



**MINNETONKA
PUBLIC SCHOOLS**

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2022



Minnetonka
Independent School District #276
Minnetonka, Minnesota

minnetonkaschools.org/finances
952.401.5000

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT OF
MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
YEAR ENDED JUNE 30, 2022**

**PREPARED BY THE
BUSINESS SERVICES DEPARTMENT**

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MINNETONKA, MINNESOTA

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MINNETONKA PUBLIC SCHOOLS
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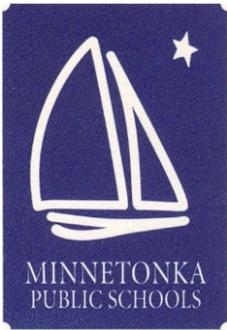
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INTRODUCTORY SECTION



Minnetonka Public Schools
5621 County Road 101
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(952) 401-5000
(952) 401-5032 fax

November 28, 2022

SERVING THE

COMMUNITIES OF:

MINNETONKA

CHANHASSEN

DEEPHAVEN

EDEN PRAIRIE

EXCELSIOR

GREENWOOD

SHOREWOOD

TONKA BAY

VICTORIA

WOODLAND

To: Citizens of the District
School Board
Employees of the District

PREFACE

The Annual Comprehensive Financial Report of Minnetonka Independent School District No. 276 (District) is submitted for the fiscal year (FY) ended June 30, 2022. The District Administration accepts full responsibility for the accuracy, completeness, and fairness in presentation of the enclosed financial reports. The report includes all funds of the District reported in compliance with Generally Accepted Accounting Principles (GAAP).

Minnetonka Independent School District No. 276, also known as Minnetonka Public Schools, is a public corporation of the state of Minnesota per Minnesota Statute #123A-55 established to function as an educational institution. The elected School Board is responsible for legislative and fiscal control of the Minnetonka School District. A Superintendent is appointed by the Board and is responsible for administrative control of the District. There are no other entities for which the District is considered financially accountable.

The Annual Comprehensive Financial Report is presented in three primary sections as follows:

- Introductory Section
- Financial Section
- Statistical Section

The introduction includes a list of principal officials, an organizational chart, and this transmittal letter. The financial section includes the independent auditors' report, management's discussion and analysis (MD&A), basic financial statements, individual fund statements, and related schedules. The statistical section includes selected financial and demographic information generally presented on a multiyear comparative basis.

Management is required to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A of the District can be found immediately following the report of the independent auditors.

Governmental Accounting Standards (GASB) established five broad objectives which are used to organize the Statistical Section: 1) Financial trends; 2) Revenue capacity; 3) Debt capacity 4) Demographics and economics; and 5) Operations.

DISTRICT OPERATIONS

The District is required to undergo an annual audit of its Federal Financial Assistance (Single Audit) in accordance with *Government Auditing Standards*, as issued by the Comptroller General of The United States, and the provisions of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Information related to the Single Audit is issued separately and is not included in this report.

Since its inception in 1952, the Minnetonka School District has been preparing students to be thoughtful, contributing members of society. During that time, our district has deservedly earned a reputation for excellent teaching, exceptional student achievement, and outstanding fiscal management.

Ensuring that this legacy of success continues is the primary responsibility of the School Board as elected officials. Toward that end, during the 2002-2003 school year, the School Board commissioned significant planning efforts, including articulating their Vision for our schools. The Vision, Strategic Plan, and Accountability Plan adopted in August 2003 and amended in June 2006 and June 2009 has propelled Minnetonka schools to become a world-class public school system.

In articulating their vision, the School Board acknowledged the significant contributions of students, teachers, administrators, support staff, past school board members, parents, and other community members who built Minnetonka's first half-century of success. To review the Board's Vision in its entirety, please visit the District web page at www.minnetonkaschools.org/district/about/mission or call 952-401-5004 to request a copy be mailed.

Mission

A Statement of our Highest Aspirations

The mission of the Minnetonka School District, a community that transcends traditional definitions of excellence and where dreams set sail, is to ensure all students envision and pursue their highest aspirations while serving the greater good, through learning and teaching which—

- Value and nurture each individual,
- Inspire in everyone a passion to excel with confidence and hope, and
- Instill expectations that stimulate extraordinary achievement in the classroom and in life.

We, in the Minnetonka Public Schools, take the responsibility captured in our mission statement very seriously. In order to provide students and their families with the best education possible, we must continually anticipate, assess, and improve the programs and services we provide. It is a never-ending process of innovation. While focusing on student learning, we must set high and rigorous standards and always think and act creatively.

Our Objectives

Objectives are an expression of the desired measurable, observable, or demonstrable results for the organization. For a school district, objectives are restricted to student success, performance, and/or achievement.

- All students will meet or exceed District academic standards.
- All students will achieve according to their individual potential.
- All students will continually achieve their stated aspirations.
- All students will possess an enlightened view of themselves, others, and the world.

ORGANIZATIONAL INFORMATION

Highlights: Student Academic Achievements 2021-22

- Students thrive in Minnetonka Schools. The average student performs above grade level. At third grade, our average student performs at the middle of fifth grade in reading and early sixth grade in math. By fifth grade, our average student performs beyond the eleventh grade level in reading and math – six grade levels ahead of national norms based on NWEA measures of success.
- The Minnetonka High School (MHS) Class of 2022 posted an outstanding average ACT composite score of 26.1. The top 100 Minnetonka students earned an average score of 34.3; top 200, 32.6; and top 400, 29.6. Fourteen students earned a top score of 36 on the ACT exam (see Figure 1 for state, national and Minnetonka comparative data from 2020-21).
- Minnetonka High School graduated 848 students on June 6, 2022 (99 percent of the Class of 2022 graduated).
- This class included 238 students who graduated Summa Cum Laude with a 4.0 or higher GPA; Magna Cum Laude, 64; Cum Laude, 85.
- Based on student self-reporting, 86 percent of Class of 2022 graduates were college-bound. Seniors submitted 4,274 total applications to 519 colleges and universities. These students earned 2,562 acceptances from 368 institutions – and enrolled in 210 institutions.
- In fall 2021, 32 Minnetonka High School students from the Class of 2022 were named National Merit Semifinalists and 38 were named National Merit Commended scholars.
- 82 percent of students in the class of 2022 took at least one AP or IB course during high school.
- The College Board named 665 Advanced Placement (AP) Scholars from MHS for outstanding performance on AP exams.
- In spring 2022, 1,606 students took 2,942 AP exams with an 78.6% passing rate (score of 3 or higher). For the graduating classes of 2021-2024, 10 students have earned National AP Scholar honors*; 271 are AP Scholars with Distinction; 144 are AP Scholars with Honor; and 256 are AP Scholars.
 - *The College Board has discontinued the National AP Scholar designation starting in the 2020-21 school year; the students recognized as National AP Scholars earned the distinction prior to 2020-21.
- Tonka Online expanded to serve students K-12 as a fulltime program, in addition to its supplemental opportunities at the high school level. High school offerings include more than 50 courses, from computer science courses and AP U.S. Government and Politics to world language courses.
- Enrollment in the International Baccalaureate (IB) Diploma Programme is strong. In 2022, 59 MHS students earned the IB Diploma, which includes an extended essay, completion of the Creativity, Activity, Service component and passage of IB exams in each subject area. Of those, 30 earned an IB Bilingual Diploma in Chinese, Spanish or French. 736 students enrolled in at least one IB course during the 2021-22 school year. 1,379 IB scores were awarded, 95% of which were a 4 or higher.

ORGANIZATIONAL INFORMATION (CONTINUED)

Highlights: Student Academic Achievements 2021-22 (Continued)

- Offering both Spanish and Chinese, Minnetonka School District's Language Immersion Program is the state's premier program. More than 50 percent of Minnetonka parents choose language immersion for their students beginning in Kindergarten. The fourth graduating class of Immersion students, who enrolled as kindergarteners, graduated in 2022. 136 students pursued language immersion courses through grade 12.
- Members of the Class of 2022 earned 59 Minnesota World Language Proficiency Certificates, 107 Gold Bilingual Seals, 177 Platinum Bilingual Seals and 5 multilingual seals.
- Minnetonka High School's VANTAGE: Minnetonka Advanced Professional Studies program continues to grow, with a new strand in Education approved to launch in 2022-23. Enrollment has increased from 40 students in 2013-14 to over 500 for 2022-23.
- 57 students enrolled in Minnetonka Research (opened fall 2016), which gives students the opportunity to conduct authentic research based on their own questions and interests. Students are under the direction of a high school science teacher with further guidance from mentor-experts from around the world. Many students took advantage of the opportunity to compete in regional, state and national science fairs in 2022. Three students advanced to the Regeneron International Science and Engineering Fair (ISEF).
- Minnetonka High School is a certified Project Lead the Way (PLTW) Engineering program school. Enrollment continues to grow. In spring 2022, 88 percent of Minnetonka students in the program earned college credit.
- In the Continental Math League national-level competition, 3,289 students participated in meets. Grade 7 and 8 placed first, grades 4, 5 and 6 tied for second place, and grade 2 placed third and grade 3 placed fifth. In computer science, middle school (grades 6-8) placed first and elementary (grades 3-5) placed second.
- The MHS DECA Team sent 95 students to the state competition and 32 to the International Career Development Conference.
- Katriana Trinh '23 and Saloni Somia '23 were named a State Winner for the Minnesota Aspirations in Computing awards, a program of the National Center for Women and Information Technology.
- Placing third at the state tournament and third in state this season, the MHS math team earned its highest ranking in 15 years.
- Five Minnetonka Destination Imagination teams qualified for the state tournament, and one went on to qualify for the global competition
- National Scholastic Art Awards: 2 Gold Key winners, 10 Silver Key winners, 14 Honorable Mentions.
- National Scholastic Writing Awards: 1 Gold Key winner, 3 Silver Key winners, 5 Honorable Mentions.
- A 2022 Minnetonka parent survey found that 96 percent of District parents rate the quality of education in Minnetonka Schools as excellent or good.

ORGANIZATIONAL INFORMATION (CONTINUED)

Highlights: Student Academic Achievements 2021-22 (Continued)

Figure 1. Comparative ACT Data for Minnetonka, the state of Minnesota and the U.S.

2019-2020 ACT Results	Number of Students	English	Math	Reading	Science	Composite
Minnetonka	587	25.6	25.5	27.4	26.3	26.3
Minnesota	41,924	20.2	21.5	22.8	22.0	21.6
National	1,295,349	19.6	19.9	20.9	20.4	20.3
Minnetonka Top 100	100					33.9

*most recent data available © 2022 by ACT, Inc. All rights reserved. www.act.org/research

Strong Community Support

The well-educated population strongly supports local education through parent teacher organizations and a thriving volunteer network.

Community support is also exemplified by the November 3, 2015 special election when District voters approved a unique two-step operating referendum levy increase of \$4.0 million in 2016, inflation increases in that amount for two years, followed by another \$4.0 million increase in 2019, with inflation increases through 2025. This 10-year increase in operating funds was approved by 72% of the voters. In that special election, the voters of the district also approve a 10-year extension of a \$5.3 million annual levy for technology in the District to run from 2016 through 2025.

Community support is the foundation for the District's continued ability to provide a quality education for the young people of our community.

ECONOMIC CONDITION AND OUTLOOK OF THE LOCAL ECONOMY

District educational facilities consist of 10 E-12 educational buildings originally constructed from 1929 to 1967, meaning the newest building completed its 56th year of use in FY2022. Each building has had numerous additions over the years. In spite of the age of the facilities, all school buildings are maintained in a state of good repair, with building components modernized and updated on a systematic basis through the district's Long-Term Facilities Maintenance Plan. Because of this continual renewal, all educational facilities should be able to effectively serve the district for a minimum of 50-60 additional years. The District also owns two approximately 9,000 square foot education centers constructed originally in 1997 and 2001, purchased in 2016 and 2020, and converted to education facilities to meet additional incremental programmatic space needs. The District also owns its own ice arena. The total district square footage, including one administrative building, a technology support building, and various small support buildings on the athletic fields at the high school campus, is 1,832,944. In June of 2022, the District broke ground on the 36,400 square foot VANTAGE MOMENTUM Building, which will house programs currently in several disparate spaces under one roof when it opens for use in January 2024. This building inclusive of land acquisition, design, permitting, construction and equipping will have a total project cost of \$18,810,000, with the full cost of the project funded out of District funding resources. This makes the VANTAGE MOMENTUM Building unique in that new construction of complete school buildings is usually funded via a school district running a building bond referendum to get voter approval for an associated property tax increase. In this instance, the new building is being funded out of existing district resources and revenue streams, and as such will not generate a property tax increase

ENROLLMENT

Enrollment is a critical factor in Minnesota School funding formulas with approximately 82% of General Fund Operating revenue based on enrollment. The following chart shows that the total number of students in FY 2022 increased by 173 students from FY 2021.

**Figure #2
Five-Year Enrollment Trend
Average Daily Membership (ADM)**

Grade	17-18	18-19	19-20	20-21	21-22
Kdgt.	833	936	924	865	880
1-3	2,458	2,439	2,483	2,464	2,504
4-6	2,507	2,517	2,518	2,538	2,552
7-12	4,931	4,991	5,121	5,144	5,238
Total K-12	10,729	10,884	11,046	11,011	11,174
DEC/ECSE	45	43	42	39	49
Total Budget ADM	10,774	10,927	11,088	11,050	11,223
ADM Change	253	153	161	(38)	173
Percent Change	2.4%	1.4%	1.5%	-0.3%	1.6%
Pupil Units	11,760	11,925	12,112	12,079	12,271
WADM Change	292	165	187	(33)	192
Percent Change	2.5%	1.4%	1.6%	-0.3%	1.6%

In FY2022, resident pupil enrollment decreased by 30 resident students compared to FY2021. The number of students from neighboring districts electing to enroll in Minnetonka Public Schools under the state’s open enrollment program increased by 203. The District educational programs continue to be attractive to students from other communities. Nonresident students attending Minnetonka has increased from 3,404 in FY2018 to 4,015 in FY2022. Resident enrollment has remained stable, averaging 7,314 over that same time period. This is reflective of a mature community with nearly all residential lots built out.

**Figure #3
Five-Year Open Enrollment Trend**

ADM	17-18	18-19	19-20	20-21	21-22
In	3,404	3,575	3,684	3,812	4,015
Out	252	232	251	256	238
Difference	3,152	3,343	3,433	3,556	3,777
Total Enrollment	10,774	10,927	11,088	11,050	11,223
Percent	29.3%	30.6%	31.0%	32.2%	33.7%
Resident Enrollment	7,370	7,352	7,404	7,238	7,208
Resident %	68.4%	67.3%	66.8%	65.5%	64.2%

MINNETONKA SCHOOLS WELCOME ACCOUNTABILITY

Minnetonka residents are encouraged to look closely at Minnetonka School District’s performance. Minnetonka students perform exceedingly well, and the financial management of our school district is among the top in the State. We welcome the opportunity to be fully accountable to our community.

- In 2010, Moody’s Investor Service upgraded the District’s bond rating to Aaa, the highest rating on a 23-step scale. The rating is reviewed with each new bond issues. The District has been able to maintain that rating over the years. Only 90 school districts of almost 13,600 in the country, less than 7/10 of 1% carry a bond rating this high. The District bond rating is also higher than that of 37 states. This high bond rating allows the district to borrow money at relatively low rates.
- Student performance on state tests is consistently among the top in the State.
- Citizen’s Finance & Audit Advisory Committee meets 9 to 11 times per year to review district financial records and make recommendations to the School Board.
- Recognized for Excellence in Financial Reporting twenty-seven consecutive years beginning with the 94-95 Annual Comprehensive Financial Reports. The Annual Comprehensive Financial Report is available to the public and posted to the District website annually. The Annual Budget is also posted to the District website.
- Fund Balance Policy: The policy commits the District to maintain a minimum unassigned fund balance of 6% of annual operating budget for emergency purposes. The 6% fund balance is roughly enough to operate the school district for three weeks if state revenue payments are ever interrupted.

In FY2021, based on Minnesota Department of Education Financial Profile Reports, (most recent comparable data available), the District ranked 117 among 331 Minnesota public school districts in operating expenditures on a per pupil basis. Local operating referendum dollars allow for expenditures approaching the state average. Absent that local support, Minnetonka Public Schools would be much lower in the ranking.

Figure #4
COMPARISON OF MINNETONKA 20-21 SPENDING
WITH OTHER DISTRICTS
 (Source: State Auditor Financial Trends 2016 to 2021)

	2015-2016 Per-Pupil Costs *	2020-2021 Per-Pupil Costs *	Dollar Change Percent Change
State Average	\$11,279	\$13,266	\$1,987 17.62%
Minnetonka	\$10,753	\$13,407	\$2,654 24.68%
Variance: State to Minnetonka	(\$526) -4.66%	\$141 1.06%	\$667

* Excludes food service costs, community education, debt service, and capital expenditures.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

The District complies with the Uniform Financial Accounting and Reporting Standards (UFARS) for Minnesota Schools. UFARS, established in 1976, dictates a modified accrual basis of accounting. Subsequent to the June 30 year-end, audited annual financial information must be provided to the State Department of Education no later than November 30.

The District has established a system of internal controls that provide reasonable assurance that assets are safeguarded from misuse or losses. Reasonable assurance means the cost of internal control is weighed against the benefits received. Encumbrances, or open purchase orders, are used as a budgetary control tool and are charged against line-item budgets when issued. Specific expenditure, revenue and detail transaction reports are available through the District's financial software system at all sites for individuals with budget responsibilities and can be printed in hard copy at all sites if needed.

To accurately track and report financial activities with a focus on site-based accounting, approximately 34,000 accounts have been defined in the District's chart of accounts. The District has also developed a system of Cost Center Accounting to track expenditures in a more detailed level than the minimum detail required by UFARS.

BUDGET INFORMATION

The District's budget and financial management practices are evidenced by the following District policies:

Fund Balance Policy: Requires the District to maintain a minimum General Fund Unassigned balance of 6% of budgeted expenditures.

Budget Administration Policy: This policy establishes lines of authority and procedures for the establishment of the school district's revenue and expenditure budgets. Budget planning is an integral part of program planning so that the annual budget will effectively express and implement school board goals and the priorities of the school district.

The District's budget process is initially based on development of a budget projection model to accurately predict resources and expenditures over a multiple-year period. The budget projection is used to create the preliminary budget. The preliminary budget determines if action must be taken by the administration and Board to contain costs prior to setting the actual budget. As a result, the budget adopted in June is based upon actions taken by the School Board and administration during the budget planning process establishing program priorities and making budget adjustments. The board resolution adopting the budget includes a provision directing the administration to update the budget to reflect board decisions made subsequent to the start of the fiscal year. The budget is revised in January to reflect actual staff hiring and other dynamics, such as employee contract settlements, or legislative changes, that have taken place subsequent to approval of the budget in June.

Budgetary control regarding the level of staffing, compensation of employees, major capital expenditures, and budgetary adjustments is maintained at the District Administration level. Budgets for the support of day-to-day operations for various supplies and smaller equipment are maintained at each school site and department within the District. Budget managers are assigned responsibility for managing accounts in the cost centers that reside in their areas of responsibility. The legal level of budgetary control is at the fund level. Budget managers must obtain approval from the Superintendent for any budget increase at the cost center level. The Superintendent can make budget amendments within each fund as necessary. Budget amendments at the fund level require School Board approval.

BUDGET INFORMATION (CONTINUED)

The results of operations for the District's General Fund Accounts for ongoing school site operations, administration, and extracurricular activities were impacted by the COVID-19 Pandemic, which lasted for all of FY2021 and continued through FY2022. Significant expenditures for personal protective equipment, air filtering equipment, sanitizing supplies, and additional staff to address student learning loss that occurred during on-line learning times in FY2021 were necessary. The General Fund Accounts produced an operating deficit of ongoing revenues over ongoing expenditures of (\$1,029,860) for FY2022. Inclusive of all capital costs, which included the financing of the \$2,725,000 a second tranche of bonds for the MOMENTUM addition to the Pagel Center, the financing of the VANTAGE MOMENTUM Building in the amount of \$7,000,000, and the transfer in of \$9,850,000 in excess assets from the Minnetonka ISD 276 OPEB Revocable Trust as a result of investment earning, the net fund balance of the District increased by \$18,410,559 in FY2022.

These results plus the results of all funds are discussed further in the accompanying Management Discussion & Analysis.

DEBT ADMINISTRATION

As of June 30, 2022, the District had approximately \$172.9 million of par value bonds outstanding. This amount equates to 11.17% of the statutory maximum allowable debt limit of \$1.55 billion established by Minnesota Statutes 475.53 at 15% of the estimated market value of all taxable property in the District.

The District has issued bonded debt primarily to bring the facilities of the District into a state of good repair. Approximately 57% of the District's facility square footage is 55 years old or older, requiring a measure of gradual rebuilding over the past 15 years to replace major facility components and ready the buildings for an additional 50-60 years of use. The District has also issued bonded debt as needed to provide additional classroom capacity as well as to provide purpose-built spaces for programmatic needs based on new curriculum development.

Resources for debt repayment are provided by property taxes and state aid revenues. School districts in Minnesota are required by statute to levy 105% of scheduled bonded debt payments to ensure sufficient resources are available to make scheduled bond payments even if there are property tax delinquencies.

Bonded debt financial management, including refunding and restructuring selected bonds as appropriate, is a key component of the overall District philosophy of affording capital improvements while keeping annual levies stable. The District constantly manages the status of all of its outstanding bond issues and seeks out refunding or restructuring opportunities by continually running simulations of potential transactions.

In FY2022, the District issued \$44,910,000 par value refunding General Obligation bonds and Certificates of Participation. The District also issued \$6,245,000 General Obligation bonds for long term facilities maintenance, \$2,725,000 par value Certificates of Participation to fund the construction of the MOMENTUM addition to the Pagel Center, and \$7,000,000 par value Certificates of Participation to fund the construction of the VANTAGE MOMENTUM building. More information on these bond issues is available in the Management Discussion & Analysis and Note 4 to the Financial Statements.

As capital needs of the District recede due to facilities having been brought to a state of good repair and sufficient capacity having been constructed to house enrollment and any specific program needs, the total par value of bonds outstanding will decline over the long term, absent any significant future building additions.

INDEPENDENT AUDIT AND CERTIFICATE OF EXCELLENCE

State statutes require an annual audit by independent certified public accountants. The accounting firm of CliftonLarsonAllen LLP was initially selected by the School Board to conduct the annual audit for fiscal year 1998-99.

This report has been prepared following the guidelines provided by the Association of School Business Officials International (ASBO) for their Certificate of Excellence in Financial Reporting Program. Achieving recognition by this program provides a clear indication of the District's high standards for financial reporting. The District intends to submit this report, its twenty-eighth Annual Comprehensive Financial Report, to the ASBO Certificate Program for consideration. The District has received the ASBO Certificate of Excellence in Financial Reporting twenty-seven consecutive years beginning with the 94-95 Annual Comprehensive Financial Reports.

ACKNOWLEDGMENTS

We acknowledge the efforts of the entire accounting staff in providing complete and accurate data for this Annual Comprehensive Financial Report.

Sincerely,



Paul Bourgeois, CPA
Executive Director of Finance
and Operations



David Law
Superintendent

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
SCHOOL BOARD AND ADMINISTRATION
JUNE 30, 2022**

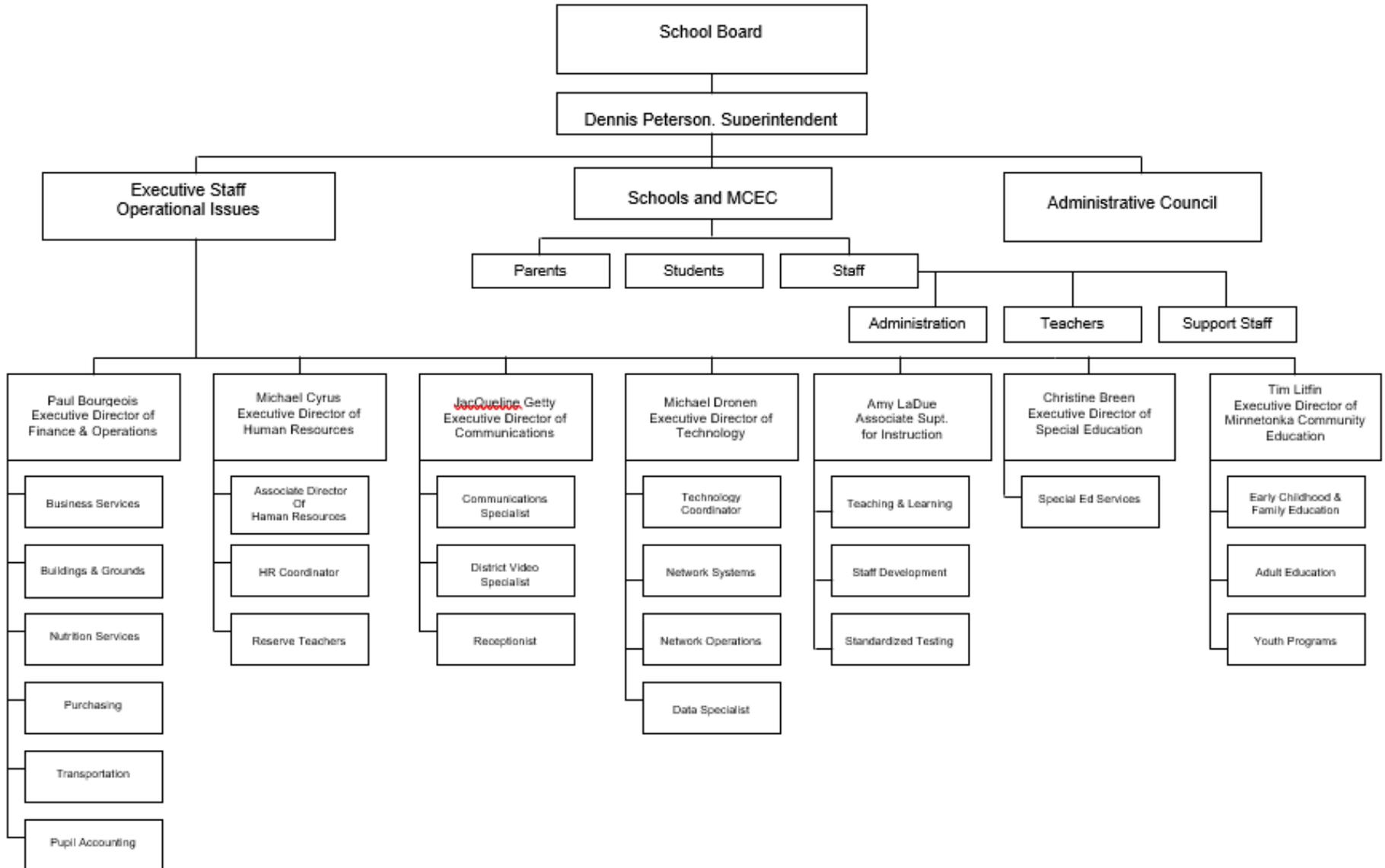
SCHOOL BOARD

NAME	TERM ON BOARD EXPIRES	BOARD POSITION
Chris Vitale	01/2026	Chairperson
Mark Ambrosen	01/2024	Vice Chairperson
Katie Becker	01/2024	Treasurer
Lisa Wagner	01/2024	Clerk
Patrick Lee-O'Halloran	01/2026	Director
John Odom	11/2022	Director
Meghan Selinger	01/2026	Director

ADMINISTRATION

Dennis Peterson	Superintendent
Paul Bourgeois, CPA	Executive Director of Finance and Operations
Jess Hulitt	Coordinator of Accounting and Audit
Ashwin Muni	Coordinator of Budget and Finance Systems
District Offices:	Independent School District No. 276 Minnetonka Public Schools 5621 County Road 101 Minnetonka, MN 55345 (952) 401-5000

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
ORGANIZATIONAL CHART
JUNE 30, 2022**



MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING
JUNE 30, 2022



The Certificate of Excellence in Financial Reporting
is presented to

**Minnetonka Independent
School District 276**

for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2021.

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



A handwritten signature in black ink, appearing to read 'Will Sutter'.

William A. Sutter
President

A handwritten signature in black ink, appearing to read 'David J. Lewis'.

David J. Lewis
Executive Director

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

School Board
Independent School District No. 276
Minnetonka Public Schools
Minnetonka, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Minnetonka Public Schools ISD No. 276, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Minnetonka Public Schools ISD No. 276's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Minnetonka Public Schools ISD No. 276, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Minnetonka Public Schools ISD No. 276 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective July 1, 2021, the District adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding lease deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Minnetonka Public Schools ISD No. 276's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Minnetonka Public Schools ISD No. 276's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Minnetonka Public Schools ISD No. 276's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the District's June 30, 2021 financial statements, and we expressed an unmodified opinion on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated December 9, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the District's total OPEB liability and related ratios, schedule of the District's proportionate share of net pension liabilities, and schedule of District pension contributions, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Minnetonka Public Schools ISD No. 276's basic financial statements. The combining and individual fund financial schedules and Uniform Financial Accounting and Reporting Standards (UFARS) compliance table are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, combining and individual fund financial schedules and UFARS compliance table are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2022, on our consideration of Minnetonka Public Schools ISD No. 276's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Minnetonka Public Schools ISD No. 276's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Minnetonka Public Schools ISD No. 276's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
November 28, 2022

REQUIRED SUPPLEMENTARY INFORMATION

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

This section of Independent School District No. 276 Minnetonka Public Schools' annual financial report (the District) presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section. The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain comparative information between the current year (FY2022) and the prior year (FY2021) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2022 fiscal year include the following:

- Net position of the District in total increased \$6,545,008 or 8.09% above 2021. The main reason for this increase is the decrease in the District's net pension liabilities related to the state-administered pension plan. The total net pension liabilities decreased just over \$40 million, while the related deferred outflows decreased \$2.7 million and the related deferred inflows increased almost \$33.9 million, for a net impact of \$3.4 million. The Food Service Fund operated at a net surplus of \$1.7 million and the Community Service Fund operated at a net surplus of \$1.9 million.
- Final FY2022 average daily membership of 11,223 was an increase of 173 from FY2021 average daily membership of 11,050 an increase of 1.6%.
- General Fund revenues increased from \$155,095,494 in FY2021 to \$162,480,829 in FY2022, an increase of \$7,385,335 or 4.8%, primarily as a result of the following:
 - \$3.04 million in Basic Revenue over FY2021 due to a 2.45% increase in the basic formula and additional pupils
 - \$1.8 million in one time Learning Loss and COVID Testing Funding
 - \$1.0 million in local revenue increases including \$360,000 in Activity Fees, \$225,000 in Tonka On-Line Partner Fees, \$320,000 in 3rd Party Billing Fees, and \$48,000 in Transportation Fees
 - \$1.5 million in technology revenue increases from the sale of surplus iPads, a Federal grant to aid in the purchase of distance learning equipment, and the sale of iPad insurance to students
- General Fund expenditures increased from \$159,525,993 in FY2021 to \$166,400,538 in FY2022, an increase of \$6,874,545 or 4.3%, primarily as the result of \$3.6 million in additional compensation increases for District staff, \$3.7 million in additional capital outlay related to increases in Long-Term Facilities Maintenance expenditures, completion of the acquisition and conversion of the Shorewood Education Center to house programs for adult students, and complete the construction of the MOMENTUM Design and Skilled Trades addition to the Pagel Center on the Minnetonka High School Campus, and \$0.6 million in increased utility expenditures due to rising rates.
- During FY2022, the District maintained its Aaa bond rating from Moody's Investors Service, the highest rating on a 23-step scale.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *government-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the government-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short- and long-term* financial information about the activities the district operates *like businesses*.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee or custodian* for the benefit of others to whom the resources belong.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data.

