$0.4 million reflecting lower than plan operating revenues, lower than operating expense, higher than plan non-operating revenues, and lower than plan capital contributions.

SHAKOPEE PUBLIC UTILITIES
MONTH TO DATE FINANCIAL RESULTS

April 2020



SHAKOPEE PUBLIC UTILITIES
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

	Month to Date Actual - April 2020			Month to Date Budget - April 2020			Electric		Water		Total Utility	
	Electric	Water	Total Utility	Electric	Water	Total Utility	MTD Actual v. Budget B/(W) \$ %	MTD Actual v. Budget B/(W) \$ %	MTD Actual v. Budget B/(W) \$ %			
OPERATING REVENUES	\$ 3,285,053	278,369	3,563,422	3,533,808	288,161	3,821,968	(248,754) -7.0%	(9,792) -3.4%	(258,547) -6.8%			
OPERATING EXPENSES												
Operation, Customer and Administrative	2,648,051	215,124	2,863,175	2,949,841	294,876	3,244,717	301,790 10.2%	79,752 27.0%	381,542 11.8%			
Depreciation	212,556	153,270	365,826	210,622	155,720	366,342	(1,934) -0.9%	2,451 1.6%	517 0.1%			
Amortization of Plant Acquisition	-	-	-	-	-	-	0.0%	-	-			
Total Operating Expenses	2,860,607	368,394	3,229,000	3,160,462	450,596	3,611,059	299,856 9.5%	82,203 18.2%	382,058 10.6%			
Operating Income	424,446	(90,025)	334,421	373,345	(162,435)	210,910	51,101 13.7%	72,410 44.6%	123,511 58.6%			
NON-OPERATING REVENUE (EXPENSE)												
Rental and Miscellaneous	8,324	760	9,084	21,090	1,160	22,250	(12,766) -60.5%	(400) -34.5%	(13,166) -59.2%			
Interdepartment Rent from Water	7,500	-	7,500	7,500	-	7,500	- 0.0%	-	- 0.0%			
Investment Income	18,376	10,015	28,391	56,116	23,203	79,318	(37,740) -67.3%	(13,187) -56.8%	(50,927) -64.2%			
Interest Expense	(2,763)	(120)	(2,883)	(5,413)	(183)	(5,596)	2,650 49.0%	63 34.3%	2,712 48.5%			
Amortization of Debt Issuance Costs and Loss on Refunding	-	-	-	-	-	-	- #DIV/0!	-	- #DIV/0!			
Gain/(Loss) on the Disposition of Property	-	-	-	-	-	-	-	-	-			
Total Non-Operating Revenue (Expense)	31,437	10,655	42,092	79,292	24,180	103,472	(47,855) -60.4%	(13,525) -55.9%	(61,380) -59.3%			
Income Before Contributions and Transfers	455,883	(79,370)	376,513	452,637	(138,255)	314,382	3,246 0.7%	58,885 42.6%	62,131 19.8%			
CAPITAL CONTRIBUTIONS												
TRANSFER TO MUNICIPALITY	-	390,197	390,197	-	329,545	329,545	- -	60,652 18.4%	60,652 18.4%			
	(119,909)	(83,000)	(202,909)	(183,552)	(17,182)	(200,734)	63,642 34.7%	(65,818) -383.1%	(2,176) -1.1%			
CHANGE IN NET POSITION	\$ 335,974	227,827	563,800	269,086	174,107	443,193	66,888 24.9%	53,720 30.9%	120,607 27.2%			

**SHAKOPEE PUBLIC UTILITIES
ELECTRIC OPERATING REVENUE AND EXPENSE**

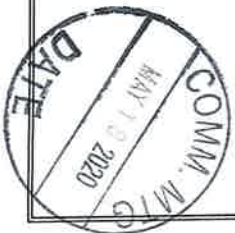
	MTD Actual April 2020	MTD Budget April 2020	MTD Actual v. Budget Better/(Worse)	
			\$	%
OPERATING REVENUES				
Sales of Electricity				
Residential	\$ 1,184,597	1,183,941	657	0.1%
Commercial and Industrial	2,044,093	2,268,633	(224,540)	-9.9%
Uncollectible accounts	-	-	-	-
Total Sales of Electricity	<u>3,228,691</u>	<u>3,452,574</u>	<u>(223,884)</u>	<u>-6.5%</u>
Forfeited Discounts	(666)	22,719	(23,384)	-102.9%
Free service to the City of Shakopee	8,909	7,125	1,785	25.1%
Conservation program	48,119	51,390	(3,271)	-6.4%
Total Operating Revenues	<u>3,285,053</u>	<u>3,533,808</u>	<u>(248,754)</u>	<u>-7.0%</u>
OPERATING EXPENSES				
Operations and Maintenance				
Purchased power	2,245,072	2,351,598	106,526	4.5%
Distribution operation expenses	90,155	40,708	(49,447)	-121.5%
Distribution system maintenance	(25,006)	57,035	82,041	143.8%
Maintenance of general plant	17,229	29,587	12,358	41.8%
Total Operation and Maintenance	<u>2,327,449</u>	<u>2,478,928</u>	<u>151,479</u>	<u>6.1%</u>
Customer Accounts				
Meter Reading	10,534	10,667	133	1.2%
Customer records and collection	39,055	49,719	10,664	21.4%
Energy conservation	27,151	60,407	33,257	55.1%
Total Customer Accounts	<u>76,739</u>	<u>120,794</u>	<u>44,054</u>	<u>36.5%</u>
Administrative and General				
Administrative and general salaries	67,264	63,793	(3,472)	-5.4%
Office supplies and expense	15,639	22,488	6,848	30.5%
Outside services employed	8,166	38,934	30,768	79.0%
Insurance	10,803	13,928	3,125	22.4%
Employee Benefits	117,273	167,761	50,488	30.1%
Miscellaneous general	24,717	43,216	18,499	42.8%
Total Administrative and General	<u>243,862</u>	<u>350,119</u>	<u>106,257</u>	<u>30.3%</u>
Total Operation, Customer, & Admin Expenses	<u>2,648,051</u>	<u>2,949,841</u>	<u>301,790</u>	<u>10.2%</u>
Depreciation	212,556	210,622	(1,934)	-0.9%
Amortization of plant acquisition	-	-	-	0.0%
Total Operating Expenses	<u>\$ 2,860,607</u>	<u>3,160,462</u>	<u>299,856</u>	<u>9.5%</u>
OPERATING INCOME	<u>\$ 424,446</u>	<u>373,345</u>	<u>51,101</u>	<u>13.7%</u>

**SHAKOPEE PUBLIC UTILITIES
WATER OPERATING REVENUE AND EXPENSE**

	MTD Actual April 2020	MTD Budget April 2020	MTD Actual v. Budget Better/(Worse)	
			\$	%
OPERATING REVENUES				
Sales of Water	\$ 278,393	284,601	(6,209)	-2.2%
Forfeited Discounts	(24)	3,560	(3,584)	-100.7%
Uncollectible accounts	-	-	-	-
Total Operating Revenues	<u>278,369</u>	<u>288,161</u>	<u>(9,792)</u>	<u>-3.4%</u>
OPERATING EXPENSES				
Operations and Maintenance				
Pumping and distribution operation	66,637	46,738	(19,898)	-42.6%
Pumping and distribution maintenance	7,812	41,664	33,851	81.2%
Power for pumping	21,219	25,537	4,318	16.9%
Maintenance of general plant	1,113	7,570	6,457	85.3%
Total Operation and Maintenance	<u>96,780</u>	<u>121,508</u>	<u>24,728</u>	<u>20.4%</u>
Customer Accounts				
Meter Reading	5,598	5,780	181	3.1%
Customer records and collection	12,080	13,672	1,592	11.6%
Energy conservation	-	833	833	-
Total Customer Accounts	<u>17,678</u>	<u>20,285</u>	<u>2,607</u>	<u>12.9%</u>
Administrative and General				
Administrative and general salaries	42,437	40,924	(1,513)	-3.7%
Office supplies and expense	2,312	8,006	5,694	71.1%
Outside services employed	1,426	20,012	18,587	92.9%
Insurance	3,601	4,643	1,042	22.4%
Employee Benefits	40,303	61,794	21,490	34.8%
Miscellaneous general	10,588	17,704	7,117	40.2%
Total Administrative and General	<u>100,666</u>	<u>153,083</u>	<u>52,417</u>	<u>34.2%</u>
Total Operation, Customer, & Admin Expenses	<u>215,124</u>	<u>294,876</u>	<u>79,752</u>	<u>27.0%</u>
Depreciation	153,270	155,720	2,451	1.6%
Amortization of plant acquisition	-	-	-	-
Total Operating Expenses	<u>368,394</u>	<u>450,596</u>	<u>82,203</u>	<u>18.2%</u>
OPERATING INCOME	<u>\$ (90,025)</u>	<u>(162,435)</u>	<u>72,410</u>	<u>44.6%</u>

