

MINNETONKA
PUBLIC SCHOOLS

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2019



Minnetonka

Independent School District #276
Minnetonka, Minnesota

minnetonkaschools.org/finances
952.401.5000

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT OF
MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
YEAR ENDED JUNE 30, 2019**

**PREPARED BY THE
BUSINESS SERVICES DEPARTMENT**

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MINNETONKA, MINNESOTA

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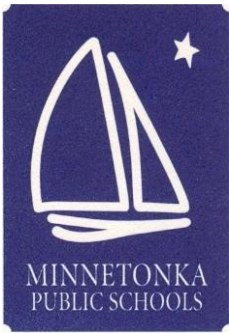
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INTRODUCTORY SECTION



Minnetonka Public Schools
5621 County Road 101
Minnetonka, MN 55345
(952) 401-5000
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December 2, 2019

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

SERVING THE

COMMUNITIES OF:

MINNETONKA

CHANHASSEN

DEEPHAVEN

EDEN PRAIRIE

EXCELSIOR

GREENWOOD

SHOREWOOD

TONKA BAY

VICTORIA

WOODLAND

PREFACE

The Comprehensive Annual Financial Report of Minnetonka Independent School District No. 276 (District) is submitted for the fiscal year (FY) ended June 30, 2019. 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 Comprehensive Annual 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 2018-19

- All 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 2019 posted an outstanding average ACT composite score of 27.7. The top 100 Minnetonka students earned an average score of 34.3; top 200, 32.9; and top 400, 30.6. Thirteen students earned a top score of 36 on the ACT exam (see Figure 1 for state, national and Minnetonka comparative data from 2017-18).
- Minnetonka High School graduated 776 students on June 6, 2019 (98 percent of the Class of 2019 graduated).
- This class included 177 students who graduated Summa Cum Laude with a 4.0 or higher GPA; Magna Cum Laude, 62; Cum Laude, 63.
- Based on student self-reporting, 85 percent of Class of 2019 graduates were college-bound. Seniors submitted 3,234 total applications to 486 colleges and universities. These students earned 2,117 acceptances from 379 institutions – and enrolled in 192 institutions.
- In fall 2019, 26 Minnetonka High School students from the Class of 2019 were named National Merit Semifinalists and 27 were named National Merit Commended scholars.
- 84 percent of students in the class of 2019 took at least one AP or IB course during high school.
- The College Board named 606 Advanced Placement (AP) Scholars from MHS for outstanding performance on AP exams.
- In spring 2019, 1,475 students took 2,595 AP exams with an 83% passing rate (score of 3 or higher). For the graduating classes of 2019-2022, 69 students have now earned National AP Scholar honors; 254 are AP Scholars with Distinction; 141 are AP Scholars with Honor; and 211 are AP Scholars.
- Tonka Online expanded its offerings to more than 50 courses, including computer science courses, AP U.S. Government and Politics and world language courses. Students taking AP courses through Tonka Online earn scores of three or higher on their respective AP exams at the same rate as students who take the courses through a traditional classroom setting. Approximately 1,576 students enrolled in a Tonka Online course during the 2018-19 school year.
- Enrollment in the International Baccalaureate (IB) Diploma Programme is strong. In 2019, 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, 25 earned an IB Bilingual Diploma in Chinese or Spanish. 667 students enrolled in at least one IB course during the 2018-19 school year. The total number of IB exams taken in spring 2019 was 1,372 with a passing rate of 86 percent.
- 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 first class of Immersion students, who enrolled as first-graders in 2007, graduated in 2019. Seventy-five students pursued language immersion courses through grade 12.

ORGANIZATIONAL INFORMATION (CONTINUED)

Highlights: Student Academic Achievements 2018-19 (Continued)

- Minnetonka High School's VANTAGE: Minnetonka Advanced Professional Studies program continues to grow. Enrollment has increased from 40 students in 2013-14 to 266 for 2018-19. Three students earned an Upper Midwest Emmy Foundation Award for their work in Digital Journalism.
- 62 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 2019. Three students advanced to the Intel 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 2019, Minnetonka had a passing rate to earn college credit of 83 percent.
- In the Continental Math League national-level competition, 137 teachers and 3,428 students participated in meets. Grades 2, 3, 5, 6, 7 and 8 tied for first place. In computer science, grade 8 placed first and grades 3, 4, 5 placed second.
- The MHS DECA Team sent 61 students to the state competition and 23 to the International Career Development Conference.
- On the National German exam, Kruthica Dama and Sidney Dickinson were ranked #1 and #2 in the state, respectively. Dama was one of just 44 students in the nation to earn an American Association of Teachers of German Study Trip Award.
- Eleven Minnetonka students competed in the state-level "You be the Chemist" challenge. Minnetonka Middle School East students swept first through fourth place. Benjamin Yang '23 placed first, qualifying for the National Challenge.
- Three middle school teams took first, second and fourth place in state junior high division of The Stock Market Game. In the elementary division, teams from Clear Springs and Minnewashta earned third place in their respective divisions.
- The MHS Robotics team qualified for the FIRST Robotics World Championship competition for a second consecutive year.
- Two high school teams competed at the Minnesota State Science Bowl Championships, earning second and third place.
- Four students competed at state in the National Geographic Bee; Cooper Dobbins '26 finished in fifth place.
- Dris Elamri '25 developed a fundraising app, LemonAyd, and won the 2019 Congressional App Challenge for Minnesota's 3rd Congressional District.
- The MME and MMW Mathletes teams qualified for state competition; MME placed second.
- Six Destination Imagination teams competed at state. Minnewashta's team advanced to the Global Finals.
- National Scholastic Art Awards: 11 Gold Key winners, 13 Silver Key winners, 19 Honorable Mentions
- A 2019 Minnetonka parent survey found that 99 percent of District parents rate the quality of education in Minnetonka Schools as excellent or good.

ORGANIZATIONAL INFORMATION (CONTINUED)

Highlights: Student Academic Achievements 2018-19 (Continued)

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

<u>2017-2018 ACT Results*</u>	Number of <u>Students</u>	<u>English</u>	<u>Math</u>	<u>Reading</u>	<u>Science</u>	<u>Composite</u>
Minnetonka	760	27.3	26.9	28.4	27.5	27.7
Minnesota	61,253	20.2	21.4	21.7	21.4	21.3
National	1,914,817	20.2	20.5	21.3	20.7	20.8
Minnetonka Top 100	100					34.4

*Most recent data available © 2018 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

The District is part of the Minneapolis-St. Paul Metropolitan Statistical Area and is situated primarily in western Hennepin County with a small portion in Carver County. Minnetonka Schools encompasses 32.4 square miles and includes all or a part of the cities of Minnetonka, Greenwood, Deephaven, Woodland, Eden Prairie, Chanhassen, Excelsior, Shorewood, Tonka Bay, Orono, and Victoria. The District has a current population of 39,984. The community is residential and can be labeled a "bedroom community" with small pockets of retail development. Approximately 88% of the taxable valuation in the District is residential property. Within the District, there are 60 miles of lakefront residential property on the south shore of Lake Minnetonka, Christmas Lake, Lake Minnewashta, and Lotus Lake. The common jobs held by District residents are professional, managerial, and sales positions.

Projected Enrollment

The District has experienced significant enrollment growth over the past 13 years, growing from 7,665 students in FY2006 to 10,927 in FY2019. The strength of the District educational programs has drawn 3,576 open enrolled students to Minnetonka Public Schools, accounting for the bulk of the enrollment growth. In FY2019, students from 43 surrounding school districts attended Minnetonka Public Schools. Enrollment is projected to top out at approximately 11,100 in FY2020 and remain steady in future years. Because of the strength of the District's academic programs, it is anticipated that the District will be able to maintain enrollment at full capacity into the future because of the demand for open enrollment from students living in other districts.

ECONOMIC CONDITION AND OUTLOOK OF THE LOCAL ECONOMY (CONTINUED)

District Facilities

District educational facilities consist of 10 educational buildings originally constructed from 1929 to 1967, meaning the newest building completed its 53rd year of use in FY2019. 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 total district square footage, including one administrative building and a technology support building, is 1,798,158.

ENROLLMENT

Enrollment is a critical factor in Minnesota School funding formulas with approximately 85% of General Fund Operating revenue based on enrollment. The following chart shows that the total number of students in FY 2019 increased by 153 students over FY 2018.

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

Grade	14-15	15-16	16-17	17-18	18-19
Kdgt.	767	848	878	833	936
1-3	2,305	2,309	2,374	2,458	2,439
4-6	2,320	2,387	2,493	2,507	2,517
7-12	4,422	4,545	4,733	4,931	4,991
Total K-12	9,815	10,089	10,479	10,729	10,884
DEC/ECSE	43	42	42	45	43
Total Budget ADM	9,858	10,131	10,521	10,774	10,927
ADM Change	234	273	390	253	153
Percent Change	2.4%	2.8%	3.9%	2.4%	1.4%
Pupil Units	10,743	11,040	11,468	11,760	11,925
WADM Change	(303)	298	428	292	165
Percent Change	-2.7%	2.8%	3.9%	2.5%	1.4%

*Note: For fiscal year 14-15 and subsequent years, the state legislature adopted a new funding formula which reduced the weighting of pupils, but increased the revenue per pupil unit. Pupil units were reduced from five different values to two.

ENROLLMENT (CONTINUED)

In FY2019, resident pupil enrollment increased by 18 additional resident students compared to FY2018. The number of students from neighboring districts electing to enroll in Minnetonka Public Schools under the state's open enrollment program increased by 171. The District educational programs continue to be attractive to students from other communities. Non-resident students attending Minnetonka has increased from 2,699 in FY2015 to 3,576 in FY2019. Resident enrollment has remained stable, averaging 7,273 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	14-15	15-16	16-17	17-18	18-19
In	2,699	2,957	3,212	3,404	3,576
Out	255	237	221	252	233
Difference	2,444	2,720	2,991	3,153	3,343
Total Enrollment	9,858	10,131	10,521	10,774	10,927
Percent	24.8%	26.8%	28.4%	29.3%	30.6%

Resident Enrollment	7,159	7,174	7,309	7,370	7,351
Resident %	72.6%	70.8%	69.5%	68.4%	67.3%

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. Only 88 school districts of almost 15,000 in the country, less than 6/10 of 1% carry a bond rating this high. The District bond rating is also higher than that of 35 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 monthly to review district financial records and make recommendations to the School Board.
- Recognized for Excellence in Financial Reporting twenty-four consecutive years beginning with the 94-95 Comprehensive Annual Financial Reports. The Comprehensive Annual 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: Commitment 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.

ACCOUNTABILITY (CONTINUED)

In FY2018 based on Minnesota Department of Education Financial Profile Reports, (most recent comparable data available), the District ranked 138 among 333 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 17-18 SPENDING
WITH OTHER DISTRICTS
(Source: State Auditor Financial Trends 2013 to 2018)

	2012-2013 Per-Pupil Costs *	2017-2018 Per-Pupil Costs *	Dollar Change Percent Change
State Average	\$10,095	\$11,852	\$1,757 17.40%
Minnetonka	\$9,865	\$11,559	\$1,694 17.17%
Variance: State to Minnetonka	(\$230) -2.28%	(\$293) -2.47%	(\$63)

* 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 expenses 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 expenses 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 expenses, 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.