Government-Wide Statements

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

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

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

In the government-wide financial statements the District's activities are shown in one category:

- *Governmental Activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration, food services, and community education. Except for food services and community education, property taxes and state aids finance most of these activities. Both community education and food service derive 86% or more of resources from services provided to patrons. This reporting format has management limitations that will be explained later in this report.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.
The District establishes other funds to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal grants).

The District has three kinds of funds:

- *Governmental Funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- The District uses *internal service funds* to report activities that provide supplies and services for the District's other programs and activities. The District currently has two internal service funds for self-insurance of health and dental benefits and other postemployment health care benefits.
- *Fiduciary Funds* – The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's combined net position was \$(74,687,653) on June 30, 2022. This was an increase of 7.64% from the prior year (see Table A-1). Net position increased \$6,179,212 from current year activities.

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

	Governmental Activities as of June 30,		Percentage Change
	2022	2021	
Current and Other Assets	\$ 154,944,958	\$ 144,344,179	7.34 %
Capital Assets	172,986,730	164,525,954	5.14
Total Assets	<u>327,931,688</u>	<u>308,870,133</u>	6.17
Deferred Outflows of Resources	51,640,442	55,297,780	(6.61)
Current Liabilities	22,872,936	20,925,753	9.31
Net Pension Liability	70,124,680	110,139,261	(36.33)
Long-Term Liabilities	196,637,746	185,906,613	5.77
Total Liabilities	<u>289,635,362</u>	<u>316,971,627</u>	(8.62)
Deferred Inflows of Resources	<u>164,624,421</u>	<u>128,063,151</u>	28.55
Net Position:			
Net Investment in Capital Assets	16,182,044	17,088,790	(5.31)
Restricted	20,826,373	9,057,959	129.92
Unrestricted	(111,696,070)	(107,013,614)	4.38
Total Net Position	<u>\$ (74,687,653)</u>	<u>\$ (80,866,865)</u>	(7.64)

Changes in Net Position

Net position of the District in total increased \$6,545,008 or 8.1% from 2021. The General Fund Operating Accounts produced an operating deficit of ongoing revenues over ongoing expenditures of (\$1,029,860) for FY2022. The Food Service Fund operated at a surplus of \$1,747,352 as the Federal Government reimbursed the District for all Type A meals at a rate of \$4.56 per meal, which is a higher rate than the rates normally would have been charged for FY2022 of \$2.85 for an elementary lunch, \$3.05 for a middle school lunch, and \$3.25 for a high school lunch. The Community Education Fund operated at a surplus of \$1,863,081 as participation in programs increased as the COVID-19 Pandemic receded.

Prior to GASB 34, financial operations were reported strictly on a fund basis. In Table A-2, Change in Net Position, operations are reported on an enterprise-wide basis with no reference to funds. \

GASB 68 requires that the District recognize an assigned portion of the unfunded pension liabilities of the Minnesota Teachers Retirement Association (TRA) and Minnesota Public Employees Retirement Association (PERA), even though they are legal entities that are separate and distinct from the District. The combined liability that the District must record for those entities is \$70,124,680 as of June 30, 2022. Inclusion of the TRA and PERA liability is the sole reason why the District's Net Position is negative (\$74,321,857). Factoring in the related deferred inflows and outflows, under pre-GASB 68 accounting rules the District would have a positive Net Position of approximately \$56.52 million.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Changes in Net Position (Continued)

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

	Governmental Activities for the Fiscal Year Ended June 30,		Percentage Change
	2022	2021	
Revenues			
<u>Program Revenues</u>			
Charges for Services	\$ 14,435,492	\$ 8,655,787	66.77 %
Operating Grants and Contributions	30,236,788	27,198,343	11.17
Capital Grants and Contributions	1,694,513	1,742,405	(2.75)
<u>General Revenues</u>			
Property Taxes	55,874,135	54,511,907	2.50
Unrestricted State Aid	87,219,564	83,977,491	3.86
Investment Earnings	(1,814,251)	5,354,173	(133.88)
Other	1,457,194	546,047	166.86
Total Revenues	<u>189,103,435</u>	<u>181,986,153</u>	3.91
Expenses			
Administration	5,417,704	4,871,261	11.22
District Support Services	6,757,832	7,037,501	(3.97)
Regular Instruction	94,700,911	103,058,556	(8.11)
Vocational Education Instruction	1,219,336	1,161,390	4.99
Special Education Instruction	22,240,745	22,838,072	(2.62)
Instructional Support Services	7,105,307	7,323,885	(2.98)
Pupil Support Services	5,570,806	4,664,613	19.43
Sites and Buildings	12,140,549	10,943,918	10.93
Fiscal and Other Fixed Cost Programs	609,346	468,403	30.09
Food Service	4,821,519	3,423,531	40.83
Community Service	11,120,173	9,166,519	21.31
Transportation	5,417,194	5,382,421	0.65
Interest and Fiscal Charges on Long-Term Liabilities	5,802,801	6,211,392	(6.58)
Total Expenses	<u>182,924,223</u>	<u>186,551,462</u>	(1.94)
Change in Net Position	6,179,212	(4,565,309)	
Beginning Net Position	(80,866,865)	(76,301,556)	
Ending Net Position	<u>\$ (74,687,653)</u>	<u>\$ (80,866,865)</u>	

Combining the various funds, as is reported in Table A-2, infers all resources are interchangeable and can be allocated at the discretion of the District, which in actuality is not the case. Special revenue types must be used for special purposes. For example, Food Service and Community Service are special revenue funds operated on an entrepreneurial basis. If the information in Table A-2 were taken literally, an uninformed reader could conclude that resources in the Food Service program or Community Service programs are available to hire classroom teachers.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Changes in Net Position (Continued)

When making General Fund budget reductions in past years, one suggestion of District residents was to increase lunch prices or fees for Community Education programs to offset increased costs in the General Fund. Funding for the general operation of the District is controlled by the state and the District does not have the latitude to allocate money received, for example, in the Food Service or Community Service Fund for fiscal services to enhance classroom instruction resources. The District cannot take funds from these restricted areas and use the funds to hire teachers for instructional programs or to avoid cuts in the instructional budget.

As a result, the above schedule does not reflect the relatively small latitude delegated to the District by the state legislature to allocate resources to instruction. By pooling all expenditures, the schedule implies that the District does have equal access to all funds to impact classroom instruction. In Minnesota, that is not an option due to statutory restrictions.

Consequently, while investment houses may find value in the single statement format, it is of little value to the School Board and administration as a management tool and may confuse the general public. The statement infers a school district is one financial entity, and while that may be theoretically true, it does not reflect the laws and regulations under which a Minnesota school district must operate. Decisions made at the local level reflect the state and federal laws and regulations under which a district must operate which in Minnesota is fund based.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District is reflected in its governmental funds statement as well as the statement of activities. As noted above, Governmental Funds includes the General Fund, Food Service Fund, Community Service Fund, Capital Projects Fund, and Debt Service Fund. As of June 30, 2022, Total Governmental Funds reported a combined fund balance of \$57,085,152. The FY2022 Total Fund Balance for Governmental Funds increased by \$18,410,559 compared to the FY2021 Total Fund Balance of \$38,674,593. The General Fund Accounts produced an operating deficit of ongoing revenues over ongoing expenditures of (\$1,029,860) for FY2022 as a result of compensation increases for personnel that reflected increasing inflation in the economy. The Food Service Fund operated at a surplus of revenues over expenditures of \$1,747,352 as the Federal Government reimbursed the District for all Type A meals at a rate of \$4.56 per meal, which is a higher rate than the rates normally would have been charged for FY2022 of \$2.85 for an elementary lunch, \$3.05 for a middle school lunch, and \$3.25 for a high school lunch. The Community Education Fund operated at a surplus of \$1,863,081 as participation in programs increased as the COVID-19 Pandemic receded Revenues and Other Financing Sources and Uses in the Capital Projects Fund exceeded Expenditures by \$16,276,520 as proceeds from debt instruments sold during FY2022 for specific projects were retained at year-end in Restricted Fund Balances to be utilized in FY2023 and FY2024 to construct the specific capital projects for which they are intended. The Debt Service Fund utilized \$278,253 accumulated from prior year levies to make bond payments in FY2022.

**Table A-3
Net Change in Fund Balance - All Governmental Funds**

	Year Ended		Change
	June 30, 2022	June 30, 2021	
Revenue	\$ 192,133,516	\$ 176,877,432	\$ 15,256,084
Expenditures	204,168,125	190,136,570	14,031,555
Difference	(12,034,609)	(13,259,138)	1,224,529
Other Financing Sources and Uses - Net	30,613,449	12,478,017	18,135,432
Net Change in Fund Balance	\$ 18,578,840	\$ (781,121)	\$ 19,359,961

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

GENERAL FUND

General Fund Revenue

General Fund revenue is one component of the previous statement on All Governmental Funds. The General Fund report does not include Food Service, Community Service, Capital Projects, or Debt Service.

Basic general education revenue is determined by multiple state formulas, largely enrollment driven, and consists of an equalized mix of property tax and state aid revenue. Other state-authorized revenue including operating levy referendum and the property tax shift also involves an equalized mix of property tax and state aid revenue. Therefore, the mix of property tax and state aid can change significantly from year-to-year without a net change on total revenue.

The following schedule presents a summary of General Fund Revenues.

**Table A-4
General Fund Revenues**

	Year Ended		Change	
	June 30, 2022	June 30, 2021	Increase (Decrease)	Percent Change
Local Sources:				
Property Taxes	\$ 45,889,816	\$ 44,866,205	\$ 1,023,611	2.3 %
Earnings on Investments	294,214	436,014	(141,800)	(32.5)
Other	7,492,991	4,078,859	3,414,132	83.7
State Sources	104,214,361	100,566,817	3,647,544	3.6
Federal Sources	4,589,447	5,147,599	(558,152)	(10.8)
Total General Fund Revenue	<u>\$ 162,480,829</u>	<u>\$ 155,095,494</u>	<u>\$ 7,385,335</u>	4.8

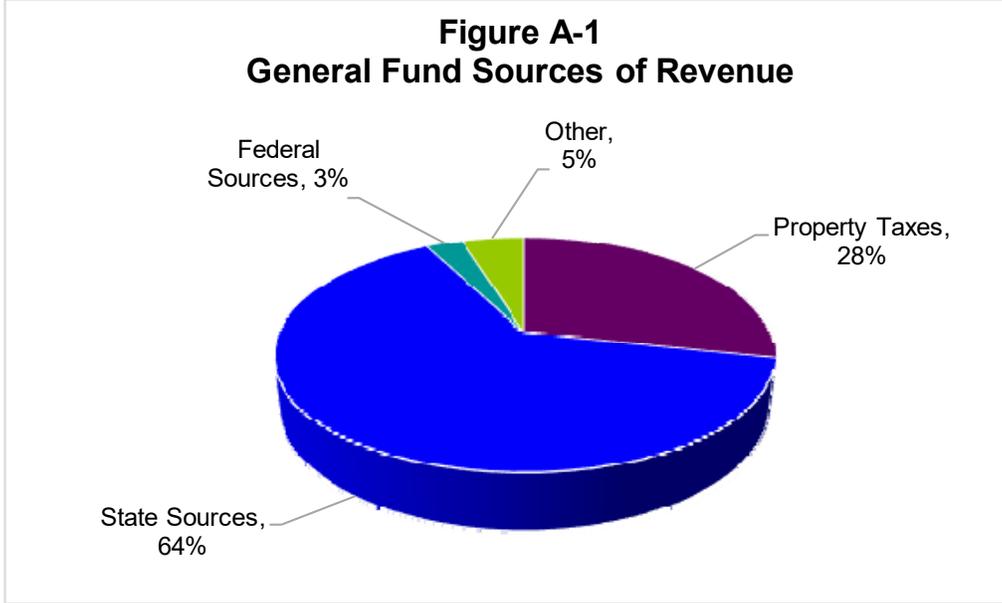
General Fund revenues increased from \$155,095,494 in FY2021 to \$162,480,829 in FY2022, an increase of \$7,385,335 or 4.8%, primarily as a result of the following:

- \$3.04 million in Basic Revenue over FY2021 due to a 2% increase in the basic formula and additional pupils
- \$1.8 Million in one time Learning Loss and COVID Testing Funding
- \$1.0 million in local revenue increases including \$360,000 in Activity Fees, \$225,000 in Tonka On-Line Partner Fees, \$320,000 in 3rd Party Billing Fees, and \$48,000 in Transportation Fees
- \$1.5 million in technology revenue increases from the sale of surplus iPads, a Federal grant to aid in the purchase of distance learning equipment, and the sale of iPad insurance to students

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

GENERAL FUND (CONTINUED)

General Fund Revenue (Continued)



General Fund Expenditures

The following schedule presents a summary of General Fund expenditures.

**Table A-5
General Fund Expenditures**

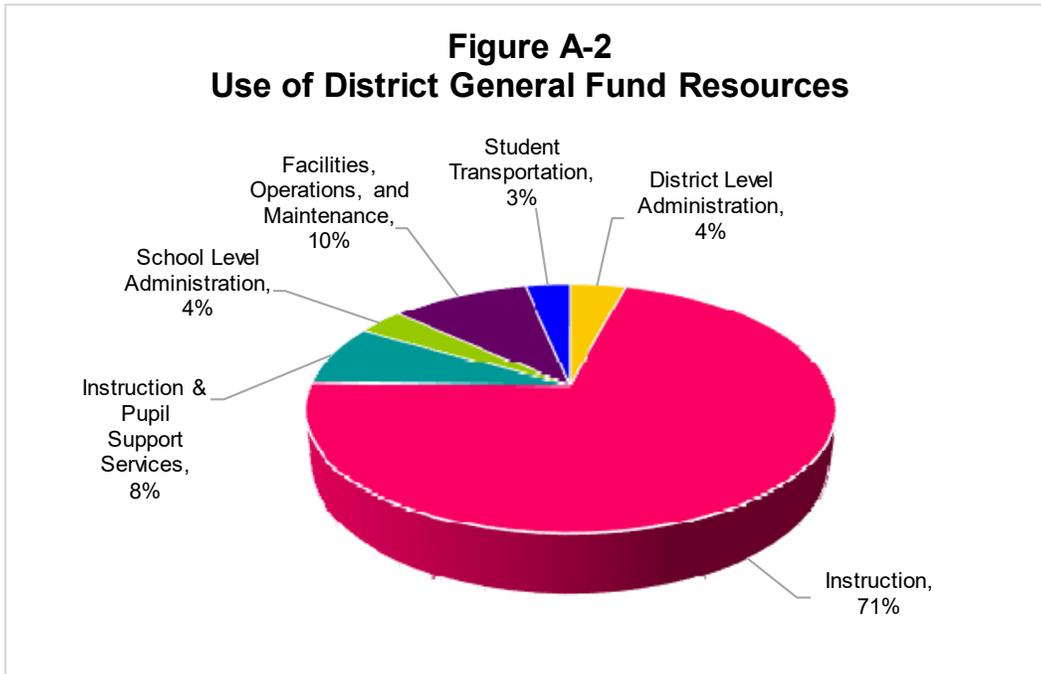
	Year Ended		Year Ended	
	June 30, 2022	Percent of Total	June 30, 2021	Percent of Total
USES OF REVENUE				
Instruction	\$ 118,707,011	71.3 %	\$ 113,699,787	70.8 %
Instructional and Pupil Support Services	12,991,777	7.8	12,119,526	7.5
School Level Administration	5,669,917	3.4	4,677,852	2.9
Facilities, Operations, and Maintenance	16,830,375	10.1	17,988,003	11.2
Subtotal, School Level Education Services	<u>154,199,080</u>	92.7	<u>148,485,168</u>	92.4
Student Transportation	5,417,194	3.3	5,217,071	3.2
District Level Administration	<u>6,784,264</u>	4.1	<u>6,983,755</u>	4.3
Total General Fund Expenditures	<u><u>\$ 166,400,538</u></u>		<u><u>\$ 160,685,994</u></u>	

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GENERAL FUND (CONTINUED)

General Fund Expenditures (Continued)

General Fund expenditures increased from \$159,525,993 in FY2021 to \$166,400,538 in FY2022, an increase of \$6,874,545 or 4.3%, primarily as the result of \$3.6 million in additional compensation increases for District staff, \$3.7 million in additional capital outlay related to increases in Long-Term Facilities Maintenance expenditures, completion of the acquisition and conversion of the Shorewood Education Center to house programs for adult students, and complete the construction of the MOMENTUM Design and Skilled Trades addition to the Pagel Center on the Minnetonka High School Campus, and \$0.6 million in increased utility expenditures due to rising rates.



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GENERAL FUND (CONTINUED)

Fund Balances – General Fund

Since implementation of the Fund Balance policy, the District has maintained a consistent unassigned fund balance of above 6% in the General Fund, which is key to maintaining the Aaa Bond Rating first received from Moody's in 2010.

**Table A-6
Undesignated/Unassigned General Fund Balance**

Year	Annual Expenditures	Undesignated/* Unassigned Fund Balance	Total Fund Balance	Undesignated/* Unassigned Percent	Total Percent
2000	\$ 58,268,217	\$ 2,874,577	\$ 3,953,323	4.93 %	6.78 %
2001	69,923,852	4,334,954	6,232,140 **	6.20	8.91
2002	61,852,250	5,020,969	7,283,331	8.12	11.78
2003	64,599,368	3,737,852	6,612,274	5.79	10.24
2004	66,023,507	4,591,901	6,272,136	6.95	9.50
2005	65,858,365	5,212,284	5,593,484	7.91	8.49
2006	66,657,817	6,133,090	7,061,237	9.20	10.59
2007	72,541,392	7,172,432	7,972,292	9.89	10.99
2008	76,280,966	8,463,830	10,100,999	11.10	13.24
2009	97,336,063 ***	11,915,358	13,765,928	12.24	14.14
2010	83,554,647	13,615,163	14,815,297	16.29	17.73
2011	86,847,689	10,551,950	16,904,256	12.15	19.46
2012	92,502,185	11,400,336	15,413,235	12.32	16.66
2013	94,897,463	14,400,463	20,284,928	15.17	21.38
2014	101,910,823	14,362,441	19,266,284	14.09	18.91
2015	109,080,060	13,821,183	19,055,503	12.67	17.47
2016	115,685,326	14,054,648	18,657,653	12.15	16.13
2017	120,974,763	16,065,042	21,102,336	13.28	17.44
2018	132,318,861	17,993,045	23,092,720	13.60	17.45
2019	142,382,288	19,357,141	28,367,299	13.60	19.92
2020	145,852,403	25,304,127	32,955,275	17.35	22.59
2021	159,525,993	23,118,361	28,519,124	14.49	17.88
2022	166,400,538	19,237,087	27,489,264	11.56	16.52

* For the years 2000 through 2010, prior to the implementation of GASB 54, the amounts represent Unreserved, Undesignated fund balance. For subsequent years the amounts presented represent Unassigned fund balance.

** Includes prior period adjustment

*** Includes transfers to OPEB Revocable Trust of \$17,742,555; without this transfer the Undesignated Percent would be 14.97% and the Total Percent would be 17.30%.

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FOOD SERVICE FUND

Food Service Fund Revenue and Expenditure Comparison

Fund	Revenues			Expenditures		
	2022	2021	Percent Change	2022	2021	Percent Change
Food Service	\$ 6,734,028	\$ 3,384,546	98.96 %	\$ 4,986,676	\$ 3,506,676	42.21 %

The Food Service Fund supports 100% of the direct costs to provide nutritious meals to students and staff. It is important to note that in normal years 77.8% of all revenue is generated by local sales with the balance provided by per meal federal and state child nutrition program subsidies. A total of 4.2% of District students participated in federal free and reduced-price meal programs. Unusual circumstances during the COVID-19 Pandemic year of FY2022 had the Federal Government subsidizing school meal programs to a greater degree, resulting in Federal Revenues accounting for 78% of all revenues in the Food Service Fund in FY2022.

The Food Service Fund is self-supporting for the department's cost of kitchen personnel, purchased services, supplies, direct utilities, custodial services associated with operation of the program and for lunchroom supervision, and replacement of capital equipment. General management expenditures charged to Nutrition Services are based upon a thorough analysis of General Fund operations to make certain all direct Nutrition Services expenditures are included in the inter-department charge back calculation and remaining management costs are allocated using the federal indirect cost rate method.

Revenue increased by \$3,349,482 or 98.96%, from actual revenue for FY2021 due to school returning to in-person learning in FY2022 as the country started to recover from the COVID-19 Pandemic. FY2021 revenues were much lower than normal due to e-learning being in effect for much of FY2021. With the return of students to in-person learning for the full FY2022 school year, revenues returned to a more normal range. The Federal Government provided revenue for 100% of the cost of student meals in FY2022. The Federal reimbursement rate was higher than what the District normally charges for meals for students who are not eligible for free lunch in non-COVID-19 years. Revenues returned to approximate pre-COVID-19-Pandemic levels in FY2022.

Expenditures increased by \$1,480,000, or 42.21%, compared to actual expenditures for FY2021 as a direct result of more meals being served with the return of students to in-person learning in FY2022. Expenditures were still lower than pre-COVID-19-Pandemic levels in FY2022 due to lower than normal staffing levels. Many employees left during the COVID-19 Pandemic and there were difficulties in recruiting food service employees in FY2022. As a result, expenditure levels for employee compensation remained lower than pre-COVID-19-Pandemic levels. However, the Food Service programs staff was able to serve all students by developing efficiencies within the operation so demand for meals could be met with a lower staffing level.

As a result, the Food Service Fund had a profit of revenues to expenditures of \$1,747,352 for FY2022.

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COMMUNITY SERVICE FUND

Community Service Fund Revenue and Expenditure Comparison

Fund	Revenues			Expenditures		
	2022	2021	Percent Change	2022	2021	Percent Change
Community Ed & Sv	\$ 13,101,390	\$ 8,972,238	46.02 %	\$ 11,278,079	\$ 9,208,585	22.47 %

Community Education revenue from all sources increased by \$4,129,152, or 46.02%, when compared to FY2021, returning to pre-COVID-19-Pandemic levels. FY2021 revenues were depressed due to the COVID-19 Pandemic being in effect for the full year of FY021. In FY2022, Community Service Fund program offerings were able to return to in-person participation, and with participation returning to pre-COVID-19-Pandemic levels, revenues also rebounded.

Community Education expenditures for FY2022 increased by \$2,069,494, or 22.47%. Employee staffing levels for all programs increased as program offerings returned and participation in those offerings increased.

As a result, the Community Service Fund had a surplus of revenues to expenditures of \$1,823,311 for FY2022.

CAPITAL PROJECTS AND DEBT SERVICE FUNDS

The following is a summary of the Capital Projects and Debt Service Funds Revenue and Expenditures (including other financing sources and uses).

Capital Projects and Debt Service Funds Revenue and Expenditure Comparison

Fund	Revenues and Other Financing Sources			Expenditures and Other Financing Uses		
	2022	2021	Percent Change	2022	2021	Percent Change
Debt Service	\$ 53,066,176	\$ 36,347,322	46.00%	\$ 53,344,429	\$ 36,683,335	45.42 %
Capital Project	17,061,020	10,895,226	56.59%	10,634,500	6,554,556	62.25 %

In FY2022, the District performed major long-term facilities maintenance on all buildings. Construction was completed in December 2021 on a 10,322-square-foot addition to the Pagel Activity Center on the Minnetonka High School Campus to house the MOMENTUM Design and Skilled Trades Automotive and Home Renovation Program. Construction started in June 2022 on the 36,400-square-foot VANTAGE MOMENTUM Building which will house the VANTAGE Advanced Professional Studies programs that are currently housed in several buildings located in or near the District, and future MOMENTUM Design and Skilled Trades programs that are under development. The VANTAGE MOMENTUM Building will be completed by December 2023.

The District issued several bond issues to provide construction funding for these projects and to keep the buildings in a state of good repair with long term maintenance projects. The District also continued its financial stewardship on behalf of the taxpayers of the District by refunding numerous outstanding bonds in the low-interest-rate environment that existed during FY22. The District issued the following bond issues during FY2022:

- In July 2021, the District issued \$770,000 General Obligation Alternative Facilities Refunding Bonds, Series 2021F. The proceeds of this issue were used to refund the 2023 through 2033 maturities of the District's 2021G bonds. The refunding resulted in a cash flow savings of \$57,464 and a net present value savings of \$53,052.
- In October 2021, the District issued \$6,245,000 Taxable General Obligation Facilities Maintenance Bonds, Series 2021G. The proceeds of this issue were used to finance roofing replacement, paving replacement, mechanical systems replacement, cabinetry replacement, and various other long-term maintenance replacement items.

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CAPITAL PROJECTS AND DEBT SERVICE FUNDS (CONTINUED)

- In October 2021, the District issued \$2,665,000 General Obligation Alternative Facilities Refunding Bonds, Series 2021H. The proceeds of this issue were used to refund the 2024 through 2034 maturities of the District's 2013B bonds and the 2023 through 2035 maturities of the District's 2014D bonds. The refunding resulted in a cash flow savings of \$269,611 and a net present value savings of \$252,556.
- In October 2021, the District issued \$14,545,000 Taxable General Obligation Refunding Bonds, Series 2021I. The proceeds of this issue will be used to refund the 2022 through 2035 maturities of the District's 2015A bonds, the 2024 through 2035 maturities of the District's 2015E bonds, the 2025 through 2038 maturities of the District's 2016A bonds, the 2022 through 2038 maturities of the District's 2016B bonds, and the 2022 through 2036 maturities of the District's 2016E bonds. The refunding resulted in a cash flow loss of \$990,137 and a net present value savings of \$868,813.
- In October 2021, the District issued \$14,570,000 Taxable General Obligation Refunding Bonds, Series 2021J. The proceeds of this issue will be used to refund the 2022 through 2038 maturities of the District's 2016I bonds. The refunding resulted in a cash flow loss of \$717,373 and a net present value savings of \$63,903.

Total Gross Bonded Debt of the District as of June 30, 2022 of \$111,152,184 along with \$1,881,724 in debt service funds available resulted in a net bonded debt of \$109,270,460. The value of taxable property in the District as of December 31, 2021 was \$10,265,559,107. The ratio of Gross Bonded debt to taxable property is 1.06%.

The District undertook the following sales of Certificates of Participation in FY2022:

- The 2021E issue in the amount of \$2,725,000 was sold on July 1, 2021 to finance the construction of a 10,322-square-foot classroom addition to the Pagel Activity Center on the Minnetonka High School Campus to house the MOMENTUM Design and Skilled Trades Automotive and Home Renovation Programs.
- The 2021K issue in the amount of \$2,495,000 was sold on November 3, 2021 to refund the 2012A Certificates. This resulted in a cash flow loss of \$180,644 and a net present value savings of \$19,918.
- The 2021L issue in the amount of \$3,200,000 was sold on November 3, 2021 to refund the 2014C Certificates. This resulted in a cash flow loss of \$188,982 and a net present value savings of \$178,317.
- The 2021M issue in the amount of \$3,705,000 was sold on November 3, 2021 to refund the 2016F Certificates. This resulted in a cash flow loss of \$532,870 and a net present value savings of \$76,771.
- The 2021N issue in the amount of \$745,000 was sold on December 1 2021 to refund the 2013D Certificates. This resulted in a cash flow loss of \$146,638 and a net present value loss of \$58,932.
- The 2022A issue in the amount of \$7,000,000 was sold on March 8, 2022 to finance a portion of the construction of the new 36,400-square foot VANTAGE MOMENTUM Building to house the VANTAGE Advanced Professional Studies program and additional strands of the MOMENTUM Design and Skilled Trades program.

Total Certificates of Participation outstanding as of June 30, 2022 was \$64,055,000.

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INTERNAL SERVICE FUNDS

The Internal Service Fund consists of the Other Postemployment Benefits (OPEB) Revocable Trust for retiree health benefits and the Self-Insurance Program for Health and Dental Benefits. The OPEB Revocable Trust Fund had a decrease in net position of \$12,800,497. Contributing to this change in net position was the withdrawal of normal benefit payments of \$754,419, withdrawal of \$9,850,000 in excess assets over the benefit liability of \$9,850,000 to fund a portion of the VANTATE MOMENTUM Building Construction, and a loss for the fiscal year on investments of \$2,196,078. At June 30, 2022, the OPEB Revocable Trust Fund had net assets of \$14,500,276, which was 170% of the OPEB Liability of \$8,536,485.

The Self-Insurance Program for health and dental benefits had an increase in net position of \$909,590 as health care expenses per member remained below pre-Pandemic levels. The Self-Insurance Program ended FY2022 with a net position of \$10,643,467, which equates to approximately 66.3% of operating expenses.

FUND BALANCES AND RESTRICTIONS

The General Fund Balance decreased by a net (\$1,029,860). The General Fund Operating Accounts produced an operating deficit of ongoing expenditures over ongoing revenues of (\$2,208,361) for FY2022 primarily due to the need to add additional staff in the elementary and secondary instruction programs to address student learning loss that occurred because of the COVID-19 Pandemic during the FY2021 school year. Inclusive of all capital costs, the District's overall General Fund showed a deficit of revenues to expenditures of (\$3,919,709), driven by \$1,988,743 in additional elementary and secondary instruction staff and supply costs, \$308,423 of additional pupil support salaries and benefits, \$227,316 in district support services purchased services, \$517,233 in additional utility costs for electricity, water, and natural gas, \$491,168 in building site projects to accommodate student instruction needs, and investment earnings below estimates of \$425,786 due to interest rates not rising as quickly as estimated during FY2022.

The total Food Service Fund Balance of \$3,012,853 is retained to provide resources for the replacement of capital equipment. Any small net income margin at the end of the year is added to this restricted balance. It ensures that the Food Service Fund remains self-sufficient for revenues and expenditures so that no contribution is needed from the General Fund, thereby ensuring that General Fund revenues can be fully utilized for educational needs. Revenue increased by \$3,349,482, or 98.96%, compared to FY2021 revenue as the District returned to in-person learning and more students were therefore able to have school lunch each school day. Expenditures increased by \$1,480,002, or 42.2%, compared to FY2021 expenditures as the District returned to in-person learning and more students were therefore able to have school lunch each school day. As a result of those factors, the Food Service Fund Balance increased by \$1,747,352 in FY2022.

Capital Projects restricted balances totaling \$21,927,108 represent bond proceeds that have been issued and retained for specific construction or long-term facilities maintenance projects, including \$5,337,007 for long term maintenance projects scheduled in the District's 10-Year Long Term Facilities Maintenance Plan, and \$16,590,053 for construction of the VANTAGE MOMENTUM Building. Debt Service restricted fund balances totaling \$1,881,724 represent bond proceeds held for debt refunding and property tax revenues that have been collected for the purpose of paying scheduled interest payments due on outstanding debt coupons and retiring debt principal.

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CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

During FY2022, the District had completed approximately \$5.73 million in long-term major maintenance and had commenced instructional operations in the \$2.2 million Shorewood Education Center and the \$4.3 million MOMENTUM Design and Skilled Trades addition to the Pagel Center on the Minnetonka High School Campus. Construction in Progress consists of \$582,774 for the initial work on the VANTAGE MOMENTUM Building. with the remainder being long-term facilities maintenance projects that were to be completed in the summer of 2022 during June, July and August, with work commencing prior to June 30, 2022. (More detailed information about capital assets can be found in Note 3 to the financial statements.) Total depreciation expense for the year was approximately \$8.9 million.

**Table A-7
Capital Assets**

	2022	2021	Percentage Change
Land	\$ 4,450,229	\$ 4,450,229	-
Construction in Progress	4,963,848	3,619,888	37.1
Land Improvements	24,566,240	24,299,100	1.1
Buildings and Improvements	227,104,857	219,630,210	3.4
Equipment	24,900,707	20,566,450	21.1
Leased Assets	3,855,714	3,792,141	1.7
Less: Accumulated Depreciation and Amortization	(116,854,865)	(108,039,923)	8.2
Total District Capital Assets	<u>\$ 172,986,730</u>	<u>\$ 168,318,095</u>	2.8

Construction – Next Five Years

As of June 30, 2022, building additions completed over the prior 10 years have brought the capacity of the District's facilities to an amount sufficient to hold 11,600 K-12 students, which internal projections show is the trajectory the District will be on if it continues to enroll 830-900 students in kindergarten. However, total facility capacity is 14,012 per a facilities study completed in April 2020 by ATSR Architect.