**SHAKOPEE PUBLIC UTILITIES
YEAR TO DATE FINANCIAL RESULTS**

April 2020



SHAKOPEE PUBLIC UTILITIES
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

	Year to Date Actual - April 2020			Year to Date Budget - April 2020			Electric		Water		Total Utility	
	Electric	Water	Total Utility	Electric	Water	Total Utility	YTD Actual v. Budget B/(W) \$ %	YTD Actual v. Budget B/(W) \$ %	YTD Actual v. Budget B/(W) \$ %			
OPERATING REVENUES	\$ 14,069,223	1,159,439	15,228,662	15,127,629	1,279,439	16,407,067	(1,058,406)	-7.0%	(120,000)	-9.4%	(1,178,406)	-7.2%
OPERATING EXPENSES												
Operation, Customer and Administrative	11,507,881	1,013,017	12,520,899	12,522,056	1,201,815	13,723,871	1,014,174	8.1%	188,798	15.7%	1,202,972	8.8%
Depreciation	850,223	613,079	1,463,302	842,486	622,882	1,465,368	(7,736)	-0.9%	9,803	1.6%	2,066	0.1%
Amortization of Plant Acquisition	-	-	-	-	-	-	-	0.0%	-	-	-	0.0%
Total Operating Expenses	12,358,104	1,626,097	13,984,201	13,364,542	1,824,697	15,189,239	1,006,438	7.5%	198,601	10.9%	1,205,038	7.9%
Operating Income	1,711,119	(466,658)	1,244,461	1,763,087	(545,259)	1,217,828	(51,968)	-2.9%	78,601	14.4%	26,633	2.2%
NON-OPERATING REVENUE (EXPENSE)												
Rental and Miscellaneous	48,843	135,474	184,317	84,358	138,884	223,243	(35,516)	-42.1%	(3,410)	-2.5%	(38,926)	-17.4%
Interdepartment Rent from Water	30,000	-	30,000	30,000	-	30,000	-	0.0%	-	-	-	0.0%
Investment Income	434,304	115,870	550,174	224,462	92,810	317,273	209,841	93.5%	23,060	24.8%	232,901	73.4%
Interest Expense	(11,130)	(474)	(11,604)	(21,652)	(731)	(22,383)	10,523	48.6%	256	35.1%	10,779	48.2%
Amortization of Debt Issuance Costs and Loss on Refunding	-	-	-	-	-	-	-	#DIV/0!	-	0.0%	-	#DIV/0!
Gain/(Loss) on the Disposition of Property	(5,603)	-	(5,603)	-	-	-	(5,603)	0.0%	-	-	(5,603)	-
Total Non-Operating Revenue (Expense)	496,414	250,870	747,284	317,169	230,964	548,132	179,246	56.5%	19,906	8.6%	199,152	36.3%
Income Before Contributions and Transfers	2,207,533	(215,788)	1,991,745	2,080,255	(314,295)	1,765,960	127,278	6.1%	98,507	31.3%	225,785	12.8%
CAPITAL CONTRIBUTIONS	10,589	714,885	725,474	-	1,318,179	1,318,179	10,589	-	(603,294)	-45.8%	(592,705)	-45.0%
MUNICIPAL CONTRIBUTION	(675,475)	(131,468)	(806,943)	(734,206)	(68,729)	(802,935)	58,731	8.0%	(62,739)	-91.3%	(4,008)	-0.5%
CHANGE IN NET POSITION	\$ 1,542,647	367,629	1,910,276	1,346,049	935,155	2,281,204	196,598	14.6%	(567,526)	-60.7%	(370,928)	-16.3%

**SHAKOPEE PUBLIC UTILITIES
ELECTRIC OPERATING REVENUE AND EXPENSE**

	YTD Actual April 2020	YTD Budget April 2020	YTD Actual v. Budget Better/(Worse)	
			\$	%
OPERATING REVENUES				
Sales of Electricity				
Residential	\$ 5,071,032	5,398,185	(327,153)	-6.1%
Commercial and Industrial	8,692,176	9,382,313	(690,137)	-7.4%
Uncollectible accounts	-	-	-	#DIV/0!
Total Sales of Electricity	<u>13,763,208</u>	<u>14,780,498</u>	<u>(1,017,290)</u>	<u>-6.9%</u>
Forfeited Discounts	65,186	90,875	(25,689)	-28.3%
Free service to the City of Shakopee	35,638	28,498	7,140	25.1%
Conservation program	205,191	227,758	(22,567)	-9.9%
Total Operating Revenues	<u>14,069,223</u>	<u>15,127,629</u>	<u>(1,058,406)</u>	<u>-7.0%</u>
OPERATING EXPENSES				
Operations and Maintenance				
Purchased power	9,527,469	10,062,146	534,677	5.3%
Distribution operation expenses	187,545	162,834	(24,711)	-15.2%
Distribution system maintenance	174,595	228,139	53,544	23.5%
Maintenance of general plant	87,614	118,349	30,734	26.0%
Total Operation and Maintenance	<u>9,977,223</u>	<u>10,571,467</u>	<u>594,244</u>	<u>5.6%</u>
Customer Accounts				
Meter Reading	43,434	42,670	(764)	-1.8%
Customer records and collection	175,640	198,876	23,236	11.7%
Energy conservation	37,584	241,629	204,045	84.4%
Total Customer Accounts	<u>256,658</u>	<u>483,175</u>	<u>226,517</u>	<u>46.9%</u>
Administrative and General				
Administrative and general salaries	259,825	255,170	(4,655)	-1.8%
Office supplies and expense	81,612	89,952	8,340	9.3%
Outside services employed	78,721	155,736	77,016	49.5%
Insurance	43,212	55,712	12,500	22.4%
Employee Benefits	664,700	737,980	73,281	9.9%
Miscellaneous general	145,931	172,863	26,932	15.6%
Total Administrative and General	<u>1,274,000</u>	<u>1,467,414</u>	<u>193,413</u>	<u>13.2%</u>
Total Operation, Customer, & Admin Expenses	<u>11,507,881</u>	<u>12,522,056</u>	<u>1,014,174</u>	<u>8.1%</u>
Depreciation	850,223	842,486	(7,736)	-0.9%
Amortization of plant acquisition	-	-	-	0.0%
Total Operating Expenses	<u>\$ 12,358,104</u>	<u>13,364,542</u>	<u>1,006,438</u>	<u>7.5%</u>
OPERATING INCOME	<u>\$ 1,711,119</u>	<u>1,763,087</u>	<u>(51,968)</u>	<u>-2.9%</u>

SHAKOPEE PUBLIC UTILITIES

WATER OPERATING REVENUE AND EXPENSE

	YTD Actual April 2020	YTD Budget April 2020	YTD Actual v. Budget Better/(Worse)	
			\$	%
OPERATING REVENUES				
Sales of Water	\$ 1,155,690	1,265,200	(109,510)	-8.7%
Forfeited Discounts	3,749	14,239	(10,490)	-73.7%
Uncollectible accounts	-	-	-	#DIV/0!
Total Operating Revenues	<u>1,159,439</u>	<u>1,279,439</u>	<u>(120,000)</u>	<u>-9.4%</u>
OPERATING EXPENSES				
Operations and Maintenance				
Pumping and distribution operation	192,215	186,953	(5,262)	-2.8%
Pumping and distribution maintenance	107,565	166,654	59,089	35.5%
Power for pumping	92,849	102,147	9,298	9.1%
Maintenance of general plant	14,580	30,279	15,700	51.8%
Total Operation and Maintenance	<u>407,209</u>	<u>486,034</u>	<u>78,825</u>	<u>16.2%</u>
Customer Accounts				
Meter Reading	24,889	23,118	(1,771)	-7.7%
Customer records and collection	53,203	54,687	1,484	2.7%
Energy conservation	50	3,333	3,283	-
Total Customer Accounts	<u>78,142</u>	<u>81,139</u>	<u>2,996</u>	<u>3.7%</u>
Administrative and General				
Administrative and general salaries	162,569	163,694	1,125	0.7%
Office supplies and expense	24,378	32,023	7,645	23.9%
Outside services employed	20,975	80,050	59,075	73.8%
Insurance	14,404	18,571	4,167	22.4%
Employee Benefits	227,061	269,487	42,426	15.7%
Miscellaneous general	78,279	70,818	(7,461)	-10.5%
Total Administrative and General	<u>527,667</u>	<u>634,643</u>	<u>106,976</u>	<u>16.9%</u>
Total Operation, Customer, & Admin Expenses	<u>1,013,017</u>	<u>1,201,815</u>	<u>188,798</u>	<u>15.7%</u>
Depreciation	613,079	622,882	9,803	1.6%
Amortization of plant acquisition	-	-	-	-
Total Operating Expenses	<u>\$ 1,626,097</u>	<u>1,824,697</u>	<u>198,601</u>	<u>10.9%</u>
OPERATING INCOME	<u>\$ (466,658)</u>	<u>(545,259)</u>	<u>78,601</u>	<u>14.4%</u>

**SHAKOPEE PUBLIC UTILITIES
MEMORANDUM**

TO: SHAKOPEE PUBLIC UTILITIES COMMISSION
FROM: JOHN R. CROOKS, UTILITIES MANAGER *JRC JRC 5/14/20*
SUBJECT: SPU COMMISSION GOALS AND OBJECTIVES - 2019
DATE: JANUARY 10, 2020

The following 6 items were discussed at the March 18 Commission Goals and Objectives Workshop. The following were identified by SPU Staff and the SPU Commission to be completed within the next 12-36 months.

IT and Security Assessment will need to be handled separately and within the Utility, as there would be limited information that should be discussed at public meetings.

Items are listed under 2015 Strategic Initiatives.

2019 Goals / Objectives

To preserve, cultivate and advance the existing reputation of the Shakopee Utilities Commission in our community and service areas; with all customers

1. Website Development – contract signed with Vivid Image
2. Development of a Strategic Communications Plan – instituted and will have full deployment with the rollout of the new SPU website

To continue our commitment to all Shakopee Public Utilities employees

3. Succession/Transition Plans for Key Positions – final draft complete



To be properly positioned in adapting changes, both short and long term, in the Water and Electric industries and therefore continually evolve the present Shakopee Public Utilities business model in a direction that most positively serves our community and service areas

4. Automatic Meter Reading Implementation – RFP presentation at February 3 Commission meeting
5. 5 Year Strategic Geographic Information System Plan (GIS) – Spring 2020
6. Information Technology and Security Assessment – complete and ongoing

**SHAKOPEE PUBLIC UTILITIES
MEMORANDUM**

TO: SHAKOPEE PUBLIC UTILITIES COMMISSION

FROM: JOHN R. CROOKS, UTILITIES MANAGER

SUBJECT: SPU COMMISSION GOALS AND OBJECTIVES - 2019

DATE: MAY 3, 2019

The following 6 items were discussed at the March 18 Commission Goals and Objectives Workshop. Staff is in the process of preparing detailed work plans for each item. Included with this agenda item are work plans (as they exist today) that are already in progress; website development, succession planning and the communications plan. When completed the work plans for AMR Implementation and the GIS Roadmap will be brought back to the Commission for review.

IT and Security Assessment will need to be handled separately and within the Utility, as there would be limited information that should be discussed at public meetings.

1. **Website Development – 2018 carryover**
2. **Succession/Transition Plans for Key Positions – 2018 carryover**
3. **Automatic Meter Reading Implementation -**
4. **5 Year Strategic Geographic Information System Plan (GIS) -**
5. **Development of a Strategic Communications Plan –**
6. **Information Technology and Security Assessment – ongoing**

THE GOAL SETTING PROCESS

MISSION	A broad statement of overall direction and purpose.
GOAL	A clear statement of desired direction or activity in broad, general terms.
OBJECTIVE	A specific, time oriented, and realistic statement of what we are going to do, for whom, when we will do it, and how much we are going to do.
STRATEGY	One step or one specific action in the attaining of an objective. A group of strategies is a plan of action spelling out how an objective will be reached.