The results of operations for the District's General Fund Accounts for ongoing school site operations, administration, and extracurricular activities produced an operating surplus of ongoing revenues over ongoing expenses of \$2,332,210 for FY2019. Inclusive of all capital costs, the results of operations for the District's overall General Fund showed a surplus of \$1,974,581. The surplus is a result of tight budget management with a budget surplus, augmented by an increase of Special Education revenue over budgeted estimates by \$1,319,321.

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

DEBT ADMINISTRATION

As of June 30, 2019, the District had approximately \$162.7 million of par value bonds outstanding. This amount equates to 12.8% of the statutory maximum allowable debt limit of \$1.268 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 58% of the District's facility square footage is 50 years old or older, requiring a measure of rebuilding over the past decade 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. The need for this type of debt will diminish as the District reaches stable enrollment of approximately 11,100 students in FY2020.

DEBT ADMINISTRATION (CONTINUED)

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 appropriate refundings and restructurings, 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 FY2019, the District issued \$19,995,000 par value refunding General Obligation bonds and Certificates of Participation. The District also issued \$2,000,000 General Obligation bonds for long term facilities maintenance and \$4,800,000 par value Certificates of Participation to fund the completion of gymnasiums and specialist rooms at Clear Springs Elementary School and Scenic Heights Elementary School. More information on these bond issues is available in the Management Discussion & Analysis and Note 5 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, the total par value of bonds outstanding will decline over time. Outstanding par value declined by \$1,830,000 at June 30, 2019 compared to June 30, 2018.

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-fifth Comprehensive Annual Financial Report, to the ASBO Certificate Program for consideration. The District has received the ASBO Certificate of Excellence in Financial Reporting twenty-four consecutive years beginning with the 94-95 Comprehensive Annual Financial Reports.

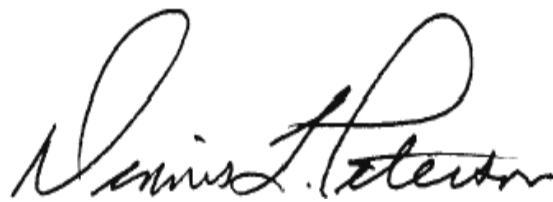
ACKNOWLEDGMENTS

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

Sincerely,



Paul Bourgeois, CPA
Executive Director of Finance
and Operations



Dr. Dennis Peterson
Superintendent

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
SCHOOL BOARD AND ADMINISTRATION
JUNE 30, 2019**

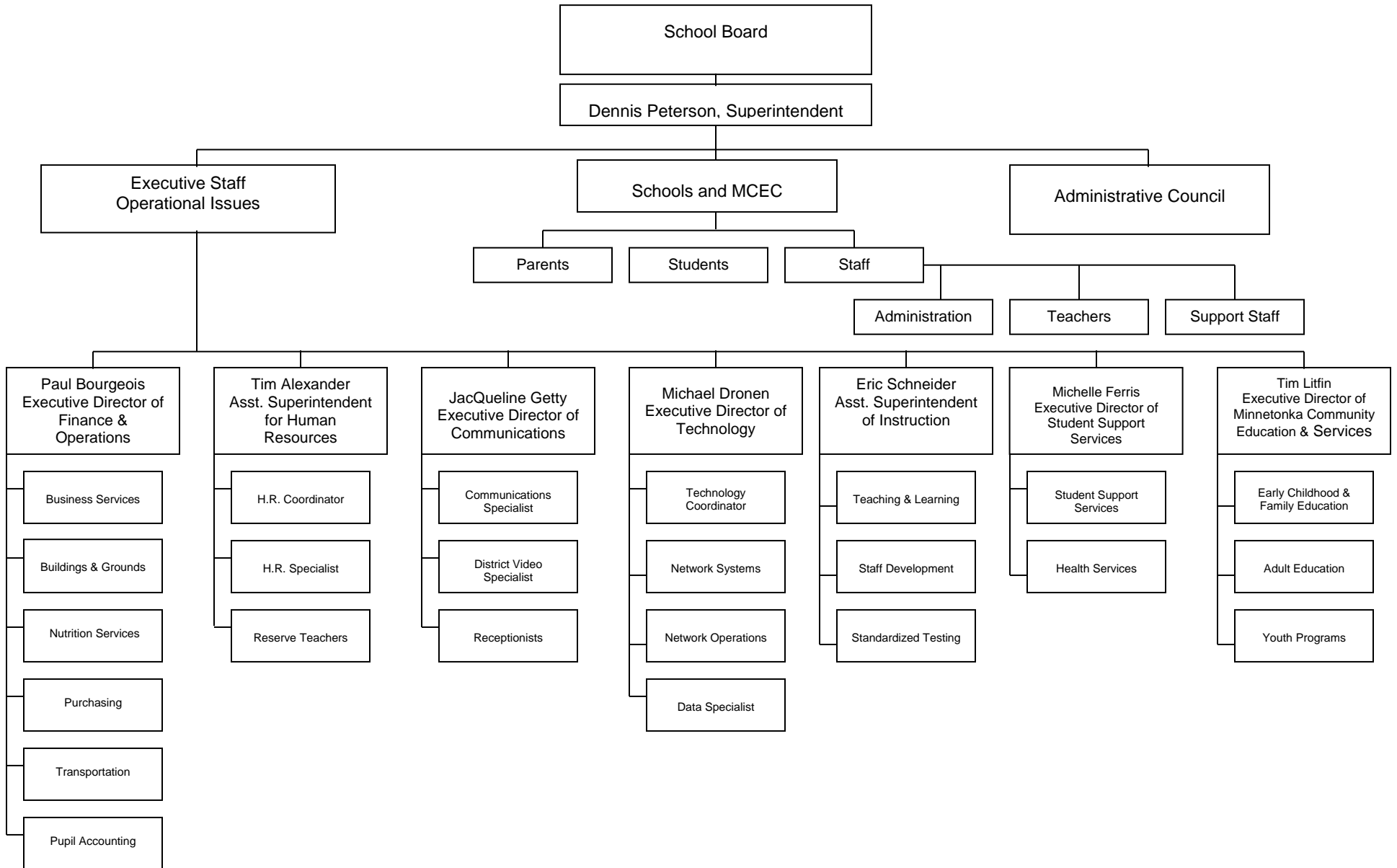
SCHOOL BOARD

NAME	TERM ON BOARD EXPIRES	BOARD POSITION
Lisa Wagner	01/2020	Chairperson
Katie Becker	01/2020	Vice Chairperson
Chris Vitale	01/2022	Treasurer
Lisa Sumner	01/2020	Clerk
Mark Ambrosen	01/2020	Director
John Holcomb	01/2022	Director
Mike Lesage	01/2022	Director

ADMINISTRATION

Dr. Dennis Peterson	Superintendent
Paul Bourgeois, CPA	Executive Director of Finance and Operations
Melissa Hallman, CPA (Inactive)	Controller
Bridget Merrill-Myhre, CPA	Coordinator of Accounting
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, 2019**



MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING
JUNE 30, 2019



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

**Minnetonka Independent
School District # 276**

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2018.**

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



A handwritten signature in black ink, reading 'Tom Wohlleber'.

Tom Wohlleber, CSR
President

A handwritten signature in black ink, reading 'Siobhán McMahon'.

Siobhán McMahon, CAE
Chief Operating Officer

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 276 Minnetonka Public Schools, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Independent School District No. 276 Minnetonka Public Schools' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 276 Minnetonka Public Schools as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General, Food Service, and Community Service funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Prior Year Summarized Information

We have previously audited Minnetonka Public Schools ISD No. 276's 2018 financial statements of the governmental activities, each major fund and the aggregate remaining fund information, and we have expressed an unmodified opinion on those audited financial statements in our report dated October 26, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the District's net OPEB liability and related ratios, schedules of the District's proportionate share of net pension liability, and schedules of the District's pension contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Independent School District No. 276 Minnetonka Public Schools' basic financial statements. The introductory section, combining and individual fund financial statements, the Uniform Financial Accounting and Reporting Standards (UFARS) compliance table and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and the UFARS compliance table are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional

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

We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the District's basic financial statements for the year ended June 30, 2018, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The individual fund financial statements for the year ended June 30, 2018, 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 record used to prepare the 2018 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2018 individual fund financial statements are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2019, on our consideration of Independent School District No. 276 Minnetonka Public Schools' 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 Independent School District No. 276 Minnetonka Public Schools' 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 Independent School District No. 276 Minnetonka Public Schools' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 2, 2019

REQUIRED SUPPLEMENTARY INFORMATION

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

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, 2019. 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 (FY2019) and the prior year (FY2018) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

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

- Net position of the District in total increased \$34,175,193 or 31.5% above 2018. The increase was primarily a result of a reduction in pension liability for the District's assigned portion of the state Teachers Retirement Association's (TRA) unfunded liability as required by GASB 68, which decreased in FY2019 due to changes in the actuarial valuation of the Teachers Retirement Association's unfunded liability.
- Final FY2019 average daily membership of 10,927 was an increase of 153 over FY2018 average daily membership of 10,774, an increase of 1.4%.
- General Fund revenues increased from \$134,117,169 in FY2018 to \$141,710,770 in FY2019, an increase of \$7,593,601, or 5.7 %, primarily as a result of the following:
 - \$1.760 million in Basic Revenue, Operating Referendum, and Operating Capital formula increases for pupil units carrying over from FY2018.
 - \$1.468 million in all funding formulas generated by 162.99 additional pupil units over FY2018.
 - \$1.181 million in additional Special Education Revenue.
 - \$411,111 in additional interest earnings.
 - \$155,960 in additional donations and fees.
- General Fund expenditures increased from \$132,318,861 in FY2018 to \$142,382,288 in FY2019, an increase of \$10,063,427 or 7.6%, primarily as the result of the addition of 18.59 teaching staff to support new students and program initiatives and contracted wage increases at a cost of approximately \$3.26 million, an increase in 29.35 other support staff and contracted wage increases at approximately \$1.88 million, an increase in Special Education expenses based on the needs of the student population of approximately \$1.45 million, an increase in Sites and Building Expenses due to one-time facility modifications based on programmatic needs in the amount of approximately \$1.5 million, and \$2,521,614 of Capital Projects Fund expenses as the result of a capital lease for computers and related equipment.
- During 2019, 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, 2019**

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 agent* for the benefit of others to whom the resources belong.

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

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, 2019**

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, 2019**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's combined net position was \$(74,205,392) on June 30, 2019. This was an increase of 31.5% from the prior year (see Table A-1). Net position increased \$34,175,193 from current year activities.

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

	Governmental Activities as of June 30,		Percentage Change
	2019	2018	
Current and Other Assets	\$ 129,718,199	\$ 117,749,098	10.16 %
Capital Assets	158,929,878	156,621,023	1.47
Total Assets	<u>288,648,077</u>	<u>274,370,121</u>	5.20
Deferred Outflows of Resources	113,306,932	139,213,558	(18.61)
Current Liabilities	36,493,027	34,048,991	7.18
Net Pension Liability	90,916,823	242,388,667	(62.49)
Long-Term Liabilities	165,212,904	162,261,470	1.82
Total Liabilities	<u>292,622,754</u>	<u>438,699,128</u>	(33.30)
Deferred Inflows of Resources	<u>183,537,647</u>	<u>83,265,136</u>	120.43
Net Position:			
Net Investment in Capital Assets	12,846,900	13,441,105	(4.42)
Restricted	9,970,960	7,245,813	37.61
Unrestricted	(97,023,252)	(129,067,503)	(24.83)
Total Net Position	<u>\$ (74,205,392)</u>	<u>\$ (108,380,585)</u>	(31.53)

Changes in Net Position

Net position of the District in total increased \$34,175,193 or 31.5% above 2018. Much of the decrease was a result of pension expense incurred by the District as a result of being assigned a portion of the state Teachers Retirement Association's (TRA) unfunded liability as required by GASB 68.