As of June 30, 2022, the only new construction project in process is construction of the \$16,850,000 VANTAGE MOMMENTUM Building. This project is being funded utilizing \$9,850,000 in assets that are excess to the Other Post Employment Revocable Trust Fund and have been transferred to the Construction Fund during 2022, and \$7,000,000 in proceeds from the 2022A Certificates of Participation, with annual payments from the annual Operating Capital revenue of \$230 per pupil. Completion of the project is expected by December 31, 2023, with classes utilizing the facility for the second semester of FY2024.

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CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Construction – Next Five Years (Continued)

The other facility project activity is the annual major long-term facilities maintenance program to keep existing facilities in a state of good repair. The program is budgeted at approximately \$9,985,000 annually for the years FY2024 through FY2028. Rising construction inflation has driven up the cost of long-term maintenance construction projects necessary to maintain the approximately 1.8 million square feet of buildings and 258 acres of land owned by the District. After 15 fiscal years of intense rebuilding, the District school facilities are in a state of good repair with deferred maintenance largely eliminated. The focus of the long term facilities maintenance projects are primarily to replace roofing on schedule, replace paving on schedule, and replace HVAC units that have the 2020-banned R-22 refrigerant in them. Other significant projects include the scheduled replacement of the running track at Einer Anderson Stadium, the replacement of the R-22 ice-making system for the ice rink at the Pagel Activity Center and replacement of the Tonka Dome roof.

Long-Term Liabilities

At year-end, the District had approximately \$172.9 million in outstanding par value of General Obligation bonds and Certificates of Participation. More detailed information about long-term liabilities can be found in Note 4 to the financial statements. The District continues to expect outstanding par value of long-term debt to decline over the long term. The total outstanding par value of General Obligation Bonds and Certificates of Participation increased by \$8.32 million as of June 30, 2022 compared to June 30, 2021 due to the issuance of \$2,725,000 2021E COPs to fund the second tranche of construction of the MOMENTUM Design and Skilled Trades addition to the Pagel Activity Center, the issuance of \$6,245,000 General Obligation Long Term Facilities Maintenance Bonds, and the issuance of the \$7,00,000 2022A COPs to fund a portion of the VANTAGE MOMENTUM Building, offset by GO Bond and COP coupon retirements during FY2020.

The District estimates approximately \$9.32 million in postemployment severance and health benefits payable at June 30, 2022. The District also estimates Compensated Absences payable of approximately \$1.24 million.

Net Pension Liability of \$70.12 million reflects the District's assigned portion of the unfunded liabilities of the Teachers Retirement Association (TRA) and Public Employees Retirement Association (PERA) pension funds as required by GASB Statement 68.

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CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Liabilities (Continued)

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

	<u>2022</u>	<u>2021</u>	<u>Change</u>
General Obligation Bonds	\$ 108,860,000	\$ 108,250,000	0.6 %
Net Bond Premium and Discount	6,723,450	7,005,943	(4.0)
Certificates of Participation Payable	64,055,000	56,345,000	13.7
Financed Purchases Payable	2,679,837	775,990	245.3
Long-Term Leases Payable	3,591,637	-	N/A
Promissory Note Payable	342,648	445,258	(23.0)
Net Pension Liability	70,124,680	110,139,261	(36.3)
Other Postemployment Benefits Payable	8,536,485	10,979,823	(22.3)
Severance Benefits Payable	487,496	560,935	(13.1)
Compensated Absences and Early Retirement Incentive Payable	1,361,193	1,543,664	(11.8)
Total Long-Term Liabilities	<u>\$ 266,762,426</u>	<u>\$ 296,045,874</u>	(9.9)
Bonds, Certificates of Participation, and Compensated Absences:			
Due Within One Year	\$ 11,844,564	\$ 9,531,510	
Due in More Than One Year	176,256,697	165,395,280	
Total	<u>\$ 188,101,261</u>	<u>\$ 174,926,790</u>	

GENERAL FUND BUDGET

Included in this budget category are district operations, transportation, extra-curricular programs, capital, athletic equipment fees, Tonka Dome operations, Pagel Center operations, Art Center operations, and Capital Projects Levy. To provide focus to the budget management process, resources used to pay personnel costs, utilities, transportation, and supplies are separated from resources that are either restricted or committed for a specific purpose such as funds for capital, student fees collected to purchase extra-curricular equipment, funds designated to repay the other postemployment benefits commitment, and funds reserved for the Tonka Dome, Pagel Center, or Art Center facility. Those funds are reserved and not projected as available for operational expenditures. Table A-9 reflects the division of the General Fund for budget management purposes.

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GENERAL FUND BUDGET (CONTINUED)

FY2022 Operational Budget expenditures of \$146.7 million exceeded operational expenditures of \$144.5 million by \$2.2 million. The District employed additional elementary and secondary instruction staff costing an additional \$2.0 million and support staff costing an additional approximately \$200 to address learning loss experienced by students during the COVID-19 Pandemic. actual revenues of approximately \$163 million by \$1,202,086 or 0.7%. Other Reserve General Fund Budgets operated at a surplus of revenues over expenditures of \$1.2 million.

**Table A-9
General Fund - Budget v. Actual**

	2021-2022		Variance	
	Budget	Actual	Over (Under)	Percent
Operational Budgets (Includes Transportation and Extra Curricular):				
Revenue	\$ 144,135,570	\$ 144,481,932	\$ 346,362	0.2 %
Expenditures	145,242,391	146,690,291	1,447,900	1.0
Revenue Under				
Expenditures	(1,106,821)	(2,208,359)	(1,101,538)	
Reserve General Fund Budgets:				
Revenue:				
Capital Expenditures	5,898,042	6,192,154	294,112	5.0
Athletic Equipment Fees	382,534	294,502	(88,032)	(23.0)
Fiduciary Funds	1,541,364	1,615,210	73,846	4.8
Arts Center	929,811	1,022,601	92,790	10.0
Tonka Dome	325,745	354,691	28,946	8.9
Pagel Center	584,878	584,878	-	-
Capital Projects Levy	8,042,534	8,496,596	454,062	5.6
Total Revenue	17,704,908	18,560,632	855,724	
Expenditures:				
Capital Expenditures	6,074,581	5,965,323	(109,258)	(1.8)
Athletic Equipment Fees	382,534	187,645	(194,889)	(50.9)
Fiduciary Funds	1,541,364	1,358,241	(183,123)	(11.9)
Arts Center	929,811	1,022,601	92,790	10.0
Tonka Dome	325,745	354,691	28,946	8.9
Pagel Center	618,443	578,885	(39,558)	(6.4)
Capital Projects Levy	7,967,881	7,914,747	(53,134)	(0.7)
Total Expenditures	17,840,359	17,382,133	(458,226)	
Revenue Over (Under) Expenditures	(135,451)	1,178,499	1,313,950	(970.1)
Summary:				
Total Revenues	161,840,478	163,042,564	1,202,086	0.7
Total Expenditures	163,082,750	164,072,424	989,674	0.6
Change in Fund Balance	<u>\$ (1,242,272)</u>	<u>\$ (1,029,860)</u>	<u>\$ 212,412</u>	

* Intrafund transfers in the General Fund are shown gross in this table but netted elsewhere.

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YEAR ENDED JUNE 30, 2022**

GENERAL FUND BUDGET (CONTINUED)

The District maintains several significant separate sub-funds that are rolled into the Operational General Fund results for reporting in the Annual Comprehensive Financial Report. These funds either have very specific function orientation or are utilized to fund noncapital equipment needs for various programs. As a result, they will typically maintain separate assigned fund balances and may accrue funds over several years for a specific project or purpose. As a result, it is not unusual for these funds to occasionally spend down a portion of their fund balance in addition to their annual revenues in a given year, with the expenditures going for that targeted purpose.

Under GASB 54, unassigned General Fund balances, plus General Fund assigned fund balances at the discretion of the School Board, are the best measure of school district health. The fund balances at the School Board's discretion in the assigned and unassigned categories totaled \$24,692,962 or 14.8% of FY2022 expenditures. The Board has had a fund balance policy in place since 1988 requiring maintenance of a general fund unassigned balance of a minimum 6% of expenditures.

The General Fund includes the operating expenditures incurred in providing educational services to students from kindergarten through grade 12 including pupil transportation activities and capital outlay projects. Management of General Fund resources is the primary focus of the School Board and administration.

With the exception of interest earnings, tickets receipts, and other miscellaneous revenue, all General Fund revenue is controlled by a complex set of state funding formulas. State formulas determine the basic level of funding by setting a uniform per pupil allowance for all Minnesota school districts. In addition, state formulas determine the amount of aid received for programs such as special education, concentrations of poverty, geographic dispersion of students, integration, English language learners, and nonpublic transportation. State formulas also set the maximum operating referendum revenue per pupil that districts may request of voters. Once the revenue is determined, another set of state formulas are used to calculate what portion of the revenue will be provided by property taxes and what portion will come from state aid.

FACTORS BEARING ON THE DISTRICT'S FUTURE

For FY2022, the state of Minnesota provided funding increases including 2.45% on the main basic funding formula as the Minnesota economy has continued to recover from the Great Recession. This increase was the first basic funding formula increase that exceeded 2.0% in over a decade. Assuming the state can provide annual state-provided revenues without any proration reductions, the major factor influencing the District's future will be the District's commitment to managing expenditures so that they do not exceed available resources. The District received approval from the voters of the District on November 3, 2015 for an operating referendum revenue extension and increase of \$340 per pupil for FY2017 and an increase of \$340 per pupil in FY2020. With the approval, additional ongoing revenue per pupil was generated in the amount of approximately \$4.3 million in FY2017 and approximately \$4.8 million in FY2020. The approval rate was 72%. This revenue source increases slightly with inflation each year.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

FACTORS BEARING ON THE DISTRICT'S FUTURE (CONTINUED)

The approval of the Operating Referendum increases per pupil on November 3, 2015 put the District's Operating Referendum per pupil at the maximum amount per pupil that is allowed under Minnesota Statutes for FY2020. As a result, the District will not be able to ask the voters of the District for any additional amounts per pupil in the future unless there are Legislature-approved changes to the statutes that govern school district funding. The District will always be able to ask the voters of the District to renew the Operating Referendum at the maximum amount per pupil. However, under current statutes, the District will not be able to ask voters to increase the amount per pupil at the next election in November 2023 when it is necessary to ask the voters of the District to extend the Operating Referendum.

This restriction on the ability to request the voters of the District for additional Operating Revenue per pupil will have a great impact on future operations, as expenditure levels tend to rise faster than revenue levels absent any periodic additional Operating Referendum revenue per pupil.

The District also received approval from the voters of the District for an extension of the Capital Projects (Technology) referendum revenue on the November 3, 2015 ballot, which generates approximately \$6.9 million annually. The approval rate was 73%.

This revenue is based on the value of all property in the District, so it generally rises with increasing property values. In times of economic difficulty, this revenue can fall.

There is no maximum limit on the amount of revenue from this source that the District can ask the taxpayers to approve, so it could be increased in the future. However, use of the revenue is restricted to very specific uses identified in Minnesota Statutes.

The District projects enrollment growth to stop naturally at between 11,500 and 11,600 if the School Board approves the addition of approximately 300 students K-12, or 0.62 students per each of its 483 classrooms, topping out in approximately FY26 or FY27. The District also operates a comprehensive e-learning program that has that ability to economically serve approximately 175 students without adding additional overhead costs for administrative, clerical and technical support staff.

Primary drivers of the District General Fund expenditure budget continue to be personnel related:

- Staffing salaries and benefits comprise over 88% of total General Fund expenditures
- The cost of collectively-bargained contracts with employee groups and unions
- Health insurance costs that increase approximately in the mid-single digits on an annual basis

Finances will continue to be monitored very closely into the future, as if revenue increases per pupil continue to be restricted, it will be necessary at some point for the School Board to realign annual General Fund expenditures with the slower-growing General Fund revenues.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Independent School District 276, District Service Center, 5621 County Highway #101, Minnetonka, Minnesota 55345.

Bond Ratings

The District's bonds presently carry a Moody's "Aaa" rating.

Limitations on Debt

The state limits the amount of general obligation debt the District can issue to 15% of the assessed value of all taxable property within the District's corporate limits. Our outstanding debt is significantly below this limit – which is currently over \$1.4 billion.

BASIC FINANCIAL STATEMENTS

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

	Governmental Activities	
	2022	2021
ASSETS		
Cash and Investments	\$ 98,520,724	\$ 98,486,268
Cash with Fiscal Agent	10,544,346	3,849,144
Receivables:		
Property Taxes	28,486,942	27,764,238
Other Governments	14,643,628	12,248,943
Leases Receivable	365,133	-
Other	226,364	188,777
Prepaid Items	1,860,440	1,484,373
Inventories	297,381	322,436
Capital Assets:		
Land and Construction in Progress	9,414,077	8,070,117
Other Capital Assets, Net of Depreciation and Amortization	163,572,653	156,455,837
Total Assets	327,931,688	308,870,133
DEFERRED OUTFLOWS OF RESOURCES		
Losses on Debt Refunding	1,231,476	1,499,529
Deferred Outflows - Pension Payments	50,079,245	52,811,334
Deferred Outflows - Other Postemployment Benefits	329,721	986,917
Total Deferred Outflows of Resources	51,640,442	55,297,780
LIABILITIES		
Salaries Payable	10,450,339	9,823,312
Accounts and Contracts Payable	5,659,803	5,146,213
Accrued Interest	2,380,480	1,590,124
Due to Other Governmental Units	(2,948)	150,118
Unearned Revenue	4,385,262	4,215,986
Long-Term Liabilities:		
Net Pension Liability	70,124,680	110,139,261
Other Postemployment Benefits Due Within One Year	870,423	870,423
Other Postemployment Benefits Liability Due in More Than One Year	7,666,062	10,109,400
Other Long-Term Liabilities Due Within One Year	11,844,564	9,531,510
Other Long-Term Liabilities Due in More Than One Year	176,256,697	165,395,280
Total Liabilities	289,635,362	316,971,627
DEFERRED INFLOWS OF RESOURCES		
Property Taxes Levied for Subsequent Year	52,112,842	50,989,649
Lease Receivable	359,956	-
Deferred Inflows - Pensions	110,803,194	76,905,958
Deferred Inflows - Other Postemployment Benefits	1,348,429	167,544
Total Deferred Inflows of Resources	164,624,421	128,063,151
NET POSITION		
Net Investment in Capital Assets	16,182,044	17,088,790
Restricted for:		
General Operating Capital Purposes	802,841	148,862
State-Mandated Reserves	111,162	135,058
Food Service	3,098,219	1,354,312
Community Service	2,760,448	820,613
Capital Projects	13,771,231	6,338,634
Other Purposes	282,472	260,480
Unrestricted	(111,696,070)	(107,013,614)
Total Net Position	\$ (74,687,653)	\$ (80,866,865)

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

Functions	2022				2021	
	Expenses	Program Revenues			Net (Expense)	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and	Revenue and
					Change in Net Position	Change in Net Position
				Total Governmental Activities	Total Governmental Activities	
GOVERNMENTAL ACTIVITIES						
Administration	\$ 5,417,704	\$ -	\$ 382,756	\$ (29,476)	\$ (5,064,424)	\$ (4,649,975)
District Support Services	6,757,832	32,302	49,219	-	(6,676,311)	(6,960,153)
Regular Instruction	94,700,911	2,026,635	3,754,615	(733)	(88,920,394)	(96,212,052)
Vocational Education Instruction	1,219,336	-	32,750	-	(1,186,586)	(1,124,687)
Special Education Instruction	22,240,745	-	17,401,618	-	(4,839,127)	(6,206,183)
Instructional Support Services	7,105,307	219,356	772	-	(6,885,179)	(7,249,026)
Pupil Support Services	5,570,806	195,367	563,272	-	(4,812,167)	(4,648,367)
Sites and Buildings	12,140,549	-	839,116	1,724,722	(9,576,711)	(8,913,625)
Fiscal and Other Fixed Cost Programs	609,346	-	14,160	-	(595,186)	(424,004)
Food Service	4,821,519	1,293,199	5,434,997	-	1,906,677	(50,414)
Community Service	11,120,173	10,668,633	1,451,946	-	1,000,406	(1,302,017)
Transportation	5,417,194	-	311,567	-	(5,105,627)	(5,003,032)
Interest and Fiscal Charges on Long-Term Liabilities	5,802,801	-	-	-	(5,802,801)	(6,211,392)
Total School District	<u>\$ 182,924,223</u>	<u>\$ 14,435,492</u>	<u>\$ 30,236,788</u>	<u>\$ 1,694,513</u>	<u>(136,557,430)</u>	<u>(148,954,927)</u>
GENERAL REVENUES						
Property Taxes Levied for:						
General Purposes					45,906,033	44,827,510
Community Service					966,046	956,817
Debt Service					9,002,056	8,727,580
State Aid Not Restricted to Specific Purposes					87,219,564	83,977,491
Earnings on Investments					(1,814,251)	5,354,173
Miscellaneous					1,457,194	546,047
Total General Revenues					<u>142,736,642</u>	<u>144,389,618</u>
CHANGE IN NET POSITION					6,179,212	(4,565,309)
Net Position - Beginning					<u>(80,866,865)</u>	<u>(76,301,556)</u>
NET POSITION - ENDING					<u>\$ (74,687,653)</u>	<u>\$ (80,866,865)</u>

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

	Major Funds					Total Governmental Funds	
	General	Food Service	Community Service	Capital Projects	Debt Service	2022	2021
ASSETS							
Cash and Investments	\$ 40,731,790	\$ 3,361,978	\$ 4,848,704	\$ 13,761,231	\$ 5,528,765	\$ 68,232,468	\$ 55,881,542
Cash with Fiscal Agent	1,267,064	-	-	9,277,282	-	10,544,346	3,849,144
Receivables:							
Current Property Taxes	23,037,297	-	490,172	-	4,718,410	28,245,879	27,653,082
Delinquent Property Taxes	241,063	-	-	-	-	241,063	111,156
Accounts and Interest Receivable	110,252	23,211	53,180	10,000	8,065	204,708	188,777
Due from Other Minnesota School Districts	197,357	-	111,567	-	-	308,924	166,469
Due from Minnesota Department of Education	10,925,340	5,639	39,473	-	75,716	11,046,168	10,306,927
Due from Federal through Minnesota Department of Education	2,506,164	205,814	-	-	-	2,711,978	1,482,301
Due from Other Governmental Units	551,042	-	25,516	-	-	576,558	293,246
Due from Other Funds	754,419	-	-	-	-	754,419	750,607
Leases Receivable	365,133	-	-	-	-	365,133	-
Inventory	215,626	81,755	-	-	-	297,381	322,436
Prepays	1,384,201	1,160	13,755	-	984,611	2,383,727	3,285,871
	<u>\$ 82,286,748</u>	<u>\$ 3,679,557</u>	<u>\$ 5,582,367</u>	<u>\$ 23,048,513</u>	<u>\$ 11,315,567</u>	<u>\$ 125,912,752</u>	<u>\$ 104,291,558</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE							
Liabilities:							
Salaries and Compensated Absences Payable	\$ 6,352,124	\$ 36,934	\$ 471,836	\$ -	\$ -	\$ 6,860,894	\$ 6,458,286
Payroll Deductions and Employer Contributions Payable	3,586,777	324	1,182	-	-	3,588,283	3,365,026
Accounts and Contracts Payable	2,277,297	8,662	158,339	1,121,405	-	3,565,703	2,798,882
Due to Other Governmental Units	(2,948)	-	-	-	-	(2,948)	150,118
Unearned Revenue	419,514	452,503	1,196,757	-	-	2,068,774	1,743,848
Total Liabilities	<u>12,632,764</u>	<u>498,423</u>	<u>1,828,114</u>	<u>1,121,405</u>	<u>-</u>	<u>16,080,706</u>	<u>14,516,160</u>
Deferred Inflows of Resources:							
Levied for Subsequent Year	41,698,949	-	980,050	-	9,433,843	52,112,842	50,989,649
Unavailable Revenue - Delinquent Property Taxes	105,815	-	-	-	-	105,815	111,156
Leases Receivable	359,956	-	-	-	-	359,956	-
Total Deferred Inflows of Resources	<u>42,164,720</u>	<u>-</u>	<u>980,050</u>	<u>-</u>	<u>9,433,843</u>	<u>52,578,613</u>	<u>51,100,805</u>
Fund Balance:							
Nonspendable:							
Inventory	215,626	81,755	-	-	-	297,381	322,436
Prepays	1,384,201	1,160	13,755	-	984,611	2,383,727	3,285,871
Restricted for:							
Student Activities	36,446	-	-	-	-	36,446	7,615
Scholarships	246,026	-	-	-	-	246,026	252,866
Projects Funded by Certificates of Participation	-	-	-	48	-	48	3,844,002
Operating Capital	802,841	-	-	-	-	802,841	148,862
Community Education	-	-	1,820,785	-	-	1,820,785	153,886
Early Childhood and Family Education	-	-	532,075	-	-	532,075	397,857
School Readiness	-	-	281,722	-	-	281,722	243,114
Adult Basic Education	-	-	7,249	-	-	7,249	14,524
Long-Term Facilities Maintenance	-	-	-	5,337,007	-	5,337,007	4,592,399
Restricted for Other Purposes	-	3,098,219	118,617	16,590,053	897,113	20,704,002	2,546,186
Restricted for Medical Assistance	111,162	-	-	-	-	111,162	135,058
Assigned for:							
Q Comp	436,430	-	-	-	-	436,430	296,986
Athletic Equipment	489,392	-	-	-	-	489,392	382,534
Special Purposes	1,507,568	-	-	-	-	1,507,568	1,272,591
Capital Projects Tech Levy	3,022,485	-	-	-	-	3,022,485	445,258
Unassigned	19,237,087	-	-	-	-	19,237,087	20,332,548
Total Fund Balance	<u>27,489,264</u>	<u>3,181,134</u>	<u>2,774,203</u>	<u>21,927,108</u>	<u>1,881,724</u>	<u>57,253,433</u>	<u>38,674,593</u>
	<u>\$ 82,286,748</u>	<u>\$ 3,679,557</u>	<u>\$ 5,582,367</u>	<u>\$ 23,048,513</u>	<u>\$ 11,315,567</u>	<u>\$ 125,912,752</u>	<u>\$ 104,291,558</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance							

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

	<u>2022</u>	<u>2021</u>
Total Fund Balance for Governmental Funds	\$ 57,253,433	\$ 38,674,593
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	4,450,229	4,450,229
Construction in Progress	4,963,848	3,619,888
Land Improvements, Net of Accumulated Depreciation	12,097,911	13,065,807
Buildings and Improvements, Net of Accumulated Depreciation	138,346,481	136,028,985
Equipment, Net of Accumulated Depreciation	9,633,717	7,361,045
Leased Buildings and Equipment, Net of Accumulated Amortization	3,494,544	-
Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unearned revenue in the funds.		
	105,815	111,156
When a bond defeasance occurs the difference between the amount paid to the refunded bond escrow and the principal of the defeased debt is expensed in the governmental funds. These expenditures are capitalized on the statement of net position as deferred charges.		
	1,231,476	1,499,529
Interest on long-term debt which is paid prior to it becoming due is recorded as a prepaid item in the governmental funds, but for the government-wide purposes the interest accrues over time and, therefore, the prepaid is removed and expensed.		
	(523,287)	(1,801,498)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		
	(2,380,480)	(1,590,124)
The District's net pension liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:		
Net Pension Liability	(70,124,680)	(110,139,261)
Deferred Inflows of Resources - Pensions	(110,803,194)	(76,905,958)
Deferred Outflows of Resources - Pensions	50,079,245	52,811,334
The District's OPEB liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year end are:		
Other Postemployment Benefits Liability	(8,536,485)	(10,979,823)
Deferred Inflows of Resources - Other Postemployment Benefits	(1,348,429)	(167,544)
Deferred Inflows of Resources - Other Postemployment Benefits	329,721	986,917
Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year-end are:		
Bonds Payable	(108,860,000)	(108,250,000)
Unamortized Premiums	(6,723,450)	(7,005,943)
Certificates of Participation Payable	(64,055,000)	(56,345,000)
Promissory Note Payable	(342,648)	(445,258)
Obligations Under Financed Purchases	(2,679,837)	(775,990)
Long-Term Leases Payable	(3,591,637)	-
Severance Benefits Payable	(487,496)	(560,935)
Compensated Absences Payable	(1,241,793)	(1,358,264)
Early Retirement Incentive Payable	(119,400)	(185,400)
Internal service funds are used by management to charge the costs of health and dental insurance services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. Internal service fund net position at year-end is:		
	<u>25,143,743</u>	<u>37,034,650</u>
Total Net Position of Governmental Activities	<u>\$ (74,687,653)</u>	<u>\$ (80,866,865)</u>

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2021)**

	Major Funds					Total Governmental	
	General	Food Service	Community Service	Capital Projects	Debt Service	Funds	
						2022	2021
REVENUES							
Local Sources:							
Property Taxes	\$ 45,889,816	\$ -	\$ 967,846	\$ -	\$ 9,021,814	\$ 55,879,476	\$ 54,560,896
Earnings and Investments	294,214	7,192	13,602	2,999	18,611	336,618	480,612
Other	7,492,991	1,295,026	11,230,496	20,891	-	20,039,404	11,765,146
State Sources	104,214,361	169,552	491,568	-	752,954	105,628,435	101,768,804
Federal Sources	4,589,447	5,262,258	397,878	-	-	10,249,583	8,301,974
Total Revenues	<u>162,480,829</u>	<u>6,734,028</u>	<u>13,101,390</u>	<u>23,890</u>	<u>9,793,379</u>	<u>192,133,516</u>	<u>176,877,432</u>
EXPENDITURES							
Current:							
Administration	5,394,361	-	-	-	-	5,394,361	4,445,113
District Support Services	6,505,745	-	-	-	-	6,505,745	6,978,156
Elementary and Secondary Regular Instruction	89,872,882	-	-	-	-	89,872,882	88,480,898
Vocational Education Instruction	1,207,168	-	-	-	-	1,207,168	1,091,521
Special Education Instruction	22,906,881	-	-	-	-	22,906,881	21,516,900
Instructional Support Services	7,312,674	-	-	-	-	7,312,674	7,371,669
Pupil Support Services	5,677,560	-	-	-	-	5,677,560	4,744,735
Sites and Buildings	9,262,975	-	-	-	-	9,262,975	8,894,638
Fiscal and Other Fixed Cost Programs	609,346	-	-	-	-	609,346	468,403
Food Service	-	4,966,851	-	-	-	4,966,851	3,379,971
Community Service	-	-	11,243,290	-	-	11,243,290	9,196,975
Transportation	5,417,194	-	-	-	-	5,417,194	5,217,071
Capital Outlay	5,960,316	19,825	28,745	10,634,500	-	16,643,386	12,917,080
Debt Service:							
Principal	4,118,682	-	5,513	-	7,060,000	11,184,195	9,369,143
Interest and Fiscal Charges	2,154,754	-	531	-	3,808,332	5,963,617	6,064,297
Total Expenditures	<u>166,400,538</u>	<u>4,986,676</u>	<u>11,278,079</u>	<u>10,634,500</u>	<u>10,868,332</u>	<u>204,168,125</u>	<u>190,136,570</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,919,709)	1,747,352	1,823,311	(10,610,610)	(1,074,953)	(12,034,609)	(13,259,138)
OTHER FINANCING SOURCES (USES)							
Sale of Bonds	-	-	-	6,245,000	42,185,000	48,430,000	35,350,000
Bond Premium	-	-	-	227,727	1,087,797	1,315,524	1,114,656
Issuance of Certificates of Participation	-	-	-	9,725,000	-	9,725,000	1,290,000
Premium on Certificates of Participation	-	-	-	839,403	-	839,403	62,738
Long-Term Leases	2,919,343	-	-	-	-	2,919,343	1,160,001
Payment to Refunded Bond Escrow Agent	-	-	-	-	(42,465,821)	(42,465,821)	(26,499,378)
Transfers In	-	-	39,770	9,850,000	-	9,889,770	8,850
Transfers Out	(29,494)	-	-	-	(10,276)	(39,770)	(8,850)
Total Other Financing Sources (Uses)	<u>2,889,849</u>	<u>-</u>	<u>39,770</u>	<u>26,887,130</u>	<u>796,700</u>	<u>30,613,449</u>	<u>12,478,017</u>
NET CHANGE IN FUND BALANCE	(1,029,860)	1,747,352	1,863,081	16,276,520	(278,253)	18,578,840	(781,121)
FUND BALANCES							
Beginning of Year	28,519,124	1,433,782	911,122	5,650,588	2,159,977	38,674,593	39,455,714
End of Year	<u>\$ 27,489,264</u>	<u>\$ 3,181,134</u>	<u>\$ 2,774,203</u>	<u>\$ 21,927,108</u>	<u>\$ 1,881,724</u>	<u>\$ 57,253,433</u>	<u>\$ 38,674,593</u>

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE
IN FUND BALANCE – GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2021)**

	2022	2021
Net Change in Fund Balance - Total Governmental Funds	\$ 18,578,840	\$ (781,121)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation or amortization expense. The amount which capital outlays exceeded depreciation and amortization in the current period:		
Capital Outlays	13,590,380	10,849,573
Loss on Disposal of Capital Assets	(1,207)	(34,479)
Depreciation and Amortization Expense	(8,920,538)	(7,388,887)
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are unearned in the governmental funds.		
	(5,341)	(48,989)
Pension expenditures in the governmental funds are measured by current year employer contributions. Pension expenses on the statement of activities are measured by the change in the net pension liability and the related deferred inflows and outflows of resources.		
	3,385,256	(9,070,018)
In the statement of activities, certain operating expenses - severance benefits, compensated absences, and retirement incentives - are measured by amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (amounts actually paid).		
	255,910	(39,243)
Payments to the District's OPEB liability are recognized as expenditures at the fund level while the change in the OPEB obligation and the related deferred inflows and outflows of resources are recognized in the statement of net position.		
	605,257	(224,856)
The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in treatment is as follows:		
General Obligation Bonds and Certificates of Participation Issued	(58,155,000)	(36,640,000)
Bond Premium or Discount	(2,154,927)	(1,177,394)
Issuance of Long-Term Leases	(2,919,343)	-
Refunding Payments of Bonds and Certificates of Participation Payable	41,090,000	26,499,378
Bond Premium Included in Loss on Refunding	-	(1,804,378)
Repayment of Bond Principal	7,060,000	6,085,000
Repayment of Certificates of Participation Payable	2,415,000	3,284,143
Repayment of Financed Purchases	951,923	-
Repayment of Promissory Note	102,610	-
Repayment of Long-Term Leases	264,077	-
Change in Accrued Interest Payable	(790,356)	117,181
Change in Prepaid Interest and Principal Expensed	548,211	172,323
Amortization of Bond Premium	2,437,420	547,457
Amortization of Deferred Charges on Refunding Bonds	(268,053)	(339,679)
Internal service funds are used by the District to charge the costs of employee health and dental benefits to individual funds. The net revenue of the internal service funds is reported with governmental activities.		
	(11,890,907)	5,428,680
Total	\$ 6,179,212	\$ (4,565,309)