CHARACTERISTICS OF A WORTHWHILE GOAL

1. It is a guide to action – stated as a desired outcome, as a result, a desired condition or a state of affairs.
2. It is general in its direction.
3. It is both challenging and inspiring to its participants.
4. It calls for investment and involvement by the participants.
5. It provides a long-range time target (3-5 years).
6. It is directly tied to the purposes and goals of higher units in the organization.
7. It can be attained through a series of objectives and strategies.

CHARACTERISTICS OF A MEANINGFUL OBJECTIVE

1. It begins with the word “to” and is followed by an action verb.
2. It produces a single key result when accomplished.
3. It specifies for or with whom an action is done.
4. It has a specific target date for accomplishment (from three months to one year from planning date).
5. It is quantifiable and measurable – how much is to be done.

6. It is clear and understandable for all those participating in the action.
7. It is realistic and attainable – considers present and anticipated resources.
8. It is in line with one or more goals of the group.
9. (If there is an expense, specify maximum cost factors.)


CHARACTERISTICS OF A STRATEGY/ACTION PLAN


1. Who does it – name the individual or group representative?
2. What concretely are they to do?
3. How much are they to do?
4. For, to, or with whom?
5. By when (target date)?
6. Is a subdivision of a specific objective.
7. Ties in sequentially or in parallel with other strategies (action steps) toward attaining the objectives.

KEYS TO GOAL SETTING PERFORMANCE STANDARDS

1. Examine accuracy and currency of job description.
2. A standard should be a normal result – attainable.
3. Should be specific to person – not job.
4. Standards should start from the top down – they are a management tool.
5. They should not be a training manual, but a description.

May 14, 2020

TO: John Crooks, Utilities Manager 

FROM: Renee Schmid, Director of Finance and Administration 

SUBJECT: Dashboard Metrics - April, 2020

At the last Commission meeting, the Commission requested staff to provide information regarding trends in customer sales and customer receivables in order to monitor the potential impacts of the COVID-19 pandemic on SPU's business.

The following reports are included for Commission review:

- SPU kWh Sales
- SPU Water Gallons Sales
- SPU Electric Accounts Receivable # & \$ of Accounts: 31-60 Days
- SPU Water Accounts Receivable # & \$ of Accounts: 31- 60 Days
- SPU Electric Accounts Receivable # & \$ of Accounts: > 120 Days
- SPU Water Accounts Receivable # & \$ of Accounts: > 120 Days
- SPU 04/30/2020 Accounts Receivable Aging Summary Report (2 pages)

Requested Action

Please provide staff with feedback regarding the information provided as well as if the Commission would like to see changes or other information.

Thank you.

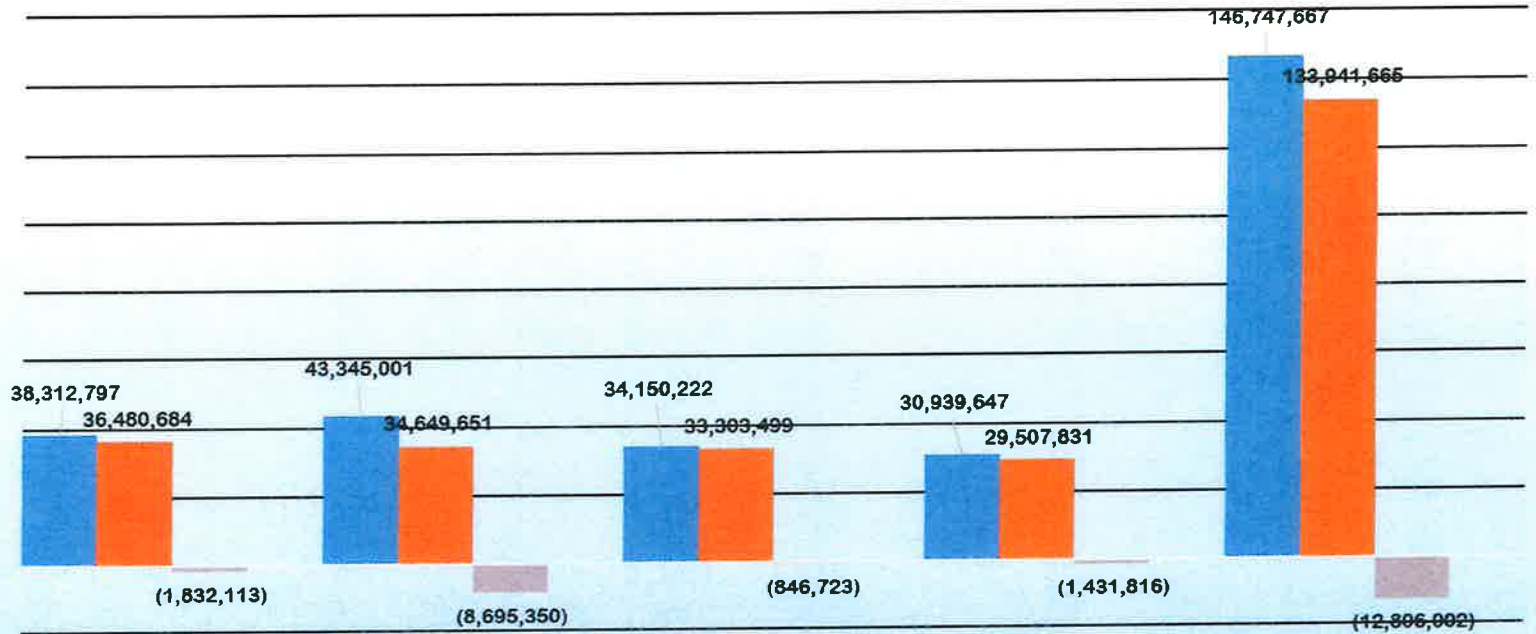


SPU ELECTRIC KWH SALES

(*INCLUDES UME)

■ 2019 Electric kWh Sales* ■ 2020 Electric kWh Sales* ■ Better/(Worse) ■ % Better/(Worse)

NUMBER OF KWH SOLD



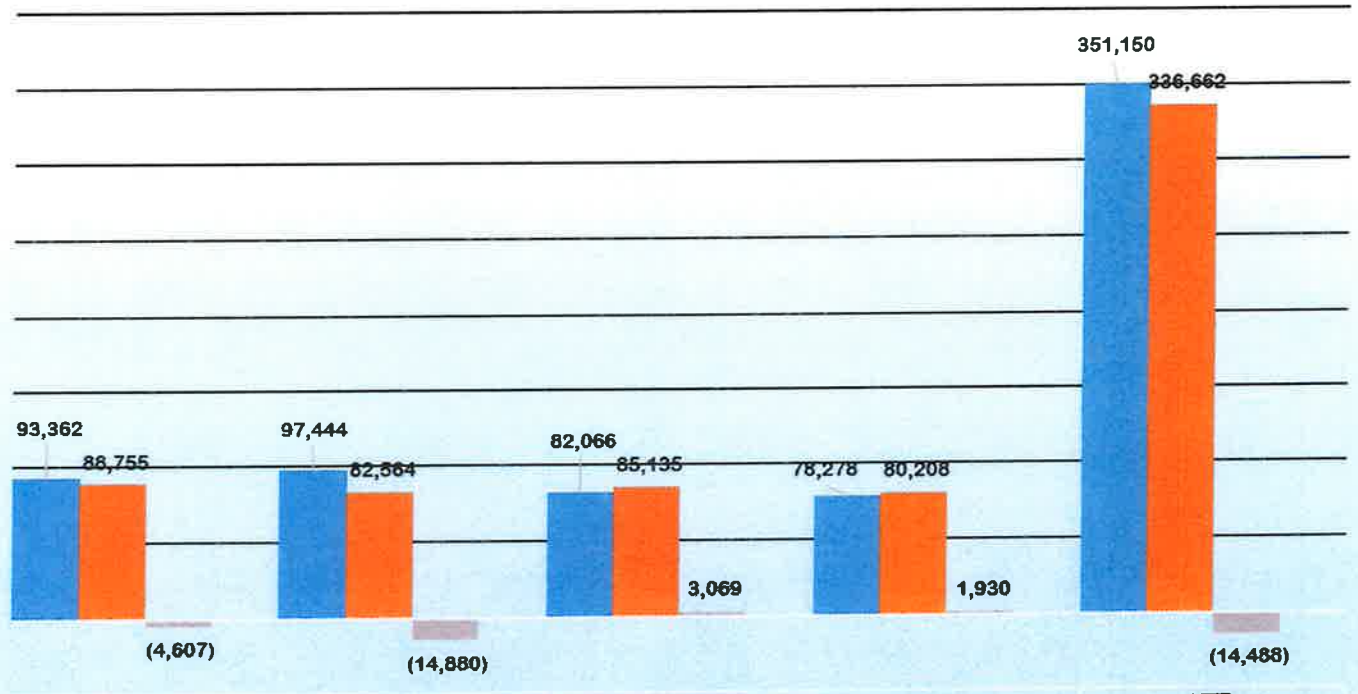
	Jan	Feb	Mar	Apr	YTD
■ 2019 Electric kWh Sales*	38,312,797	43,345,001	34,150,222	30,939,647	146,747,667
■ 2020 Electric kWh Sales*	36,480,684	34,649,651	33,303,499	29,507,831	133,941,665
■ Better/(Worse)	(1,832,113)	(8,695,350)	(846,723)	(1,431,816)	(12,806,002)
■ % Better/(Worse)	-4.8%	-20.1%	-2.5%	-4.6%	-8.7%

SPU WATER GALLONS SALES (IN THOUSANDS)

(* EXCLUDES HYDRANT SALES)

■ 2019 Water Gallons Sold in Thousands* ■ 2019 Water Gallons Sold in Thousands* ■ Better/(Worse) ■ %