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 \$90,916,823 as of June 30, 2019. Inclusion of the TRA and PERA liability is the sole reason why the District's Net Position is negative (\$74,205,392). Factoring in the related deferred inflows and outflows, under pre-GASB 68 accounting rules the District would have a positive Net Position of around \$40.8 million.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Changes in Net Position (Continued)

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

	Governmental Activities for the Fiscal Year Ended June 30,		Percentage Change
	2019	2018	
Revenues			
<u>Program Revenues</u>			
Charges for Services	\$ 18,271,732	\$ 17,306,933	5.57 %
Operating Grants and Contributions	17,935,361	19,259,894	(6.88)
Capital Grants and Contributions	1,821,327	1,640,719	11.01
<u>General Revenues</u>			
Property Taxes	47,868,613	44,611,912	7.30
Unrestricted State Aid	79,580,441	76,233,324	4.39
Investment Earnings	2,382,078	2,022,260	17.79
Other	688,716	1,191,246	(42.19)
Total Revenues	<u>168,548,268</u>	<u>162,266,288</u>	3.87
Expenses			
Administration	3,682,577	5,455,522	(32.50)
District Support Services	6,105,416	5,572,269	9.57
Regular Instruction	61,855,919	104,554,124	(40.84)
Vocational Education Instruction	382,774	866,784	(55.84)
Special Education Instruction	14,936,738	23,574,526	(36.64)
Instructional Support Services	5,192,665	8,647,660	(39.95)
Pupil Support Services	3,177,531	5,306,949	(40.13)
Sites and Buildings	10,323,572	10,542,688	(2.08)
Fiscal and Other Fixed Cost Programs	243,794	232,382	4.91
Food Service	5,615,714	5,634,791	(0.34)
Community Service	11,544,294	12,538,445	(7.93)
Transportation	4,993,905	4,771,172	4.67
Interest and Fiscal Charges on Long-Term Liabilities	6,318,176	6,138,422	2.93
Total Expenses	<u>134,373,075</u>	<u>193,835,734</u>	(30.68)
Change in Net Position	34,175,193	(31,569,446)	
Beginning Net Position	<u>(108,380,585)</u>	<u>(76,811,139)</u>	
Ending Net Position	<u>\$ (74,205,392)</u>	<u>\$ (108,380,585)</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 Education 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 Education programs are available to hire classroom teachers.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

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 Education Fund, Capital Projects Fund, and Debt Service Fund. As of June 30, 2019, Governmental Funds reported a combined fund balance of \$38,508,367. The total fund balance for Governmental Funds increased by \$5,293,291 compared to last year's ending fund balance of \$33,215,076, primarily due to the use of Capital Leases proceeds of approximately \$2.52 million, the Food Service Fund operating at a surplus of approximately \$0.64 million, the Community Service Fund operating at a surplus of approximately \$1.17 million prior , and net activities of bond sales, bond payments and refundings increasing the Debt Service fund Balance by approximately \$1.10 million.

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

	Year Ended		Change
	June 30, 2019	June 30, 2018	
Revenue	\$ 171,325,469	\$ 160,667,789	\$ 10,657,680
Expenditures	177,211,827	169,630,668	7,581,159
Difference	(5,886,358)	(8,962,879)	3,076,521
Other Financing Sources and Uses - Net	11,179,649	5,940,800	5,238,849
Net Change in Fund Balance	<u>\$ 5,293,291</u>	<u>\$ (3,022,079)</u>	<u>\$ 8,315,370</u>

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

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 Education, 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, 2019	June 30, 2018	Increase (Decrease)	Percent Change
Local Sources:				
Property Taxes	\$ 37,805,891	\$ 36,045,639	\$ 1,760,252	4.9 %
Earnings on Investments	623,461	212,350	411,111	193.6
Other	6,041,586	6,311,272	(269,686)	(4.3)
State Sources	95,228,354	89,582,947	5,645,407	6.3
Federal Sources	2,011,478	1,964,961	46,517	2.4
Total General Fund Revenue	<u>\$ 141,710,770</u>	<u>\$ 134,117,169</u>	<u>\$ 7,593,601</u>	5.7

Total General Fund revenues increased from \$134,117,169 in FY2018 to \$141,710,770 in FY2019, an increase of \$7,593,601, or 5.7%, primarily as a result of the following:

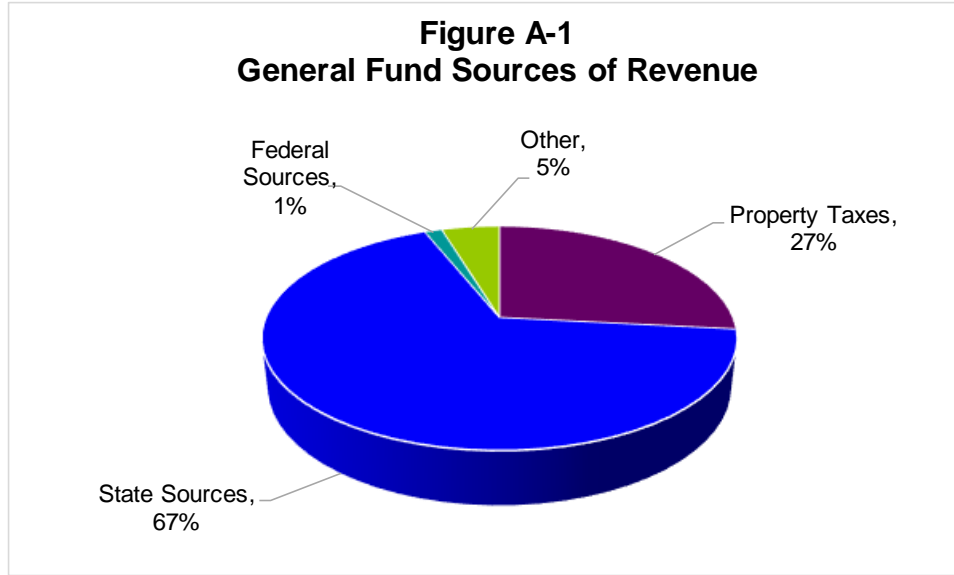
- \$1.760 million in Basic Revenue, Operating Referendum, and Operating Capital formula increases for pupil units carrying over from FY2018.
- \$1.468 million in all funding formulas generated by 162.99 additional pupil units.
- \$1.181 million in additional Special Education Revenue.
- \$411,111 in additional interest earnings.
- \$155,960 in additional donations and fees.
- \$172,508 in additional Ice Arena Levy revenue.
- \$110,278 in additional Equity Levy revenue.
- \$396,224 in Operating Referendum revenue from a makeup levy from prior years.
- \$82,675 in Local Optional revenue from a makeup levy from prior years.
- \$98,415 in Equity Levy revenue from a makeup levy from prior years.

General Fund Revenue is used to fund operating expenses such as salaries, employee benefits, repairs, supplies, utilities, small capital expenses for operations such as classroom equipment and maintenance vehicles, lease purchase payments on classroom additions, and miscellaneous expenses such as land purchases, etc.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

GENERAL FUND

General Fund Revenue (Continued)



General Fund Expenditures

The following schedule presents a summary of General Fund expenditures.

**Table A-5
General Fund Expenditures**

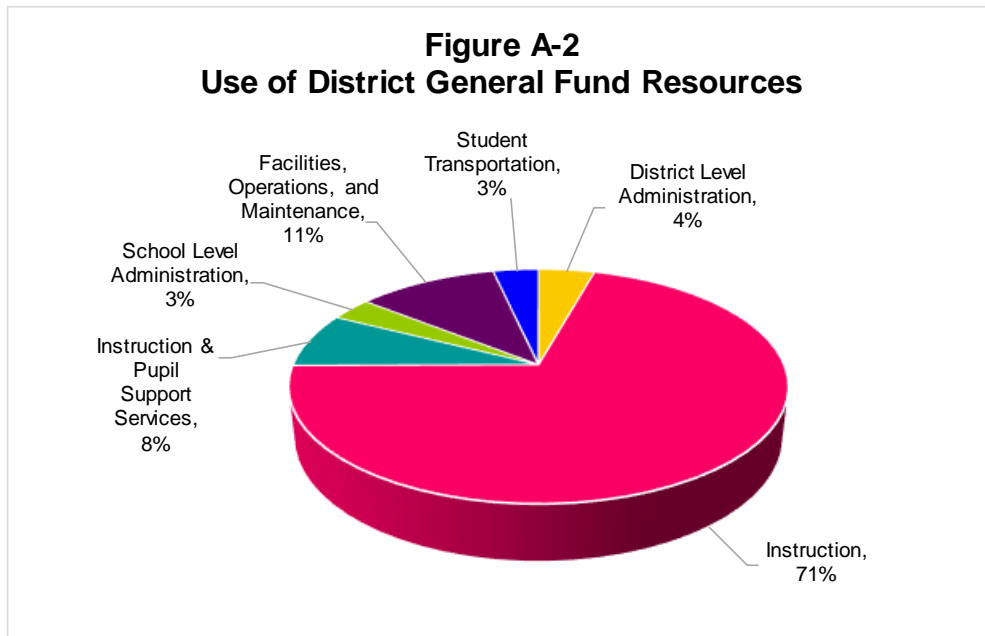
	Year Ended June 30, 2019	% of Total	Year Ended June 30, 2018	% of Total
USES OF REVENUE				
Instruction	\$ 100,464,889	70.6 %	\$ 92,286,478	69.7 %
Instructional and Pupil Support Services	10,789,554	7.6	11,043,113	8.3
School Level Administration	4,550,991	3.2	4,455,327	3.4
Facilities, Operations, and Maintenance	<u>15,421,270</u>	10.8	<u>13,900,357</u>	10.5
Subtotal, School Level Education Services	131,226,704	92.2	121,685,275	92.0
Student Transportation	4,993,905	3.5	4,771,172	3.6
District Level Administration	<u>6,161,679</u>	4.3	<u>5,862,414</u>	4.4
Total General Fund Expenditures	<u>\$ 142,382,288</u>		<u>\$ 132,318,861</u>	

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

GENERAL FUND (CONTINUED)

General Fund Expenditures (Continued)

- General Fund expenditures increased from \$132,318,861 in FY2018 to \$142,382,288 in FY2019, an increase of \$10,063,427 or 7.6%, primarily as the result of the addition of 18.59 teaching staff to support new students and program initiatives, an increase of 29.35 other support staff and associated annual compensation improvements for all staff of approximately \$4.048 million in salaries and approximately \$1.771 million in benefits, an increase of approximately \$0.737 million in purchased services of all types, an increase of approximately \$0.608 million in purchased supplies of all types, and an increase of \$1.075 million in increased technology capital expenditures.



**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

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

* 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%.