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN
FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 45,495,054	\$ 45,495,055	\$ 45,889,816	\$ 394,761
Earnings and Investments	720,000	720,000	294,214	(425,786)
Other	6,179,841	6,576,720	7,492,991	916,271
State Sources	102,944,482	103,711,411	104,214,361	502,950
Federal Sources	2,857,215	4,857,954	4,589,447	(268,507)
Total Revenues	<u>158,196,592</u>	<u>161,361,140</u>	<u>162,480,829</u>	<u>1,119,689</u>
EXPENDITURES				
Current:				
Administration	4,669,180	5,349,685	5,394,361	44,676
District Support Services	7,584,450	6,278,429	6,505,745	227,316
Elementary and Secondary Regular				
Instruction	84,159,803	87,884,139	89,872,882	1,988,743
Vocational Education Instruction	1,063,676	1,228,449	1,207,168	(21,281)
Special Education Instruction	23,321,422	24,395,680	22,906,881	(1,488,799)
Instructional Support Services	7,383,666	7,518,759	7,312,674	(206,085)
Pupil Support Services	4,782,133	5,369,137	5,677,560	308,423
Sites and Buildings	8,160,702	8,559,617	9,262,975	703,358
Fiscal and Other Fixed Cost Programs	468,000	775,508	609,346	(166,162)
Transportation	5,672,096	5,492,387	5,417,194	(75,193)
Capital Outlay	5,579,797	5,989,971	5,960,316	(29,655)
Debt Service:				
Principal	2,190,000	4,488,237	4,118,682	(369,555)
Interest and Fiscal Charges	1,887,421	2,010,056	2,154,754	144,698
Total Expenditures	<u>156,922,346</u>	<u>165,340,054</u>	<u>166,400,538</u>	<u>1,060,484</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,274,246	(3,978,914)	(3,919,709)	59,205
OTHER FINANCING USES				
Issuance of Long-Term Leases	2,855,770	2,855,770	2,919,343	63,573
Transfers Out	-	-	(29,494)	(29,494)
Total Other Financing Sources (Uses)	<u>2,855,770</u>	<u>2,782,897</u>	<u>2,889,849</u>	<u>106,952</u>
NET CHANGE IN FUND BALANCE	<u>\$ 4,130,016</u>	<u>\$ (1,196,017)</u>	(1,029,860)	<u>\$ 166,157</u>
FUND BALANCE				
Beginning of Year			28,519,124	
End of Year			<u>\$ 27,489,264</u>	

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN
FUND BALANCE – BUDGET AND ACTUAL – MAJOR FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local Sources:				
Earnings and Investments	\$ 8,500	\$ 8,500	\$ 7,192	\$ (1,308)
Other - Primarily Meal Sales	5,443,870	964,251	1,295,026	330,775
State Sources	129,666	65,000	169,552	104,552
Federal Sources	920,213	4,159,145	5,262,258	1,103,113
Total Revenues	<u>6,502,249</u>	<u>5,196,896</u>	<u>6,734,028</u>	<u>1,537,132</u>
EXPENDITURES				
Current:				
Food Service	6,311,443	5,269,229	4,966,851	(302,378)
Capital Outlay	142,500	117,000	19,825	(97,175)
Total Expenditures	<u>6,453,943</u>	<u>5,386,229</u>	<u>4,986,676</u>	<u>(399,553)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 48,306</u>	<u>\$ (189,333)</u>	1,747,352	<u>\$ 1,936,685</u>
FUND BALANCE				
Beginning of Year			<u>1,433,782</u>	
End of Year			<u>\$ 3,181,134</u>	

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN
FUND BALANCE – BUDGET AND ACTUAL – MAJOR COMMUNITY SERVICE FUND
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 964,493	\$ 964,493	\$ 967,846	\$ 3,353
Earnings and Investments	40,000	40,000	13,602	(26,398)
Other - Primarily Tuition and Fees	10,787,786	11,160,369	11,230,496	70,127
State Sources	560,671	551,827	491,568	(60,259)
Federal Sources	-	137,550	397,878	260,328
Total Revenues	<u>12,352,950</u>	<u>12,854,239</u>	<u>13,101,390</u>	<u>247,151</u>
EXPENDITURES				
Current:				
Community Service	12,487,638	12,588,360	11,243,290	(1,345,070)
Capital Outlay	79,750	78,500	28,745	(49,755)
Debt Service				
Principal	1,425	2,875	5,513	2,638
Interest and Fiscal Charges	-	-	531	531
Total Expenditures	<u>12,568,813</u>	<u>12,669,735</u>	<u>11,278,079</u>	<u>(1,391,656)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(215,863)	184,504	1,823,311	1,638,807
OTHER FINANCING SOURCES				
Transfers In	-	46,254	39,770	(6,484)
NET CHANGE IN FUND BALANCE	<u>\$ (215,863)</u>	<u>\$ 230,758</u>	1,863,081	<u>\$ 1,632,323</u>
FUND BALANCE				
Beginning of Year			<u>911,122</u>	
End of Year			<u>\$ 2,774,203</u>	

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
STATEMENT OF NET POSITION – PROPRIETARY FUND – INTERNAL SERVICE FUND
JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

	Governmental Activities - Internal Service Funds	
	2022	2021
CURRENT ASSETS		
Cash and Investments	\$ 30,288,256	\$ 42,604,726
Interest Receivable	21,656	-
Total Assets	30,309,912	42,604,726
CURRENT LIABILITIES		
Accounts Payable	1,862	2,065
Claims Payable - Medical	2,093,400	2,345,266
Due to Other Funds	754,419	750,607
Unearned Revenue	2,316,488	2,472,138
Total Current Liabilities	5,166,169	5,570,076
NET POSITION		
Unrestricted	\$ 25,143,743	\$ 37,034,650

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN
NET POSITION – PROPRIETARY FUND – INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2021)**

	Governmental Activities - Internal Service Funds	
	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Charges for Services:		
Health Insurance Premiums	\$ 15,665,169	\$ 15,639,172
Dental Insurance Premiums	1,249,050	1,185,258
Total Operating Revenues	<u>16,914,219</u>	<u>16,824,430</u>
OPERATING EXPENSES		
Salaries	121,538	113,863
VEBA Contributions	1,749,260	1,225,801
Wellness Payments	42,060	42,060
Health Insurance Claim Payments	11,866,724	11,866,724
Dental Insurance Claim Payments	1,168,649	1,168,649
OPEB Payments	754,419	750,607
General Administration Fees	1,101,607	1,101,607
Total Operating Expenses	<u>16,804,257</u>	<u>16,269,311</u>
OPERATING INCOME	109,962	555,119
NONOPERATING INCOME		
Earnings on Investments	(2,150,869)	4,873,561
Transfers to Other Funds	<u>(9,850,000)</u>	<u>-</u>
Total Nonoperating Income (Expenses)	<u>(12,000,869)</u>	<u>4,873,561</u>
CHANGE IN NET POSITION	(11,890,907)	5,428,680
Net Position - Beginning	<u>37,034,650</u>	<u>31,605,970</u>
NET POSITION - ENDING	<u>\$ 25,143,743</u>	<u>\$ 37,034,650</u>

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
STATEMENT OF CASH FLOWS – PROPRIETARY FUND – INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2021)**

	Governmental Activities - Internal Service Funds	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Interfund Services Provided	\$ 16,736,913	\$ 17,125,514
Payments for Administrative Costs	(1,101,607)	(1,101,607)
Payments for Salaries	(121,538)	(113,863)
Payments for Medical Fees and Insurance Claims	(13,287,442)	(12,626,842)
Payments for Wellness	(42,060)	(42,060)
Payments to Employee VEBA Accounts	(1,749,260)	(1,225,801)
Payments for Retirement Benefits	(750,607)	(794,338)
Net Cash Provided (Used) by Operating Activities	(315,601)	1,221,003
 CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	45,209	122,599
Proceeds from Sale of Investments	750,607	794,338
Net Cash Provided by Investing Activities	795,816	916,937
 NET INCREASE IN CASH AND CASH EQUIVALENTS	480,215	2,137,940
 Cash and Cash Equivalents - Beginning	14,553,346	12,415,406
 CASH AND CASH EQUIVALENTS - ENDING	\$ 15,033,561	\$ 14,553,346
 Total Cash and Investments per Statement of Net Position	\$ 30,288,256	\$ 42,604,726
Less: Investments Included in Cash and Investments	(15,254,695)	(28,051,380)
Total Cash and Cash Equivalents	\$ 15,033,561	\$ 14,553,346
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income	\$ 109,962	\$ 555,119
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
(Increase) Decrease in Interest Receivable	(21,656)	-
Increase (Decrease) in Accounts Payable	(203)	(2,735)
Increase (Decrease) in Claims Payable	(251,866)	411,266
Increase (Decrease) in Due to Other Funds	3,812	(43,731)
Increase (Decrease) in Unearned Revenue	(155,650)	301,084
Total Adjustments	(425,563)	665,884
Net Cash Provided (Used) by Operating Activities	\$ (315,601)	\$ 1,221,003
 NONCASH INVESTING ACTIVITIES		
Increase in Fair Value of Investments	\$ (2,549,205)	\$ 7,432,446

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022**

	Custodial Funds
ASSETS	
Cash and Investments	\$ 560,547
Due From Other Governments	73,746
Total Assets	634,293
 LIABILITIES	
Accounts and Contracts Payable	712
 NET POSITION	
Restricted	\$ 633,581

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2022**

	<u>Custodial Funds</u>
ADDITIONS	
Gifts and Donations	\$ 9,752
LCTS Grants	196,231
Total Additions	<u>205,983</u>
 DEDUCTIONS	
Grants Distributed	<u>268,221</u>
 CHANGE IN NET POSITION	 (62,238)
Net Position - Beginning of Year	<u>695,819</u>
 NET POSITION - END OF YEAR	 <u><u>\$ 633,581</u></u>

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Independent School District No. 276 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. Financial Reporting Entity

Independent School District No. 276 (the District) is an instrumentality of the state of Minnesota established to function as an educational institution. The elected School Board (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

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

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

Student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside school hours. The School Board does have a fiduciary responsibility in establishing broad policies and ensuring that appropriate financial records are maintained for student activities. In accordance with Minnesota state statutes, the District's student activity accounts are included in these financial statements.

Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It 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 standard, 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. The District adopted the requirements of the guidance effective July 1, 2021, and has elected to apply the provisions of this standard to the beginning of the period of adoption.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation

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

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

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

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

The Internal Service Fund is presented in the proprietary fund financial statements. Because the principal users of the internal services are the District's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements. Internal payments received in the internal service funds are eliminated on the government-wide statements as reductions to expenses and the net cost of these services is reported in the appropriate functional activity.

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

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are generally recognized as revenues in the fiscal year for which they are levied, except for amounts advance recognized in accordance with a statutory "tax shift" described later in these notes. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting transactions are recorded in the following manner:

1. Revenue Recognition

Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to Minnesota Statutes and GAAP. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Food service sales, community education tuition, and other miscellaneous revenue (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. A six-month period of availability is generally used for other fund revenue.

2. Recording of Expenditures

Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used. Principal and interest on long-term debt issues are recognized on their due dates.

The District reports unearned revenue on its statement of net position and balance sheet. Unearned revenues arise when resources are received by the District before it has a legal claim to them. In subsequent periods when both revenue recognition criteria are met or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the statement of net position and balance sheet and revenue is recognized.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Description of Funds

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

Major Governmental Funds

General Fund

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

Food Service Special Revenue Fund

The Food Service Fund is used to account for food service revenues and expenditures. Revenues recorded in this fund include meal sales to pupils along with state and federal reimbursements for meals.

Community Service Special Revenue Fund

The Community Service Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, veterans, adult or early childhood programs, K-6 extended day programs or other similar services. Revenues recorded in this fund include property taxes restricted for Community Service purposes and tuition and fees charged for Community Education.

Capital Projects – Building Construction Fund

The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities. The Fund was established for building construction activity authorized by specific voter-approved bond issues.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and payment of, general long-term obligation bond principal, interest, and related costs. The regular debt service account is used for all general obligation bond debt service, except for refunding bond issues, for which a separate refunding bond trust account has been established. Additionally, during fiscal year 2009, the District established a debt service fund to account for proceeds of taxable Other Postemployment Benefits bonds.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Proprietary Fund

Internal Service Fund

The Internal Service Fund accounts for financing of goods or services provided by one department to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The District's Internal Service Fund includes its self-insured health and dental insurance plan for its employees. In fiscal year 2009, the District also established a revocable trust to account for cash and other assets held by the District for the payment of Other Postemployment Benefits, which is accounted for as an internal service fund.

Fiduciary Fund

The District maintains a custodial fund which is used to account for money held by the District in the capacity of custodian, where both the principal and interest may be spent. Activity within this fund consists of grants which are awarded to individuals by external entities as well as funds related to Local Collaborative Time Study (LCTS) grant funds. The District receives these funds from the LCTS and disburses them to members at the determination and discretion of the LCTS.

E. Budgeting

Budgets presented in this report for comparison to actual amounts are presented in accordance with GAAP. Each June, the School Board adopts an annual budget for the following fiscal year for the General, Food Service, Community Service, Capital Projects – Buildings Construction, and Debt Service Funds. The approved budget is published in electronic form to the District's website. Reported budget amounts represent the amended budget as adopted by the School Board. Legal budgetary control is at the fund level.

Procedurally, in establishing the budgetary data reflected in these financial statements, the Superintendent submits to the School Board prior to July 1, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means to finance them. The budget is legally enacted by School Board action. Revisions to budgeted amounts must be approved by the School Board. Individual amendments were not material in relation to the original appropriations.

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

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgeting (Continued)

The general fund and capital projects fund had expenditures in excess of budgeted amounts for fiscal year 2022, as shown below. Overages were the result of timing differences in contributions to projects that spanned fiscal years.

	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund	\$ 165,340,054	\$ 166,400,538	\$ 1,060,484
Capital Projects Fund	9,994,187	10,634,500	640,313

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

At the end of each fiscal year, if the General Fund has a net unreserved deficit fund balance, calculated in accordance with the uniform financial accounting and reporting standards for Minnesota school districts which excludes certain reserves specified in Minnesota Statutes, exceeding 2.5% of expenditures, a condition referred to as "statutory operating debt" exists. That debt requires retirement through the accumulation of subsequent operating surpluses in accordance with a "special operating plan" approved by the Commissioner of the Department of Education.

F. Cash and Investments

Cash balances from all funds are combined and invested to the extent available in various securities as authorized by Minnesota Statutes. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

Investments are stated at their fair value as determined by quoted market prices, except for money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less which are recorded at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Money market investments are short-term, highly liquid debt instruments including commercial paper, banker's acceptances, and U.S. Treasury and agency obligations. Investments in external investment which meet the criteria included in GASB Statement No. 79 are measured at amortized cost.

G. Accounts Receivable

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

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Inventories

Inventories are recorded using the purchase method of accounting and consist of purchased food, supplies, and surplus commodities received from the federal government. Food and supply purchases are recorded at invoice cost, computed on a first-in, first-out method, and surplus commodities are stated at standardized cost, as determined by the Department of Agriculture.

I. Prepaid Items

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

J. Property Taxes

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

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

In accordance with State law, the current tax shift consists of an amount equal to 31% of the District's 2000 Pay 2001 operating referendum levy (frozen at \$3,991,124) advance recognized as revenue in fiscal 2022 with no corresponding state aid adjustment. Certain other portions of the District's 2021 pay 2022 levy, normally revenue for the 2022-23 fiscal year, are also advance recognized as June 30, 2022, as required by state statute to match revenue with the same fiscal year as the related expenditures.

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is shown as a deferred inflow of resources because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes has been provided as such amounts are not expected to be material.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Property Taxes (Continued)

Current levies of local taxes, less the amount recognized as revenue in the current period, including portions assumed by the state which will be recognized as revenue in the next fiscal year beginning July 1, 2022, are included in the Property Taxes Levied for Subsequent Year account to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

K. Capital Assets

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

Capital assets are recorded in the Government-wide financial statement but are not reported in the Fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements, buildings, and building improvements, and 5 to 15 years for equipment.

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

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

L. Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has two types of item that qualifies for reporting in this category. When refunding debt issuances, the difference between the reacquisition price of the refunded debt and the net carrying amount of that debt (net of any unamortized premium or discount) is considered a deferred outflow of resources and amortized as a component of interest expense over the shorter of the remaining life of the refunded debt or the life of the new refunding debt. The District also reports deferred outflows of resources related to pensions and other postemployment benefits. See Notes 8 and 12 for additional detail.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four types of items which occur related to revenue recognition. The first occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year. The second type of deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's year-end) under the modified accrual basis of accounting. The third type of deferred inflows is related to long-term lease receivables. The fourth type of deferred inflows reported is related to pensions and other postemployment benefits. See Notes 8 and 12 for additional detail.

M. Long-Term Obligations

In the government-wide financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

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

N. Accrued Employee Benefits

Vacation Pay

The long-term portion of vacation liabilities is recorded as compensated absences payable in long-term debt in the government-wide financial statements.

Sick Pay

Certain district employees are entitled to sick leave at various rates. Unused sick leave is a factor in the calculation of an employee's severance pay upon retirement for certain employee groups.

Severance and Health Benefits

Severance and health benefits consist of convertible sick leave and postemployment health care benefits. Accounting policies for severance and health benefits are described below.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Accrued Employee Benefits (Continued)

Severance and Health Benefits (Continued)

1. Convertible Sick Leave

Certain bargaining unit members are eligible to be compensated for unused accumulated sick leave upon termination subject to certain conditions. If convertible sick leave payments are owed at year-end, an accrual is made in the governmental fund incurring the liability. The amount of convertible sick leave is recorded as a liability in the long-term debt as it is earned and when it becomes probable that it will vest at some point in the future.

During fiscal year 2022, the District's expenditures for convertible sick leave totaled approximately \$623,491. At June 30, 2022, the long-term portion of the convertible sick leave liability is included as part of long-term debt and represents \$487,496 of the total severance and health benefits payable amount.

2. Postemployment Health Care Benefits

In addition to retirement benefits, the District provides postretirement medical insurance benefits to teachers, administrators, principals, food service workers, custodians, and clerical employees, in accordance with their respective master employment agreements. The eligibility for, amount of, duration of, and District's contribution to the cost of the benefits provided varies by contract and date of retirement. See Note 12 for further information.

3. 403(b) Plan

Members of certain employee groups may also elect to receive district matching contributions paid into a tax-deferred matching contribution plan established under IRC Section 403(b).

Pensions

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

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Leases

1. Leases Payable

The District determines if an arrangement is a lease at inception. Leases are included in lease assets and lease liabilities in the statements of net position.

Lease assets represent the District's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the District's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the District will exercise that option.

2. Leases Receivable

The District determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statements of net position and fund financial statements.

Lease receivables represent the District's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

The District has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses or revenues as incurred, and these leases are not included as lease liabilities and right-to-use lease assets or lease receivables and deferred inflows on the statements of net position.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Statement of Cash Flows

For purposes of the statement of cash flows, the District considers all highly liquid debt instruments with an original maturity from the time of purchase by the District of three months or less to be cash equivalents. The Proprietary Fund's equity in the Government-wide cash and investment management pool is considered to be cash equivalents. Amounts invested in the OPEB trust included in the proprietary fund are not considered to be cash and cash equivalents.

Q. Restricted Assets

Restricted assets are cash and investments whose use is limited by legal requirements such as a bond indenture. Restricted assets in these financial statements are labeled "Cash and Investments Held by Trustee".

R. Fund Balance

In the fund financial statements, governmental funds report fund balances in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

Nonspendable – portions of fund balance related to prepaids, inventories, long-term receivables, and corpus on any permanent fund.

Restricted – funds are constrained by outside parties (statute, grantors, contributors, bond agreements, etc.).

Committed – funds are established and modified by a resolution approved by the Board of Education.

Assigned – consists of internally imposed constraints. The Board of Education passed a resolution authorizing the Superintendent and Director of Business Affairs to assign fund balances and their intended uses.

Unassigned – is the residual classification for the general fund and also reflects negative residual amounts in other funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to use restricted first, then unrestricted fund balance.

When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts are available, it is the District's policy to use committed first, then assigned, and finally unassigned amounts.

The District formally adopted a fund balance policy for the General Fund. The policy establishes a year-end minimum unassigned fund balance of 6% of the annual budget.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Workers' compensation is provided by SFM Insurance with property and casualty insurance provided by Lloyds of London/Brit Syndicate. Workers compensation is serviced through a local agent and property and casualty is serviced through ALPS, a consortium of seven local school districts, who assist in the annual review of coverage. In addition, safety specialists from SFM Insurance visit the District annually to inspect the work environment in an effort to assist District staff to identify unsafe work conditions. There were no insurance settlements exceeding claims in any of the previous three years and there has been no reduction in coverage.

T. Net Position

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

U. Comparative Data

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

NOTE 2 DEPOSITS AND INVESTMENTS

A. Deposits

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

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

Custodial Credit Risk – Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District’s deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits. Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds. Authorized collateral includes: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated “A” or better; revenue obligations of a state or local government rated “AA” or better; irrevocable standby letter of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota Statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust department of a commercial bank or other financial institution not owned or controlled by the depository.

At June 30, 2022, the District’s deposits had a bank balance of \$12,447,442 and a carrying amount of \$10,922,036. At June 30, 2022, the District’s petty cash fund totaled \$3,300.

B. Investments

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

- Direct obligations or obligations guaranteed by the United States or its agencies.
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less.
- General obligations rated “A” or better; revenue obligations rated “AA” or better.
- General obligations of the Minnesota Housing Finance Agency rate “A” or better.
- Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System.
- Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by a least two nationally recognized rating agencies, and maturing in 270 days or less.
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

- Repurchase or reverse purchase agreement and securities lending agreements financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
- Investments related to the OPEB Revocable Trust Fund may be invested in accordance with Minnesota Statute 356A.06.

At June 30, 2022, the District’s investment balances were as follows:

<u>Investments Measured at Fair Value</u>	<u>Fair Value</u>
U.S. Treasuries with Maturities at Purchase of	
Greater Than 1 Year	\$ 2,767,470
Federal National Mortgage Association	93,510
Corporate Bonds	2,346,685
Equities	7,816,223
Real Estate Investment Trusts	74,927
Real Asset Funds	1,871,631
Total Investments at Fair Value	<u>\$ 14,970,446</u>
<u>Investments Measured at Amortized Cost</u>	<u>Amortized Cost</u>
Federated Treasury Cash Series	\$ 624,756
MSDLAF+ Liquid Class	1,000,437
MSDLAF+ Term Series	38,845,678
MN Trust Investment Shares	32,430,369
Money Markets	10,828,595
Total Investments at Amortized Cost	<u>\$ 83,729,835</u>

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

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

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

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

Type	Total	Maturity Duration in Years				No Maturities
		Less Than 1	1 to 5	6 to 10	More Than 10	
U.S. Treasury Notes	\$ 2,767,470	\$ -	\$ 2,117,308	\$ 650,162	\$ -	\$ -
Real Estate Investment Trusts	74,927	-	-	-	-	74,927
Federal National Mortgage Assn.	93,510	-	93,510	-	-	-
Real Asset Funds	1,871,631	-	-	-	-	1,871,631
Equities	7,816,223	-	-	-	-	7,816,223
Corporate Bonds	2,346,685	-	1,632,143	714,542	-	-
Federated Treasury Cash Series	624,756	-	-	-	-	624,756
MSDLAF+ Liquid Class	1,000,437	-	-	-	-	1,000,437
MSDLAF+ Term Series	38,845,678	-	-	-	-	38,845,678
MN Trust Investment Shares	32,430,369	-	-	-	-	32,430,369
Money Market Funds	10,828,595	-	-	-	-	10,828,595
Total	\$ 98,700,281	\$ -	\$ 3,842,961	\$ 1,364,704	\$ -	\$ 82,664,021

Concentration of Credit Risk – The District places no limit on the amount that the District may invest in any one issuer. The District had no investments at June 30, 2022 which individually comprised more than 5% of total investments.

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

Cash and Investments - Statement of Net Position	\$ 98,520,724
Cash and Investments Held by Trustee - Statement of Net Position	10,544,346
Cash and Investments - Statement of Fiduciary Net Position	560,547
Total Cash and Investments	<u>\$ 109,625,617</u>

Cash and Investments Held by Trustee – Cash and investments held by trustee are held by an escrow agent in accordance with escrow agreements established with the sale of various refunding bonds and capitalized interest.

C. Fair Value Measurements

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

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

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Fair Value Measurements (Continued)

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

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

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

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

Assets of the District measured at fair value on a recurring basis:

Measured at Fair Value Investment	Level 1	Level 2	Level 3	Total
U.S. Treasuries with Maturities at				
Purchase of Greater Than 1 Year	\$ 2,767,470	\$ -	\$ -	\$ 2,767,470
Federal National Mortgage Association	-	93,510	-	93,510
Corporate Bonds	2,346,685	-	-	2,346,685
Equities	7,816,223	-	-	7,816,223
Real Estate Investment Trusts	74,927	-	-	74,927
Real Asset Funds	1,871,631	-	-	1,871,631
Total	<u>\$ 14,876,936</u>	<u>\$ 93,510</u>	<u>\$ -</u>	<u>14,970,446</u>
Investments Measured at Amortized Cost				<u>83,729,835</u>
Total				<u>\$ 98,700,281</u>

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance*	Increases	Decreases	Reclassification	Ending Balance
Governmental Activities					
Capital Assets, Not Being Depreciated					
Land	\$ 4,450,229	\$ -	\$ -	\$ -	\$ 4,450,229
Construction in Progress	3,619,888	9,085,747	(7,741,787)	-	4,963,848
Total Capital Assets, Not Being Depreciated	<u>8,070,117</u>	<u>9,085,747</u>	<u>(7,741,787)</u>	<u>-</u>	<u>9,414,077</u>
Capital Assets, Being Depreciated					
Land Improvements	24,299,100	267,140	-	-	24,566,240
Buildings and Improvements	219,630,210	7,474,647	-	-	227,104,857
Equipment	20,566,450	4,441,060	(106,803)	-	24,900,707
Total Capital Assets, Being Depreciated	<u>264,495,760</u>	<u>12,182,847</u>	<u>(106,803)</u>	<u>-</u>	<u>276,571,804</u>
Leased Assets, Being Amortized					
Buildings and Improvements	3,520,757	-	-	-	3,520,757
Equipment	271,384	63,573	-	-	334,957
Total Capital Assets, Being Amortized	<u>3,792,141</u>	<u>63,573</u>	<u>-</u>	<u>-</u>	<u>3,855,714</u>
Accumulated Depreciation for:					
Land Improvements	(11,233,293)	(1,235,036)	-	-	(12,468,329)
Buildings and Improvements	(83,601,225)	(5,157,151)	-	-	(88,758,376)
Equipment	(13,205,405)	(2,167,181)	105,596	-	(15,266,990)
Total Accumulated Depreciation	<u>(108,039,923)</u>	<u>(8,559,368)</u>	<u>105,596</u>	<u>-</u>	<u>(116,493,695)</u>
Accumulated Amortization for:					
Buildings and Improvements	-	(271,212)	-	-	(271,212)
Equipment	-	(89,958)	-	-	(89,958)
Total Accumulated Amortization	<u>-</u>	<u>(361,170)</u>	<u>-</u>	<u>-</u>	<u>(361,170)</u>
Total Capital Assets, Being Depreciated and Amortized, Net	<u>160,247,978</u>	<u>3,325,882</u>	<u>(1,207)</u>	<u>-</u>	<u>163,572,653</u>
Governmental Activities Capital Assets, Net	<u>\$ 168,318,095</u>	<u>\$ 12,411,629</u>	<u>\$ (7,742,994)</u>	<u>\$ -</u>	<u>\$ 172,986,730</u>

*Certain beginning balances were revised due to the implementation of GASB 87.