WATER GALLONS SOLD

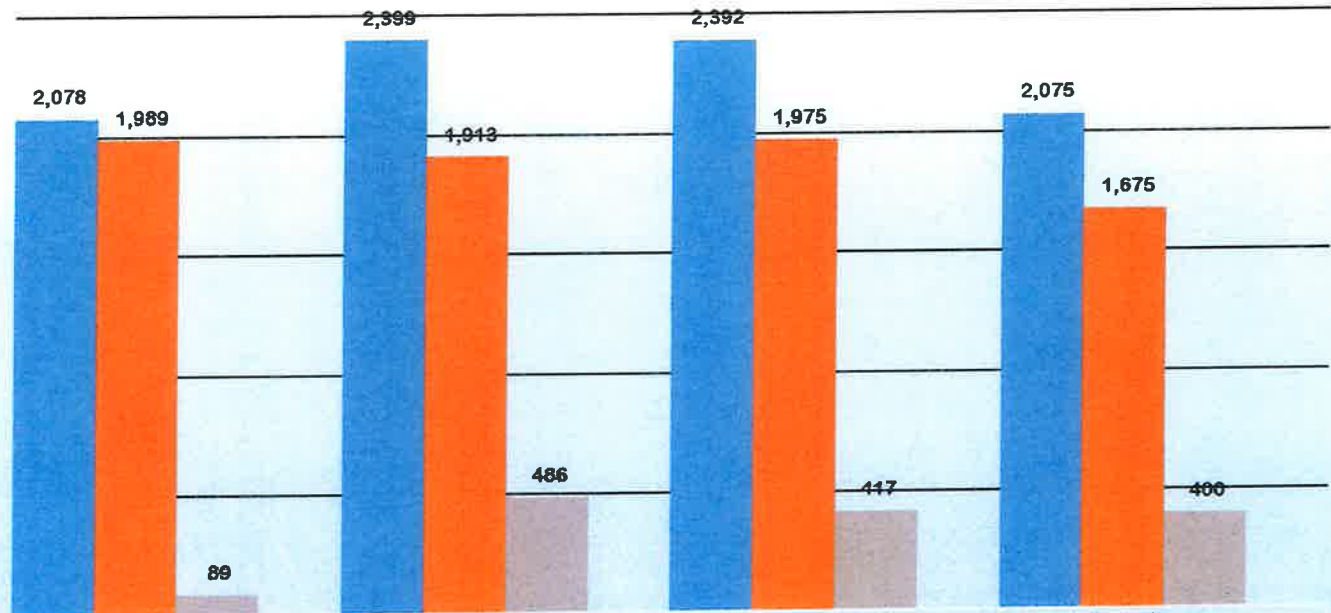


	Jan	Feb	Mar	Apr	YTD
■ 2019 Water Gallons Sold in Thousands*	93,362	97,444	82,066	78,278	351,150
■ 2019 Water Gallons Sold in Thousands*	88,755	82,564	85,135	80,208	336,662
■ Better/(Worse)	(4,607)	(14,880)	3,069	1,930	(14,488)
■ %	-4.9%	-15.3%	3.7%	2.5%	-4.1%

SPU ELECTRIC AGED RECEIVABLES 31 - 60 DAYS: # OF ACCOUNTS

■ 2019 Electric AR # Accounts 31-60 days ■ 2020 Electric AR # Accounts 31-60 days ▨ Better/(Worse) %

NUMBER OF ACCOUNTS



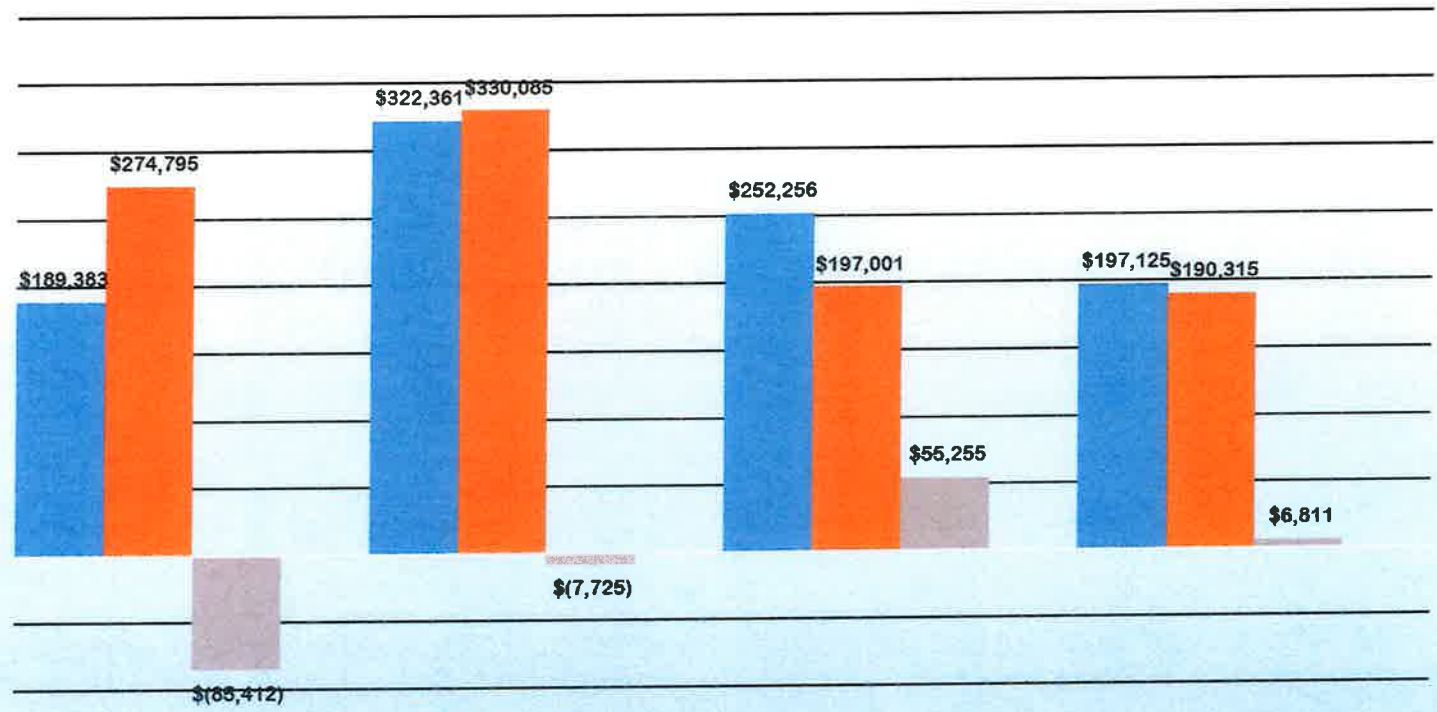
■ 2019 Electric AR # Accounts 31-60 days
 ■ 2020 Electric AR # Accounts 31-60 days
 ▨ Better/(Worse)
 %

Month	2019 Electric AR # Accounts 31-60 days	2020 Electric AR # Accounts 31-60 days	Better/(Worse)	%
Jan	2,078	1,989	89	4.3%
Feb	2,399	1,913	486	20.3%
Mar	2,392	1,975	417	17.4%
Apr	2,075	1,675	400	19.3%

SPU ELECTRIC AGED RECEIVABLES \$ 31 - 60 DAYS

■ 2019 Electric AR \$ 31-60 days ■ 2020 Electric AR \$ 31-60 days ■ Better/(Worse) ■ %

DOLLARS

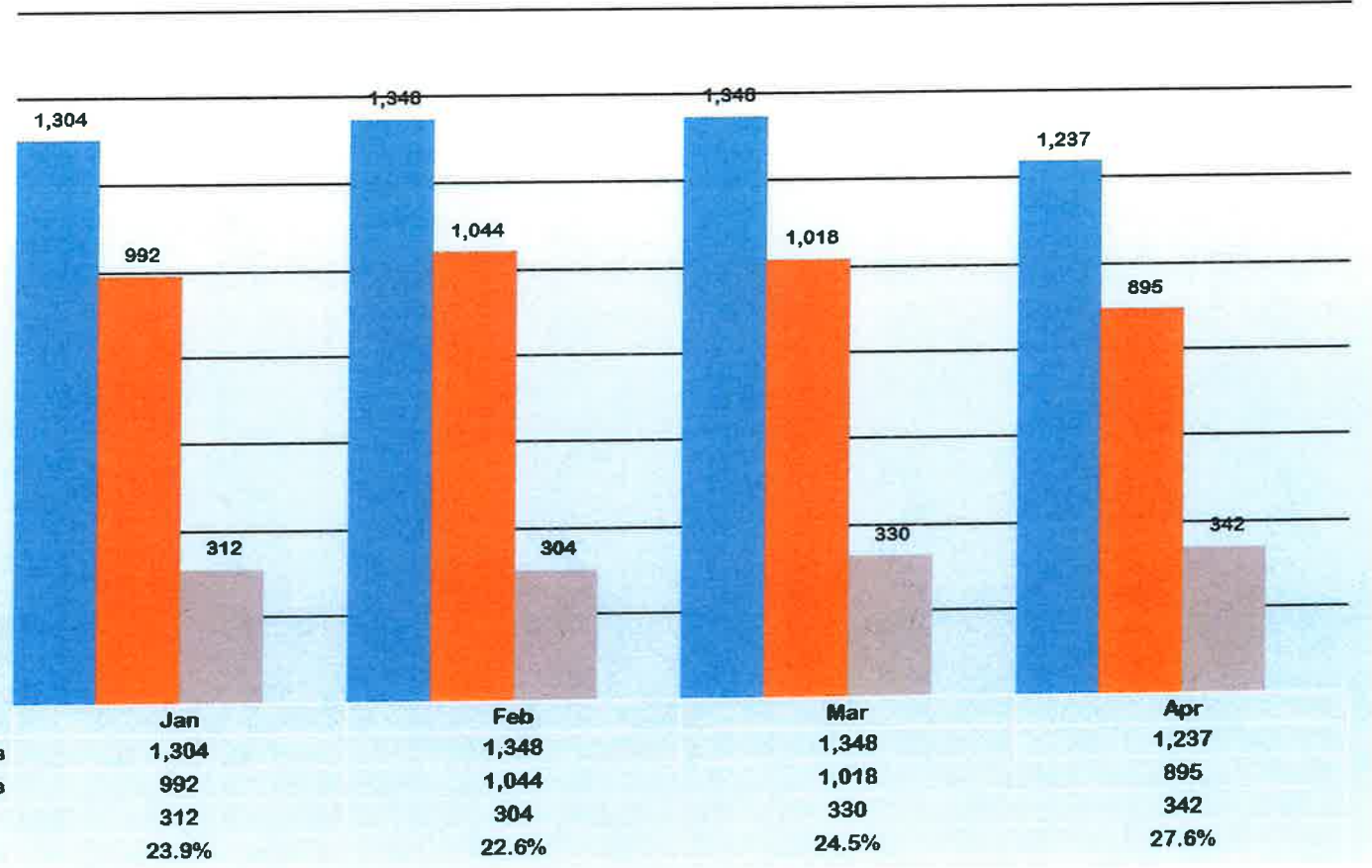


	Jan	Feb	Mar	Apr
■ 2019 Electric AR \$ 31-60 days	\$189,383	\$322,361	\$252,256	\$197,125
■ 2020 Electric AR \$ 31-60 days	\$274,795	\$330,085	\$197,001	\$190,315
■ Better/(Worse)	\$(85,412)	\$(7,725)	\$55,255	\$6,811
■ %	-45.1%	-2.4%	21.9%	3.5%