FOOD SERVICE FUND

Food Service Fund Revenue and Expenditure Comparison

Fund	Revenues			Expenditures		
	2019	2018	% Change	2019	2018	% Change
Food Service	\$ 6,213,010	\$ 6,060,079	2.52%	\$ 5,572,946	\$ 5,597,399	(0.44)%

The Food Service Fund supports 100% of the direct costs to provide nutritious meals to students and staff. It is important to note that 82.7% 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 7.7% of District students participate in federal free and reduced price meal programs.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

FOOD SERVICE FUND (CONTINUED)

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 expenses charged to Nutrition Services are based upon a thorough analysis of General Fund operations to make certain all direct Nutrition Services expenses 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 \$152,931 or 2.5% compared to FY2018 due to a 1.9% increase in meals served, up 19,112 from 1,024,169 in FY2018 to 1,043,281 in FY2019., which increased Full-Price meal revenue by \$132,528. An increase in contracted breakfast revenue to the Community Education before-school program in the amount of \$35,841 accounted for the remainder of the increase, offsetting small drops in revenue from a la carte sales.

Expenditures decreased by \$24,453 or 0.4% compared to actual expenses for FY2018 due primarily to changing from a direct chargeback, to the Federal indirect cost rate method for allocating general management costs, decreasing \$109,413 reflected in purchased services and other expenditures. The remaining variance consisted mostly of salaries and benefits increasing 3% or \$54,623, and other purchased services, including equipment repair increasing \$40,123. Salaries and benefits of staff account for 33.2% of operational expenses, and supplies and materials account for 49.8% of operational expenses.

As a result of the increase in revenue coupled with the slight decrease in expenditures, the Nutrition Services Program recorded revenues above expenses by \$640,064, increasing the fund balance to \$1,896,103, or 34% of expenses. It is important to note that the primary reason for maintaining a fund balance and operating at a slight surplus is to provide for equipment replacement. This allows the Nutrition Services Fund to operate without requiring a subsidy from the General Fund.

COMMUNITY SERVICE FUND

Community Service Fund Revenue and Expenditure Comparison

Fund	Revenues			Expenditures		
	2019	2018	% Change	2019	2018	% Change
Community Ed & Sv	\$ 13,265,443	\$ 12,328,621	7.60%	\$ 12,095,261	\$ 11,754,543	2.90%

The Community Service Fund recorded a surplus of revenues above expenditures of \$1,170,182. Community Education revenue from all sources increased by \$936,822, or 7.6% when compared to FY2018, due to an increase in overall class enrollment across all programs.

Expenditures for FY2019 increased by \$340,718, or 2.9%. Personnel expenses increased by 6.8%, driven by a \$403,977 increase in wages and salaries and a \$108,385 increase in employee benefit costs related to scheduled compensation increases and an increase in staffing due to expanded enrollment related to expanded class offerings. Nonpersonnel costs decreased by \$171,644 or 4%, primarily due to a one-time capital outlay in 2018.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

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		
	2019	2018	% Change	2019	2018	% Change
Debt Service	\$ 31,206,652	\$ 26,223,077	19.00%	\$ 30,056,943	\$ 29,503,818	1.87 %
Capital Project	8,148,887	5,773,218	41.15%	7,790,130	8,541,698	(8.80)%

In FY2019, the District performed major long-term facilities maintenance on all buildings, and completed construction in December 2018 of an approximately 8,600 square foot addition at Clear Springs Elementary School consisting of a gymnasium and four specialist classrooms. The District also completed construction in December 2018 on a gymnasium and four specialist classrooms at Scenic Heights Elementary School.

In support of these projects and to also keep the District's approximately 1.78 million square feet of facilities in a state of good repair, during FY2019 the District issued the following bond issues:

- 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. The refunding resulted in a cash flow loss of \$1,685,734 and a net present value loss of \$395,084.
- In January 2019, the District issued \$2,000,000 General Obligation Facilities Maintenance Bonds, Series 2019B. The proceeds of these issues 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 April 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. The refunding resulted in a cash flow loss of \$944,494 and a net present value gain of \$31,017.

Total General Obligation Bonded Debt of the District as of June 30, 2019 of \$107,960,000 in General Obligation Bonds along with \$3,201,621 in debt service funds available resulted in a net bonded debt of \$104,758,379. The value of taxable property in the District as of December 31, 2019 was \$8,953,757,649. The ratio of General Obligation bonded debt to taxable property is 1.2%.

General Obligation Bonded Debt of the District is gradually declining year over year due to deferred long term facilities maintenance being eliminated and the lower expense levels needed to keep the District facilities in a state of good repair now that deferred maintenance has been eliminated.

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YEAR ENDED JUNE 30, 2019**

CAPITAL PROJECTS AND DEBT SERVICE FUNDS (CONTINUED)

The District also issued new Certificates of Participation which served as a second tranche of proceeds to finance the completion of new gymnasiums at Clear Springs and Scenic Heights Elementary Schools and a retention pond and other storm water improvements at Clear Springs Elementary School; and to refund several Certificates of Participation at their call date as follows:

- The 2018B issue, in the amount of \$1,000,000 and sold on July 2, 2018, were issued to refund the 2008H Certificates.
- The 2018C issue, in the amount of \$4,800,000 and sold on July 18, 2018 were issued to finance the construction costs of a new gymnasium and related improvements to Clear Springs Elementary and Scenic Heights Elementary.
- 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.

Total Certificates of Participation outstanding as of June 30, 2019 was \$54,740,000.

Certificates of Participation outstanding debt of the District peaked as of June 30, 2019 as the District has built out to a capacity of 11,100 students. The amount of Certificates of Participation principal being paid off exceeds the amount of new principal being issued.

INTERNAL SERVICE FUNDS

Proprietary funds such as the Internal Service Fund use the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in statements for the District as a whole.

The Internal Service Fund consists of Other Postemployment Benefits Revocable Trust for retiree health benefits and a Self-Insurance Program for Health and Dental Benefits. The OPEB Trust had an increase in net position of \$571,432 due to earnings on investments of \$1,279,069 less OPEB payments in FY2019 of \$707,637.

At June 30, 2019, the OPEB Trust Fund had net position of \$23,027,994 available to fund the OPEB Liability of \$9,638,517, or 238.9% of the actuary-calculated liability.

The Self Insurance Program for health and dental benefits had a decrease in net position of \$794,860 as health care expenses per member were higher than revenues, primarily due to an elevated incidence of high cost claims related to cancer diagnoses that can carry over in to multiple years due to the difficulty in treating the cases of the disease.

The Self Insurance Program ended FY2019 with a net position of \$5,205,696, which equates to approximately 32.8% of operating expenses.

**INDEPENDENT SCHOOL DISTRICT NO. 276
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YEAR ENDED JUNE 30, 2019**

FUND BALANCES AND RESTRICTIONS

The General Fund Balance increased by a net \$5,274,579. A total of \$3,300,000 of the increase was due to state approval to transfer a portion of the fund balance from Community Education to the General fund Operating Capital to design, construct, furnish, and equip an early childhood or community education classroom addition. The remaining increase was primarily due to an increase in average daily membership by 153 over FY2018, an increase in Basic Revenue of \$124 per pupil, plus an inflation increase of \$25 per pupil to bring Operating Referendum revenue per pupil to \$1,653 in FY2019. The additional revenue allowed for ongoing revenues to exceed ongoing expenses for FY2019. Ongoing revenues to expenses for school and administrative operations operated at a surplus of \$2,332,210 for FY2019.

The total Food Service Fund Balance of \$1,896,103 is retained to provide resources for the replacement of capital equipment. Any small net income margin in a given year is added to this restricted balance. It ensures that the Food Service Fund remains self-sufficient for revenues and expenses so that no contribution is needed from the General Fund, thereby ensuring that General Fund revenues can be fully utilized for educational needs. The increase in the Food Service Fund Balance of \$640,064 is due to an increase in meals served and revenue per meal, coupled with changing from a direct chargeback, to the Federal indirect cost rate method for allocating general management costs, reducing them \$109,413 reflected in purchased services and other expenditures.

Capital Projects restricted balances totaling \$3,009,046 represent bond proceeds that have been issued and retained for specific construction or long-term facilities maintenance projects. Debt Service restricted fund balances totaling \$3,201,621 represent bond proceeds held for debt refunding and property tax revenues that have been collected for the purpose of paying scheduled interest payments and retiring debt principal.

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YEAR ENDED JUNE 30, 2019**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of FY2019, the District had completed approximately \$1.32 million in long-term major maintenance. Construction in progress of approximately \$7.4 million consisted primarily of the Clear Springs Elementary School gymnasium project of approximately \$3.2 million and the Scenic Heights Elementary School gymnasium project of approximately \$3.5 million, both of which were substantially complete but were going through the closeout process as of June 30, 2019. The remaining approximately \$700,000 of construction in progress consisted of primarily long-term facilities maintenance projects that were to be completed in the summer of 2019, with work commencing prior to June 30, 2019. (More detailed information about capital assets can be found in Note 4 to the financial statements.) Total depreciation expense for the year was approximately \$6.5 million.

**Table A-7
Capital Assets**

	2019	2018	Percentage Change
Land	\$ 3,522,679	\$ 3,522,679	-
Construction in Progress	7,422,885	2,639,693	181.2
Land Improvements	22,939,284	22,912,820	0.1
Buildings and Improvements	201,904,465	198,477,320	1.7
Equipment	18,066,339	17,513,794	3.2
Less: Accumulated Depreciation	(94,925,774)	(88,445,283)	7.3
Total District Capital Assets	<u>\$ 158,929,878</u>	<u>\$ 156,621,023</u>	1.5

Construction – Next Five Years

As of June 30, 2019, building additions completed over the prior 10 years have brought the capacity of the District's facilities to an amount sufficient to hold the cap of 11,100 K-12 students set by the School Board.

As of June 30, 2019, the only new construction project in process is an addition to the Minnetonka Community Education Center at an estimated cost of \$3.3 million. This project is being funded from a portion of the Community Education Fund Balance that built up over time. Special legislation enacted by the 2019 Minnesota Legislature approved \$3.3 million of the Community Education Fund Balance being transferred to General Fund Operating Capital account so that it could be used for construction of the addition.

There are no other building addition projects or new building construction projects being considered by the District as of June 30, 2019. The only other facility project activity besides the Minnetonka Community Education Center addition is the annual major long-term maintenance program to keep existing facilities in a state of good repair, which is budgeted at \$4,000,000 annually to maintain the approximately 1.8 million square feet of buildings and 255 acres of land owned by the District. After 12 fiscal years of intense rebuilding of District school facilities, the level of bonding necessary to maintain the facilities in a state of good repair is dropping relative to the average for the previous decade and is expected to remain at a steady level in future years.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Liabilities

At year-end, the District had approximately \$162.7 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 5 to the financial statements. The District continues to expect outstanding par value of long-term debt to decline each year. The total outstanding par value of General Obligation Bonds and Certificates of Participation declined by \$1,830,000 as of June 30, 2019 compared to June 30, 2018.

The District estimates approximately \$10.25 million in postemployment severance and health benefits payable at June 30, 2019. The District also estimates Compensated Absences payable of approximately \$1.27 million.

Net Pension Liability of \$90.9 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.

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

	2019	2018	Percentage Change
General Obligation Bonds	\$ 107,960,000	\$ 111,860,000	(3.5)%
Net Bond Premium and Discount	7,105,386	5,248,093	35.4
Certificates of Participation Payable	54,740,000	52,670,000	3.9
Capital Leases Payable	1,800,000	-	N/A
Net Pension Liability	90,916,823	242,388,667	(62.5)
Other Postemployment Benefits Payable	9,638,517	9,533,609	1.1
Severance Benefits Payable	616,094	614,607	0.2
Compensated Absences and Early Retirement Incentive Payable	1,628,066	1,083,420	50.3
Total Long-Term Liabilities	<u>\$ 274,404,886</u>	<u>\$ 423,398,396</u>	(35.2)
Bonds, Certificates of Participation, and Compensated Absences			
Due Within One Year	\$ 8,636,642	\$ 8,600,043	
Due in More Than One Year	165,212,904	162,261,470	
Total	<u>\$ 173,849,546</u>	<u>\$ 170,861,513</u>	

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

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 expenses. Table A-9 reflects the division of the General Fund for budget management purposes.