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

Governmental Activities	
Administration	\$ 54,064
District Support Services	137,560
Regular Instruction	8,066,128
Vocational Education Instruction	40,692
Special Education Instruction	1,426
Instructional Support Services	554
Pupil Support Services	782
Sites and Buildings	484,145
Food Service	93,042
Community Service	42,145
Total Depreciation and Amortization Expense, Governmental Activities	<u>\$ 8,920,538</u>

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 LEASE RECEIVABLES

The District, acting as lessor, leases facilities space under long-term, non-cancelable lease agreements. The leases carry discount rates of 4.00% expire at various dates through 2028. During the year ended June 30, 2022, the District recognized \$106,358 and \$16,419 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Total future minimum lease payments to be received under lease agreements are as follows:

<u>Year Ending June 30,</u>	Long-Term Leases Receivable	
	Principal	Interest
2023	\$ 57,307	13,127
2024	46,322	11,278
2025	48,209	9,391
2026	50,173	7,427
2027	52,218	5,382
2028-2029	110,904	4,296
Total	\$ 365,133	\$ 50,901

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 LONG-TERM LIABILITIES

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

A. Components of Long-Term Debt

Issue Date	Net Interest Rate	Series Number	Original Issue	Maturities	Principal Outstanding	
					Due Within One Year	Total
11/1/2012	0.7% - 2.5%	2012F	\$ 1,205,000	2015-2023	\$ 145,000	\$ 145,000
7/1/2013	0.5% - 2.75%	2013G	3,475,000	2015-2023	415,000	415,000
11/7/2013	2.0% - 4.0%	2013H	13,325,000	2015-2026	1,205,000	5,125,000
2/11/2015	3.0% - 4.0%	2015B	1,765,000	2015-2034	-	1,765,000
4/25/2015	2.0% - 3.0%	2015D	1,595,000	2016-2024	275,000	325,000
3/2/2016	1.2% - 3.3%	2016J	1,420,000	2019-2031	100,000	1,020,000
7/6/2016	2.0% - 3.0%	2016M	5,785,000	2017-2037	255,000	4,660,000
10/23/2017	3.0% - 5.0%	2017B	14,415,000	2019-2038	610,000	12,280,000
9/27/2018	3.7% - 5.0%	2018E	5,060,000	2021-2040	170,000	4,745,000
1/10/2019	3.0% - 5.0%	2019B	2,000,000	2020-2038	80,000	1,855,000
3/6/2019	3.375% - 5.0%	2019C	5,370,000	2020-2039	195,000	4,885,000
7/8/2019	3.0% - 5.0%	2019D	2,710,000	2020-2039	110,000	2,550,000
10/3/2019	3.0%	2019F	1,955,000	2021-2040	80,000	1,825,000
1/31/2020	3.0% - 4.0%	2020A	1,175,000	2021-2030	110,000	970,000
2/26/2020	1.66% - 2.25%	2020C	1,245,000	2021-2030	120,000	1,015,000
7/1/2020	2.0% - 4.0%	2020E	1,975,000	2020-2040	100,000	1,775,000
10/6/2020	2.125% - 3.0%	2020F	2,070,000	2020-2044	65,000	1,930,000
10/6/2020	2.0% - 3.0%	2020G	4,870,000	2020-2041	195,000	4,715,000
11/3/2020	3.0%	2020H	655,000	2020-2027	110,000	585,000
2/1/2021	1.05% - 2.0%	2021A	19,855,000	2021-2038	1,020,000	18,700,000
7/1/2021	2.00% - 4.00%	2021F	770,000	2023 - 2034	75,000	770,000
10/4/2021	2.75% - 5.00%	2021G	6,245,000	2023 - 2042	165,000	6,245,000
10/4/2021	2.00% - 4.00%	2021H	2,665,000	2023 - 2035	175,000	2,665,000
10/28/2021	1.45% - 2.45%	2021I	13,870,000	2022 - 2038	705,000	13,870,000
10/28/2021	1.45% - 2.05%	2021J	14,025,000	2022 - 2035	635,000	14,025,000
Total General Obligation Bonds					<u>\$ 7,115,000</u>	<u>\$ 108,860,000</u>
Bond Premiums					<u>\$ -</u>	<u>\$ 6,723,450</u>

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

A. Components of Long-Term Debt (Continued)

	<u>Principal Outstanding</u>	
	<u>Due Within One Year</u>	<u>Total</u>
<u>Certificates of Participation</u>		
Certificates of Participation 2012D	\$ 115,000	\$ 115,000
Certificates of Participation 2016C	80,000	1,645,000
Certificates of Participation 2016D	80,000	1,645,000
Certificates of Participation 2016G	40,000	770,000
Certificates of Participation 2016H	110,000	2,300,000
Certificates of Participation 2016K	120,000	930,000
Certificates of Participation 2016L	85,000	1,640,000
Certificates of Participation 2016N	55,000	970,000
Certificates of Participation 2016O	70,000	1,280,000
Certificates of Participation 2017A	85,000	2,765,000
Certificates of Participation 2017C	90,000	1,940,000
Certificates of Participation 2018B	40,000	895,000
Certificates of Participation 2018D	40,000	1,160,000
Certificates of Participation 2019A	235,000	6,855,000
Certificates of Participation 2019E	160,000	3,740,000
Certificates of Participation 2020B	150,000	7,845,000
Certificates of Participation 2020D	135,000	1,055,000
Certificates of Participation 2020I	50,000	1,220,000
Certificates of Participation 2021B	110,000	2,495,000
Certificates of Participation 2021C	75,000	2,200,000
Certificates of Participation 2021D	25,000	1,230,000
Certificates of Participation 2021E	25,000	2,725,000
Certificates of Participation 2021K	65,000	1,985,000
Certificates of Participation 2021L	80,000	3,200,000
Certificates of Participation 2021M	75,000	3,705,000
Certificates of Participation 2021N	25,000	745,000
Certificates of Participation 2022A	-	7,000,000
Total Certificates of Participation	<u>2,220,000</u>	<u>64,055,000</u>
Promissory Note	104,175	342,648
Financed Purchases	1,338,584	2,679,837
Long-Term Leases	280,717	3,591,637
Compensated Absences Payable	827,863	1,241,793
Severance Benefits Payable	-	487,496
Early Retirement Incentive Payable	62,400	119,400
Total	<u>\$ 11,844,564</u>	<u>\$ 188,101,261</u>

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

B. Minimum Debt Payments

Minimum annual principal and interest payments required to retire long-term debt, not including severance and health benefits payable are as follows:

Year Ending June 30.	General Obligation Bonds Payable		Certificates of Participation Payable		Promissory Note	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 7,115,000	\$ 2,755,174	\$ 2,220,000	\$ 1,918,076	\$ 104,175	\$ 8,842
2024	6,760,000	3,081,301	2,275,000	1,933,126	105,763	5,661
2025	7,480,000	2,859,612	2,500,000	1,850,120	132,710	2,024
2026	7,730,000	2,644,884	2,585,000	1,758,800	-	-
2027	6,540,000	2,363,745	2,660,000	1,660,911	-	-
2028-2032	34,015,000	8,065,105	13,895,000	6,771,567	-	-
2033-2037	30,175,000	3,777,414	16,375,000	4,102,769	-	-
2038-2042	9,045,000	631,413	21,545,000	1,578,445	-	-
2043-2047	-	8,713	-	128,411	-	-
2048-2032	-	-	-	-	-	-
Total	\$ 108,860,000	\$ 26,187,361	\$ 64,055,000	\$ 21,702,225	\$ 342,648	\$ 16,527

Year Ending June 30.
2023
2024
2025
2026
2027
2028-2032
2033-2037
2038-2042
2043-2047
2048-2032
Total

Financed Purchases		Long-Term Leases		Total	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 1,338,584	\$ 5,354	\$ 280,717	\$ 139,552	\$ 11,058,476	\$ 4,826,998
1,341,253	2,386	265,414	127,862	10,747,430	5,150,336
-	-	139,899	118,938	10,252,609	4,830,694
-	-	101,133	114,002	10,416,133	4,517,686
-	-	85,626	110,131	9,285,626	4,134,787
-	-	346,447	506,820	48,256,447	15,343,492
-	-	478,599	427,425	47,028,599	8,307,608
-	-	688,749	311,574	31,278,749	2,521,432
-	-	956,206	148,231	956,206	285,355
-	-	248,847	4,999	248,847	4,999
\$ 2,679,837	\$ 7,740	\$ 3,591,637	\$ 2,009,534	\$ 179,529,122	\$ 49,923,387

C. Description of Long-Term Debt

General Obligation School Building Bonds

These bonds were issued to finance acquisitions and/or construction of capital facilities. Assets of the Debt Service Fund, together with scheduled future ad valorem tax levies, are dedicated to the retirement of these bonds. Total deferred tax levies are available to retire bond principal and interest payable. These levies are subject to reduction if fund balances exceed limitations imposed by Minnesota law. In addition, assets are available in an escrow account to be used for the repayment of certain refunded bonds.

In November 2012, the District issued \$1,205,000 of General Obligation Refunding bonds, Series 2012F. The proceeds of this issue were used to restructure the principal and interest due for FY2013 for the District's 2004B Alternative Facilities bonds. This refunding allowed the District to distribute the payments due in FY2013 over a 10-year period.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
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JUNE 30, 2022**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt (Continued)

General Obligation School Building Bonds (Continued)

In July 2013, the District issued \$3,475,000 General Obligation Alternative Facilities bonds, Series 2013G. The proceeds of this issue were used to finance future capital projects as part of the District's Capital Improvement Plan.

In November 2013, the District issued \$13,325,000 General Obligation Refunding bonds, Series 2013H. The proceeds of this issue were used to refund, in advance of their stated maturities, the District's 2004B General Obligation Refunding bonds.

In February 2015, the District issued \$1,765,000 General Obligation Alternative Facilities Refunding bonds, Series 2015B. The proceeds of this issue were used to refund and pay the principal and interest due on the February 1, 2015 maturity of the Series 2008B.

In April 2015, the District issued \$1,595,000 Taxable General Obligation Alternative Facilities bonds, Series 2015D. The proceeds of this issue were used to finance future capital projects as part of the District's Capital Improvement Plan.

In July 2016, the District issued \$5,785,000 General Obligation Facilities Maintenance Bonds, Series 2016M. The proceeds of this issue were used to finance projects including the replacement of major school building infrastructure components including such items as roofing systems, ceiling grid, heating, ventilation and cooling systems, flooring, doors, wall tile systems, and exterior window systems.

In October 2017, the District issued \$14,415,000 General Obligation Refunding Bonds, Series 2017B. The proceeds of this issue were used to refund and pay the principal and interest due on the February 1, 2020 through 2023 maturities of the 2008A bonds, the February 1, 2019 through 2024 maturities of the 2008B bonds, the February 1, 2019 and 2020 maturities of the 2010A bonds, and the February 1, 2019 through 2021 maturities of the 2010D bonds.

In November 2018, the District issued \$5,060,000 General Obligation Refunding Bonds, Series 2018E. The proceeds of this issue were used to refund and pay the principal and interest due on the February 1, 2020 through 2030 maturities of the 2010C bonds.

In January 2019, the District issued \$2,000,000 General Obligation Facilities Maintenance Bonds, Series 2019B. The proceeds of this issue were used to finance projects including the partial re-roofing of four schools, repaving projects at four schools, synthetic turf replacement at Minnetonka High School, and various other deferred maintenance projects.

In March 2019, the District issued \$5,370,000 General Obligation Alternative Facilities Refunding Bonds, Series 2019C. The proceeds of this issue were used to refund and pay the principal and interest due on the July 1, 2020 through 2026 maturities of the 2009F bonds.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt (Continued)

General Obligation School Building Bonds (Continued)

In July 2019, the District issued \$2,710,000 General Obligation Facilities Maintenance Bonds, Series 2019D. The proceeds of this issue were used to finance partial re-roofing projects at four schools, repaving projects at four schools, synthetic turf replacement at Minnetonka High School, mechanical systems component replacement at all schools and various deferred maintenance projects.

In October 2019, the District issued \$1,955,000 General Obligation Facilities Maintenance Bonds, Series 2019F. The proceeds of this issue were used to finance roofing replacement, paving replacement, mechanical systems replacement, cabinetry replacement and various other long-term maintenance replacement items.

In January 2020, the District issued \$1,175,000 General Obligation Alternative Facilities Refunding Bonds, Series 2020A. The proceeds of this issue were used to refund the March 1, 2021 through 2033 maturities of the 2012B bonds. The refunding resulted in a cash flow savings of \$115,586 and a net present value gain of \$81,349.

In February 2020, the District issued \$1,245,000 Taxable General Obligation Refunding Bonds, 2020C. The proceeds of this issue were used to refund the February 1, 2025 through 2034 maturities of the 2015C bonds. The refunding resulted in a cash flow savings of \$147,130 and a net present value savings of \$80,530.

In July 2020, the District issued \$1,975,000 General Obligation Maintenance Bonds, Series 2020E. The proceeds of this issue were used to finance roofing replacement, paving, replacement, mechanical systems replace, cabinetry replacement and various other long term maintenance replacement items.

In October 2020, the District issued \$2,070,000 General Obligation Maintenance Bonds, Series 2020F. The proceeds of this issue were used to refund the January 1, 2021 through 2033 maturities of the 2012C bonds, and the January 1, 2021 through 2034 maturities of the 2014A Bonds. The refunding resulted in a cash flow loss of \$39,118 and a net present value savings of \$140,128.

In October 2020, the District issued \$4,870,000 General Obligation Facilities Maintenance Bonds, Series 2020G. The proceeds of this issue were used to finance roofing replacement, paving replacement, mechanical systems replacement, cabinetry and various other long term maintenance replacement items.

In November 2020, the District issued \$655,000 General Obligation Alternative Facilities Refunding Bonds, Series 2020H. The proceeds of this issue were used to refund the 2022 through 2029 maturities of the Series 2013F Bonds.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
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JUNE 30, 2022**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt (Continued)

General Obligation School Building Bonds (Continued)

In July 2021, the District issued \$770,000 General Obligation Alternative Facilities Refunding Bonds, Series 2021F. The proceeds of this issue were used to refund the 2023 through 2033 maturities of the District's 2021G bonds. The refunding resulted in a cash flow savings of \$57,464 and a net present value savings of \$53,052.

In October 2021, the District issued \$6,245,000 Taxable General Obligation Facilities Maintenance Bonds, Series 2021G. The proceeds of this issue were used to finance roofing replacement, paving replacement, mechanical systems replacement, cabinetry replacement, and various other long-term maintenance replacement items.

In October 2021, the District issued \$2,665,000 General Obligation Alternative Facilities Refunding Bonds, Series 2021H. The proceeds of this issue were used to refund the 2024 through 2034 maturities of the District's 2013B bonds and the 2023 through 2035 maturities of the District's 2014D bonds. The refunding resulted in a cash flow savings of \$269,611 and a net present value savings of \$252,556.

In October 2021, the District issued \$14,545,000 Taxable General Obligation Refunding Bonds, Series 2021I. The proceeds of this issue will be used to refund the 2022 through 2035 maturities of the District's 2015A bonds, the 2024 through 2035 maturities of the District's 2015E bonds, the 2025 through 2038 maturities of the District's 2016A bonds, the 2022 through 2038 maturities of the District's 2016B bonds, and the 2022 through 2036 maturities of the Districts 2016E bonds. The refunding resulted in a cash flow savings of \$990,137 and a net present value savings of \$868,813.

In October 2021, the District issued \$14,570,000 Taxable General Obligation Refunding Bonds, Series 2021J. The proceeds of this issue will be used to refund the 2022 through 2038 maturities of the District's 2016I bonds. The refunding resulted in a cash flow loss of \$717,373 and a net present value savings of \$63,903.

Certificates of Participation Payable

The District raised funds through the issuance of Certificates of Participation during various fiscal years.

In July 2012, the District issued \$2,130,000 in Refunding Certificates of Participation, Series 2012D. The proceeds of this issue were used to refund the Certificates of Participation 2009D. This refunding allowed the District to distribute the payments due in FY2014 through 2018 over a 10-year period.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt (Continued)

Certificates of Participation Payable (Continued)

The 2016C issue, in the amount of \$2,120,000 and sold on January 12, 2016, and the 2016D issue, in the amount of \$2,115,000 and sold on January 12, 2016, were issued to refund the 2008F and 2008G Certificates. The 2016G issue, in the amount of \$1,000,000 and sold on February 2, 2016, was issued to finance the construction of two parking lots at Minnetonka High School. The 2016H issue, in the amount of \$2,975,000 and sold on February 2, 2016, was issued to refund the 2008C Certificates. The 2016K issue, in the amount of \$1,620,000 and sold on March 30, 2016, was issued to refund the 2008D Certificates. The 2016L issue, in the amount of \$2,125,000 and sold on April 20, 2016, was issued to refund the 2013C certificates. The 2016N issue, in the amount of \$1,190,000 and sold on September 30, 2016, was issued to finance the Groveland Land and Parking Project. The 2016O issue, in the amount of \$1,585,000 and sold on September 30, 2016, was issued to finance the Minnetonka High School Instructional Venue Project.

The 2017A issue, in the amount of \$3,000,000 and sold on August 23, 2017, were issued to finance the construction of a new gymnasium at Groveland Elementary School. The 2017C issue, in the amount of \$2,250,000 and sold on October 25, 2017, were issued to refund the 2010E certificates.

The 2018B issue, in the amount of \$1,000,000 and sold on July 2, 2018, were issued to refund the 2008H Certificates. The 2018D issue, in the amount of \$1,265,000 and sold on October 9, 2018, were issued to refund the 2011B Certificates. The 2019A issue, in the amount of \$7,300,000 and sold on January 10, 2019, were issued to refund the 2009B, 2009E, and 2011A Certificates.

The 2019E issue, in the amount of \$4,045,000 and sold on July 8, 2019, were issued to refund the 2010B Certificates. The 2020B issue, in the amount of \$8,140,000 and sold on February 26, 2020, were issue to refund the 2018A and 2018C Certificates. The 2020D issue, in the amount of \$1,160,000 and sold on June 29, 2020 were issued to finance the acquisition of a tract of land to serve as a site for a future school building, the demolition of existing buildings, structures, and improvements on the land.

The 2020I issue, in the amount of \$1,290,000 and sold on November 2, 2020, were issued to refund the 2014B Certificates. The 2021B issue, in the amount of \$2,495,000 and sold on March 16, 2021, were issued to refund the 2013A Certificates. The 2021C issue, in the amount of \$2,200,000 and sold on May 6, 2021 were issued to finance the acquisition of the Shorewood Building and real property and improvement for school purpose. The 2021D issue, in the amount of \$1,230,000 and sold on June 29, 2021, were issued to finance the construction of classroom addition for the trades at Minnetonka High School.

**INDEPENDENT SCHOOL DISTRICT NO. 276
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JUNE 30, 2022**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt (Continued)

Certificates of Participation Payable (Continued)

The 2021E issue, in the amount of in the amount of \$2,725,000 and sold on July 1, 2021, were issued to finance the construction of an approximately 10,300 square foot classroom addition for the trades at Minnetonka High School. The 2021K issue in the amount of \$2,495,000 and sold on November 3, 2021, were issued to refund the 2012A Certificates. This resulted in a cash flow loss of \$180,644 and a net present value savings of \$19,918. The 2021L issue in the amount of \$3,200,000 and sold on November 3, 2021, were issued to refund the 2014C Certificates. This resulted in a cash flow loss of \$188,982 and a net present value savings of \$178,317. The 2021M issue in the amount of \$3,705,000 and sold on November 3, 2021, were issued to refund the 2016F Certificates. This resulted in a cash flow loss of \$532,870 and a net present value savings of \$76,771. The 2021N issue in the amount of \$745,000 and sold on December 1, 2021, were issued to refund the 2013D Certificates. This resulted in a cash flow loss of \$146,638 and a net present value loss of \$58,932. The 2022A issue, in the amount of \$7,000,000 and sold on March 8, 2022, were issued to finance the construction of a new building to house Career Technical Education (CTE) programming on district-owned property adjacent to Clear Springs Elementary.

General Obligation Taxable OPEB Bonds

The District raised funds for Other Postemployment Benefits through the issuance of General Obligation Taxable Bonds beginning in fiscal year 2009.

In March 2016, the District issued \$1,420,000 of General Obligation OPEB Refunding Bonds, Series 2016J. The proceeds from this issue were paid into an irrevocable escrow to pay the 2019 through 2031 maturities of the 2010F Bonds.

In February 2021, the District issued \$19,855,00 Taxable General Obligation OPEB Refunding Bonds, Series 2021A. The proceeds from this issue were used to refund the 2022 through 2031 maturities of the 2013E OPEB Refunding Bonds.

Severance and Health Benefits Payable

Severance and health benefits payable consist of convertible sick leave, other severance pay, and postretirement health insurance benefits payable to employees upon retirement. Severance and health benefits are paid by the General and Special Revenue Funds. Annual payments to retire the severance and health benefits liability have not been determined and will depend on actual employee turnover. Resources for the payment of severance and compensated absences payable included in long-term debt will be provided primarily by the General Fund.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt (Continued)

Severance and Health Benefits Payable (Continued)

During fiscal 2004, the District initiated a Health Reimbursement Plan. The purpose of the Plan is to provide certain Employees with an opportunity to receive reimbursement for certain Health Care Expenses as provided in the Plan. It is the intention of the Adopting Employer that the benefits payable under this Plan be eligible for exclusion from the gross income of Participants as provided by Sections 105(b) and 106 of the Code. In addition, it is the intention of the Adopting Employer that the Plan qualify as a Health Reimbursement Arrangement (HRA) under IRS Revenue Ruling 2002-41 (June 26, 2002) and IRS Notice 2002-45 (June 26, 2002). As part of this plan, the District implemented a Voluntary Employees' Benefit Association (VEBA) as a component of this program whereby the District contributes retirement benefits and other contributions as specified by contract to the VEBA.

Arbitrage Rebate Liability

The Tax Reform Act of 1986 requires school districts and other governmental entities to pay to the federal government income earned on the proceeds from the issuance of debt in excess of interest costs, pending the expenditure of the borrowed funds. This rebate of interest income (known as arbitrage) applies to governmental debt issued after August 31, 1986.

Certain bond issues of the District are subject to the arbitrage rebate requirements. However, management does not expect to incur any significant arbitrage rebate liability.

D. Changes in Long-Term Debt

	June 30, 2021*	Additions	Retirements	June 30, 2022
Bonds Payable	\$ 108,250,000	\$ 38,795,000	\$ 38,185,000	\$ 108,860,000
Unamortized Premiums	7,005,943	2,154,927	2,437,420	6,723,450
Certificates of Participation	56,345,000	19,360,000	11,650,000	64,055,000
Financed Purchases Payable	775,990	2,855,770	951,923	2,679,837
Notes from Direct Borrowings:				
Promissory Note	445,258	-	102,610	342,648
Long-Term Leases	3,792,141	63,573	264,077	3,591,637
Severance Benefits Payable	560,935	-	73,439	487,496
Early Retirement Incentive Payable	185,400	-	66,000	119,400
Compensated Absences Payable	1,358,264	1,067,042	1,183,513	1,241,793
Total	<u>\$ 178,718,931</u>	<u>\$ 64,296,312</u>	<u>\$ 54,913,982</u>	<u>\$ 188,101,261</u>

*Certain beginning balances were revised due to the implementation of GASB 87.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

E. Debt Issued Subsequent to Year-End

On August 18, 2022, the District issued \$8,985,000 General Obligation Facilities Maintenance Bonds, Series 2022B, to finance roofing replacement, paving replacement, mechanical systems replacement, cabinetry replacement, and various other long-term maintenance replacement items as described in the District's ten-year facility plan. On November 3, 2022, the District issued \$3,725,000 General Obligation Refunding Bonds, Series 2022C, to refund the 2024 through 2026 maturities of the Series 2013H Bonds.

F. Outstanding Balances of Defeased Debt

Over the years, the District has issued refunding bonds which result in the in-substance defeasance of previous bond issuances, where the debt is removed from the District's books even though the debt has not yet been called and paid. The outstanding balance of refunded bonds which have not yet been called was \$38,200,000 at June 30, 2022.

NOTE 6 FUND BALANCES

Certain portions of fund balance are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities, or as required by other outside parties. A description of deficit balance restrictions is included herein since the District has specific statutory authority to levy taxes for such deficits.

Restricted, Committed, and Assigned fund balances at June 30, 2022 are as follows:

A. Restricted for Student Activities

Represents resources available for the extracurricular activity funds raised by students.

B. Restricted for Scholarships

Represents accumulated resources available for scholarship funds.

C. Restricted for Projects Funded by Certificates of Participation

Represents resources available from issuance of certificates of participation.

D. Restricted for Operating Capital

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

E. Restricted for Community Education Programs

Represents accumulated resources available to provide general community education programming.

**INDEPENDENT SCHOOL DISTRICT NO. 276
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JUNE 30, 2022**

NOTE 6 FUND BALANCES (CONTINUED)

- F. Restricted for Early Childhood and Family Education
Represents accumulated resources available to provide for services for early childhood family education programming.
- G. Restricted for School Readiness
Represents accumulated resources available to provide school readiness programming in accordance with funding made available for that purpose.
- H. Restricted for Adult Basic Education
Represents accumulated resources available to provide adult basic education services.
- I. Restricted for Long-Term Facilities Maintenance
Represents resources received from the capital projects levy to be used for long-term facilities maintenance.
- J. Restricted for Other Purposes
Represents amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- K. Restricted for Medical Assistance
Represents available resources to be used for medical assistance expenditures.
- L. Assigned for Q Comp
Represents dollars assigned for the Quality Compensation – Alternative Teacher Professional Pay program.
- M. Assigned for Athletic Equipment
Represents dollars assigned for Athletic Fees and Athletic Equipment.
- N. Assigned for Special Purposes
Represents amounts which were either donated to the District or funds to be utilized for specific purposes.
- O. Assigned for Capital Project Tech Levy
Represents amounts which are assigned for Capital Project Tech but are not restricted or committed.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
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JUNE 30, 2022**

NOTE 7 INTERFUND BALANCES AND OPERATING TRANSFERS

The District had the following interfund receivable and payable at June 30, 2022:

	Due from Other Fund	Due to Other Fund
General Fund	\$ 754,419	\$ -
Internal Service Fund:		
OPEB Revocable Trust	-	754,419
Total	\$ 754,419	\$ 754,419

The purpose of these interfund balances is as follows:

The Revocable Trust Fund owes the General Fund \$754,419 for OPEB payments which the General Fund has made.

The District had the following interfund transfers at June 30, 2022:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 29,494
Special Revenue Funds:		
Community Service Fund	39,770	-
Capital Projects Fund	9,850,000	-
Debt Service Fund	-	10,276
Internal Service Fund - OPEB Revocable Trust Fund	-	9,850,000
Total	\$ 9,889,770	\$ 9,889,770

The transfers between the General Fund and Debt Service Fund to the Community Service Fund are to The transfer from the OPEB Revocable Trust Fund to the Capital Projects Fund (via the General Fund) was to transfer excess funds not need for future OPEB payments to assist with construction projects.

NOTE 8 DEFINED BENEFIT PENSION PLANS

Substantially all employees of the District are required by state law to belong to the pension plans administered by Teachers' Retirement Association (TRA) or Public Employees' Retirement Association (PERA), all of which are administered on a statewide basis. Disclosures relating to these plans follow:

A. Plan Description

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

**INDEPENDENT SCHOOL DISTRICT NO. 276
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

A. Plan Description (Continued)

1. General Employees Retirement Plan

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

2. Teachers Retirement Fund (TRA)

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

Educators employed in Minnesota's public elementary and secondary schools, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those employed by St. Paul schools or University of Minnesota System).

B. Benefits Provided

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

1. General Employees Plan Benefits

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

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

1. General Employees Plan Benefits (Continued)

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

2. TRA Benefits

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

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

Tier I Benefits

Tier I	Step Rate Formula	Percentage
Basic	First Ten Years of Service	2.2% per Year
	All Years After	2.7% per Year
Coordinated	First Ten Years if Service Years Are Up to July 1, 2006	1.2% per Year
	First Ten Years if Service Years Are July 1, 2006 or After	1.4% per Year
	All Other Years of Service if Service Years Are Up to July 1, 2006	1.7% per Year
	All Other Years of Service if Service Years Are July 1, 2006 or After	1.9% per Year

With these provisions:

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

Or

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

Tier II Benefits

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

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

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

C. Contributions

1. General Employees Fund Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature. Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2022 and the District was required to contribute 7.50% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2022 were \$1,831,941. The District's contributions were equal to the required contributions as set by state statute.

2. TRA Contributions

Per Minnesota Statutes, Chapter 354 rates for the fiscal year for coordinated were 7.5% for the employee and 8.34% for the employer. Basic rates were 11.00% for the employee and 12.13% for the employer. The District's contributions to TRA for the plan's fiscal year ended June 30, 2022 were \$6,733,776. The District's contributions were equal to the required contributions for each year as set by state statute.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs

1. General Employees Plan Pension Costs

At June 30, 2022, the District reported a liability of \$15,582,865 for its proportionate share of the General Employees Plan's net pension liability. The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million. The state of Minnesota is considered a nonemployer contributing District and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the District totaled \$475,814, for a total net pension liability of \$16,058,679 associated with the District. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers.

The District's proportion was 0.3649% at the end of the measurement period and 0.3530% at the beginning of the period.

For the year ended June 30, 2022, the District recognized pension expense of \$725,106 for its proportionate share of General Employees Plan's pension expense. In addition, the District recognized an additional \$38,391 as pension expenditures (and corresponding grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the General Employees Fund.

At June 30, 2022, the District reported its proportionate share of General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual		
Economic Experience	\$ 95,737	\$ 476,880
Changes in Actuarial Assumptions	9,514,574	344,703
Net Difference Between Projected and Actual		
Earnings on Plan Investments		13,495,418
Changes in Proportion	1,160,037	-
District Contributions Subsequent to the Measurement Date	1,831,941	-
Total	<u>\$ 12,602,289</u>	<u>\$ 14,317,001</u>

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Plan Pension Costs (Continued)

\$1,831,941 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to General Employees Plan pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2023	\$ (165,293)
2024	239,983
2025	59,562
2026	(3,680,905)
2027	-
Thereafter	-

2. TRA Pension Costs

At June 30, 2022, the District reported a liability of \$54,541,815 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the state of Minnesota, city of Minneapolis, and Minneapolis School District. The District's proportionate share was 1.2463% at the end of the measurement period and 1.2043% for the beginning of the period.

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

<u>Description</u>	<u>Amount</u>
District's Proportionate Share of the TRA Net Pension Liability	\$ 54,541,815
State's Proportionate Share of the Net Pension Liability Associated with the District	4,599,952
Total	<u>\$ 59,141,767</u>

For the year ended June 30, 2022, the District recognized pension expense of \$4,377,646. It also recognized \$683,055 as pension expense and grant revenue for the support provided by direct aid.

**INDEPENDENT SCHOOL DISTRICT NO. 276
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

At June 30, 2022, the District reported its proportionate share of the TRA's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 1,477,231	\$ 1,544,893
Changes in Actuarial Assumptions	19,987,519	49,208,276
Net Difference Between Projected and Actual Earnings on Plan Investments		45,733,024
Changes in Proportion	9,278,430	-
District Contributions Subsequent to the Measurement Date	6,733,776	-
Total	<u>\$ 37,476,956</u>	<u>\$ 96,486,193</u>

A total of \$6,733,776 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to TRA will be recognized in pension expense as follows:

<u>Year Ending June 30.</u>	<u>Pension Expense Amount</u>
2023	\$ (33,470,637)
2024	(25,130,513)
2025	(4,981,273)
2026	(6,765,739)
2027	4,605,149
Thereafter	-

The District recognized \$5,824,198 in total pension expense for all of the plans in which it participates. This includes expenses recognized for direct aid.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan and benefit increases after retirement are assumed to be 1.25% for the General Employees Plan. Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 29 years of service and 6.0% per year thereafter. Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2021:

General Employees Fund

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

TRA pre-retirement mortality rates were based on the RP-2014 white collar employee table, male rates set back 5 years and female rates set back 7 years. Generational projection uses the MP-2015 scale. Postretirement mortality rates were based on the RP-2014 white collar annuitant table, male rates set back 3 years and female rates set back 3 years, with further adjustments of the rates. Generational projection uses the MP-2015 scale. Post-disability mortality rates were based on the RP-2014 disabled retiree mortality table, without adjustment.

TRA cost of living benefit increases 1.0% for January 2020 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

**INDEPENDENT SCHOOL DISTRICT NO. 276
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

The following changes in actuarial assumptions for TRA occurred in 2021:

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

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

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

F. Discount Rate

The discount rate used to measure the total pension liability in 2021 was 6.5%. 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, the Police and Fire Fund, and the Correctional Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate used to measure the TRA pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee contribution will be made at the fiscal year 2020 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

**INDEPENDENT SCHOOL DISTRICT NO. 276
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

G. Pension Liability Sensitivity

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

<u>Description</u>	<u>One Percent Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>One Percent Increase in Discount Rate</u>
General Employees Plan Discount Rate	5.50%	6.50%	7.50%
District's Proportionate Share of the GERP Net Pension Liability	\$ 31,781,090	\$ 15,582,865	\$ 2,291,233
TRA Discount Rate	6.00%	7.00%	8.00%
District's Proportionate Share of the TRA Net Pension Liability	\$ 110,177,120	\$ 54,541,815	\$ 8,916,429

H. Pension Plan Fiduciary Net Position

Detailed information about GERP's fiduciary's net position is available in a separately issued PERA financial report. That report may be obtained on the Internet at www.mnpera.org; by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

Detailed information about TRA's fiduciary net position is available in a separately issued TRA financial report. That report can be obtained at www.MinnesotaTRA.org; by writing to TRA at 60 Empire Drive #400, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-2409 or 1-800-652-9026.

NOTE 9 FLEXIBLE BENEFIT PLAN

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

Before the beginning of the plan year, which is January 1 to December 31, each participant designates a total amount of pre-tax dollars to be contributed to the plan during the year. At June 30, the District is contingently liable for claims against the total amount of participants' annual contributions to the plan, whether or not such contributions have been made. Payments of insurance premiums (health and dental) are made by the District directly to the designated insurance companies. These payments are made on a monthly basis and are accounted for in the General Fund.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 FLEXIBLE BENEFIT PLAN (CONTINUED)

Amounts withheld for medical reimbursement and dependent care are deposited into the District checking account on a monthly basis. All assets of the plan are held in the District bank account. The plan is administered by Further, a third-party administrator. Payments are made by Further to participating employees upon submitting a request for reimbursement of eligible expenses incurred by the participant. Further submits a monthly ACH to the District bank account for the total employee reimbursements and administrative fees.

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

NOTE 10 COMMITMENTS AND CONTINGENCIES

A. Federal and State Programs

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

B. Construction Commitments

At June 30, 2022, the District had the following significant commitments:

Project	Contract Cost	Outstanding @ June 30, 2022	Contract Date	Funding Source
DH Tile, Mechanical, Cabinet	793,711	624,052	11/4/2021	General Obligation Facilities Maintenance Bonds
GR Ventilation Unit Replacement	486,000	255,925	11/4/2021	Certificates of Participation
MME Science Classroom	638,800	485,188	11/4/2021	Certificates of Participation
MHS/MME Retaining Wall	427,110	346,783	12/13/2021	General Obligation Facilities Maintenance Bonds
VANMO	15,576,816	15,576,816	6/22/2022	2022A Certificates of Participation and General Fund Transfer

In addition, the District had smaller projects totaling commitments of \$841,993, which were not significant to the District.

**INDEPENDENT SCHOOL DISTRICT NO. 276
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 SELF-INSURANCE

Health Self-Insurance Plan

The District maintains an Internal Service Fund to account for and finance a self-insurance program for health benefits. Accordingly, the District has not purchased outside insurance for the risks of losses to which it is exposed for amounts under its stop-loss limit of \$250,000 at which point reinsurance coverage is available. The District also has aggregate stop-loss coverage in place which limits the District's liability to 125% of the prior years' claims. District management believes it is more economical to manage its risks internally and set aside assets for claim settlement. The Internal Service Fund currently services all claims and risk of loss to which the District is exposed for health expenses.