SPU WATER AGED RECEIVABLES 31 - 60 DAYS: # OF ACCOUNTS

■ 2019 Water AR # Accounts 31-60 days ■ 2020 Water AR # Accounts 31-60 days ■ Better/(Worse) ■ %

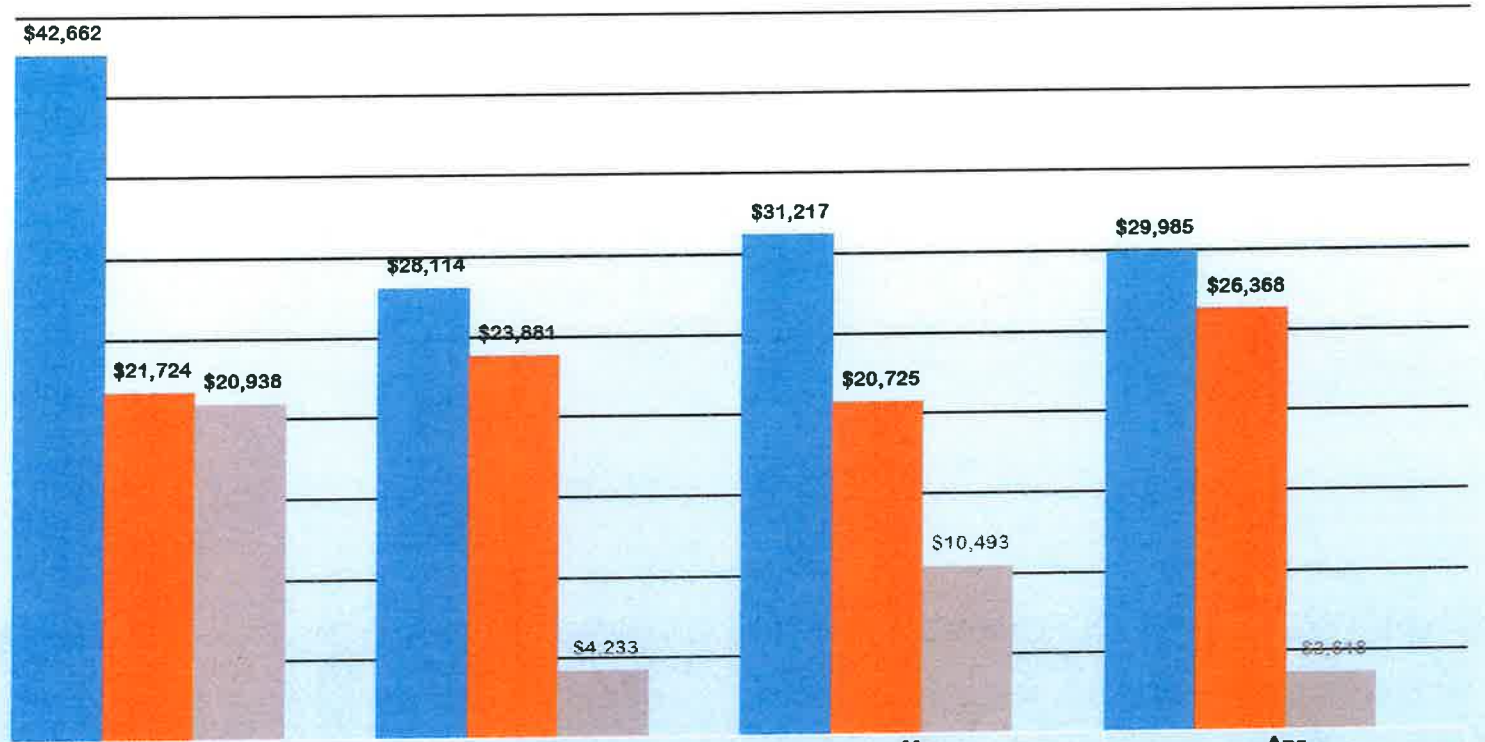
NUMBER OF ACCOUNTS



SPU WATER AGED RECEIVABLES \$ 31 - 60 DAYS

■ 2019 Water AR \$ 31-60 days ■ 2020 Water AR \$ 31-60 days ■ Better/(Worse) ■ %

DOLLARS

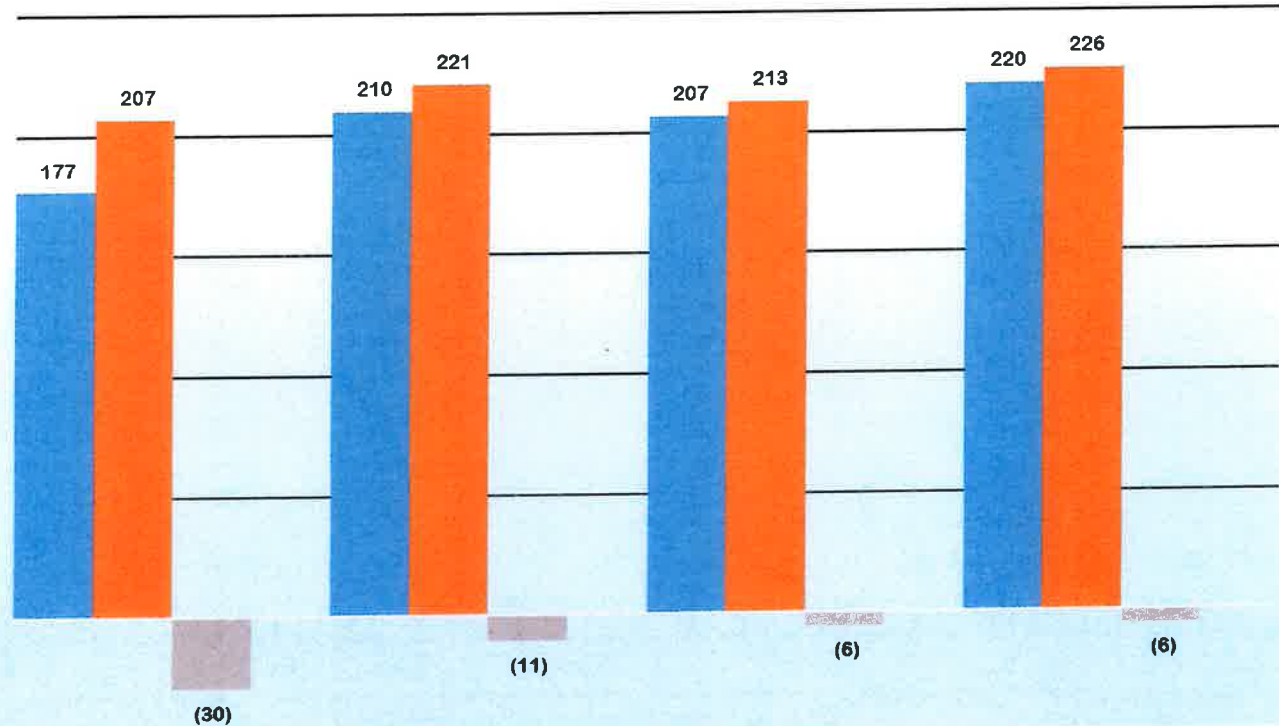


	Jan	Feb	Mar	Apr
■ 2019 Water AR \$ 31-60 days	\$42,662	\$28,114	\$31,217	\$29,985
■ 2020 Water AR \$ 31-60 days	\$21,724	\$23,881	\$20,725	\$26,368
■ Better/(Worse)	\$20,938	\$4,233	\$10,493	\$3,618
■ %	49.1%	15.1%	33.6%	12.1%

SPU ELECTRIC AGED RECEIVABLES > 120 DAYS: # OF ACCOUNTS

■ 2019 Electric AR # Accounts Over 120 days ■ 2020 Electric AR # Accounts Over 120 days