Primarily due to an increase in Special Education revenue funding of \$1,319,321 over FY2018 amounts, actual operational revenues of approximately \$142.3 million exceeded FY2019 budgeted revenues of approximately \$140.9 million by \$1,390,081, or 1.0%.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

GENERAL FUND BUDGET (CONTINUED)

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

	2018-2019		Variance	
	Budget	Actual	Over (Under)	Percent
Operational Budgets (Includes Transportation and Extra Curricular):				
Revenue	\$ 125,044,487	\$ 126,291,830	\$ 1,247,343	1.0 %
Expenditures	123,940,375	123,959,623	19,248	0.0
Revenue Over Expenditures	1,104,112	2,332,207	1,228,095	
Reserve General Fund Budgets:				
Revenue:				
Capital Expenditures	5,650,735	5,890,313	239,578	4.2
Athletic Equipment Fees	594,608	229,606	(365,002)	(61.4)
Fiduciary Funds	1,488,687	1,632,115	143,428	9.6
Arts Center	893,337	911,441	18,104	2.0
Tonka Dome	281,815	313,312	31,497	11.2
Pagel Center	668,445	668,445	-	-
Capital Projects Levy	6,324,990	6,400,123	75,133	1.2
Total Revenue	15,902,617	16,045,355	142,738	
Expenditures:				
Capital Expenditures	6,415,113	6,250,393	(164,720)	(2.6)
Athletic Equipment Fees	602,608	181,760	(420,848)	(69.8)
Fiduciary Funds	1,488,687	1,541,995	53,308	3.6
Arts Center	893,337	911,441	18,104	2.0
Tonka Dome	281,815	313,312	31,497	11.2
Pagel Center	538,000	626,582	88,582	16.5
Capital Projects Levy	6,578,494	6,577,500	(994)	(0.0)
Total Expenditures	16,798,054	16,402,983	(395,071)	
Revenue Over (Under) Expenditures	(895,437)	(357,628)	537,809	(60.1)
Summary:				
Total Revenues	140,947,104	142,337,185	1,390,081	1.0
Total Expenditures	140,738,429	140,362,606	(375,823)	(0.3)
Revenue Over (Under) Expenditures	208,675	1,974,579	1,765,904	
Residual Fund Balance Transfer	-	3,300,000	3,300,000	-
Change in Fund Balance	<u>\$ 208,675</u>	<u>\$ 5,274,579</u>	<u>\$ 5,065,904</u>	

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

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

GENERAL FUND BUDGET (CONTINUED)

Actual operational expenditures of approximately \$140.4 million were \$375,826, or 0.3% less than budgeted operational expenditures of approximately \$140.7 million. The largest variances were due to utility costs coming in over budget by \$282,377 due to an extended heating season during FY2019, and necessary legal expenses, which can vary considerably from year to year, exceeding budget estimates by \$201,805.

The District maintains several significant separate sub-funds that are rolled into the Operational General Fund results for reporting in the Comprehensive Annual 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 expenses 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 \$22,197,938 or 15.6% of FY2019 expenses. 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 expenses 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 districts may request of voters. Once the revenue is determined, another set of state formulas calculates what portion of the revenue will be provided by property taxes and what portion will come from state aid.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

FACTORS BEARING ON THE DISTRICT'S FUTURE

For FY2019, the state of Minnesota provided funding increases including 2% on the main basic funding formula as the Minnesota economy has continued to recover from the Great Recession. Assuming the state is able to provide the revenues without any proration reductions, the major factor influencing the District's future will be the District's commitment to managing expenses 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 of approximately \$4.3 million was generated in FY2017 and an estimated \$4.8 million in FY2020 will be generated. The approval rate was 72%.

The District has also received an extension of the technology referendum revenue on the November 3, 2015 ballot, which generates approximately \$5.8 million annually. The approval rate was 73%.

The District expects enrollment growth to stop at approximately 11,100 K-12 students in FY2021, as the School Board has set that number as a cap on enrollment. The District intends to operate all of its existing facilities at that 11,100 K-12-student level into the future.

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

- Staffing salaries and benefits comprise approximately 88% of total General Fund expenses
- 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

As of the end of FY2019, sufficient resources are projected to be available in the District General Fund Balance to fund District education programs for FY2019 through at least FY2023 assuming continued modest financial support from the State of Minnesota. The District should be able to maintain a minimum 6% fund balance through the end of FY2023. Finances will continue to be monitored very closely into the future.

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 \$1.1 billion.

BASIC FINANCIAL STATEMENTS

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2019**

	Governmental Activities
	2019
ASSETS	
Cash and Investments	\$ 86,538,288
Cash with Fiscal Agent	1,578,634
Receivables:	
Property Taxes	26,005,345
Other Governments	12,422,358
Other	892,885
Prepaid Items	2,010,792
Inventories	269,897
Capital Assets:	
Land and Construction in Progress	10,945,564
Other Capital Assets, Net of Depreciation	147,984,314
Total Assets	288,648,077
DEFERRED OUTFLOWS OF RESOURCES	
Losses on Debt Refunding	1,873,776
Deferred Outflows - Pension Payments	111,401,864
Deferred Outflows - Other Postemployment Benefits	31,292
Total Deferred Outflows	113,306,932
LIABILITIES	
Salaries Payable	7,541,287
Accounts and Contracts Payable	4,295,880
Accrued Interest	1,938,094
Due to Other Governmental Units	229,894
Unearned Revenue	4,212,713
Long-Term Liabilities:	
Net Pension Liability	90,916,823
Other Postemployment Benefits Due Within One Year	790,865
Other Postemployment Benefits Liability Due in More Than One Year	8,847,652
Other Long-Term Liabilities Due Within One Year	8,636,642
Other Long-Term Liabilities Due in More Than One Year	165,212,904
Total Liabilities	292,622,754
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue - Contributions for Subsequent Years	350,000
Property Taxes Levied for Subsequent Year	47,437,927
Deferred Inflows - Pensions	135,477,226
Deferred Inflows - Other Postemployment Benefits	272,494
Total Deferred Inflows of Resources	183,537,647
NET POSITION	
Net Investment in Capital Assets	12,846,900
Restricted for:	
General Fund Operating Capital Purposes	3,678,713
General Fund State-Mandated Reserves	56,484
Food Service	1,896,103
Community Service	2,037,092
Capital Projects - Building Construction	1,815,414
Debt Service	487,154
Unrestricted	(97,023,252)
Total Net Position	\$ (74,205,392)

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

2019					
Functions	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
GOVERNMENTAL ACTIVITIES					
Administration	\$ 3,682,577	\$ -	\$ 711,837	\$ 160,312	\$ (2,810,428)
District Support Services	6,105,416	-	29,210	-	(6,076,206)
Regular Instruction	61,855,919	1,466,906	(738,305)	139,322	(60,987,996)
Vocational Education Instruction	382,774	-	(7,559)	-	(390,333)
Special Education Instruction	14,936,738	-	14,748,313	-	(188,425)
Instructional Support Services	5,192,665	207,151	(182,617)	-	(5,168,131)
Pupil Support Services	3,177,531	253,665	(17,953)	-	(2,941,819)
Sites and Buildings	10,323,572	-	1,099,357	1,465,661	(7,758,554)
Fiscal and Other Fixed Cost Programs	243,794	-	74,577	54,950	(114,267)
Food Service	5,615,714	5,134,896	1,045,191	-	564,373
Community Service	11,544,294	11,209,114	929,457	1,082	595,359
Transportation	4,993,905	-	243,853	-	(4,750,052)
Interest and Fiscal Charges on Long-Term Liabilities	6,318,176	-	-	-	(6,318,176)
Total School District	<u>\$ 134,373,075</u>	<u>\$ 18,271,732</u>	<u>\$ 17,935,361</u>	<u>\$ 1,821,327</u>	<u>(96,344,655)</u>
GENERAL REVENUES					
Property Taxes Levied for:					
General Purposes					37,897,822
Community Service					954,512
Debt Service					9,016,279
State Aid Not Restricted to Specific Purposes					79,580,441
Earnings on Investments					2,382,078
Miscellaneous					688,716
Total General Revenues					<u>130,519,848</u>
CHANGE IN NET POSITION					
					34,175,193
Net Position - Beginning					<u>(108,380,585)</u>
NET POSITION - ENDING					<u>\$ (74,205,392)</u>

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2018)**

	Major Funds				Total Governmental Funds		
	General	Food Service	Community Service	Capital Projects	Debt Service	2019	2018
ASSETS							
Cash and Investments	\$ 38,383,423	\$ 1,996,453	\$ 3,733,689	\$ 2,896,579	\$ 6,525,661	\$ 53,535,805	\$ 49,463,268
Cash with Fiscal Agent	385,002	-	-	1,193,632	-	1,578,634	3,031,812
Receivables:							
Current Property Taxes	21,225,878	-	472,002	-	4,170,309	25,868,189	19,676,177
Delinquent Property Taxes	107,020	-	2,794	-	27,342	137,156	21,416
Accounts and Interest Receivable	370,537	2,030	516,309	4,009	-	892,885	781,514
Due from Other Minnesota School Districts	150,946	-	88,165	-	-	239,111	170,464
Due from Minnesota Department of Education	10,425,417	20,137	31,613	-	38,553	10,515,720	9,198,556
Due from Federal through Minnesota Department of Education	1,359,969	90,025	-	-	-	1,449,994	1,395,032
Due from Other Governmental Units	217,533	-	-	-	-	217,533	24,832
Due from Other Funds	707,637	-	-	-	-	707,637	627,570
Inventory	202,696	67,201	-	-	-	269,897	309,157
Prepays	2,231,468	14,234	192,812	-	800,993	3,239,507	2,497,698
Total Assets	\$ 75,767,526	\$ 2,190,080	\$ 5,037,384	\$ 4,094,220	\$ 11,562,858	\$ 98,652,068	\$ 87,197,496
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE							
Liabilities:							
Salaries and Compensated Absences Payable	\$ 4,435,596	\$ 6,923	\$ 464,922	\$ -	\$ -	\$ 4,907,441	\$ 5,685,155
Payroll Deductions and Employer Contributions Payable	2,624,822	7,144	1,845	35	-	2,633,846	655,930
Accounts and Contracts Payable	1,030,967	10,489	172,007	1,085,139	-	2,298,602	2,187,013
Due to Other Governmental Units	229,833	-	61	-	-	229,894	142,975
Unearned Revenue	461,223	269,421	1,418,191	-	-	2,148,835	1,944,701
Total Liabilities	8,782,441	293,977	2,057,026	1,085,174	-	12,218,618	10,615,774
Deferred Inflows of Resources:							
Unavailable Revenue - Contributions for Subsequent Years	350,000	-	-	-	-	350,000	-
Levied for Subsequent Year	38,160,766	-	943,266	-	8,333,895	47,437,927	43,345,230
Unavailable Revenue - Delinquent Property Taxes	107,020	-	2,794	-	27,342	137,156	21,416
Total Deferred Inflows of Resources	38,617,786	-	946,060	-	8,361,237	47,925,083	43,366,646
Fund Balance:							
Nonspendable:							
Inventory	202,696	67,201	-	-	-	269,897	309,157
Prepays	2,231,468	14,234	192,812	-	800,993	3,239,507	2,497,698
Restricted for:							
Health and Safety	-	-	-	-	-	-	9,736
Projects Funded by Certificates of Participation	-	-	-	1,193,632	-	1,193,632	1,052,742
Operating Capital	3,678,713	-	-	-	-	3,678,713	185,739
Bond Refundings	-	-	-	-	-	-	4,661
Community Education	-	-	1,520,924	-	-	1,520,924	3,773,642
Early Childhood and Family Education	-	-	82,345	-	-	82,345	10,160
School Readiness	-	-	216,361	-	-	216,361	215,021
Adult Basic Education	-	-	14,524	-	-	14,524	14,524
Long-Term Facilities Maintenance	-	-	-	2,269,165	-	2,269,165	1,596,098
Restricted for Other Purposes	-	1,814,668	7,332	-	2,400,628	4,222,628	2,385,022
Restricted for Medical Assistance	56,484	-	-	-	-	56,484	31,984
Assigned for:							
Q Comp	666,458	-	-	-	-	666,458	570,357
Athletic Equipment	388,455	-	-	-	-	388,455	340,610
Operating Capital Deferred Use	219,483	-	-	-	-	219,483	807,587
Special Purposes	1,566,401	-	-	-	-	1,566,401	1,476,281
Unassigned	19,357,141	-	-	(453,751)	-	18,903,390	17,934,057
Total Fund Balance	28,367,299	1,896,103	2,034,298	3,009,046	3,201,621	38,508,367	33,215,076
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 75,767,526	\$ 2,190,080	\$ 5,037,384	\$ 4,094,220	\$ 11,562,858	\$ 98,652,068	\$ 87,197,496