Participants in the program make premium payments to the fund based on the insurance premium. The excess amount received above current year claims is used to establish a reserve for future claims. At June 30, 2022, there is a reserve of \$10,643,467.

District liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing a claim liability does not necessarily result in an exact amount. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

There is a possibility for loss if claims are in excess of the premiums collected. The District does not believe this occurrence would have a material financial effect on the District. The District held \$15,033,561 in cash and investments at June 30, 2022, for payment of claims.

Changes in the balances of claim liabilities during 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Beginning of Fiscal Year Liability - July 1,	\$ 2,345,266	\$ 1,934,000
Current Year Claims, Changes in Estimates, and Other Charges	13,035,373	13,035,373
Current Year Claims Paid, Including an Estimate of Claims Incurred But Not Reported (IBNR)	<u>(13,287,239)</u>	<u>(12,624,107)</u>
End of Fiscal Year Liability - June 30,	<u>\$ 2,093,400</u>	<u>\$ 2,345,266</u>

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 SELF-INSURANCE (CONTINUED)

General Liability and Property Insurance

As of July 1, 2014, the District entered into an intergovernmental agreement with two other Minnesota school districts to create the Alliance for Liability and Property Services (ALPS) to jointly provide or obtain casualty, property, employer liability, general liability, risk management, professional liability, and group coverages and other protections for the Member Districts so as to effectively manage and contain costs for insurance coverage and related administration. Annual payment amounts into the plan for each District are based on its pro rata share of insurance costs for mandatory and optional coverage and are to be determined at least 60 days prior to the start of each fiscal year. For fiscal year 2022, the District's payment into the plan totaled \$588,346.

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS PAYABLE

A. Plan Description

The District operates a single-employer retiree benefit plan (the Plan) that provides health and dental insurance to eligible employees and their spouses through the District's health insurance plan. There are 120 active participants and 115 retired participants. Benefit and eligibility provisions are established through individual contracts and negotiations between the District and various unions representing District employees and are renegotiated each two-year bargaining period. The Plan does not issue a publicly available financial report.

B. Funding Policy

Contribution requirements are also negotiated between the District and union representatives. The eligibility for, amount of, duration of, and District's contribution to the cost of the benefits provided varies by contract and date of retirement. For the year ended June 30, 2022, the District contributed \$754,419 to the plan.

C. Actuarial Methods and Assumptions

The District's OPEB liability was measured as of June 30, 2022, and the total used to calculate the OPEB liability was determined by an actuarial valuation as of July 1, 2021. Procedures were used to roll forward the total OPEB liability to the measurement date.

The total OPEB liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	4.00%
Investment Rate of Return	N/A
20-Year Municipal Bond Yield	2.18%
Health Care Trend Rates	7.50%
	Decreasing to 4.5% Over 13 Years

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS PAYABLE (CONTINUED)

C. Actuarial Methods and Assumptions (Continued)

Mortality rates were based on the most recent headcount-weighted Pub-2010 table from the Society of Actuaries with any career-related adjustments selected based on the actuary's experience with plans of a similar workforce composition and discussion with the District. The most recent fully-generational "MP" improvement scale is used to reflect future mortality improvements.

The discount rate used to measure the total OPEB liability was 2.66%. The discount rate is based on the current twenty-year tax-exempt general obligation municipal bond index.

Since the prior valuation dated July 1, 2019, the following changes have been made:

- Discount rate was increased from 2.18% to 4.09%.
- Medical trend assumption was shifted to maintain the same immediate rate of 7.50%.
- Per-capita claims and fixed costs were updated to reflect experience since the previous valuation.
- Mortality improvement scale was updated to MP-2020.

D. Changes in the OPEB Liability

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

	Total OPEB Liability
Balances at July 1, 2021	\$ 10,979,823
Changes for the Year:	
Service Cost	122,175
Interest Cost	235,794
Differences Between Expected and Actual Experience	(173,581)
Changes of Assumptions	(1,873,307)
Benefit Payments	(754,419)
Net Changes	(2,443,338)
Balances at June 30, 2022	\$ 8,536,485

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS PAYABLE (CONTINUED)

E. OPEB Liability Costs

For the year ended June 30, 2022, the District recognized negative OPEB expense of \$2,443,338. At June 30, 2022, the District also reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change of Assumptions	\$ 283,646	\$ 1,182,050
Net Difference Between Expected and Actual Experience	46,075	166,379
Total	<u>\$ 329,721</u>	<u>\$ 1,348,429</u>

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

<u>Year Ending June 30,</u>	<u>Future Recognition</u>
2023	\$ (489,652)
2024	(529,056)
2025	-
2026	-
Total	<u>\$ (1,018,708)</u>

F. OPEB Liability Sensitivity

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

	<u>One Percent Decrease (1.18%)</u>	<u>Discount Rate (2.18%)</u>	<u>One Percent Increase (3.18%)</u>
Net OPEB Liability (Asset)	<u>\$ 9,609,176</u>	<u>\$ 8,536,485</u>	<u>\$ 7,951,840</u>

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

	<u>Healthcare Cost</u>		
	<u>One Percent Decrease (6.50% Decreasing to 3.5% over 13 Years)</u>	<u>Current Trend Rates (7.50% Decreasing to 4.5% over 13 Years)</u>	<u>One Percent Increase (8.50% Decreasing to 5.5% over 113 Years)</u>
Net OPEB Liability (Asset)	<u>\$ 7,960,738</u>	<u>\$ 8,536,485</u>	<u>\$ 9,599,040</u>

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 13 DEFINED CONTRIBUTION PLAN

The District provides eligible employees future retirement benefits through the District's 403(b) Plan (the Plan). Employees of the District are eligible to participate in the Plan commencing on the date of their employment. Eligible employees may elect to have a percentage of their pay contributed to the Plan. Some employees are eligible to receive a District match of employee contributions up to the qualifying amount set forth in their respective bargaining agreements. Contributions are invested in tax-deferred annuities selected and owned by Plan participants. The District contributions were \$1,603,362 for the year ended June 30, 2022.

NOTE 14 NET INVESTMENT IN CAPITAL ASSETS

The District's net investment in capital assets as of June 30, 2022 is calculated as follows:

Capital Assets, Net of Depreciation and Amortization	\$ 172,986,730
Bonds Payable	(108,860,000)
Certificates of Participation and Financed Purchases Payable	(66,734,837)
Add Back: OPEB Bonds Payable (Noncapital)	19,720,000
Unspent Bond and Certificate of Participation Proceeds	9,277,282
Deferred Outflows - Deferred Loss on Bond Refundings	1,231,476
Unamortized Premiums and Discounts	(6,723,450)
Add Back: OPEB Bonds Unamortized Premiums and Discounts	340,533
Long-Term Leases Payable	(3,591,637)
Promissory Note Payable	(342,648)
Contracts Payable	(1,121,405)
Net Investment in Capital Assets	<u><u>\$ 16,182,044</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
JUNE 30, 2022**

<u>Measurement Date</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
TOTAL OPEB LIABILITY					
Service Cost	\$ 122,175	\$ 120,430	\$ 113,277	\$ 99,496	\$ 130,550
Interest	235,794	293,573	372,784	328,857	304,284
Ad Hoc Postemployment Benefit Changes	-	-	-	458,026	-
Difference Between Expected and Actual Experience	(173,581)	(160,214)	419,644	41,757	-
Changes of Assumptions	(1,873,307)	383,848	1,342,909	(115,591)	(341,415)
Benefit Payments	<u>(754,419)</u>	<u>(750,607)</u>	<u>(794,338)</u>	<u>(707,637)</u>	<u>(627,570)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	<u>(2,443,338)</u>	<u>(112,970)</u>	<u>1,454,276</u>	<u>104,908</u>	<u>(534,151)</u>
Total OPEB Liability - Beginning	<u>10,979,823</u>	<u>11,092,793</u>	<u>9,638,517</u>	<u>9,533,609</u>	<u>10,067,760</u>
TOTAL OPEB LIABILITY - ENDING	<u>\$ 8,536,485</u>	<u>\$ 10,979,823</u>	<u>\$ 11,092,793</u>	<u>\$ 9,638,517</u>	<u>\$ 9,533,609</u>
Covered-Employee Payroll	<u>\$ 118,303,910</u>	<u>\$ 108,380,165</u>	<u>\$ 102,593,652</u>	<u>\$ 96,909,091</u>	<u>\$ 94,184,524</u>
District's Total OPEB Liability as a Percentage of Covered-Employee Payroll	7.22%	10.13%	10.81%	9.95%	10.12%

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

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST EIGHT MEASUREMENT PERIODS ***

TRA Schedule of the District's Proportionate Share of the Net Pension Liability

	Measurement Date June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	1.2463%	1.2043%	1.1598%	1.1537%	1.1109%	1.0785%	1.0517%	1.1065%
District's Proportionate Share of the Net Pension Liability	\$ 54,541,815	\$ 88,975,298	\$ 73,925,896	\$ 72,465,539	\$ 221,755,792	\$ 257,247,983	\$ 65,058,046	\$ 50,986,723
State's Proportionate Share of the Net Pension Liability Associated with District	4,599,952	7,456,251	6,542,018	6,808,170	21,436,647	25,822,002	7,979,983	3,586,724
Total	<u>\$ 59,141,767</u>	<u>\$ 96,431,549</u>	<u>\$ 80,467,914</u>	<u>\$ 79,273,709</u>	<u>\$ 243,192,439</u>	<u>\$ 283,069,985</u>	<u>\$ 73,038,029</u>	<u>\$ 54,573,447</u>
District's Covered Payroll	<u>\$ 77,534,394</u>	<u>\$ 72,681,193</u>	<u>\$ 69,246,760</u>	<u>\$ 64,247,960</u>	<u>\$ 59,980,707</u>	<u>\$ 56,489,813</u>	<u>\$ 53,376,373</u>	<u>\$ 50,509,200</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	70.35%	122.42%	106.76%	112.79%	369.71%	455.39%	121.89%	100.95%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.63%	75.48%	78.21%	78.07%	51.57%	44.88%	76.80%	81.50%

General Employees Fund Schedule of the District's Proportionate Share of the Net Pension Liability

	Measurement Date June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.3649%	0.3530%	0.3346%	0.3326%	0.3232%	0.3198%	0.3254%	0.3502%
District's Proportionate Share of the Net Pension Liability	\$ 15,582,865	\$ 21,163,963	\$ 18,499,284	\$ 18,451,284	\$ 20,632,875	\$ 25,966,174	\$ 16,863,917	\$ 16,450,641
State's Proportionate Share of the Net Pension Liability Associated with District	475,814	652,648	574,974	605,218	259,463	339,152	-	-
Total	<u>\$ 16,058,679</u>	<u>\$ 21,816,611</u>	<u>\$ 19,074,258</u>	<u>\$ 19,056,502</u>	<u>\$ 20,892,338</u>	<u>\$ 26,305,326</u>	<u>\$ 16,863,917</u>	<u>\$ 16,450,641</u>
District's Covered Payroll	<u>\$ 26,337,307</u>	<u>\$ 25,339,667</u>	<u>\$ 23,681,587</u>	<u>\$ 22,374,387</u>	<u>\$ 20,876,400</u>	<u>\$ 19,945,773</u>	<u>\$ 19,127,119</u>	<u>\$ 18,385,503</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	59.17%	83.52%	78.12%	82.47%	98.83%	130.18%	88.17%	89.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.00%	79.06%	80.23%	79.50%	75.90%	68.90%	78.20%	78.70%

*Ten years of data is not available.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
SCHEDULE OF DISTRICT CONTRIBUTIONS
LAST NINE FISCAL YEARS ***

**TRA Schedule of District Contributions
Last Nine Fiscal Years**

	Fiscal Year Ended June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily Required Contribution	\$ 6,733,776	\$ 6,140,724	\$ 5,603,720	\$ 5,193,507	\$ 4,818,597	\$ 4,498,553	\$ 4,236,736	\$ 4,003,228	\$ 3,535,644
Contributions in Relation to the Statutorily Required Contribution	(6,733,776)	(6,140,724)	(5,603,720)	(5,193,507)	(4,818,597)	(4,498,553)	(4,236,736)	(4,003,228)	(3,535,644)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 82,826,273	\$ 77,534,394	\$ 72,681,193	\$ 69,246,760	\$ 64,247,960	\$ 59,980,707	\$ 56,489,813	\$ 53,376,373	\$ 50,509,200
Contributions as a Percentage of Covered Payroll	8.34%	8.13%	7.92%	7.71%	7.50%	7.50%	7.50%	7.50%	7.00%

**General Employees Fund Schedule of District Contributions
Last Nine Fiscal Years**

	Fiscal Year Ended June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily Required Contribution	\$ 1,831,941	\$ 1,975,298	\$ 1,900,475	\$ 1,776,119	\$ 1,678,079	\$ 1,565,730	\$ 1,495,933	\$ 1,410,625	\$ 1,332,949
Contributions in Relation to the Statutorily Required Contribution	(1,831,941)	(1,975,298)	(1,900,475)	(1,776,119)	(1,678,079)	(1,565,730)	(1,495,933)	(1,410,625)	(1,332,949)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 24,425,880	\$ 26,337,307	\$ 25,339,667	\$ 23,681,587	\$ 22,374,387	\$ 20,876,400	\$ 19,945,773	\$ 19,127,119	\$ 18,385,503
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.38%	7.25%

*Ten years of data is not available.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

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

General Employees Fund

2021 Changes

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 Changes

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions:

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

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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

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 1.00% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% 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 combined service annuity (CSA) loads were changed from 0.80% for active members and 60.00% for vested and nonvested deferred members. The revised CSA load are now 0.00% for active member liability, 15.00% for vested deferred member liability, and 3.00% for nonvested deferred member liability.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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

2017 Changes (Continued)

Changes in Plan Provisions

- The assumed postretirement benefit increase rate was changed for 1.00% per year for all years to 1.00% per year through 2044 and 2.50% per year thereafter.
- The state's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016 Changes

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 % to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions:

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

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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

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

2021 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

- The COLA was reduced from 2.0% each January 1 to 1.0% effective January 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to 0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next four years, (7.92% in 2019, 8.13% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to 0% beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next five years, (7.92% in 2019, 8.13% in 2020, 8.34% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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

2017 Changes

Changes in Actuarial Assumptions

- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- Adjustments were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the nonvested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The COLA was not assumed to increase to 2.5% but remain at 2.0% for all future years.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for 10 years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions

- The cost of living adjustment was not assumed to increase (it remained at 2.0% for all future years).
- The price inflation assumption was lowered from 3.0% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes at some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back six years, and female rates set back five years. Generational projection uses the MP-2015 scale.
- The postretirement mortality assumption was changed to the RP-2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
- The post-disability mortality assumption was changed to the RP-2014 disabled retiree mortality table, without adjustments.
- Separate retirement assumptions for members hired before or after July 1, 1989 were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional forms of payment at retirement were made.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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

2015 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2014 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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

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

2021

- Discount rate was decreased from 3.36% to 2.66%.
- Per-capita costs were updated to reflect experience since the previous valuation.
- Future retiree medical plan election for pre-Medicare coverage was changed from 100% Base plan to 75% Base and 25% VEBA HRA plan.
- Mortality improvement scale was updated from MP-2019 to MP-2020.

2020

- Discount rate was decreased from 3.45% to 3.36%.
- The adjustments to healthcare trend to estimate the impact of future excise taxes on "Cadillac" benefits were removed as said taxes have been repealed.
- Per-capita costs were updated to reflect experience since the previous valuation.
- Mortality assumption was updated from the RP-200 White-Collar tables with various adjustments, to the Pub 2010 Headcount Weighted Mortality tables for Teachers and General employees, with mortality improvement projected fully generationally with Scale MP-2019.
- Retirement and Withdrawal assumptions were updated to match the current Minnesota TRA and PERA actuarial assumptions.

2019

- The discount rate was changed from 3.70% to 3.50%.

2018

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality table was updated from RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale.
- The expected long-term investment return was changed from 3.40% to 3.70%.
- For The discount rate was changed from 3.40% to 3.70%.

SUPPLEMENTARY INFORMATION

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
GENERAL FUND
BALANCE SHEET
JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

	2022	2021
ASSETS		
Cash and Investments	\$ 40,731,790	\$ 42,586,019
Cash with Fiscal Agent	1,267,064	5,142
Receivables:		
Current Taxes	23,037,297	22,671,402
Delinquent Taxes	241,063	89,598
Accounts and Interest Receivable	110,252	84,599
Due from Other Minnesota School Districts	197,357	97,145
Due from Minnesota Department of Education	10,925,340	10,201,499
Due from Federal Through the Minnesota Department of Education	2,506,164	1,311,171
Due from Other Governmental Units	551,042	293,246
Due from Other Funds	754,419	750,607
Leases Receivable	365,133	-
Inventory	215,626	257,339
Prepays	1,384,201	2,201,654
	\$ 82,286,748	\$ 80,549,421
Total Assets		
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 6,352,124	\$ 6,034,527
Payroll Deductions and Employer Contributions Payable	3,586,777	3,364,043
Accounts and Contracts Payable	2,277,297	982,356
Due to Other Minnesota School Districts	-	149,346
Due to Other Governmental Units	(2,948)	574
Unearned Revenue	419,514	372,470
Total Liabilities	12,632,764	10,903,316
Deferred Inflows of Resources:		
Unavailable Revenue - Property Taxes Levied for Subsequent Year	41,698,949	41,037,383
Unavailable Revenue - Delinquent Taxes	105,815	89,598
Leases Receivable	359,956	-
Total Deferred Inflows of Resources	42,164,720	41,126,981
Fund Balance:		
Nonspendable:		
Inventory	215,626	257,339
Prepays	1,384,201	2,201,654
Restricted for:		
Student Activities	36,446	7,615
Scholarships	246,026	252,866
Operating Capital	802,841	148,862
Restricted for Medical Assistance	111,162	135,058
Assigned for:		
Q Comp	436,430	296,986
Athletic Equipment	489,392	382,534
Special Purposes	1,507,568	1,272,591
Capital Projects Tech Levy	3,022,485	445,258
Unassigned	19,237,087	23,118,361
Total Fund Balance	27,489,264	28,519,124
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 82,286,748	\$ 80,549,421

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE
IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022
(SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2021)**

	2022		2021	
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 45,495,055	\$ 45,889,816	\$ 394,761	\$ 44,866,205
Earnings and Investments	720,000	294,214	(425,786)	436,014
Other	6,576,720	7,492,991	916,271	4,078,859
State Sources	103,711,411	104,214,361	502,950	100,566,817
Federal Sources	4,857,954	4,589,447	(268,507)	5,147,599
Total Revenues	<u>161,361,140</u>	<u>162,480,829</u>	<u>1,119,689</u>	<u>155,095,494</u>
EXPENDITURES				
Current:				
Administration:				
Salaries	3,364,708	3,768,353	403,645	3,109,415
Employee Benefits	1,009,035	1,193,221	184,186	961,357
Purchased Services	106,031	212,730	106,699	190,095
Supplies and Materials	182,990	126,251	(56,739)	101,071
Other Expenditures	686,921	93,806	(593,115)	83,175
Total Administration	<u>5,349,685</u>	<u>5,394,361</u>	<u>44,676</u>	<u>4,445,113</u>
District Support Services:				
Salaries	3,872,281	3,861,928	(10,353)	3,821,995
Employee Benefits	1,345,236	1,318,958	(26,278)	1,373,787
Purchased Services	246,123	526,663	280,540	1,005,782
Supplies and Materials	918,954	883,608	(35,346)	832,038
Other Expenditures	(104,165)	(85,412)	18,753	(55,446)
Total District Support Services	<u>6,278,429</u>	<u>6,505,745</u>	<u>227,316</u>	<u>6,978,156</u>
Elementary and Secondary Regular Instruction:				
Salaries	62,314,555	63,109,804	795,249	62,259,535
Employee Benefits	18,529,980	19,046,548	516,568	18,727,327
Purchased Services	2,451,452	2,293,172	(158,280)	1,809,414
Supplies and Materials	4,230,271	4,546,603	316,332	4,950,370
Other Expenditures	357,881	876,755	518,874	734,252
Total Elementary and Secondary Regular Instruction	<u>87,884,139</u>	<u>89,872,882</u>	<u>1,988,743</u>	<u>88,480,898</u>

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE
IN FUND BALANCE – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2021)**

	2022			2021
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
EXPENDITURES (Continued)				
Current (Continued):				
Vocational Education Instruction:				
Salaries	\$ 870,950	\$ 859,686	\$ (11,264)	\$ 749,737
Employee Benefits	249,667	255,044	5,377	215,495
Purchased Services	85,482	62,622	(22,860)	101,567
Supplies and Materials	21,850	24,058	2,208	19,521
Other Expenditures	500	5,758	5,258	5,201
Total Vocational Education Instruction	<u>1,228,449</u>	<u>1,207,168</u>	<u>(21,281)</u>	<u>1,091,521</u>
Special Education Instruction:				
Salaries	17,209,860	16,667,827	(542,033)	15,632,491
Employee Benefits	5,628,177	5,401,993	(226,184)	5,089,216
Purchased Services	1,043,910	447,113	(596,797)	498,830
Supplies and Materials	369,523	207,602	(161,921)	154,001
Other Expenditures	144,210	182,346	38,136	142,362
Total Special Education Instruction	<u>24,395,680</u>	<u>22,906,881</u>	<u>(1,488,799)</u>	<u>21,516,900</u>
Instructional Support Services:				
Salaries	5,431,193	5,371,539	(59,654)	5,610,794
Employee Benefits	1,334,954	1,288,859	(46,095)	1,368,987
Purchased Services	98,000	203,728	105,728	(84,166)
Supplies and Materials	637,012	416,492	(220,520)	441,762
Other Expenditures	17,600	32,056	14,456	34,292
Total Instructional Support Services	<u>7,518,759</u>	<u>7,312,674</u>	<u>(206,085)</u>	<u>7,371,669</u>
Pupil Support Services:				
Salaries	3,398,419	3,679,182	280,763	3,402,843
Employee Benefits	1,043,601	1,080,187	36,586	1,029,197
Purchased Services	776,333	642,025	(134,308)	249,930
Supplies and Materials	149,134	254,249	105,115	43,015
Other Expenditures	1,650	21,917	20,267	19,750
Total Pupil Support Services	<u>5,369,137</u>	<u>5,677,560</u>	<u>308,423</u>	<u>4,744,735</u>

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE
IN FUND BALANCE – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2021)**

	2022		Over (Under) Final Budget	2021
	Final Budget	Actual Amounts		Actual Amounts
EXPENDITURES (Continued)				
Current (Continued):				
Sites and Buildings:				
Salaries	\$ 3,831,954	\$ 3,756,794	\$ (75,160)	\$ 3,791,182
Employee Benefits	1,479,934	1,311,223	(168,711)	1,354,886
Purchased Services	1,738,229	2,576,689	838,460	2,511,158
Supplies and Materials	1,590,301	1,726,259	135,958	1,397,563
Other Expenditures	(80,801)	(107,990)	(27,189)	(160,151)
Total Sites and Buildings	<u>8,559,617</u>	<u>9,262,975</u>	<u>703,358</u>	<u>8,894,638</u>
Fiscal and Other Fixed Costs:				
Purchased Services	522,642	588,346	65,704	445,203
Other Expenditures	252,866	21,000	(231,866)	23,200
Total Fiscal and Other Fixed Costs	<u>775,508</u>	<u>609,346</u>	<u>(166,162)</u>	<u>468,403</u>
Transportation:				
Salaries	335,487	350,478	14,991	323,602
Employee Benefits	124,470	121,934	(2,536)	116,988
Purchased Services	5,005,730	4,922,781	(82,949)	4,763,083
Supplies and Materials	17,500	14,805	(2,695)	6,275
Other Expenditures	9,200	7,196	(2,004)	7,123
Total Transportation	<u>5,492,387</u>	<u>5,417,194</u>	<u>(75,193)</u>	<u>5,217,071</u>
Capital Outlay:				
Administration	234,200	205,866	(28,334)	232,739
District Support Services	619,200	261,341	(357,859)	5,599
Regular Instruction	3,438,161	3,324,963	(113,198)	1,591,946
Vocational Education Instruction	11,000	15,125	4,125	24,711
Special Education Instruction	43,203	25,603	(17,600)	86,582
Instructional Support Services	9,500	1,543	(7,957)	3,122
Sites and Buildings	1,634,707	2,125,875	491,168	4,279,510
Total Capital Outlay	<u>5,989,971</u>	<u>5,960,316</u>	<u>(29,655)</u>	<u>6,224,209</u>
Debt Service:				
Principal	4,488,237	4,118,682	(369,555)	3,284,143
Interest and Fiscal Charges	2,010,056	2,154,754	144,698	1,968,538
Total Debt Service	<u>6,498,293</u>	<u>6,273,436</u>	<u>(224,857)</u>	<u>5,252,681</u>
Total Expenditures	<u>165,340,054</u>	<u>166,400,538</u>	<u>1,060,484</u>	<u>160,685,994</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,978,914)	(3,919,709)	59,205	(5,590,500)
OTHER FINANCING SOURCES (USES)				
Issuance of Long-Term Leases	2,855,770	2,919,343	63,573	1,160,001
Transfers Out	(46,254)	(29,494)	16,760	(5,652)
Total Other Financing Sources (Uses)	<u>2,782,897</u>	<u>2,889,849</u>	<u>153,206</u>	<u>1,154,349</u>
NET CHANGE IN FUND BALANCE	\$ (1,196,017)	(1,029,860)	\$ 212,411	(4,436,151)
FUND BALANCE				
Beginning of Year		<u>28,519,124</u>		<u>32,955,275</u>
End of Year		<u>\$ 27,489,264</u>		<u>\$ 28,519,124</u>

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
FOOD SERVICE SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

	2022	2021
ASSETS		
Cash and Investments	\$ 3,361,978	\$ 1,654,612
Receivables:		
Accounts and Interest Receivable	23,211	20,555
Due from Minnesota Department of Education	5,639	-
Due from Federal Through the Minnesota Department of Education	205,814	171,130
Inventory	81,755	65,097
Prepays	1,160	14,373
	\$ 3,679,557	\$ 1,925,767
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 36,934	\$ 29,162
Payroll Deductions and Employer Contributions Payable	324	546
Accounts and Contracts Payable	8,662	160
Unearned Revenue	452,503	462,117
Total Liabilities	498,423	491,985
 Fund Balance:		
Nonspendable:		
Inventory	81,755	65,097
Prepays	1,160	14,373
Restricted for:		
Other Purposes	3,098,219	1,354,312
Total Fund Balance	3,181,134	1,433,782
 Total Liabilities and Fund Balance	\$ 3,679,557	\$ 1,925,767

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
FOOD SERVICE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE
IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2021)**

	2022		Over (Under) Final Budget	2021
	Final Budget	Actual Amounts		Actual Amounts
REVENUES				
Local Sources:				
Earnings and Investments	\$ 8,500	\$ 7,192	\$ (1,308)	\$ 14,630
Other - Primarily Meal Sales	964,251	1,295,026	330,775	440,046
State Sources	65,000	169,552	104,552	-
Federal Sources	4,159,145	5,262,258	1,103,113	2,929,870
Total Revenues	<u>5,196,896</u>	<u>6,734,028</u>	<u>1,537,132</u>	<u>3,384,546</u>
EXPENDITURES				
Current:				
Salaries	1,285,019	1,098,097	(186,922)	961,635
Employee Benefits	408,872	422,752	13,880	366,654
Purchased Services	445,320	356,463	(88,857)	329,058
Supplies and Materials	2,845,445	2,797,682	(47,763)	1,465,724
Other Expenditures	284,573	291,857	7,284	256,900
Capital Outlay	117,000	19,825	(97,175)	126,705
Total Expenditures	<u>5,386,229</u>	<u>4,986,676</u>	<u>(399,553)</u>	<u>3,506,676</u>
NET CHANGE IN FUND BALANCE	<u>\$ (189,333)</u>	1,747,352	<u>\$ 1,936,685</u>	(122,130)
FUND BALANCE				
Beginning of Year		<u>1,433,782</u>		<u>1,555,912</u>
End of Year		<u>\$ 3,181,134</u>		<u>\$ 1,433,782</u>

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
COMMUNITY SERVICE SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

	2022	2021
ASSETS		
Cash and Investments	\$ 4,848,704	\$ 2,481,843
Receivables:		
Current Taxes	490,172	482,777
Delinquent Taxes	-	1,800
Accounts and Interest Receivable	53,180	83,623
Due from Other Minnesota School Districts	111,567	69,324
Due from Minnesota Department of Education	39,473	40,362
Due from Other Governmental Units	25,516	-
Prepays	13,755	92,309
Total Assets	\$ 5,582,367	\$ 3,252,038
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 471,836	\$ 394,597
Payroll Deductions and Employer Contributions Payable	1,182	437
Accounts and Contracts Payable	158,339	70,131
Due to Other Governmental Units	-	198
Unearned Revenue	1,196,757	909,261
Total Liabilities	1,828,114	1,374,624
Deferred Inflows of Resources:		
Property Taxes Levied for Subsequent Year	980,050	964,492
Unavailable Revenue - Delinquent Taxes	-	1,800
Total Deferred Inflows of Resources	980,050	966,292
Fund Balance:		
Nonspendable:		
Prepays	13,755	92,309
Restricted for:		
Community Education	1,820,785	153,886
Early Childhood and Family Education	532,075	397,857
School Readiness	281,722	243,114
Adult Basic Education	7,249	14,524
Other Purposes	118,617	9,432
Total Fund Balance	2,774,203	911,122
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 5,582,367	\$ 3,252,038

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
COMMUNITY SERVICE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE
IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2021)**

	2022		2021	
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 964,493	\$ 967,846	\$ 3,353	\$ 958,004
Earnings and Investments	40,000	13,602	(26,398)	16,060
Other - Primarily Tuition and Fees	11,160,369	11,230,496	70,127	7,226,241
State Sources	551,827	491,568	(60,259)	547,428
Federal Sources	137,550	397,878	260,328	224,505
Total Revenues	12,854,239	13,101,390	247,151	8,972,238
EXPENDITURES				
Current:				
Salaries	6,672,732	5,669,648	(1,003,084)	5,305,521
Employee Benefits	1,919,814	1,630,049	(289,765)	1,584,089
Purchased Services	2,642,168	2,661,462	19,294	1,600,670
Supplies and Materials	1,202,007	1,115,086	(86,921)	583,829
Other Expenditures	151,639	167,045	15,406	122,866
Capital Outlay	78,500	28,745	(49,755)	11,610
Debt Service				
Principal	2,875	5,513	2,638	-
Interest and Fiscal Charges	-	531	531	-
Total Expenditures	12,669,735	11,278,079	(1,391,656)	9,208,585
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	184,504	1,823,311	1,638,807	(236,347)
OTHER FINANCING SOURCES				
Transfers In	46,254	39,770	(6,484)	8,850
NET CHANGE IN FUND BALANCE	\$ 230,758	1,863,081	\$ 1,632,323	(227,497)
FUND BALANCE				
Beginning of Year		911,122		1,138,619
End of Year		\$ 2,774,203		\$ 911,122

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND
BALANCE SHEET
JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

	2022	2021
ASSETS		
Cash and Investments	\$ 13,761,231	\$ 3,552,821
Cash with Fiscal Agent	9,277,282	3,844,002
Receivables:		
Accounts and Interest Receivable	10,000	-
Total Assets	\$ 23,048,513	\$ 7,396,823
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts and Contracts Payable	\$ 1,121,405	\$ 1,746,235
Fund Balance:		
Restricted for:		
Projects Funded by Certificates of Participation	48	3,844,002
Long-Term Facilities Maintenance	5,337,007	4,592,399
Restricted for Other Purposes	16,590,053	-
Unassigned	-	(2,785,813)
Total Fund Balance	21,927,108	5,650,588
Total Liabilities and Fund Balance	\$ 23,048,513	\$ 7,396,823