NUMBER OF ACCOUNTS

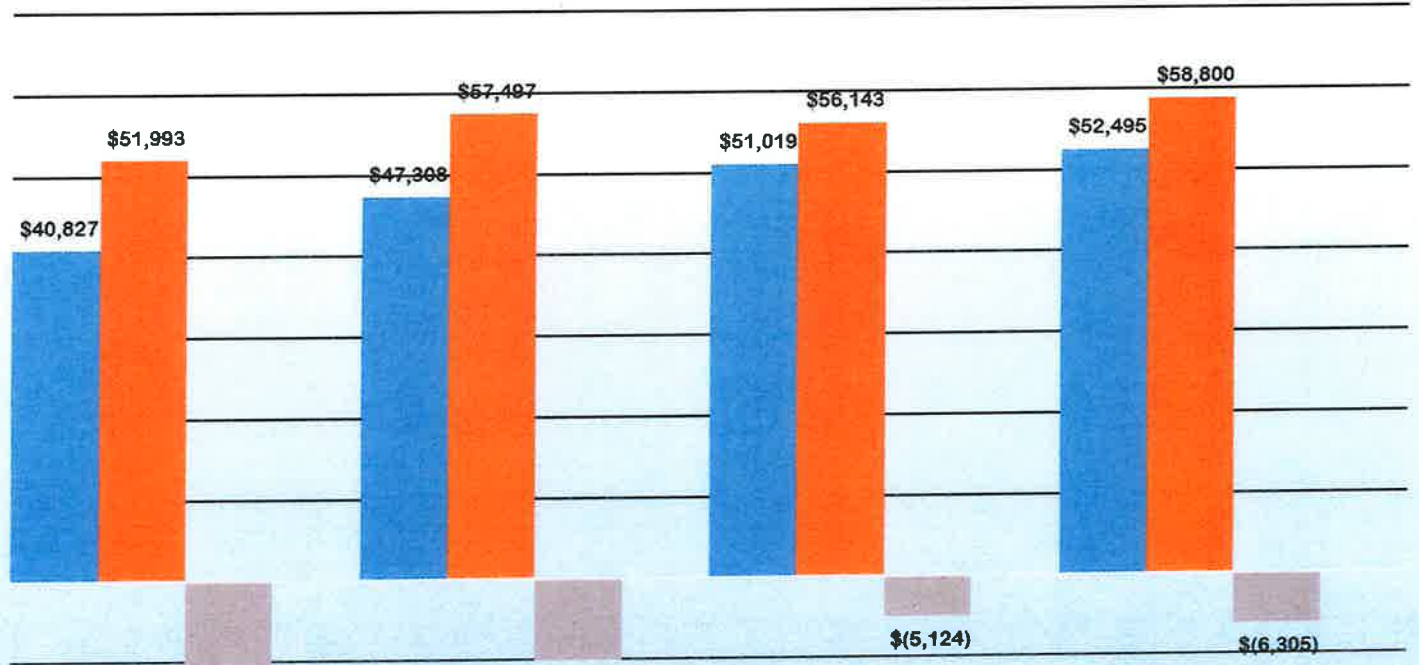


	Jan	Feb	Mar	Apr
■ 2019 Electric AR # Accounts Over 120 days	177	210	207	220
■ 2020 Electric AR # Accounts Over 120 days	207	221	213	226
± Better/(Worse)	(30)	(11)	(6)	(6)
■ %	-16.9%	-5.2%	-2.9%	-2.7%

SPU ELECTRIC AGED RECEIVABLES \$ >120 DAYS

■ 2019 Electric AR \$ Over 120 Days ■ 2020 Electric AR \$ Over 120 Days ■ Better/(Worse) ■ %

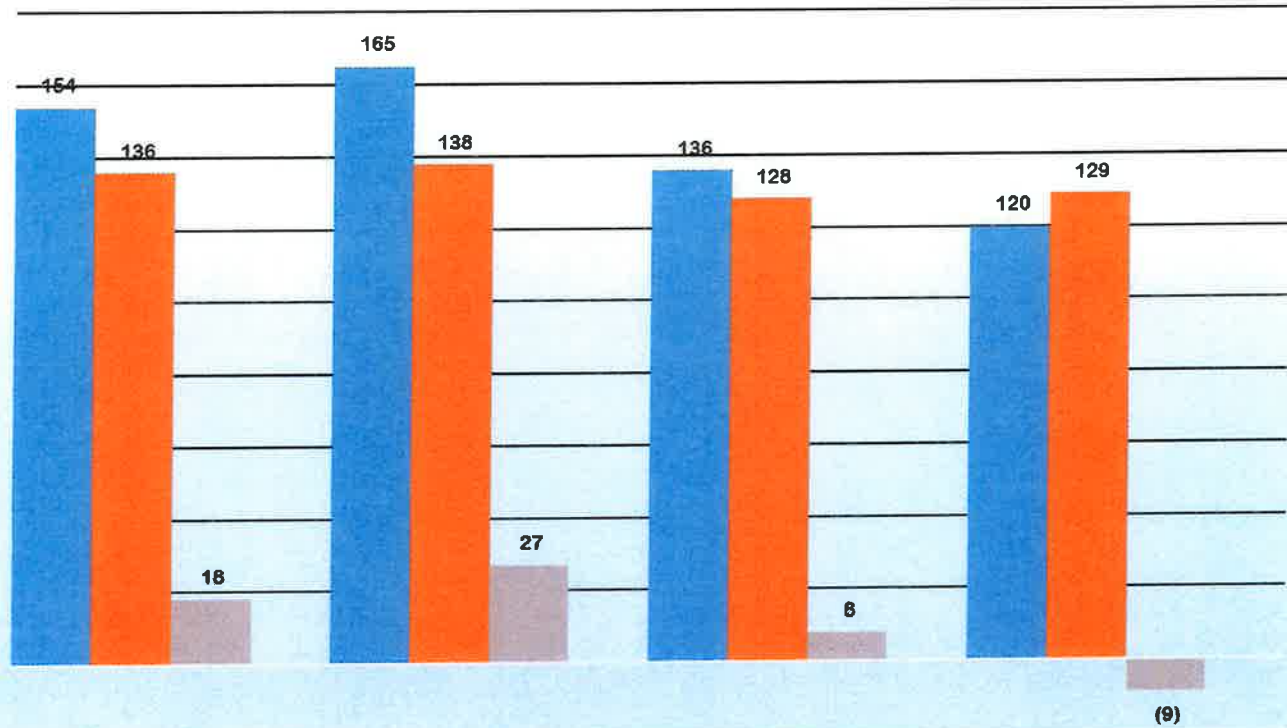
DOLLARS



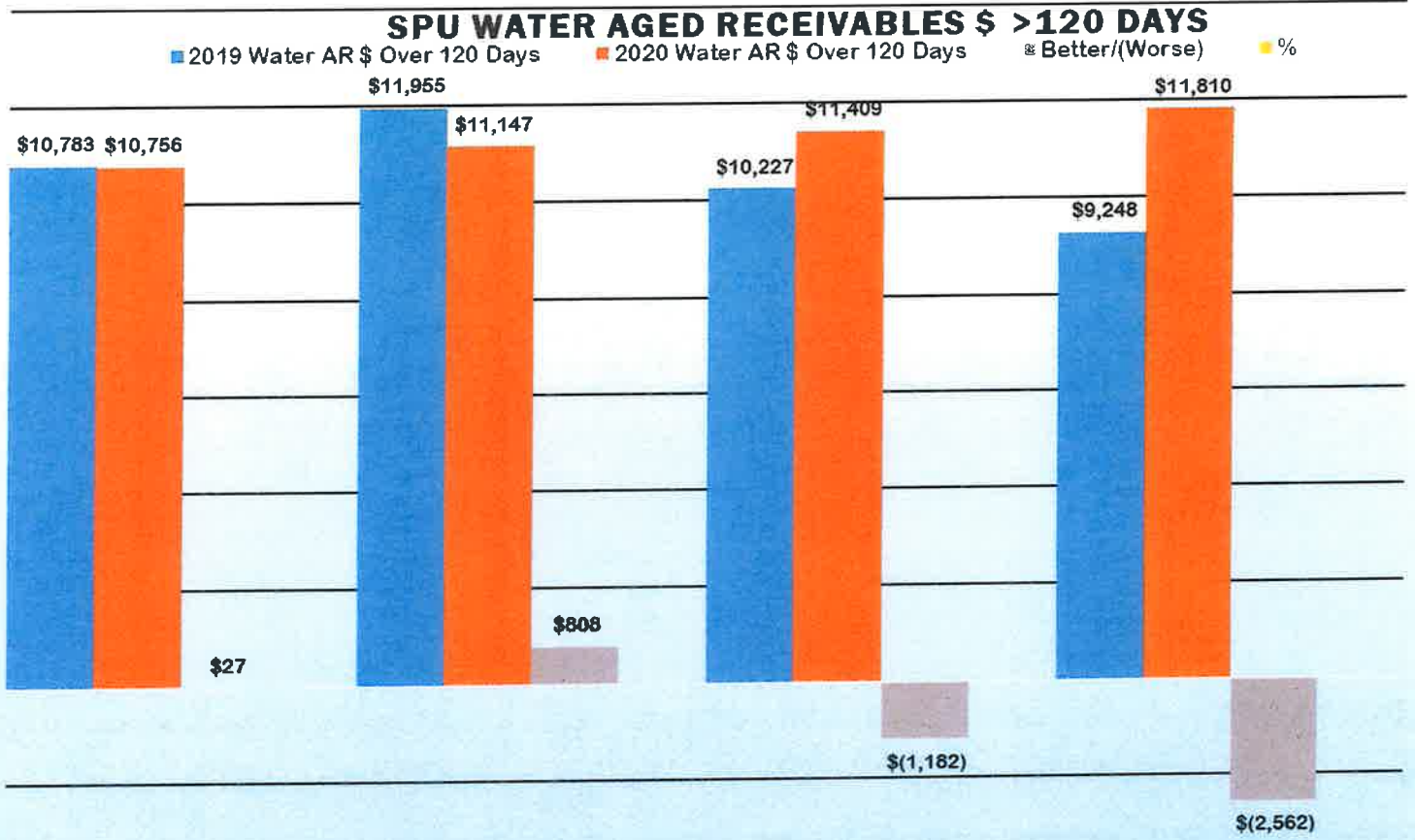
	Jan	Feb	Mar	Apr
■ 2019 Electric AR \$ Over 120 Days	\$40,827	\$47,308	\$51,019	\$52,495
■ 2020 Electric AR \$ Over 120 Days	\$51,993	\$57,497	\$56,143	\$58,800
■ Better/(Worse)	\$(11,166)	\$(10,189)	\$(5,124)	\$(6,305)
■ %	-27.3%	-21.5%	-10.0%	-12.0%

SPU WATER AGED RECEIVABLES > 120 DAYS: # OF ACCOUNTS
 ■ 2019 Water AR # Accounts Over 120 Days ■ 2020 Water AR # Accounts Over 120 Days ■ Better/(Worse) ■ %

NUMBER OF ACCOUNTS



	Jan	Feb	Mar	Apr
■ 2019 Water AR # Accounts Over 120 Days	154	165	136	120
■ 2020 Water AR # Accounts Over 120 Days	136	138	128	129
■ Better/(Worse)	18	27	8	(9)
■ %	11.7%	16.4%	5.9%	-7.5%



	Jan	Feb	Mar	Apr
■ 2019 Water AR \$ Over 120 Days	\$10,783	\$11,955	\$10,227	\$9,248
■ 2020 Water AR \$ Over 120 Days	\$10,756	\$11,147	\$11,409	\$11,810
■ Better/(Worse)	\$27	\$808	\$(1,182)	\$(2,562)
■ %	0.2%	6.8%	-11.6%	-27.7%