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, 2019**

	2019
Total Fund Balance for Governmental Funds	\$ 38,508,367
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	3,522,679
Construction in Progress	7,422,885
Land Improvements, Net of Accumulated Depreciation	13,786,412
Buildings and Improvements, Net of Accumulated Depreciation	127,874,712
Equipment, Net of Accumulated Depreciation	6,323,190
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.	
	137,156
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.	
	1,873,776
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.	
	(1,228,715)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditures when due.	
	(1,938,094)
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	(90,916,823)
Deferred Inflows of Resources - Pensions	(135,477,226)
Deferred Outflows of Resources - Pensions	111,401,864
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	(9,638,517)
Deferred Inflows of Resources - Other Postemployment Benefits	(272,494)
Deferred Inflows of Resources - Other Postemployment Benefits	31,292
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	(107,960,000)
Unamortized Premiums	(7,105,386)
Certificates of Participation Payable	(54,740,000)
Obligations Under Capital Leases	(1,800,000)
Severance Benefits Payable	(616,094)
Compensated Absences Payable	(1,272,266)
Early Retirement Incentive Payable	(355,800)
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:	
	28,233,690
Total Net Position of Governmental Activities	\$ (74,205,392)

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, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2018)**

	Major Funds					Total Governmental Funds	
	General	Food Service	Community Service	Capital Projects	Debt Service	2019	2018
REVENUES							
Local Sources:							
Property Taxes	\$ 37,805,891	\$ -	\$ 952,370	\$ -	\$ 8,994,612	\$ 47,752,873	\$ 44,683,902
Earnings and Investments	623,461	32,923	120,071	64,028	83,460	923,943	368,240
Other	6,041,586	5,136,774	11,712,619	532,400	-	23,423,379	22,352,959
State Sources	95,228,354	133,077	480,383	-	387,169	96,228,983	90,293,577
Federal Sources	2,011,478	910,236	-	-	74,577	2,996,291	2,969,111
Total Revenues	<u>141,710,770</u>	<u>6,213,010</u>	<u>13,265,443</u>	<u>596,428</u>	<u>9,539,818</u>	<u>171,325,469</u>	<u>160,667,789</u>
EXPENDITURES							
Current:							
Administration	4,270,151	-	-	-	-	4,270,151	4,124,131
District Support Services	6,150,430	-	-	-	-	6,150,430	5,814,329
Elementary and Secondary Regular Instruction	76,259,944	-	-	-	-	76,259,944	72,455,135
Vocational Education Instruction	582,801	-	-	-	-	582,801	624,342
Special Education Instruction	19,606,480	-	-	-	-	19,606,480	18,158,328
Instructional Support Services	6,738,998	-	-	-	-	6,738,998	6,939,347
Pupil Support Services	4,015,384	-	-	-	-	4,015,384	4,095,450
Sites and Buildings	8,481,626	-	-	-	-	8,481,626	7,342,946
Fiscal and Other Fixed Cost Programs	243,794	-	-	-	-	243,794	232,382
Food Service	-	5,491,043	-	-	-	5,491,043	5,499,699
Community Service	-	-	11,986,244	-	-	11,986,244	11,357,592
Transportation	4,993,905	-	-	-	-	4,993,905	4,771,172
Capital Outlay	5,834,717	81,903	109,017	7,533,189	-	13,558,826	12,230,881
Debt Service:							
Principal	3,141,614	-	-	-	5,415,000	8,556,614	10,410,000
Interest and Fiscal Charges	2,062,444	-	-	-	4,213,143	6,275,587	5,574,934
Total Expenditures	<u>142,382,288</u>	<u>5,572,946</u>	<u>12,095,261</u>	<u>7,533,189</u>	<u>9,628,143</u>	<u>177,211,827</u>	<u>169,630,668</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(671,518)	640,064	1,170,182	(6,936,761)	(88,325)	(5,886,358)	(8,962,879)
OTHER FINANCING SOURCES (USES)							
Sale of Bonds	-	-	-	1,993,754	10,436,246	12,430,000	14,415,000
Bond Premium	-	-	-	-	859,070	859,070	1,374,387
Issuance of Certificates of Participation	-	-	-	4,800,000	9,565,000	14,365,000	7,150,000
Premium on Certificates of Participation	-	-	-	758,705	664,721	1,423,426	894,988
Capital Leases	2,521,614	-	-	-	-	2,521,614	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	(20,419,461)	(20,419,461)	(17,893,575)
Transfers In	3,424,483	-	-	-	141,797	3,566,280	192,076
Transfers Out	-	-	(3,300,000)	(256,941)	(9,339)	(3,566,280)	(192,076)
Total Other Financing Sources (Uses)	<u>5,946,097</u>	<u>-</u>	<u>(3,300,000)</u>	<u>7,295,518</u>	<u>1,238,034</u>	<u>11,179,649</u>	<u>5,940,800</u>
NET CHANGE IN FUND BALANCE	5,274,579	640,064	(2,129,818)	358,757	1,149,709	5,293,291	(3,022,079)
FUND BALANCES							
Beginning of Year	<u>23,092,720</u>	<u>1,256,039</u>	<u>4,164,116</u>	<u>2,650,289</u>	<u>2,051,912</u>	<u>33,215,076</u>	<u>36,237,155</u>
End of Year	<u>\$ 28,367,299</u>	<u>\$ 1,896,103</u>	<u>\$ 2,034,298</u>	<u>\$ 3,009,046</u>	<u>\$ 3,201,621</u>	<u>\$ 38,508,367</u>	<u>\$ 33,215,076</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, 2019**

	2019
Net Change in Fund Balance - Total Governmental Funds	\$ 5,293,291
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation in the current period:	
Capital Outlays	8,833,640
Loss on Disposal of Capital Assets	(3,733)
Depreciation Expense	(6,521,052)
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.	115,740
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.	29,974,958
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).	(546,133)
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.	(82,466)
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 and Certificates of Participation Bond Proceeds	(26,795,000)
Bond Premium or Discount	(2,282,496)
Capital Lease Proceeds	(2,521,614)
Payment to Refunded Bond Escrow Agent	20,365,000
Deferred Charges on Refunding Bonds	54,461
Repayment of Bond Principal	5,415,000
Repayment of Certificates of Participation Payable	3,141,614
Change in Accrued Interest Payable	(139,090)
Change in Prepaid Interest Expensed	(12,245)
Amortization of Bond Premium	431,438
Amortization of Bond Discount	(6,235)
Amortization of Deferred Charges on Refunding Bonds	(316,457)
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.	(223,428)
Total	\$ 34,175,193

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, 2019**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 37,648,317	\$ 37,648,317	\$ 37,805,891	\$ 157,574
Earnings and Investments	350,000	525,000	623,461	98,461
Other	5,965,530	5,520,453	6,041,586	521,133
State Sources	91,994,986	94,121,778	95,228,354	1,106,576
Federal Sources	1,959,610	2,610,719	2,011,478	(599,241)
Total Revenues	<u>137,918,443</u>	<u>140,426,267</u>	<u>141,710,770</u>	<u>1,284,503</u>
EXPENDITURES				
Current:				
Administration	4,450,126	4,577,425	4,270,151	(307,274)
District Support Services	7,319,002	5,736,746	6,150,430	413,684
Elementary and Secondary Regular Instruction	75,703,187	75,679,190	76,259,944	580,754
Vocational Education Instruction	673,815	583,741	582,801	(940)
Special Education Instruction	18,905,551	19,983,344	19,606,480	(376,864)
Instructional Support Services	6,368,385	6,845,665	6,738,998	(106,667)
Pupil Support Services	4,228,052	4,622,540	4,015,384	(607,156)
Sites and Buildings	7,190,980	7,732,087	8,481,626	749,539
Fiscal and Other Fixed Cost Programs	248,000	248,000	243,794	(4,206)
Transportation	4,913,349	4,891,385	4,993,905	102,520
Capital Outlay	3,726,298	4,220,164	5,834,717	1,614,553
Debt Service:				
Principal	2,310,000	3,141,614	3,141,614	-
Interest and Fiscal Charges	1,902,347	1,955,691	2,062,444	106,753
Total Expenditures	<u>137,939,092</u>	<u>140,217,592</u>	<u>142,382,288</u>	<u>2,164,696</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(20,649)	208,675	(671,518)	(880,193)
OTHER FINANCING SOURCES				
Issuance of Capital Lease	-	-	2,521,614	2,521,614
Proceeds from Other State and Nonstate Loans Received	1,800,000	-	-	-
Transfers In	-	-	3,424,483	3,424,483
Total Other Financing Sources (Uses)	<u>1,800,000</u>	<u>-</u>	<u>5,946,097</u>	<u>5,946,097</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,779,351</u>	<u>\$ 208,675</u>	5,274,579	<u>\$ 5,065,904</u>
FUND BALANCE				
Beginning of Year			<u>23,092,720</u>	
End of Year			<u>\$ 28,367,299</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, 2019**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Earnings and Investments	\$ 8,500	\$ 8,500	\$ 32,923	\$ 24,423
Other - Primarily Meal Sales	5,159,640	5,159,640	5,136,774	(22,866)
State Sources	133,681	133,681	133,077	(604)
Federal Sources	856,016	856,016	910,236	54,220
Total Revenues	<u>6,157,837</u>	<u>6,157,837</u>	<u>6,213,010</u>	<u>55,173</u>
EXPENDITURES				
Current:				
Food Service	5,923,386	5,923,386	5,491,043	(432,343)
Capital Outlay	197,300	197,300	81,903	(115,397)
Total Expenditures	<u>6,120,686</u>	<u>6,120,686</u>	<u>5,572,946</u>	<u>(547,740)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 37,151</u>	<u>\$ 37,151</u>	640,064	<u>\$ 602,913</u>
FUND BALANCE				
Beginning of Year			<u>1,256,039</u>	
End of Year			<u>\$ 1,896,103</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, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local Sources:				
Property Taxes	\$ 954,828	\$ 954,828	\$ 952,370	\$ (2,458)
Earnings and Investments	25,000	48,500	120,071	71,571
Other - Primarily Tuition and Fees	11,124,047	11,457,857	11,712,619	254,762
State Sources	479,961	486,476	480,383	(6,093)
Total Revenues	<u>12,583,836</u>	<u>12,947,661</u>	<u>13,265,443</u>	<u>317,782</u>
EXPENDITURES				
Current:				
Community Service	12,190,680	12,532,270	11,986,244	(546,026)
Capital Outlay	420,910	446,541	109,017	(337,524)
Total Expenditures	<u>12,611,590</u>	<u>12,978,811</u>	<u>12,095,261</u>	<u>(883,550)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(27,754)	(31,150)	1,170,182	1,201,332
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>-</u>	<u>-</u>	<u>(3,300,000)</u>	<u>(3,300,000)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (27,754)</u>	<u>\$ (31,150)</u>	<u>(2,129,818)</u>	<u>\$ (2,098,668)</u>
FUND BALANCE				
Beginning of Year			<u>4,164,116</u>	
End of Year			<u>\$ 2,034,298</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, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2018)