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE
IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2021)**

	2022			2021
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Earnings and Investments	\$ -	\$ 2,999	\$ 2,999	\$ 70
Other	-	20,891	20,891	20,000
Total Revenues	<u>-</u>	<u>23,890</u>	<u>23,890</u>	<u>20,070</u>
EXPENDITURES				
Current:				
Purchased Services	217,143	628,953	411,810	300,636
Capital Outlay	9,777,044	10,005,547	228,503	6,253,920
Total Expenditures	<u>9,994,187</u>	<u>10,634,500</u>	<u>640,313</u>	<u>6,554,556</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(9,994,187)	(10,610,610)	(616,423)	(6,534,486)
OTHER FINANCING SOURCES				
Sale of Bonds	16,313,488	6,245,000	(10,068,488)	10,275,000
Bond Premium	-	227,727	227,727	600,156
Issuance of Certificates of Participation	-	9,725,000	9,725,000	-
Premium on Certificates of Participation	-	839,403	839,403	-
Transfers In	-	9,850,000	9,850,000	-
Total Other Financing Sources	<u>16,313,488</u>	<u>26,887,130</u>	<u>10,573,642</u>	<u>10,875,156</u>
NET CHANGE IN FUND BALANCE	<u>\$ 6,319,301</u>	16,276,520	<u>\$ 9,957,219</u>	4,340,670
FUND BALANCE				
Beginning of Year		<u>5,650,588</u>		<u>1,309,918</u>
End of Year		<u>\$ 21,927,108</u>		<u>\$ 5,650,588</u>

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
DEBT SERVICE FUND
BALANCE SHEET
JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

	Regular Debt	OPEB Debt	Totals	
	Service	Service	2022	2021
ASSETS				
Cash and Investments	\$ 4,426,825	\$ 1,101,940	\$ 5,528,765	\$ 5,606,247
Receivables:				
Current Taxes	3,942,506	775,904	4,718,410	4,498,903
Delinquent Taxes	-	-	-	19,758
Accounts and Interest Receivable	8,065	-	8,065	-
Due from Minnesota Department of Education	75,715	1	75,716	65,066
Prepays	806,738	177,873	984,611	977,535
	<u>\$ 9,259,849</u>	<u>\$ 2,055,718</u>	<u>\$ 11,315,567</u>	<u>\$ 11,167,509</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
Deferred Inflows of Resources:				
Property Taxes Levied for Subsequent Year	\$ 7,882,500	\$ 1,551,343	\$ 9,433,843	\$ 8,987,774
Unavailable Revenue - Delinquent Taxes	-	-	-	19,758
Total Deferred Inflows of Resources	<u>7,882,500</u>	<u>1,551,343</u>	<u>9,433,843</u>	<u>9,007,532</u>
Fund Balance:				
Nonspendable:				
Prepays	806,738	177,873	984,611	977,535
Restricted for:				
Restricted for Other Purposes	<u>570,611</u>	<u>326,502</u>	<u>897,113</u>	<u>1,182,442</u>
Total Fund Balance	<u>1,377,349</u>	<u>504,375</u>	<u>1,881,724</u>	<u>2,159,977</u>
	<u>\$ 9,259,849</u>	<u>\$ 2,055,718</u>	<u>\$ 11,315,567</u>	<u>\$ 11,167,509</u>

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE
IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2021)**

	2022				2021	
	Final Budgeted Amounts	Regular Debt Service	Actual OPEB Debt Service	Total Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES						
Local Sources:						
Property Taxes	\$ 8,987,774	\$ 7,326,830	\$ 1,694,984	\$ 9,021,814	\$ 34,040	\$ 8,736,687
Earnings and Investments	25,000	16,816	1,795	18,611	(6,389)	13,838
State Sources	650,482	752,945	9	752,954	102,472	654,559
Total Revenues	<u>9,663,256</u>	<u>8,096,591</u>	<u>1,696,788</u>	<u>9,793,379</u>	<u>130,123</u>	<u>9,405,084</u>
EXPENDITURES						
Debt Service:						
Bond Principal	7,060,000	5,805,000	1,255,000	7,060,000	-	6,085,000
Bond Interest	3,204,897	2,670,389	351,660	3,022,049	(182,848)	3,581,495
Paying Agent Fees and Other	630,890	786,283	-	786,283	155,393	514,264
Total Expenditures	<u>10,895,787</u>	<u>9,261,672</u>	<u>1,606,660</u>	<u>10,868,332</u>	<u>(27,455)</u>	<u>10,180,759</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,232,531)	(1,165,081)	90,128	(1,074,953)	157,578	(775,675)
OTHER FINANCING SOURCES (USES)						
Sale of Bonds	43,272,797	42,185,000	-	42,185,000	(1,087,797)	25,075,000
Bond Premium	-	1,087,797	-	1,087,797	1,087,797	514,500
Issuance of Certificates of Participation	-	-	-	-	-	1,290,000
Premium on Certificates of Participation	-	-	-	-	-	62,738
Payment to Refunded Bond Escrow Agent	(42,620,729)	(42,465,821)	-	(42,465,821)	154,908	(26,499,378)
Transfers Out	(9,276)	(10,276)	-	(10,276)	(1,000)	(3,198)
Total Other Financing Sources (Uses)	<u>642,792</u>	<u>796,700</u>	<u>-</u>	<u>796,700</u>	<u>153,908</u>	<u>439,662</u>
NET CHANGE IN FUND BALANCE	<u>\$ (589,739)</u>	<u>(368,381)</u>	<u>90,128</u>	<u>(278,253)</u>	<u>\$ 311,486</u>	<u>(336,013)</u>
FUND BALANCE						
Beginning of Year		<u>1,745,730</u>	<u>414,247</u>	<u>2,159,977</u>		<u>2,495,990</u>
End of Year		<u>\$ 1,377,349</u>	<u>\$ 504,375</u>	<u>\$ 1,881,724</u>		<u>\$ 2,159,977</u>

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

	Self- Insurance Accounts	OPEB Revocable Trust	Totals	
			2022	2021
ASSETS				
Cash and Investments	\$ 15,033,561	\$ 15,254,695	\$ 30,288,256	\$ 42,604,726
Interest Receivable	21,656	-	21,656	-
Total Assets	<u>15,055,217</u>	<u>15,254,695</u>	<u>30,309,912</u>	<u>42,604,726</u>
LIABILITIES				
Accounts Payable	1,862	-	1,862	2,065
Claims Payable - Medical	2,093,400	-	2,093,400	2,345,266
Due to Other Funds	-	754,419	754,419	750,607
Unearned Revenue	2,316,488	-	2,316,488	2,472,138
Total Liabilities	<u>4,411,750</u>	<u>754,419</u>	<u>5,166,169</u>	<u>5,570,076</u>
NET POSITION				
Unrestricted	<u>\$ 10,643,467</u>	<u>\$ 14,500,276</u>	<u>\$ 25,143,743</u>	<u>\$ 37,034,650</u>

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
INTERNAL SERVICE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2021)**

	Self- Insurance Accounts	OPEB Revocable Trust	Totals	
			2022	2021
OPERATING REVENUES				
Charges for Services:				
Health Insurance Premiums	\$ 15,665,169	\$ -	\$ 15,665,169	\$ 15,639,172
Dental Insurance Premiums	1,249,050	-	1,249,050	1,185,258
Total Operating Revenues	<u>16,914,219</u>	<u>-</u>	<u>16,914,219</u>	<u>16,824,430</u>
OPERATING EXPENSES				
Salaries	121,538	-	121,538	113,863
VEBA Contributions	1,749,260	-	1,749,260	1,225,801
Wellness Payments	42,060	-	42,060	42,060
Health Insurance Claim Payments	11,866,724	-	11,866,724	11,866,724
Dental Insurance Claim Payments	1,168,649	-	1,168,649	1,168,649
OPEB Payments	-	754,419	754,419	750,607
General Administration Fees	1,101,607	-	1,101,607	1,101,607
Total Operating Expenses	<u>16,049,838</u>	<u>754,419</u>	<u>16,804,257</u>	<u>16,269,311</u>
OPERATING INCOME (LOSS)	864,381	(754,419)	109,962	555,119
NONOPERATING INCOME (EXPENSES)				
Earnings on Investments	45,209	(2,196,078)	(2,150,869)	4,873,561
Transfers to Other Funds	-	(9,850,000)	(9,850,000)	-
Total Nonoperating Income (Expenses)	<u>45,209</u>	<u>(12,046,078)</u>	<u>(12,000,869)</u>	<u>4,873,561</u>
CHANGE IN NET POSITION	909,590	(12,800,497)	(11,890,907)	5,428,680
Net Position - Beginning	<u>9,733,877</u>	<u>27,300,773</u>	<u>37,034,650</u>	<u>31,605,970</u>
NET POSITION - ENDING	<u>\$ 10,643,467</u>	<u>\$ 14,500,276</u>	<u>\$ 25,143,743</u>	<u>\$ 37,034,650</u>

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
INTERNAL SERVICE FUND
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2021)**

	Self- Insurance Accounts	OPEB Revocable Trust	Totals	
			2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Interfund Services Provided	\$ 16,736,913	\$ -	\$ 16,736,913	\$ 17,125,514
Payments for Administrative Costs	(1,101,607)	-	(1,101,607)	(1,101,607)
Payments for Salaries	(121,538)	-	(121,538)	(113,863)
Payments for Medical Fees and Insurance Claims	(13,287,442)	-	(13,287,442)	(12,626,842)
Payments for Wellness	(42,060)	-	(42,060)	(42,060)
Payments to Employee VEBA Accounts	(1,749,260)	-	(1,749,260)	(1,225,801)
Payments for Retirement Benefits	-	(750,607)	(750,607)	(794,338)
Net Cash Provided (Used) by Operating Activities	<u>435,006</u>	<u>(750,607)</u>	<u>(315,601)</u>	<u>1,221,003</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	45,209	-	45,209	122,599
Proceeds from Sale of Investments	-	750,607	750,607	794,338
Net Cash Provided by Investing Activities	<u>45,209</u>	<u>750,607</u>	<u>795,816</u>	<u>916,937</u>
Net Increase in Cash and Cash Equivalents	480,215	-	480,215	2,137,940
Cash and Cash Equivalents - Beginning	14,553,346	-	14,553,346	12,415,406
Cash and Cash Equivalents - Ending	<u>\$ 15,033,561</u>	<u>\$ -</u>	<u>\$ 15,033,561</u>	<u>\$ 14,553,346</u>
Total Cash and Investments per Statement of Net Position	\$ 15,033,561	\$ 15,254,695	\$ 30,288,256	\$ 42,604,726
Less: Investments Included in Cash and Investments	-	(15,254,695)	(15,254,695)	(28,051,380)
Total Cash and Cash Equivalents	<u>\$ 15,033,561</u>	<u>\$ -</u>	<u>\$ 15,033,561</u>	<u>\$ 14,553,346</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 864,381	\$ (754,419)	\$ 109,962	\$ 555,119
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
(Increase) Decrease in Interest Receivable	(21,656)	-	(21,656)	-
Increase (Decrease) in Accounts Payable	(203)	-	(203)	(2,735)
Increase (Decrease) in Claims Payable	(251,866)	-	(251,866)	411,266
Increase (Decrease) in Due to Other Funds	-	3,812	3,812	(43,731)
Increase (Decrease) in Unearned Revenue	(155,650)	-	(155,650)	301,084
Total Adjustments	<u>(429,375)</u>	<u>3,812</u>	<u>(425,563)</u>	<u>665,884</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 435,006</u>	<u>\$ (750,607)</u>	<u>\$ (315,601)</u>	<u>\$ 1,221,003</u>

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
INTERNAL SERVICE FUND
UNIFORM FINANCIAL ACCOUNTING AND REPORTING
STANDARDS COMPLIANCE TABLE
JUNE 30, 2022**

	AUDIT	UFARS	DIFFERENCE		AUDIT	UFARS	DIFFERENCE
01 GENERAL FUND				06 BUILDING CONSTRUCTION			
Total Revenue	\$ 162,480,829	\$ 162,480,828	\$ 1	Total Revenue	\$ 23,890	\$ 23,890	\$ -
Total Expenditures	166,400,538	166,400,539	(1)	Total Expenditures	10,634,500	10,634,500	-
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	1,599,827	1,599,827	-	460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>				<i>Restricted:</i>			
401 Student Activities	36,446	36,446	-	407 Capital Projects Levy	-	-	-
402 Scholarships	246,026	246,026	-	409 Alternative Facility Program	-	-	-
403 Staff Development	-	-	-	413 Projects Funded by COP	48	48	-
405 Deferred Maintenance	-	-	-	467 LTFM	5,337,007	5,337,007	-
406 Health and Safety	-	-	-	464 Restricted Fund Balance	16,590,053	16,590,053	-
407 Capital Project Levy	(2,029,087)	(2,029,087)	-	<i>Unassigned:</i>			
408 Cooperative Programs	-	-	-	463 Unassigned Fund Balance	-	-	-
413 Projects Funded by COP	-	-	-	07 DEBT SERVICE			
414 Operating Debt	-	-	-	Total Revenue	8,096,591	8,096,591	-
416 Levy Reduction	-	-	-	Total Expenditures	9,261,672	9,261,672	-
417 Taconite Building Maintenance	-	-	-	<i>Nonspendable:</i>			
424 Operating Capital	802,841	802,841	-	460 Nonspendable Fund Balance	806,738	806,738	-
426 \$25 Taconite	-	-	-	<i>Restricted:</i>			
427 Disabled Accessibility	-	-	-	425 Bond Refunding	-	-	-
428 Learning and Development	-	-	-	451 OZAB and OSCB Payments	-	-	-
434 Area Learning Center	-	-	-	464 Restricted Fund Balance	570,611	570,611	-
435 Contracted Alternative Programs	-	-	-	<i>Unassigned:</i>			
436 State-Approved Alternative Programs	-	-	-	463 Unassigned Fund Balance	-	-	-
438 Gifted and Talented	-	-	-	08 TRUST			
440 Teacher Development and Evaluations	-	-	-	Total Revenue	-	-	-
441 Basic Skills Programs	-	-	-	Total Expenditures	-	-	-
445 Career and Technical Programs	-	-	-	<i>Restricted:</i>			
448 Achievement and Integration	-	-	-	401 Student Activities	-	-	-
449 Sage Schools Crime Levy	-	-	-	402 Scholarships	-	-	-
451 OZAB Payments	-	-	-	422 Restricted	-	-	-
452 OPEB Liability Not Held in Trust	-	-	-	18 CUSTODIAL			
453 Unfunded Severance & Retirement Levy	-	-	-	Total Revenue	205,983	205,983	-
467 LTFM	-	-	-	Total Expenditures	268,221	268,221	-
472 Medical Assistance	111,162	111,162	-	<i>Restricted:</i>			
<i>Restricted:</i>				401 Student Activities	-	-	-
464 Restricted Fund Balance	-	-	-	402 Scholarships	-	-	-
<i>Committed:</i>				448 Achievement and Integration	-	-	-
418 Committed for Separation	-	-	-	464 Restricted	633,581	633,581	-
461 Committed Fund Balance	-	-	-	20 INTERNAL SERVICE			
<i>Assigned:</i>				Total Revenue	16,959,428	16,959,428	-
462 Assigned Fund Balance	5,455,875	5,455,875	-	Total Expenditures	16,049,838	16,049,838	-
<i>Unassigned:</i>				<i>Net Position:</i>			
422 Unassigned Fund Balance	21,266,174	21,266,173	1	422 Net Position	10,643,467	10,643,467	-
02 FOOD SERVICE				25 OPEB REVOCABLE TRUST			
Total Revenue	6,734,028	6,734,028	-	Total Revenue	(2,196,078)	(2,196,078)	-
Total Expenditures	4,986,676	4,986,676	-	Total Expenditures	754,419	754,419	-
<i>Nonspendable:</i>				<i>Net Position:</i>			
460 Nonspendable Fund Balance	82,915	82,915	-	422 Net Position	14,500,276	14,500,276	-
<i>Restricted:</i>				45 OPEB IRREVOCABLE TRUST			
452 OPEB Liability Not Held in Trust	-	-	-	Total Revenue	-	-	-
464 Restricted Fund Balance	3,098,219	3,098,219	-	Total Expenditures	-	-	-
<i>Unassigned:</i>				<i>Net Position:</i>			
463 Unassigned Fund Balance	-	-	-	422 Net Position	-	-	-
04 COMMUNITY SERVICE				47 OPEB DEBT SERVICE			
Total Revenue	13,101,390	13,101,388	2	Total Revenue	1,696,788	1,696,788	-
Total Expenditures	11,278,079	11,278,077	2	Total Expenditures	1,606,660	1,606,660	-
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	13,755	13,755	-	460 Nonspendable Fund Balance	177,873	177,873	-
<i>Restricted:</i>				<i>Restricted:</i>			
426 \$25 Taconite	-	-	-	425 Bond Refunding	-	-	-
431 Community Education	1,820,785	1,820,785	-	464 Restricted Fund Balance	326,502	326,502	-
432 E.C.F.E.	532,075	532,075	-	<i>Unassigned:</i>			
440 Teacher Development and Evaluations	-	-	-	463 Unassigned Fund Balance	-	-	-
444 School Readiness	281,722	281,722	-	06 BUILDING CONSTRUCTION			
447 Adult Basic Education	7,249	7,249	-	Total Revenue	\$ 23,890	\$ 23,890	\$ -
452 OPEB Liability Not Held in Trust	-	-	-	Total Expenditures	10,634,500	10,634,500	-
464 Restricted Fund Balance	118,617	118,617	-	<i>Nonspendable:</i>			
<i>Unassigned:</i>				<i>Nonspendable:</i>			
463 Unassigned Fund Balance	-	-	-	460 Nonspendable Fund Balance	-	-	-

STATISTICAL SECTION (UNAUDITED)

This section of the annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

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These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	133
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These schedules contain information to help the reader assess the District's most significant local revenue source, property taxes.	140
Debt Capacity	
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	147
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	151
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to services the District provides and the activities it performs.	154

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

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
Net Investment in Capital Assets	\$ 21,078,480	\$ 21,319,503	\$ 19,627,253	\$ 18,430,241	\$ 14,644,246	\$ 13,441,105	\$ 12,846,900	\$ 16,960,040	\$ 17,088,790	\$ 16,182,044
Restricted	15,037,395	11,068,622	11,838,485	7,074,898	6,808,222	7,245,813	9,970,960	6,057,675	9,057,960	20,826,373
Unrestricted	7,744,165	10,070,598	(63,764,777)	(57,419,114)	(85,657,524)	(129,067,503)	(97,023,252)	(99,319,271)	(107,013,615)	(111,696,070)
 Total Governmental Activities Net Position	 <u>\$ 43,860,040</u>	 <u>\$ 42,458,723</u>	 <u>\$ (32,299,039)</u>	 <u>\$ (31,913,975)</u>	 <u>\$ (64,205,056)</u>	 <u>\$ (108,380,585)</u>	 <u>\$ (74,205,392)</u>	 <u>\$ (76,301,556)</u>	 <u>\$ (80,866,865)</u>	 <u>\$ (74,687,653)</u>

Source: District's financial records.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year			
	2013	2014	2015	2016
Expenses				
Governmental Activities:				
Administration	\$ 3,586,179	\$ 3,710,055	\$ 3,949,395	\$ 4,132,706
District Support Services	3,101,352	3,539,681	3,351,697	3,811,676
Regular Instruction	53,132,307	59,493,857	64,252,046	67,818,975
Vocational Education Instruction	609,015	488,223	515,227	562,427
Special Education Instruction	13,652,545	14,950,426	15,431,007	16,064,977
Instructional Support Services	4,774,986	5,212,539	5,476,973	6,018,678
Pupil Support Services	7,102,738	7,171,368	7,507,312	7,822,508
Sites and Buildings	12,576,151	14,914,742	13,769,610	16,084,512
Fiscal and Other Fixed Cost Programs	215,023	244,628	225,994	262,090
Food Service	4,873,049	4,902,588	4,849,625	5,406,639
Community Service	10,339,649	10,625,866	9,029,666	9,682,970
Interest on Long-Term Debt	6,617,640	5,516,550	6,196,996	6,521,940
Total Governmental Activities Expenses	<u>\$ 120,580,634</u>	<u>\$ 130,770,523</u>	<u>\$ 134,555,548</u>	<u>\$ 144,190,098</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
District Support Services	\$ -	\$ -	\$ -	\$ -
Regular Instruction	-	-	-	1,309,999
Instructional Support Services	-	-	-	222,990
Pupil Support Services	-	-	-	252,275
Food Service	4,308,862	4,146,997	4,358,266	4,628,754
Community Service	8,237,658	8,447,774	7,019,527	8,768,689
Operating Grants and Contributions	21,853,403	21,611,798	22,129,831	17,222,701
Capital Grants and Contributions	616,445	731,378	1,271,341	1,293,101
Total Governmental Activities Program Revenue	<u>\$ 35,016,368</u>	<u>\$ 34,937,947</u>	<u>\$ 34,778,965</u>	<u>\$ 33,698,509</u>
Net Expense				
Governmental Activities	<u>\$ (85,564,266)</u>	<u>\$ (95,832,576)</u>	<u>\$ (99,776,583)</u>	<u>\$ (110,491,589)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes:				
General Purposes and Capital Projects	\$ 26,991,246	\$ 17,872,428	\$ 29,302,585	\$ 31,079,686
Community Service	894,413	415,723	1,012,885	948,638
Debt Service	6,794,959	7,691,916	6,788,554	8,041,734
Unrestricted Grants and Contributions	56,403,315	68,173,589	63,077,322	70,294,970
Unrestricted Investment Earnings	1,394,595	2,488,096	344,758	(25,408)
Miscellaneous	36,896	52,440	280,137	537,033
Total Governmental Activities	<u>\$ 92,515,424</u>	<u>\$ 96,694,192</u>	<u>\$ 100,806,241</u>	<u>\$ 110,876,653</u>
Change in Net Position	\$ 6,951,158	\$ 861,616	\$ 1,029,658	\$ 385,064
Net Position - Beginning	35,275,447	43,860,040	42,458,723	(32,299,039)
Prior Period Adjustment	1,633,435	(2,262,933)	(75,787,420)	-
Net Position - Ending	<u>\$ 43,860,040</u>	<u>\$ 42,458,723</u>	<u>\$ (32,299,039)</u>	<u>\$ (31,913,975)</u>

Source: District's financial records.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

Fiscal Year						
2017	2018	2019	2020	2021	2022	
\$ 5,605,071	\$ 5,455,522	\$ 3,682,577	\$ 4,936,009	\$ 4,871,261	\$ 5,417,704	
4,145,220	5,572,269	6,105,416	6,450,685	7,037,501	6,757,832	
96,960,340	104,554,124	61,855,919	92,016,508	103,058,556	94,700,911	
1,108,400	866,784	382,774	961,154	1,161,390	1,219,336	
22,481,202	23,574,526	14,936,738	21,594,998	22,838,072	22,240,745	
8,066,439	8,647,660	5,192,665	6,914,441	7,323,885	7,105,307	
9,606,299	10,078,121	8,171,436	10,011,843	10,047,034	10,988,000	
19,441,992	10,542,688	10,323,572	11,665,056	10,967,118	12,140,549	
258,901	232,382	243,794	247,710	445,203	609,346	
5,632,435	5,634,791	5,615,714	4,933,756	3,423,531	4,821,519	
11,634,698	12,538,445	11,544,294	12,207,091	9,166,519	11,120,173	
5,603,309	6,138,422	6,318,176	5,965,431	6,211,392	5,802,801	
<u>\$ 190,544,306</u>	<u>\$ 193,835,734</u>	<u>\$ 134,373,075</u>	<u>\$ 177,904,682</u>	<u>\$ 186,551,462</u>	<u>\$ 182,924,223</u>	
\$ -	\$ -	\$ -	\$ -	\$ 24,645	\$ 32,302	
1,403,750	1,481,610	1,466,906	1,264,150	1,225,228	2,026,635	
195,169	196,370	207,151	141,938	42,524	219,356	
239,780	253,070	253,665	180,757	147,386	195,367	
4,806,658	4,988,142	5,134,896	3,702,981	438,418	1,293,199	
9,474,151	10,387,741	11,209,114	9,330,529	6,777,586	10,668,633	
22,145,571	19,259,894	17,935,361	22,465,001	27,198,343	30,236,788	
1,335,854	1,640,719	1,821,327	1,809,399	1,742,405	1,694,513	
<u>\$ 39,600,933</u>	<u>\$ 38,207,546</u>	<u>\$ 38,028,420</u>	<u>\$ 38,894,755</u>	<u>\$ 37,596,535</u>	<u>\$ 46,366,793</u>	
<u>\$ (150,943,373)</u>	<u>\$ (155,628,188)</u>	<u>\$ (96,344,655)</u>	<u>\$ (139,009,927)</u>	<u>\$ (148,954,927)</u>	<u>\$ (136,557,430)</u>	
\$ 35,766,057	\$ 35,987,087	\$ 37,897,822	\$ 42,493,968	\$ 44,827,510	\$ 45,906,033	
914,505	918,485	954,512	942,780	956,817	966,046	
6,616,212	7,706,340	9,016,279	8,329,244	8,727,580	9,002,056	
72,666,001	76,233,324	79,580,441	82,544,597	83,977,491	87,219,564	
2,310,084	2,022,260	2,382,078	2,056,107	5,354,173	(1,814,251)	
379,433	1,191,246	688,716	547,067	546,047	1,457,194	
<u>\$ 118,652,292</u>	<u>\$ 124,058,742</u>	<u>\$ 130,519,848</u>	<u>\$ 136,913,763</u>	<u>\$ 144,389,618</u>	<u>\$ 142,736,642</u>	
\$ (32,291,081)	\$ (31,569,446)	\$ 34,175,193	\$ (2,096,164)	\$ (4,565,309)	\$ 6,179,212	
(31,913,975)	(64,205,056)	(108,380,585)	(74,205,392)	(76,301,556)	(80,866,865)	
-	(12,606,083)	-	-	-	-	
<u>\$ (64,205,056)</u>	<u>\$ (108,380,585)</u>	<u>\$ (74,205,392)</u>	<u>\$ (76,301,556)</u>	<u>\$ (80,866,865)</u>	<u>\$ (74,687,653)</u>	

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year			
	2013	2014	2015	2016
General Fund				
Nonspendable	\$ 531,999	\$ 590,355	\$ 781,333	\$ 779,705
Restricted	1,905,185	411,185	29,151	628,474
Assigned	3,447,281	3,902,303	4,173,836	3,194,826
Unassigned	14,400,463	14,362,441	13,821,183	14,054,648
Total General Fund	<u>20,284,928</u>	<u>19,266,284</u>	<u>18,805,503</u>	<u>18,657,653</u>
All Other Governmental Funds				
Nonspendable	421,693	765,935	1,441,573	905,977
Restricted, Reported in:				
Food Service Fund	1,616,011	778,523	352,237	493,812
Community Service Fund	1,925,296	1,654,874	1,914,375	2,804,355
Capital Projects Fund	6,551,716	5,673,567	309,828	8,724,062
Debt Service Funds	11,256,786	9,558,975	11,018,614	6,070,506
Unassigned, Reported in:				
Community Service Fund	(29,618)	(53,686)	(44,630)	(67,795)
Capital Projects Fund	-	-	-	-
Debt Service Funds	-	-	-	(223,082)
All Other Governmental Funds	<u>21,741,884</u>	<u>18,378,188</u>	<u>14,991,997</u>	<u>18,707,835</u>
Total All Funds	<u>\$ 42,026,812</u>	<u>\$ 37,644,472</u>	<u>\$ 33,797,500</u>	<u>\$ 37,365,488</u>

Source: District's financial records

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
FUND BALANCES, GOVERNMENTAL FUNDS (CONTINUED)
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 1,168,168	\$ 1,677,381	\$ 2,434,164	\$ 1,830,729	\$ 2,458,993	\$ 1,599,827
469,509	227,459	3,735,197	3,302,331	544,401	1,196,475
3,399,617	3,194,835	2,840,797	2,518,088	2,397,369	5,455,875
<u>16,065,042</u>	<u>17,993,045</u>	<u>19,357,141</u>	<u>25,304,127</u>	<u>23,118,361</u>	<u>19,237,087</u>
21,102,336	23,092,720	28,367,299	32,955,275	28,519,124	27,489,264
1,228,773	1,129,474	1,075,240	1,297,070	1,149,314	1,081,281
735,438	1,192,036	1,814,668	1,401,528	1,354,312	3,098,219
3,484,248	4,026,146	1,841,486	1,082,126	818,813	2,760,448
5,418,769	2,650,289	3,462,797	2,188,316	8,436,401	21,927,108
4,332,850	1,183,399	2,400,628	1,409,797	1,182,442	897,113
(65,259)	-	-	-	-	-
-	-	(453,751)	(878,398)	(2,785,813)	-
-	(58,988)	-	-	-	-
<u>15,134,819</u>	<u>10,122,356</u>	<u>10,141,068</u>	<u>6,500,439</u>	<u>10,155,469</u>	<u>29,764,169</u>
<u>\$ 36,237,155</u>	<u>\$ 33,215,076</u>	<u>\$ 38,508,367</u>	<u>\$ 39,455,714</u>	<u>\$ 38,674,593</u>	<u>\$ 57,253,433</u>

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year			
	2013	2014	2015	2016
Revenues				
Local Sources:				
Property Taxes	\$ 34,706,680	\$ 25,930,101	\$ 37,214,541	\$ 40,114,162
Earnings on Investments	(59,996)	116,925	45,092	176,546
Other	18,551,066	18,427,849	17,708,928	19,210,588
State Sources	70,037,796	81,858,493	77,679,938	82,500,253
Federal Sources	2,861,974	2,877,634	2,747,558	2,819,671
Total Revenues	<u>126,097,520</u>	<u>129,211,002</u>	<u>135,396,057</u>	<u>144,821,220</u>
Expenditures				
Current:				
Administration	3,651,182	3,816,573	4,024,247	3,943,877
District Support Services	3,169,627	3,507,294	3,345,636	3,763,882
Regular Instruction	50,433,184	54,604,424	59,736,890	63,494,232
Vocational Education Instruction	640,262	491,507	524,218	549,081
Special Education Instruction	14,418,187	15,065,041	15,741,744	15,985,969
Instructional Support Services	4,982,039	5,242,570	5,551,204	5,831,692
Pupil Support Services	7,211,567	7,173,492	7,550,330	7,703,284
Sites and Buildings	5,946,473	8,309,773	8,665,464	7,273,494
Fiscal and Other Fixed Cost Programs	215,023	244,628	225,994	262,090
Food Service	4,782,099	4,813,827	5,015,606	5,365,527
Community Service Fund	10,150,874	10,608,808	9,297,612	9,613,374
Capital Outlay	18,713,971	19,846,429	16,959,572	15,657,282
Debt Service:				
Principal	8,972,367	7,359,633	5,370,000	7,533,187
Interest and Fiscal Charges	6,016,778	5,482,607	5,260,757	6,108,765
Total Expenditures	<u>139,303,633</u>	<u>146,566,606</u>	<u>147,269,274</u>	<u>153,085,736</u>
Deficiency of Revenues Under Expenditures	(13,206,113)	(17,355,604)	(11,873,217)	(8,264,516)
Other Financing Sources (Uses)				
Insurance Recovery	5,743	-	-	-
Other Loan Proceeds	-	-	-	-
Issuance of Bonds and Certificates of Participation	38,845,000	26,080,000	9,710,000	46,260,000
Premiums on Bonds and Certificates of Participation	145,681	958,264	376,245	1,956,415
Capital Leases	-	-	-	-
Payment to Refunded Bond Escrow Agent	(17,589,821)	(14,065,000)	(1,810,000)	(36,633,911)
Transfers In	-	-	-	621,368
Transfers Out	-	-	-	(621,368)
Total Other Financing Sources (Uses)	<u>21,406,603</u>	<u>12,973,264</u>	<u>8,276,245</u>	<u>11,582,504</u>
Net Change in Fund Balances	8,200,490	(4,382,340)	(3,596,972)	3,317,988
Fund Balance - Beginning	32,192,887	42,026,812	37,644,472	34,047,500
Prior Period Adjustment	1,633,435	-	-	-
Fund Balance - Ending	<u>\$ 42,026,812</u>	<u>\$ 37,644,472</u>	<u>\$ 34,047,500</u>	<u>\$ 37,365,488</u>
Debt Service as a Percentage of Noncapital Expenditures	12.40%	10.10%	8.20%	9.40%