Shakopee Public Utilities

Accounts Receivable Aging Summary Report

As of 4/30/2020

Summary of Accounts

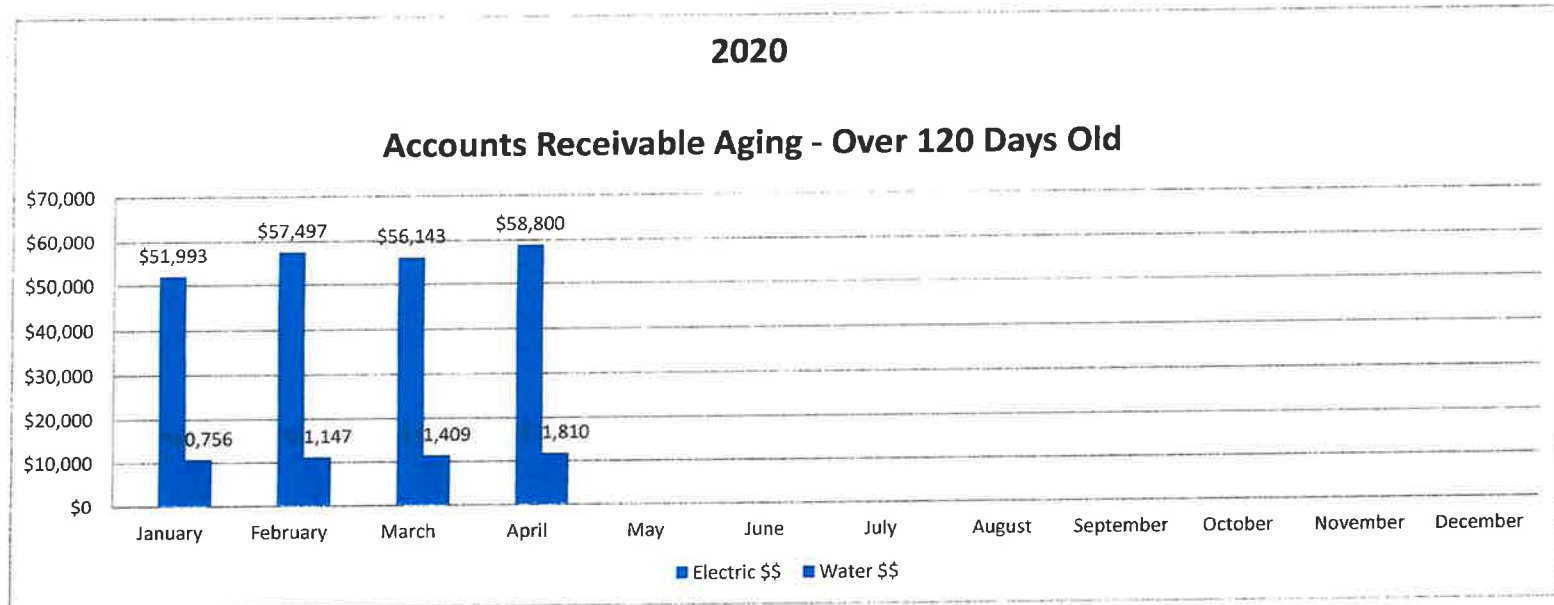
Service	1 to 30	31 to 60	61 to 90	91 to 120	Over 120	Total	General Ledger (GL)	Total - GL
Electric	\$3,221,413.13	\$190,314.77	\$54,967.53	\$16,996.52	\$58,800.20	\$3,542,492.15	\$3,542,492.15	\$0.00
Water	\$247,360.30	\$26,367.79	\$6,090.37	\$2,777.32	\$11,809.98	\$294,405.76	\$294,405.76	\$0.00
Sewer	\$274,971.38	\$26,875.08	\$9,842.90	\$6,074.65	\$15,676.92	\$333,440.93	\$333,440.93	\$0.00
Storm Drainage	\$103,422.73	\$6,813.19	\$1,600.22	\$576.66	\$1,804.43	\$114,217.23	\$114,217.23	\$0.00
Totals	\$3,847,167.54	\$250,370.83	\$72,501.02	\$26,425.15	\$88,091.53	\$4,284,556.07	\$4,284,556.07	\$0.00

Number Accounts with a Balance


Service	1 to 30	31 to 60	61 to 90	91 to 120	Over 120	Total
Electric	17,405	1,675	592	189	226	17,629
Water	11,149	895	292	119	129	11,244
Sewer	10,665	1,017	374	151	129	10,737
Storm Drainage	12,815	1,330	502	190	175	12,912
Totals	18,429	2,204	891	341	342	18,648

Accounts Receivable Aging Summary Report - 2020

<u>Over 120 days</u>	<u>Electric \$\$</u>	<u>Electric # of Accts</u>	<u>Water \$\$</u>	<u>Water # of Accts</u>	<u>Total \$\$ Electric & Water</u>	<u>Total # of accts Electric & Water</u>
January	\$ 51,993.20	207	\$ 10,755.94	136	\$ 62,749.14	343
February	\$ 57,496.81	221	\$ 11,146.63	138	\$ 68,643.44	359
March	\$ 56,142.85	213	\$ 11,408.58	128	\$ 67,551.43	341
April	\$ 58,800.20	226	\$ 11,809.98	129	\$ 70,610.18	355
May					\$ -	0
June					\$ -	0
July					\$ -	0
August					\$ -	0
September					\$ -	0
October					\$ -	0
November					\$ -	0
December					\$ -	0



**SHAKOPEE PUBLIC UTILITIES
MEMORANDUM**

TO: SHAKOPEE PUBLIC UTILITIES COMMISSION
FROM: JOHN R. CROOKS, UTILITIES MANAGER 
SUBJECT: GOVERNANCE HANDBOOK – PROPOSED CHANGES
DATE: MAY 15, 2020

Commissioner Brennan asked that the Governance Handbook that is provided to the Commission at the first meeting of April be reviewed and updated during the May 4, 2020 Commission meeting.

It was asked of the Commissioners to read, review and sign the acknowledgment page at the end of the Handbook at the April 6, 2020 meeting. To date, only Commissioner Amundson has done so.

Commissioner Brennan also requested the position of Commission Secretary be added and to update the description of the Commission President.

Before continuing to make the requested changes, it is appropriate to seek further proposed changes to the Handbook. The last revision of the Handbook took place in 2018. It would be more efficient to make all proposed changes to the document at once. The Commission would then review all incorporated changes, offer further questions and comments, before bring the final updated SPU Governance Handbook for Commission acceptance and approval.



SPU Commission Secretary

The SPU Commission Secretary is responsible for the following:

- Keeping all records for the Commission on file and keeping an up-to-date list of all Commissioners, past and present
- Notifying Commissioners of their election to office or appointment to Committees
- Signing all minutes and certified acts of the Commission
- Maintaining the official documents of the organization
- Providing the Commissioners, a notice for each upcoming meeting
- Taking minutes at all Commission meetings, handling correspondence, preparing the agenda with the Commission President
- In the event of the absence of the President and Vice President, must call a meeting to order until the Commission elects by vote, a temporary President to officiate the meeting.



SHAKOPEE PUBLIC UTILITIES COMMISSION

“Lighting the Way - Yesterday, Today and Beyond”

GOVERNANCE HANDBOOK

**SHAKOPEE PUBLIC UTILITIES COMMISSION
255 SARAZIN STREET
SHAKOPEE, MN 55379**

TABLE OF CONTENTS

GOVERNANCE PRINCIPALS.....	3
ROLE OF THE SPUC BOARD	4
ROLE OF AN INDIVIDUAL SPUC COMMISSION MEMBER.....	5
ROLE OF THE SPUC PRESIDENT	6
ROLE OF THE SPUC VICE PRESIDENT.....	7
ROLE OF THE WAGE AND BENEFITS COMMITTEE	8
COMMISSION APPOINTMENT PROCESS, TERMS AND OFFICER ELECTIONS.....	9
CURRENT COMMISSIONERS AND THEIR TERMS	10

GOVERNANCE PRINCIPALS

1. The Commission governs SPUC with the best interests of all customers as its first priority in the spirit of the SPUC mission:

Shakopee Public Utilities delivers on a fundamental promise; to provide our customers with reliable electric and water service at affordable rates, as we have done for over 100 years.

2. The Commission shall govern SPUC for long term sustainability, reliability, safety, and regulatory compliance.
3. The Commission conducts its business according to the highest ethical, legal, and fiduciary standards.
4. The Commission treats all customers and staff with courtesy and respect.
5. Although independently governed from the City of Shakopee, SPUC is part of our local government and the Commission shall coordinate and collaborate with the City to promote improved value to our community and increase economies of scale.
6. The Commission understands that diversity of opinion is inevitable and shall respect the opinions and privacy of all other Commissioners, staff, and customers.
7. Regular meetings of the Commission shall be open and accessible to the public.
8. The Commission is responsible for the hiring and is ultimately accountable for the performance of the Utilities Manager. The Commission is responsible to ensure that the Utilities Manager implements Commission direction and policy to ensure long term sustainability, reliability, safety, and regulatory compliance.
9. The Commission governs the organization; the Commission does not manage it. Management of the organization is the role of the Utilities Manager and staff that serve in a management or supervisory role.
10. The Commission has officially adopted *Robert's Rules of Order Revised* as their rules of parliamentary procedure.
11. Meeting protocol: no sidebar discussions; no interruptions; state your concern; ensure you understand; don't take things personally; adhere to time limits; come prepared; ensure all are heard.

ROLE OF THE SPUC COMMISSION

1. The Commission engages in ongoing planning activities as necessary to determine the mission and strategic direction of SPUC, to define specific goals and objectives related to the mission, and to evaluate the success of the organization's efforts toward achieving the mission.
2. The Commission approves the policies for the effective, efficient, and cost-effective operation of SPUC.
3. The Commission approves SPUC's annual budget and assesses the organization's financial performance in relation to the budget on a regular basis.
4. The Commission hires, sets the compensation for, and provides for an annual evaluation of the performance of the Utilities Manager.
5. The Commission establishes and evaluates compensation for employees to ensure value to the customers and competitiveness within appropriate markets.
6. The Commission approves written policies governing the work and actions of SPUC's employees and committees.
7. The Commission ensures that an internal review of SPUC's compliance with known existing legal, regulatory, and financial reporting requirements is conducted annually and that a summary of the results of the review is provided to the entire Commission.
8. The Commission develops, monitors, and strengthens SPUC's services.
9. The Commission assesses the Commission's performance.