	Governmental Activities - Internal Service Funds	
	2019	2018
CURRENT ASSETS		
Cash and Investments	\$ 33,002,483	\$ 31,970,642
CURRENT LIABILITIES		
Accounts Payable	4,078	4,582
Claims Payable - Medical	1,993,200	1,814,800
Due to Other Funds	707,637	627,570
Unearned Revenue	2,063,878	1,066,572
Total Current Liabilities	4,768,793	3,513,524
NET POSITION		
Unrestricted	\$ 28,233,690	\$ 28,457,118

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, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2018)**

	Governmental Activities - Internal Service Funds	
	<u>2019</u>	<u>2018</u>
OPERATING REVENUES		
Charges for Services:		
Health Insurance Premiums	\$ 13,843,001	\$ 12,470,978
Dental Insurance Premiums	1,049,031	977,886
Total Operating Revenues	<u>14,892,032</u>	<u>13,448,864</u>
OPERATING EXPENSES		
Salaries	91,229	85,975
VEBA Contributions	2,432,314	1,883,032
Wellness Payments	38,430	36,600
Health Insurance Claim Payments	11,290,890	10,140,448
Dental Insurance Claim Payments	959,208	921,450
OPEB Payments	707,637	627,570
General Administration Fees	1,044,006	1,062,928
Total Operating Expenses	<u>16,563,714</u>	<u>14,758,003</u>
OPERATING LOSS	(1,671,682)	(1,309,139)
NONOPERATING INCOME		
Earnings on Investments	<u>1,448,254</u>	<u>1,654,020</u>
CHANGE IN NET POSITION	(223,428)	344,881
Net Position - Beginning	<u>28,457,118</u>	<u>28,112,237</u>
NET POSITION - ENDING	<u>\$ 28,233,690</u>	<u>\$ 28,457,118</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, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2018)**

	Governmental Activities - Internal Service Funds	
	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Interfund Services Provided	\$ 15,889,338	\$ 13,547,956
Payments for Administrative Costs	(1,044,006)	(1,062,928)
Payments for Salaries	(91,229)	(85,975)
Payments for Medical Fees and Insurance Claims	(12,072,202)	(11,087,302)
Payments for Wellness	(38,430)	(36,600)
Payments to Employee VEBA Accounts	(2,432,314)	(1,883,032)
Payments for Retirement Benefits	<u>(627,570)</u>	<u>(667,874)</u>
Net Cash Used by Operating Activities	(416,413)	(1,275,755)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	169,185	78,665
Proceeds from Sale of Investments	<u>627,570</u>	<u>667,874</u>
Net Cash Provided by Investing Activities	<u>796,755</u>	<u>746,539</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	380,342	(529,216)
Cash and Cash Equivalents - Beginning	<u>8,886,510</u>	<u>9,415,726</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 9,266,852</u>	<u>\$ 8,886,510</u>
Total Cash and Investments per Statement of Net Position	\$ 33,002,483	\$ 31,970,642
Less: Investments Included in Cash and Investments	<u>(23,735,631)</u>	<u>(23,084,132)</u>
Total Cash and Cash Equivalents	<u>\$ 9,266,852</u>	<u>\$ 8,886,510</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$ (1,671,682)	\$ (1,309,139)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Increase (Decrease) in Accounts Payable	(504)	(61,604)
Increase (Decrease) in Claims Payable	178,400	36,200
Increase (Decrease) in Due to Other Funds	80,067	(40,304)
Increase (Decrease) in Unearned Revenue	<u>997,306</u>	<u>99,092</u>
Total Adjustments	1,255,269	33,384
Net Cash Used by Operating Activities	<u>\$ (416,413)</u>	<u>\$ (1,275,755)</u>
NONCASH INVESTING ACTIVITIES		
Increase in Fair Value of Investments	<u>\$ 2,263,397</u>	<u>\$ 1,575,355</u>

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2019**

	<u>Private-Purpose Trust</u>
ASSETS	
Cash and Investments	\$ 320,388
LIABILITIES	
Accounts and Contracts Payable	<u>5,884</u>
NET POSITION	
Held In Trust	<u><u>\$ 314,504</u></u>

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2019**

	<u>Private-Purpose Trust</u>
ADDITIONS	
Gifts and Donations	\$ 163,168
DEDUCTIONS	
Scholarships Awarded	154,775
Miscellaneous	<u>337</u>
Total Deductions	<u>155,112</u>
CHANGE IN NET POSITION	8,056
Net Position - Beginning of Year	<u>306,448</u>
NET POSITION - END OF YEAR	<u><u>\$ 314,504</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, 2019**

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. However, in accordance with Minnesota state statutes, the District's School Board has not elected to control or exercise oversight responsibility with respect to the underlying student activities. Accordingly, the student activity accounts are not included in these financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

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 is 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: private purpose trust. 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, 2019**

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.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

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.

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.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Major Governmental Funds (Continued)

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.

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 Private Purpose Trust Fund which is used to account for money held by the District in the capacity of trustee or custodian, where both the principal and interest may be spent.

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 summary form in the District's legal newspaper. 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.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgeting (Continued)

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.

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, 2019**

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 2019 with no corresponding state aid adjustment. Certain other portions of the District's 2018 pay 2019 levy, normally revenue for the 2019-20 fiscal year, are also advance recognized as June 30, 2019, 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, 2019**

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, 2019, 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, 2019**

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 three 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 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.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Accrued Employee Benefits (Continued)

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.

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 2019, the District's expenditures for convertible sick leave totaled approximately \$240,017. At June 30, 2019, the long-term portion of the convertible sick leave liability is included as part of long-term debt and represents \$616,094 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.

Pensions

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

O. 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.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. 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".

Q. 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, 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, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Workers' compensation is provided by SFM Insurance with property and casualty insurance provided by WRM America. Both plans are serviced through a local agent who assists the District 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.

S. 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.

T. 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, 2018, from which the summarized information was derived.

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following funds at June 30, 2019.

	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund	\$ 140,217,592	\$ 142,382,288	\$ 2,164,696
Capital Projects Fund	7,188,452	7,533,189	344,737
Debt Service Fund	9,518,834	9,628,143	109,309

The overages in the General Fund were a result of a capital lease for computers and related equipment for \$2,521,614. Capital leases are recorded at the fund level as an expenditure and an offsetting other financing source, therefore have no net effect on the change in fund balance but increase total expenditures. The additional expenditures caused the General Fund to exceed total budgeted expenditures. The overages in the capital projects fund were a result of timing differences in the actual construction of building projects that spanned fiscal years versus the budgeted timeline of payments. The overages in the debt service fund were a result of bond issuance costs and other debt service fees being higher than anticipated.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 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.

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 departments of a commercial bank or other financial institution not owned or controlled by the depository.

At June 30, 2019, the District's deposits had a bank balance of \$5,875,460 and a carrying amount of \$5,191,315. At June 30, 2019, the District's petty cash fund totaled \$3,600.

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

**INDEPENDENT SCHOOL DISTRICT NO. 276
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories
- Repurchase or reverse purchase 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, 2019, 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	\$ 3,019,500
Municipal Bonds	154,375
Corporate Bonds	3,883,485
Mutual Funds	1,168,784
Equities	11,559,385
Real Estate Investment Trusts	84,891
Real Asset Funds	1,654,850
Total Investments at Fair Value	<u>\$ 21,525,270</u>
<u>Investments Measured at Amortized Cost</u>	<u>Amortized Cost</u>
Federated Treasury Cash Series	\$ 620,242
MSDLAF+	33,744,955
MSDLAF CD Program	972,000
MN Trust Investment Shares	22,597,388
Money Markets	3,782,540
Total Investments at Amortized Cost	<u>\$ 61,717,125</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, 2019**

NOTE 3 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	Rating
		Less Than 1	1 to 5	6 to 10	More Than 10		
U.S. Treasury Notes	\$ 3,019,500	\$ 256,135	\$ 2,686,619	\$ 76,746	\$ -	\$ -	NR
Mutual Funds	1,168,784	-	-	-	-	1,168,784	NR
Real Estate Investment Trusts	84,891	-	-	-	-	84,891	NR
Municipal Bonds	154,375	-	154,375	-	-	-	AAA
Real Asset Funds	1,654,850	-	-	-	-	1,654,850	NR
Equities	11,559,385	-	-	-	-	11,559,385	NR
Corporate Bonds	3,883,485	176,947	3,706,538	-	-	-	BBB to AA+
Federated Treasury Cash Series	620,242	-	-	-	-	620,242	NR
MSDLAF+	33,744,955	-	-	-	-	33,744,955	AAAf
MSDLAF CD Program	972,000	972,000	-	-	-	-	AAAf
MN Trust Investment Shares	22,597,388	-	-	-	-	22,597,388	AAAm
Money Market Funds	3,782,540	-	-	-	-	3,782,540	AAA
Total	<u>\$ 83,242,395</u>	<u>\$ 1,405,082</u>	<u>\$ 6,547,532</u>	<u>\$ 76,746</u>	<u>\$ -</u>	<u>\$ 75,213,035</u>	

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, 2019 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	\$ 86,538,288
Cash and Investments Held by Trustee - Statement of Net Position	1,578,634
Cash and Investments - Statement of Fiduciary Net Position	320,388
Total Cash and Investments	<u>\$ 88,437,310</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, 2019**

NOTE 3 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:

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Municipal Bonds	\$ -	\$ 154,375	\$ -	\$ 154,375
U.S. Treasuries with Maturities at Purchase of Greater Than 1 Year	3,019,500	-	-	3,019,500
Corporate Bonds	3,883,485	-	-	3,883,485
Mutual Funds	1,168,784	-	-	1,168,784
Equities	11,559,385	-	-	11,559,385
Real Estate Investment Trusts	84,891	-	-	84,891
Real Asset Funds	452,732	-	1,202,118	1,654,850
Total	<u>\$ 20,168,777</u>	<u>\$ 154,375</u>	<u>\$ 1,202,118</u>	21,525,270
Investments Measured at Amortized Cost				61,717,125
Total				<u>\$ 83,242,395</u>