Sources: District's financial records

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (CONTINUED)
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 43,346,798	\$ 44,683,902	\$ 47,752,873	\$ 51,743,003	\$ 54,560,896	\$ 55,879,476
153,497	368,240	923,943	847,553	480,508	336,618
20,366,116	22,352,959	23,423,379	19,019,421	11,765,250	20,039,404
85,810,383	90,293,577	96,228,983	99,770,611	101,768,804	105,628,435
<u>2,763,275</u>	<u>2,969,111</u>	<u>2,996,291</u>	<u>3,115,200</u>	<u>8,301,974</u>	<u>10,249,583</u>
152,440,069	160,667,789	171,325,469	174,495,788	176,877,432	192,133,516
4,040,778	4,124,131	4,270,151	4,443,920	4,445,113	5,394,361
3,753,805	5,814,329	6,150,430	6,343,341	6,978,156	6,505,745
66,724,212	72,455,135	76,259,944	80,321,434	88,480,898	89,872,882
834,722	624,342	582,801	896,121	1,091,521	1,207,168
16,562,003	18,158,328	19,606,480	20,421,959	21,516,900	22,906,881
6,051,941	6,939,347	6,738,998	6,499,566	7,371,669	7,312,674
8,222,140	8,866,622	9,009,289	9,631,457	9,961,806	11,094,754
7,712,195	7,342,946	8,481,626	8,734,327	8,917,838	9,262,975
258,901	232,382	243,794	247,710	445,203	609,346
5,537,865	5,499,699	5,491,043	4,878,178	3,379,971	4,966,851
10,467,031	11,357,592	11,986,244	12,012,110	9,196,975	11,243,290
19,849,561	12,230,881	13,558,826	11,712,783	11,757,079	16,643,386
6,924,417	10,410,000	8,556,614	7,982,599	9,369,143	11,184,195
<u>5,519,964</u>	<u>5,574,934</u>	<u>6,275,587</u>	<u>6,241,167</u>	<u>6,064,297</u>	<u>5,963,617</u>
162,459,535	169,630,668	177,211,827	180,366,672	188,976,569	204,168,125
(10,019,466)	(8,962,879)	(5,886,358)	(5,870,884)	(12,099,137)	(12,034,609)
-	-	-	-	-	-
-	-	-	547,000	-	-
8,560,000	21,565,000	26,795,000	20,430,000	36,440,000	58,155,000
331,133	2,269,375	2,282,496	776,257	1,177,394	2,154,927
-	-	2,521,614	-	-	-
-	(17,893,575)	(20,419,461)	(14,935,026)	(26,499,378)	(42,465,821)
445,061	192,076	3,566,280	373,717	8,850	9,889,770
<u>(445,061)</u>	<u>(192,076)</u>	<u>(3,566,280)</u>	<u>(373,717)</u>	<u>(8,850)</u>	<u>(39,770)</u>
8,891,133	5,940,800	11,179,649	6,818,231	11,118,016	27,694,106
(1,128,333)	(3,022,079)	5,293,291	947,347	(981,121)	15,659,497
37,365,488	36,237,155	33,215,076	38,508,367	39,455,714	39,455,714
-	-	-	-	-	-
<u>\$ 36,237,155</u>	<u>\$ 33,215,076</u>	<u>\$ 38,508,367</u>	<u>\$ 39,455,714</u>	<u>\$ 38,474,593</u>	<u>\$ 55,115,211</u>
8.23%	9.94%	8.81%	8.31%	8.66%	9.00%

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(UNAUDITED)**

<u>Payable Year</u>	<u>Hennepin County Residential Property</u>	<u>Carver County Residential Property</u>	<u>Hennepin County Commercial Property</u>	<u>Carver County Commercial Property</u>	<u>Hennepin County Industrial Property</u>
2013	\$ 5,321,136,800	\$ 1,152,074,000	\$ 521,519,100	\$ 3,938,800	\$ 18,778,100
2014	5,278,778,900	1,338,971,313	603,332,100	4,215,920	18,768,000
2015	5,737,769,500	1,338,975,413	613,118,800	4,215,920	19,160,400
2016	6,101,387,100	1,386,241,207	774,298,100	4,305,860	19,312,000
2017	6,279,630,658	1,469,462,080	787,395,300	4,448,120	20,046,900
2018	6,692,151,700	1,572,785,318	795,547,500	4,523,840	21,437,000
2019	7,068,589,600	1,657,952,075	803,185,500	5,490,252	23,969,000
2020	7,384,381,200	1,699,405,100	825,842,600	4,549,800	26,435,200
2021	7,777,973,500	1,689,534,300	806,415,500	4,549,800	31,612,000
2022	8,132,893,500	1,759,320,300	710,226,700	4,794,500	35,796,600

Source: Hennepin County Taxpayer Services Department & Carver County Assessors Office

Notes:

- (1) The tax capacity (assessed taxable value) of the property is calculated by applying a statutory formula to the estimated market value of the property.
- (2) Carver County - Tax-Exempt Property is already deducted from each category.
- (3) The estimated actual value of property is not available as the Counties do not provide this information to the District.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY (CONTINUED)
LAST TEN YEARS
(UNAUDITED)**

Carver County Industrial Property	Carver County Agricultural Property	Hennepin Cty Less Tax-Exempt Property	Hennepin County Assessed Value	Carver County Assessed Value	Total Direct School Tax Rate
\$ 6,697,700	\$ 416,400	\$ 323,776,400	\$ 5,537,657,600	\$ 1,163,126,900	24.49
6,830,767	468,600	323,776,400	5,577,102,600	1,350,486,600	24.37
6,830,747	468,600	323,776,400	6,046,272,300	1,350,490,680	25.09
7,165,133	-	469,804,000	6,425,193,200	1,397,712,200	22.89
6,630,400	-	469,804,000	6,617,268,858	1,480,540,600	22.77
6,767,633	-	469,804,000	7,039,332,200	1,584,076,791	23.13
7,444,400	-	469,804,000	7,425,940,100	1,670,886,727	21.21
7,101,900	-	469,804,000	7,766,855,000	1,711,056,800	21.17
7,101,900	-	444,491,400	8,171,509,600	1,701,186,000	20.92
7,989,500	-	336,858,600	8,542,058,200	1,772,104,300	21.00

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(UNAUDITED)**

Tax Collection Year	ISD 276 Direct Rate			Overlapping Rates				
	Basic Rate	General Obligation		Municipalities				
		Debt Service	ISD No. 276	Chanhassen	Deephaven	Eden Prairie	Excelsior	Greenwood
2013	16.094	8.393	24.487	28.429	18.594	34.397	36.859	20.897
2014	16.173	8.201	24.374	27.238	19.169	34.493	37.045	22.246
2015	16.268	8.825	25.093	24.634	17.381	33.749	32.462	19.819
2016	16.543	6.344	22.887	24.253	16.338	32.137	30.253	18.963
2017	16.028	6.742	22.770	23.856	15.664	32.480	28.802	17.033
2018	15.379	7.754	23.133	22.667	15.316	32.348	27.133	16.102
2019	14.472	6.737	21.209	21.105	14.840	31.521	27.124	15.590
2020	14.480	6.687	21.167	21.176	16.821	31.513	28.492	14.316
2021	14.339	6.584	20.923	22.113	17.032	31.432	29.256	13.621
2022	14.200	6.802	21.002	22.414	17.741	32.322	30.311	12.469

- (1) Tax Capacity Rate Method
- (2) Special District includes Metropolitan Council Transit Operations, Metropolitan Mosquito Control, Metropolitan Council, Parks/Museum.

Source: Hennepin County Auditor Office
Carver County Auditor Office

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
DIRECT AND OVERLAPPING PROPERTY TAX RATES (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)**

Overlapping Rates

Overlapping Rates									Total Direct & Overlapping Tax Rate
Municipalities						Counties		Special District (2)	
Minnetonka	Orono	Shorewood	Tonka Bay	Victoria	Woodland	Carver	Hennepin	Special District (2)	Total Direct & Overlapping Tax Rate
36.996	17.667	31.554	18.889	39.574	10.518	24.487	49.461	8.050	400.859
37.651	17.815	32.713	19.583	37.887	11.470	24.374	49.959	8.256	404.273
36.565	17.387	30.723	18.081	31.730	11.380	25.093	46.398	7.497	377.992
35.674	17.325	30.227	18.117	31.520	10.692	22.887	45.356	7.212	363.841
36.378	16.759	29.450	17.685	31.432	10.169	22.770	44.087	6.897	356.232
35.710	16.555	28.635	17.025	31.495	10.148	23.133	42.808	6.554	348.762
34.676	16.406	28.539	17.560	31.271	10.125	21.209	41.861	6.208	339.244
36.574	16.512	29.008	17.229	31.043	10.534	21.167	41.084	6.030	342.666
35.556	16.780	27.660	16.216	32.226	10.045	20.915	38.210	5.768	337.753
36.763	16.820	27.328	15.630	31.249	10.163	21.002	38.535	5.749	339.498

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

Taxpayer	2022			2013		
	Net Tax Capacity	Rank	Percentage of Total Tax Capacity 110,532,476.00	Net Tax Capacity	Rank	Percentage of Tax Capacity Value
Target Corporation	\$ 313,390	1	0.28%	\$ 392,250	1	0.23%
Brixmor Spe 5 LLC	298,250	2	0.27%			
MMB Medical Partners LLC	284,450	3	0.26%			
KTJ 212 LLC	269,325	4	0.24%			
The Waters of Excelsior	249,500	5	0.23%			
RM Senior Living Minnetonka LLC	249,500	6	0.23%			
ORP SW LLC	228,129	7	0.21%			
DMA Investments, LLC	218,650	8	0.20%			
ORP SW LLC	202,896	9	0.18%			
Kraus Anderson	180,910	10	0.16%			
Real Estate Equities-Apts				239,688	2	0.14%
Centro Bradley Spec				234,450	3	0.14%
Big Box One LLC				151,250	4	0.09%
Haug Investment Properties LTD				134,250	5	0.08%
Minco Realty Partners				129,590	6	0.08%
Individual				123,250	7	0.07%
Minnesota Associates LTD				109,250	8	0.06%
Sev41 LLC				108,336	9	0.06%
Individual				101,038	10	0.05%
Total	\$ 2,495,000		2.26%	\$ 1,723,352		1.00%

Source: Hennepin County Property Tax Division

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Tax Collection Year	Taxes Levied for the Fiscal Year			Collected within the Fiscal Year of Levy		Collections in Subsequent Years (1)	Total Collections to Date		Outstanding Delinquent Taxes	Percentage of Levy Outstanding
	Operating Tax Levy	Debt Tax Levy	Total Tax Levy	Current Tax Collection	Percentage of Levy		Total Tax Collection	Percentage of Levy		
2013	\$ 27,566,607	\$ 7,687,627	\$ 35,254,234	\$ 35,026,683	99.4%	\$ 227,551	\$ 35,254,234	100.0%	\$ -	0.0%
2014	30,169,983	6,814,387	36,984,369	36,708,555	99.3%	275,814	36,984,369	100.0%	-	0.0%
2015	31,811,829	8,058,616	39,870,445	39,608,364	99.3%	262,082	39,870,445	100.0%	-	0.0%
2016	36,460,412	6,626,471	43,086,884	42,769,714	99.3%	295,620	43,065,335	99.9%	-	0.0%
2017	36,793,440	7,727,838	44,521,278	43,850,177	98.5%	631,341	44,481,518	99.9%	21,549	0.0%
2018	38,588,794	9,016,785	47,605,579	47,145,809	99.0%	417,638	47,563,447	99.9%	39,760	0.1%
2019	43,361,908	8,333,895	51,695,803	51,147,764	98.9%	487,421	51,635,186	99.9%	42,132	0.1%
2020	45,471,610	8,732,611	54,204,221	53,608,652	98.9%	433,568	54,042,220	99.7%	60,617	0.1%
2021	46,257,584	8,987,774	55,245,359	54,576,046	98.8%	507,311	55,083,358	99.7%	162,001	0.3%
2022	47,041,015	9,433,843	56,474,858	28,228,979	50.0%	-	28,228,979	50.0%	N/A	50.0%

Notes:

(1) Includes Abatements

Source: Tax Receivables Report from County Treasurer

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Governmental Activities						Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Improvement Loans	Certificates of Participation	Financed Purchases	Long-Term Leases	Resources Restricted for Repayment			
2013	\$ 107,882,181	\$ -	\$ 44,635,000	\$ -	\$ -	\$ (11,440,420)	\$ 141,076,761	{a}	\$ 3,528
2014	108,067,548	-	49,105,000	-	-	(10,029,289)	147,143,259	{a}	3,680
2015	113,075,169	-	47,045,000	-	-	(32,525,922)	127,594,247	{a}	3,191
2016	114,387,683	-	50,155,000	-	-	(6,546,006)	157,996,677	{a}	3,951
2017	118,111,979	-	51,462,261	-	-	(5,332,649)	164,241,591	{a}	4,108
2018	115,237,322	-	54,540,771	-	-	(2,051,914)	167,726,179	{a}	4,195
2019	111,914,067	-	57,891,319	1,800,000	-	(3,201,622)	168,403,764	{a}	4,212
2020	111,144,166	547,000	57,576,841	902,401	-	(2,495,990)	167,674,418	{a}	4,194
2021	112,699,107	445,258	58,879,224	775,990	3,792,141	(2,159,977)	174,431,743	{a}	4,363
2022	112,590,079	342,648	67,048,371	2,679,837	3,591,637	(1,881,724)	184,370,848	{a}	4,371

Notes: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

{a} Due to personal income information being unavailable for the school district, the percentage of personal income is not available. See the Demographic and economic Statistics schedule for population data of the school district.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
RATIO OF NET GENERAL OBLIGATIONS BONDED DEBT
TO TAX CAPACITY AND NET OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Fiscal Year</u>	<u>Gross Bonded Debt</u>	<u>Less Debt Service Funds on Hand</u>	<u>Net Bonded Debt</u>	<u>Market Value of Taxable Property</u>	<u>Percent Net Debt to Market Value</u>	<u>Percent of Estimated Actual Market Value of Property (1)</u>	<u>Estimated Population</u>	<u>Net Bonded Debt per Capita</u>
2013	\$ 107,882,181	\$ 11,440,420	\$ 96,441,761	\$ 6,670,583,639	1.45%	1.44 %	39,984	\$ 2,412
2014	108,067,548	10,029,289	98,038,259	6,688,470,723	1.47%	1.42 %	39,984	2,452
2015	113,075,169	32,525,922	80,549,247	7,307,055,627	1.10%	1.09 %	39,984	2,015
2016	114,387,683	6,546,006	107,841,677	7,738,688,845	1.39%	1.38 %	39,984	2,697
2017	118,111,979	5,332,649	112,779,330	8,021,915,058	1.41%	1.39 %	39,984	2,821
2018	115,237,322	2,051,914	113,185,408	8,451,010,768	1.34%	1.31 %	39,984	2,831
2019	111,914,067	3,201,622	108,712,445	8,953,757,649	1.21%	1.20 %	39,984	2,719
2020	111,144,166	2,495,990	108,648,176	9,386,134,354	1.16%	1.15 %	39,984	2,717
2021	108,250,000	1,745,730	106,504,270	9,825,605,959	1.08%	1.08 %	39,984	2,664
2022	112,590,079	1,290,027	111,300,052	10,265,559,107	1.08%	1.08 %	42,181	2,639

Source: Annual school district census, U.S. census and Minnesota Department of Education levy limitation and certification reports

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
(UNAUDITED)**

<u>Taxing Unit (a)</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (b)</u>	<u>Estimated Share of Overlapping Debt</u>
<u>Direct Debt:</u>			
ISD #276	\$ 112,590,079	100.00%	\$ 112,590,079
<u>Overlapping Debt:</u>			
Carver County	22,946,000	11.15%	2,558,479
Hennepin County	1,017,430,000	4.04%	41,104,172
Three Rivers Park District	51,310,000	5.84%	2,996,504
Hennepin County Railroad Authority	94,705,000	4.04%	3,826,082
Cities:			
Chanhassen	4,200,000	29.83%	1,252,860
Eden Prairie	2,820,000	2.21%	62,322
Excelsior	9,105,000	100.00%	9,105,000
Minnetonka	25,375,000	23.81%	6,041,788
Orono	1,025,000	58.00%	594,500
Shorewood	3,030,000	95.75%	2,901,225
Tonka Bay	1,881,500	100.00%	1,881,500
Victoria	10,175,000	14.28%	1,452,990
Metropolitan Council	6,120,000	4.62%	282,744
Metropolitan Transit	187,200,000	4.81%	9,004,320
Total Overlapping Debt			<u>83,064,486</u>
Total Debt			<u><u>\$ 195,654,565</u></u>

(a) Only those taxing units with general obligation debt outstanding are included here.

(b) Excludes general obligation debt supported by revenues and revenue debt.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(DOLLARS IN THOUSANDS)
(UNAUDITED)**

	Fiscal Year			
	2013	2014	2015	2016
Debt Limit	\$ 1,039,547,906	\$ 1,056,695,363	\$ 1,168,770,551	\$ 1,210,739,461
Total Net Debt Applicable to Limit	<u>118,572,181</u>	<u>124,307,548</u>	<u>130,310,169</u>	<u>138,497,683</u>
Legal Debt Margin	<u>\$ 920,975,725</u>	<u>\$ 932,387,815</u>	<u>\$ 1,038,460,382</u>	<u>\$ 1,072,241,778</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	11.41%	11.76%	11.15%	11.44%

Source: District's financial records.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
LEGAL DEBT MARGIN INFORMATION (CONTINUED)
LAST TEN FISCAL YEARS
(DOLLARS IN THOUSANDS)
(UNAUDITED)**

Legal Debt Margin Calculation for Fiscal Year 2022

Assessed Market Value	\$ 10,314,162,500
Legal Debt Limit	1,547,124,375
Net Debt Applicable to Limit	<u>153,370,000</u>
Legal Debt Margin	<u><u>\$ 1,393,754,375</u></u>

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 1,214,671,419	\$ 1,293,511,349	\$ 1,364,524,024	\$ 1,421,686,770	\$ 1,480,904,340	\$ 1,547,124,375
<u>146,757,683</u>	<u>147,039,201</u>	<u>141,445,000</u>	<u>143,390,000</u>	<u>147,780,000</u>	<u>153,370,000</u>
<u>\$ 1,067,913,736</u>	<u>\$ 1,146,472,148</u>	<u>\$ 1,223,079,024</u>	<u>\$ 1,278,296,770</u>	<u>\$ 1,333,124,340</u>	<u>\$ 1,393,754,375</u>
12.08%	11.37%	10.37%	10.09%	9.98%	9.91%

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Population (1)	Personal Income (<i>thousands of dollars</i>)	Per Capita Personal Income	School Enrollment	Unemployment Rate
2013	39,984	{a}	{a}	9,467	{b}
2014	39,984	{a}	{a}	9,624	{b}
2015	39,984	{a}	{a}	9,855	{b}
2016	39,984	{a}	{a}	10,131	{b}
2017	39,984	{a}	{a}	10,521	{b}
2018	39,984	{a}	{a}	10,774	{b}
2019	39,984	{a}	{a}	10,927	{b}
2020	39,984	{a}	{a}	11,088	{b}
2021	39,984	{a}	{a}	11,050	{b}
2022	42,181	{a}	{a}	11,223	{b}

Notes:

(1) Per the U.S. Census.

{a} Information from State Demographers Office (Bureau of Economic Analysis Report) not available for the school district.

{b} Information from Jobs Training Research Statistics Department not available for the school district.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

Taxpayer	2022			2013		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
United Health Group	4,678	1	15.02%	4,678	1	18.69%
Eden Prairie Center	2,424	2	7.78%	2,424	2	9.69%
Cargill, Inc.	2,350	3	7.54%	2,350	3	9.39%
ISD #276 Minnetonka Schools	1,671	4	5.36%	1,336	8	6.39%
Emerson Process Mgmt-Rosemount, Inc.	1,600	5	5.14%	1,600	4	5.99%
C.H. Robinson	1,517	6	4.87%	1,462	6	5.84%
ISD #272 Eden Prairie Schools	1,500	7	4.81%	1,500	5	5.74%
Starkey Laboratories	1,440	8	4.62%	1,436	7	5.34%
Allina Health System/Medica	1,200	9	3.85%	1,200	10	5.04%
St. Jude Medical, Inc.	1,100	10	3.53%	1,100	12	4.80%
Carlson Companies	1,005	11	3.23%	1,005	13	4.80%
GE Capital Fleet Services	900	12	2.89%	900	14	4.40%
HSBC Bank Nevada, N.A.	900	13	2.89%	900	15	4.02%
SuperValu Stores, Inc.	850	14	2.73%	1,260	9	3.60%
Deli Express	673	15	2.16%	673	16	3.60%
Advance Circuits				1,200	11	2.67%
Total	23,808		76.42%	25,024		100.00%

Source: District's Financial Advisor

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)**

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
Elementary Teachers (K-5)	280.83	287.15	299.72	302.64	304.85	315.76	323.75	329.85	348.71	317.55
Secondary Teachers (6-12)	230.43	250.61	264.70	266.47	276.43	294.51	297.97	312.60	323.49	322.86
Special Education Teachers	94.61	98.11	100.10	99.61	103.32	111.03	118.10	120.84	125.54	126.61
E.C.F.E. Teachers	8.65	9.36	8.76	9.83	9.14	12.08	10.85	10.82	10.13	10.85
Guidance Counselors	14.30	14.80	14.80	14.80	17.20	18.20	18.70	20.20	20.20	19.70
Social Workers	8.30	8.00	7.10	7.10	5.20	5.70	6.20	7.60	6.20	7.30
Psychologists	4.00	4.00	3.70	4.00	4.20	4.70	5.00	4.85	6.10	8.65
Librarians	8.50	8.50	8.50	8.50	8.50	7.00	7.00	7.00	7.00	7.03
Total Teaching Staff	<u>649.62</u>	<u>680.53</u>	<u>707.38</u>	<u>712.95</u>	<u>728.84</u>	<u>768.98</u>	<u>787.57</u>	<u>813.76</u>	<u>847.37</u>	<u>820.55</u>
Administrators	28.00	28.00	27.00	29.00	29.00	32.00	34.60	37.00	31.60	31.60
Principals & Asst. Principals	13.00	13.00	13.00	13.00	13.00	14.00	14.00	14.00	14.00	19.93
Total Administration Staff	<u>41.00</u>	<u>41.00</u>	<u>40.00</u>	<u>42.00</u>	<u>42.00</u>	<u>46.00</u>	<u>48.60</u>	<u>51.00</u>	<u>45.60</u>	<u>51.53</u>
Non-Licensed Support Staff	24.12	27.04	28.46	30.76	26.34	26.70	26.52	24.47	31.37	31.56
Paraprofessionals	193.17	202.87	201.81	207.61	216.44	238.64	263.43	282.20	396.92	291.78
Clerical	66.06	67.19	66.59	65.99	65.73	67.99	67.30	65.01	61.90	61.50
Custodial	62.00	62.00	66.00	66.00	66.00	67.00	70.00	70.00	70.00	70.00
Service Worker - Technology Support	11.80	11.80	11.80	11.80	11.80	12.80	12.80	12.80	12.80	12.95
Service Worker - Food Service	46.71	47.71	54.79	54.79	54.79	57.25	57.08	56.21	44.68	45.56
Total Support Staff	<u>403.86</u>	<u>418.61</u>	<u>429.45</u>	<u>436.95</u>	<u>441.10</u>	<u>470.38</u>	<u>497.13</u>	<u>510.69</u>	<u>617.66</u>	<u>513.35</u>
	<u>1,094.48</u>	<u>1,140.14</u>	<u>1,176.83</u>	<u>1,191.90</u>	<u>1,211.93</u>	<u>1,285.36</u>	<u>1,333.30</u>	<u>1,375.45</u>	<u>1,510.62</u>	<u>1,385.43</u>

Source: District Records

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil-Teacher Ratio</u>	<u>Percentage of Students Receiving Free or Reduced-Price Meals</u>	<u>Student Attendance Percentage</u>
2013	9,467	\$ 110,125,748	\$ 11,633	2.72%	650	14.6	8.17%	95.17
2014	9,624	118,552,746	12,318	7.65%	681	14.1	7.74%	95.15
2015	9,855	124,161,476	12,599	4.73%	707	13.9	7.78%	94.46
2016	10,131	130,815,453	12,912	5.36%	713	14.2	7.26%	94.42
2017	10,521	137,258,400	13,046	4.93%	729	14.4	6.98%	94.52
2018	10,774	149,670,793	13,892	9.04%	769	14.0	6.92%	94.24
2019	10,927	160,050,491	14,647	6.94%	788	13.9	6.22%	93.85
2020	11,088	163,060,229	14,706	1.88%	814	13.6	6.08%	95.40
2021	11,050	172,106,160	15,575	5.55%	847	13.0	5.02%	94.36
2022	11,223	182,665,291	16,276	6.14%	821	13.7	4.20%	93.72

Source: Nonfinancial and financial information from district records.

Notes: Operating expenditures include General Fund, Food Service and Community Service Funds

{1} Excludes expenditure related to transfer of bond proceeds for OPEB to Revocable Trust

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

School	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Elementary										
Clear Springs										
Square feet	94,955	94,955	100,155	100,155	100,155	100,155	108,420	108,420	108,420	108,420
Capacity	700	700	850	850	880	880	920	1,120	1,120	1,120
Enrollment	767	774	798	824	860	864	879	882	868	852
Deephaven										
Square feet	75,431	76,180	79,241	79,241	79,241	79,241	79,241	79,241	79,241	79,241
Capacity	625	625	700	700	700	700	745	892	892	892
Enrollment	636	658	667	652	669	668	665	656	659	651
Excelsior										
Square feet	118,321	128,321	128,200	128,200	128,200	128,200	128,200	128,200	128,200	128,200
Capacity	750	750	850	850	850	850	901	1,046	1,046	1,046
Enrollment	792	769	740	773	802	806	808	816	782	738
Groveland										
Square feet	98,599	98,599	101,639	101,639	101,639	110,039	110,039	110,039	110,039	110,039
Capacity	700	700	850	850	880	880	912	1,160	1,160	1,160
Enrollment	723	756	781	825	843	857	861	897	922	892
Minnetashta										
Square feet	112,348	112,348	117,648	117,648	117,648	117,648	117,648	117,648	117,648	117,648
Capacity	775	775	900	900	900	900	1,024	1,262	1,262	1,262
Enrollment	875	856	846	868	894	893	929	950	898	896
Scenic Heights										
Square feet	86,948	86,948	98,260	98,260	98,260	98,260	107,086	107,086	107,086	107,086
Capacity	700	700	850	850	900	900	963	1,170	1,170	1,170
Enrollment	730	757	799	842	870	878	876	905	900	896
Middle										
Middle School East										
Square feet	205,495	205,495	206,009	206,009	206,009	206,009	206,009	206,009	206,009	206,009
Capacity	1,200	1,200	1,200	1,200	1,250	1,250	1,300	1,580	1,580	1,610
Enrollment	1,068	1,146	1,196	1,235	1,255	1,265	1,307	1,321	1,311	1,248
Middle School West										
Square feet	195,687	200,187	189,317	189,317	189,317	189,317	189,317	189,317	189,317	189,317
Capacity	1,200	1,200	1,200	1,200	1,250	1,250	1,300	1,592	1,592	1,622
Enrollment	982	1,062	1,047	1,077	1,182	1,226	1,276	1,245	1,259	1,252
High										
Minnetonka High School										
Square feet	583,321	587,821	577,055	577,065	577,065	577,065	577,065	577,065	577,065	583,300
Capacity	3,400	3,400	3,400	3,400	3,400	3,400	3,500	4,190	4,190	4,190
Enrollment	2,814	2,822	2,959	3,017	3,103	3,240	3,261	3,364	3,412	3,476
Other										
Deephaven Education Center										
Square feet	77,207	77,207	70,730	70,730	70,730	70,730	70,730	77,051	77,051	77,082
District Service Center										
Square feet	24,110	24,110	24,108	24,108	24,108	24,108	24,108	24,108	24,108	24,108
Warehouse and Technology Center										
Square feet	8,000	8,000	7,760	7,760	7,760	7,760	7,760	7,760	7,760	7,760
Activity Center										
Square feet	63,365	63,365	63,365	63,365	63,365	63,365	63,365	63,365	73,687	73,687
Capacity										47
Shorewood Ed Center										
Square Feet										8,149
Capacity										40
Highway 7 Building										
Square feet					9,170	9,170	9,170	9,170	9,170	9,170
Capacity										120
Tonka Dome Mechanical										
Square Feet										3,728
GRAND TOTAL SQUARE FEET	1,743,787	1,763,536	1,763,487	1,763,497	1,772,667	1,781,067	1,798,158	1,804,479	1,814,801	1,832,944

Source: District records.

Notes: The Deephaven Education Center is operated by Minnetonka Community Education serving both adult and youth programs.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
SCHOOL BUILDING INFORMATION (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Schools										
Elementary										
Buildings	6	6	6	6	6	6	6	6	6	6
Square feet	586,602	597,351	625,143	625,143	625,143	633,543	650,634	650,634	650,634	650,634
Capacity	4,250	4,250	5,000	5,000	5,110	5,110	5,465	6,650	6,650	6,650
Enrollment	4,523	4,570	4,631	4,784	4,938	4,966	5,018	5,106	5,029	4,925
Middle										
Buildings	2	2	2	2	2	2	2	2	2	2
Square feet	401,182	405,682	395,326	395,326	395,326	395,326	395,326	395,326	395,326	395,326
Capacity	2,000	2,000	2,400	2,400	2,500	2,500	2,600	3,172	3,172	3,232
Enrollment	2,050	2,208	2,243	2,312	2,437	2,491	2,583	2,566	2,570	2,500
High										
Buildings	1	1	1	1	1	1	1	1	1	1
Square feet	583,321	587,821	577,055	577,065	577,065	577,065	577,065	577,065	577,065	583,300
Capacity	3,100	3,100	3,400	3,400	3,400	3,400	3,500	4,190	4,190	4,190
Enrollment	2,814	2,822	2,959	3,017	3,103	3,240	3,261	3,364	3,412	3,476
Other										
Buildings	2	2	3	3	4	4	4	4	4	5
Square feet	85,207	85,207	141,855	141,855	141,855	141,855	151,025	157,346	167,668	175,848
Administrative										
Buildings	1	1	1	1	1	1	1	1	1	1
Square feet	24,110	24,110	24,108	24,108	24,108	24,108	24,108	24,108	24,108	24,108
Athletics										
Football fields	3	3	3	3	3	3	3	3	3	3
Soccer fields	6	6	6	6	6	6	6	6	6	6
Running tracks	3	3	3	3	3	3	3	3	3	3
Baseball/softball	7	7	7	7	7	7	7	7	7	7
Swimming pools	2	2	2	2	2	2	2	2	2	2
Playgrounds	8	8	8	8	8	8	8	8	8	8
TOTAL CAPACITY	9,350	9,350	10,800	10,800	11,010	11,010	11,565	14,012	11,608	11,608

Source: District records.

Notes:

Capacity is based on 25 students per classroom grades K-12, allowing space for special education programs and other special programs.