ROLE OF AN INDIVIDUAL SPUC COMMISSIONER

1. The authority of an individual Commissioner resides in the ability to vote. Each Commissioner is entitled to cast one vote for every action item unless prohibited by law, ordinance, or policy (for example, conflicts of interest).
2. Make every effort to attend all SPUC Commission meetings. Review the agenda and supporting materials prior to Commission meetings.
3. Stay informed about SPUC's mission, services, policies, and programs. Participate in SPUC events, programs, and services as often as possible. Inform others about SPUC and its programs and services. Be stewards for municipal public power and water.
4. Endeavor to keep up-to-date on developments in the industry and provide the benefit of that knowledge and insight in Commission discussions and deliberations.
5. Assist the Commission in carrying out its fiduciary responsibilities by reviewing the organization's interim and annual financial statements.
6. Be actively involved in Commission discussions, express one's opinion, and make an effort to see an issue from the perspective of others who may have other views of the issue.
7. Endeavor to make decisions based upon the common interests of all customers rather than the interests of the particular organization or individual customer. Serve the organization as a whole rather than any particular interest group or constituency.
8. Serve on Committees as required and offer to take on special assignments when appropriate.
9. Seek feedback from customers regarding SPUC's priorities, activities, programs, and services.
10. Avoid conflicts of interest and maintain confidentiality of information when appropriate.
11. Refrain from attempting to direct the activities of staff or making special requests of the staff.
12. Adhere to the SPUC Social Media Policy, as adopted. A copy of the adopted Policy is attached at the end of this Handbook.

ROLE OF THE SPUC PRESIDENT

1. Ensure that the Commission and individual Commissioners fulfill their responsibilities for the governance of SPUC and adhere to the Commission's Governance Principles.
2. Ensure that Commission actions are effectively communicated.
3. Serve as a lead spokesperson for the Commission and serve as appropriate as the organization's representative to government, media, other industry organizations, and the Utilities public.
4. Support the efforts of the Utilities Manager to achieve SPUC's mission.
5. Facilitate an annual review of the Utilities Manager's performance and compensation.
6. Facilitate productive and mutually respectful relationships among the Commission, staff, customers, and the City.
7. Chair meetings of the Commission, ensuring that the Commission functions effectively and fulfills all of its duties. Encourage all commissioners to participate in discussion and ensure that all points of view are fully expressed before a vote is taken. Work with the Utilities Manager regarding development of the agenda for Commission meetings.
8. Appoint the Wage and Benefits Committee and report to the Commission on Wage and Benefits Committee activities and recommendations.
9. Appoint other Committees as deemed. Those Committees may consist of, but are not limited to, the following; SPU Director Interview Committee, City Council SPU Commissioner Interview Committee, Utilities Manager's Hiring Committee, etc...
10. Ensure that appropriate processes are in place to review and evaluate the mission, direction, strategy, and performance of the organization.
11. Fulfill such other roles as the President and Utilities Manager agree are appropriate and desirable for the President to perform, consistent with Commission policy or directions.

ROLE OF THE SPUC VICE PRESIDENT

1. Fulfill any delegable roles and responsibilities of the President as requested by the President.
2. Act as President in the absence of the President.
3. Assume the office of President if the President leaves office prior to the expiration of the President's term of office.
4. Commit significant effort to becoming familiar with SPUC programs, services, and activities in preparation for fulfilling the duties of SPUC President if required.
5. Fulfill all roles and responsibilities established for individual Commissioners in an exemplary manner.
6. Be willing to serve in a leadership role in SPUC and serve as a spokesperson for the organization.

ROLE OF THE WAGE AND BENEFITS COMMITTEE

The Wage and Benefits Committee exists to help the Commission develop and maintain a pay plan structure and benefits package that are market competitive, promotes employee retention, *and* provides value to the customers through fair labor costs. The Committee shall be comprised of the two appointed Commissioners, the Utilities Manager, and the Finance Director.

Specific duties of the Committee shall include:

1. At the request of the Commission, research and analyze topics related to employee compensation and benefits.
2. Annually perform market benchmarking and evaluate wages. The Committee shall present options and make recommendations regarding cost of living adjustments and pay plan structure modifications to the Commission for their consideration.
3. Review health and dental insurance policies and evaluate policy renewals. The Committee shall present options and make recommendations regarding insurance policies to the Commission for their consideration.
4. Review submittal information pertaining to pay equity compliance requirements and present options and make recommendations to the Commission as appropriate.

COMMISSION APPOINTMENT PROCESS, TERMS AND OFFICERS

The City of Shakopee City Council is responsible for the appointment of Commissioners to the SPUC Board. Persons interested in being considered for appointment to the SPUC Commission shall complete an *"Application For Council Advisory Board and/or Commissions"* form furnished by the City.

1. Ninety days prior to the expiration of Commission terms each year, the Council shall be advised of the pending vacancies and those individuals eligible for reappointment.
2. Thirty days prior to the expiration of Commission terms, a committee comprised of two Council members and the Vice-President of the SPUC Commission will meet to review all applications and interview applicants.
3. The Committee shall recommend all qualified candidates per position to the Council for consideration.
4. Pursuant to City of Shakopee Resolution 2559, appointments to Shakopee Public Utilities shall be made in January and shall become effective April 1st.
5. A Commission term of service is for 3 years. A Commissioner is eligible and encouraged to serve three consecutive three year terms. If a Commissioner was appointed to serve a remainder of an open term, after April 1st, the appointment period will not affect the maximum service term of three consecutive three year terms.
6. At the first meeting in April the election of officers will take place, if officer terms are expiring. The officers are the Commission President, Vice-President and the Secretary. Each office has a term of one year.
7. At the first meeting in April, the appointment of a MMPA Representative and Alternant is to take place. The MMPA Representative is a voting member of the MMPA Board of Directors and is to attend monthly Board meetings. The MMPA Alternant also may attend the MMPA Board meeting but is not eligible to vote. The term of service for the Representative and alternant is one year.

COMMISSIONERS

Deb Amundson – Vice President

Mathew Meyer

Kathi Mocol

Jody Brennan

Kayden Fox

		Non-Public E-Mail	
EMail	Amundson	damundson@shakopeeutilities.com	damund1281@hotmail.com
	Meyer	mmeyer@shakopeeutilities.com	mathew@mathewmmeyer.com
	Mocol	kmocol@shakopeeutilities.com	kathimocol@icloud.com
	Brennan		
	Fox		

		Non-Public Phone #	
Phone	Amundson	952-445-7091	612-810-6678
	Meyer	952-233-1087	612-741-4732
	Mocol	612-716-0375	
	Brennan		
	Fox		

Address	Amundson	1281 Jefferson Street South
	Meyer	437 4 th Avenue East
	Mocol	7636 Oak Ridge Trail
	Brennan	
	Fox	

Terms	Amundson	4/1/15 - 3/31/21
	Meyer	4/1/18 - 3/31/21
	Mocol	4/1/19 - 3/31/22
	Brennan	4/1/20 - 3/31/23
	Fox	4/1/20 - 3/31/23

Effective 4/1/20

SHAKOPEE PUBLIC UTILITIES COMMISSION

COMMISSIONER ACKNOWLEDGEMENT

I hereby acknowledge that I have received a copy of the Shakopee Public Utilities Commission Governance Handbook. I understand that the contents of this Handbook are for general information and guidance and it does not constitute a contract between myself and the Shakopee Public Utilities Commission.

I understand it is my responsibility to read and understand the contents of this Governance Handbook. If I do not understand any provision of the Handbook, I shall contact the Utilities Manager for clarification.

I understand that no person other than the Utilities Manager, as directed by the Shakopee Public Utilities Commission, has the authority to change any policy, rule or procedure as stated in the Governance Handbook.

Commissioner Signature _____

Print Name _____ Date _____

NOTE: Commissioners will be required to acknowledge receipt of the Governance Handbook by signing this acknowledgement.

This copy is to remain in the Handbook

**SHAKOPEE PUBLIC UTILITIES
MEMORANDUM**

TO: SHAKOPEE PUBLIC UTILITIES COMMISSION

FROM: JOHN R. CROOKS, UTILITIES MANAGER

SUBJECT: SPU BYLAWS QUESTION

DATE: MAY 14, 2020

The issue of whether or not the Shakopee Public Utilities Commission has bylaws has been asked by both Commissioners Brennan and Mocol. Initial response by Staff had been there were no bylaws in place, but rather Resolutions in place that adopt rules.

I had SPU legal counsel research the issue and have attached her response.



Crooks, John

From: Kathleen M. Brennan <KMB@mcgrannshea.com>
Sent: Friday, May 8, 2020 1:28 PM
To: Crooks, John
Subject: RE: Question on By-Laws

John,

You asked me to research whether a municipal utilities commission is required to adopt bylaws. The short answer is that a commission must adopt rules for its proceedings, but there is no statutory requirement for bylaws. Minnesota Statutes, Section 312.341, subd. 2 states that “[t]he commission shall adopt rules for its own proceedings which shall provide among other things for at least one regular meeting by the commission each month.” There is no express requirement to adopt bylaws, but a commission must adopt t rules for its proceedings. The statute does not specify the form of the rules. It appears that the rules may take the form of bylaws, policies, or other governing principles. The commission has discretion in the nature of the rules to govern its own proceedings.

Please let me know if you have any additional questions.

Thank you,
Kaela

Kaela Brennan
Attorney
McGrann Shea Carnival
Straughn & Lamb, Chartered
800 Nicollet Mall, suite 2600
Minneapolis, MN 55402-7035
Tel: 612-338-2525
Fax: 612-339-2386
kmb@mcgrannshea.com

From: Crooks, John <jcrooks@shakopeeutilities.com>
Sent: Thursday, May 7, 2020 1:43 PM
To: Kathleen M. Brennan <KMB@mcgrannshea.com>
Subject: RE: Question on By-Laws

Kaela,

Thank you. Tomorrow will be fine.

John

From: Kathleen M. Brennan <KMB@mcgrannshea.com>
Sent: Thursday, May 7, 2020 1:27 PM
To: Crooks, John <jcrooks@shakopeeutilities.com>
Subject: RE: Question on By-Laws

John,
Yes, I'm happy to follow up on this. If I respond by tomorrow, will that give you enough time?