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 3,522,679	\$ -	\$ -	\$ 3,522,679
Construction in Progress	2,639,693	7,175,885	(2,392,693)	7,422,885
Total Capital Assets, Not Being Depreciated	<u>6,162,372</u>	<u>7,175,885</u>	<u>(2,392,693)</u>	<u>10,945,564</u>
Capital Assets, Being Depreciated				
Land Improvements	22,912,820	26,464	-	22,939,284
Buildings and Improvements	198,477,320	3,427,145	-	201,904,465
Equipment	17,513,794	596,839	(44,294)	18,066,339
Total Capital Assets, Being Depreciated	<u>238,903,934</u>	<u>4,050,448</u>	<u>(44,294)</u>	<u>242,910,088</u>
Accumulated Depreciation for:				
Land Improvements	(8,007,987)	(1,144,885)	-	(9,152,872)
Buildings and Improvements	(69,437,766)	(4,591,987)	-	(74,029,753)
Equipment	(10,999,530)	(784,180)	40,561	(11,743,149)
Total Accumulated Depreciation	<u>(88,445,283)</u>	<u>(6,521,052)</u>	<u>40,561</u>	<u>(94,925,774)</u>
Total Capital Assets, Being Depreciated, Net	<u>150,458,651</u>	<u>(2,470,604)</u>	<u>(3,733)</u>	<u>147,984,314</u>
Governmental Activities Capital Assets, Net	<u>\$ 156,621,023</u>	<u>\$ 4,705,281</u>	<u>\$ (2,396,426)</u>	<u>\$ 158,929,878</u>

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

Governmental Activities	
Administration	\$ 2,900
District Support Services	113,553
Regular Instruction	6,156,760
Vocational Education Instruction	1,015
Special Education Instruction	1,018
Instructional Support Services	554
Pupil Support Services	782
Sites and Buildings	122,486
Food Service	88,887
Community Service	33,097
Total Depreciation Expense, Governmental Activities	<u>\$ 6,521,052</u>

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

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
11/1/2011	1.8% - 2.2%	2011D	2,140,000	2013-2022	\$ 225,000	\$ 690,000
3/1/2012	0.45% - 3.0%	2012B	1,800,000	2014-2033	80,000	1,325,000
7/1/2012	0.65% - 3.0%	2012C	1,400,000	2014-2033	65,000	1,045,000
11/1/2012	0.7% - 2.5%	2012F	1,205,000	2015-2023	135,000	555,000
10/1/2012	0.5% - 3.0%	2012G	1,245,000	2015-2034	55,000	970,000
1/1/2013	0.55% - 2.6%	2013B	2,200,000	2015-2034	100,000	1,715,000
2/1/2013	0.35% - 3.3%	2013E	24,095,000	2014-2031	865,000	21,135,000
7/1/2013	1.0% - 2.9%	2013F	1,230,000	2015-2029	80,000	855,000
7/1/2013	0.5% - 2.75%	2013G	3,475,000	2015-2023	390,000	1,610,000
11/7/2013	2.0% - 4.0%	2013H	13,325,000	2015-2026	1,085,000	8,485,000
1/1/2014	0.55% - 4.0%	2014A	1,650,000	2015-2034	70,000	1,310,000
7/1/2014	0.65% - 3.75%	2014D	1,950,000	2015-2035	85,000	1,645,000
2/11/2015	2.0% - 4.0%	2015A	3,005,000	2015-2035	130,000	2,640,000
2/11/2015	3.0% - 4.0%	2015B	1,765,000	2015-2034	-	1,765,000
2/25/2015	1.5% - 4.5%	2015C	1,395,000	2015-2034	65,000	1,210,000
4/25/2015	2.0% - 3.0%	2015D	1,595,000	2016-2024	255,000	1,110,000
7/13/2015	3.0% - 3.5%	2015E	4,000,000	2024-2035	-	4,000,000
11/30/2015	2.55% - 4.4%	2016A	705,000	2021-2038	25,000	635,000
11/30/2015	2.0% - 4.0%	2016B	2,540,000	2017-2038	100,000	2,275,000
1/12/2016	2.0% - 4.0%	2016E	5,870,000	2018-2036	250,000	5,385,000
2/2/2016	2.0% - 3.0%	2016I	15,260,000	2017-2028	305,000	14,680,000
3/2/2016	1.2% - 3.3%	2016J	1,420,000	2019-2031	100,000	1,320,000
7/6/2016	2.0% - 3.0%	2016M	5,785,000	2017-2037	-	5,155,000
10/23/2017	3.0% - 5.0%	2017B	14,415,000	2019-2038	560,000	14,015,000
9/27/2018	3.7% - 5.0%	2018E	5,060,000	2021-2040	-	5,060,000
1/10/2019	3.0% - 5.0%	2019B	2,000,000	2020-2038	-	2,000,000
3/6/2019	3.375% - 5.0%	2019C	5,370,000	2020-2039	125,000	5,370,000
Total General Obligation Bonds					\$ 5,150,000	\$ 107,960,000
Bond Premiums					\$ -	\$ 7,105,386

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

A. Components of Long-Term Debt (Continued)

	Principal Outstanding	
	Due Within One Year	Total
<u>Certificates of Participation</u>		
Certificates of Participation 2010B	\$ 305,000	\$ 4,475,000
Certificates of Participation 2012A	165,000	2,510,000
Certificates of Participation 2012D	110,000	675,000
Certificates of Participation 2013A	-	2,400,000
Certificates of Participation 2013D	55,000	925,000
Certificates of Participation 2014B	70,000	1,430,000
Certificates of Participation 2014C	215,000	3,890,000
Certificates of Participation 2016C	75,000	1,870,000
Certificates of Participation 2016D	75,000	1,870,000
Certificates of Participation 2016F	160,000	4,055,000
Certificates of Participation 2016G	40,000	890,000
Certificates of Participation 2016H	100,000	2,610,000
Certificates of Participation 2016K	115,000	1,280,000
Certificates of Participation 2016L	80,000	1,885,000
Certificates of Participation 2016N	45,000	1,115,000
Certificates of Participation 2016O	65,000	1,480,000
Certificates of Participation 2017A	-	2,925,000
Certificates of Participation 2017C	80,000	2,190,000
Certificates of Participation 2018A	-	1,900,000
Certificates of Participation 2018B	35,000	1,000,000
Certificates of Participation 2018C	-	4,800,000
Certificates of Participation 2018D	25,000	1,265,000
Certificates of Participation 2019A	-	7,300,000
Total Certificates of Participation	1,815,000	54,740,000
Capital Leases Payable	897,599	1,800,000
Compensated Absences Payable	685,043	1,272,266
Early Retirement Incentive Payable	89,000	355,800
Total	\$ 8,636,642	\$ 173,233,452

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	
	Principal	Interest	Principal	Interest
2020	\$ 5,150,000	\$ 3,752,098	\$ 1,815,000	\$ 2,418,481
2021	5,810,000	3,590,031	2,285,000	2,179,616
2022	6,025,000	3,415,844	2,345,000	2,108,630
2023	6,065,000	3,225,061	2,305,000	2,029,498
2024	5,715,000	3,004,079	2,445,000	1,950,387
2025-2029	44,855,000	10,625,203	13,600,000	8,281,381
2030-2034	23,625,000	4,207,840	13,180,000	5,540,867
2035-2039	10,345,000	928,636	10,585,000	3,026,099
2040-2044	370,000	14,338	6,180,000	715,178
Total	\$ 107,960,000	\$ 32,763,130	\$ 54,740,000	\$ 28,250,137

In addition to the above future payment schedule, the District had future capital lease payments of \$897,599 in 2020 and \$902,401 in 2021.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

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 2011, the District issued \$2,140,000 of General Obligation Refunding Bonds, Series 2011D. The proceeds of this issue were used to restructure the principal and interest due for fiscal year 2012 for the District's 2004B Alternative Facilities bonds.

In March 2012, the District issued \$1,800,000 of General Obligation Alternative Facilities bonds, Series 2012B. The proceeds of this issue were used to pay for long-term maintenance projects in FY2013 and FY2014 as part of the District's Alternative Facilities 10-Year Plan.

In July 2012, the District issued \$1,400,000 of General Obligation Alternative Facilities bonds, Series 2012C. The proceeds of this issue were used to pay for long-term maintenance projects in FY2013 and FY2014 as part of the District's Alternative Facilities 10-Year Plan.

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.

In October 2012, the District issued \$1,245,000 General Obligation Alternative Facilities bonds, Series 2012G. The proceeds of this issue were used to pay for long-term maintenance projects at the Minnetonka Middle School West pool as part of the District's Alternative Facilities 10-Year Plan.

In January 2013, the District issued \$2,200,000 General Obligation Alternative Facilities bonds, Series 2013B. The proceeds of this issue were used to pay for long-term maintenance projects at the Minnetonka Middle School West pool as part of the District's Alternative Facilities 10-Year Plan.

In July 2013, the District issued \$1,230,000 General Obligation Alternative Facilities bonds, Series 2013F. The proceeds of this issue were used to finance future capital projects as part of the District's Capital Improvement Plan.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

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 January 2014, the District issued \$1,650,000 General Obligation Alternative Facilities bonds, Series 2014A. The proceeds of this issue were used to finance future capital projects as part of the District's Capital Improvement Plan.

In July 2014, the District issued \$1,950,000 General Obligation Alternative Facilities bonds, Series 2014D. The proceeds of this issue were used to finance future capital projects as part of the District's Capital Improvement Plan.

In February 2015, the District issued \$3,005,000 General Obligation Alternative Facilities bonds, Series 2015A. The proceeds of this issue were used to finance future capital projects as part of the District's Capital Improvement Plan.

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 February 2015, the District issued \$1,395,000 Taxable General Obligation Alternative Facilities Refunding bonds, Series 2015C. The proceeds of this issue were used to refund and pay the principal and interest due on the February 1, 2016 maturity of the Series 2010A, 2010C, 2010D, and 2011D.

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 2015, the District issued \$4,000,000 General Obligation Alternative Facilities Bonds, Series 2015E. The proceeds of this issue were used to finance projects including: replacement of windows, mechanical air handling systems, roof repair and replacement, pavement repair, plumbing repairs, tuck-pointing, pool tire repair, and deferred maintenance projects.

In November 2015, the District issued \$705,000 General Obligation Refunding Bonds, Series 2016A. The proceeds of this issue were used to refund and pay the principal and interest due on the February 1, 2017 maturities of the 2010A and 2010D bonds.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt (Continued)

General Obligation School Building Bonds (Continued)

In November 2015, the District issued \$2,540,000 General Obligation Refunding Bonds, Series 2016B. The proceeds of this issue were used to refund and pay the principal and interest due on the February 1, 2016 maturity of the Series 2008B bonds and the principal and interest due on the February 1, 2017 maturities of the Series 2010C and 2011D bonds.

In January 2016, the District issued \$5,870,000 General Obligation Facilities Maintenance Bonds, Series 2016E. The proceeds of this issue were used to finance projects including the replacement of major school building infrastructure components that require long-term periodic replacement, such as roofing systems, pavement and parking areas, plumbing systems, electrical systems, lighting systems, etc.

In February 2016, the District issued \$15,260,000 General Obligation Refunding Bonds, Series 2016I. The proceeds of this issue were used to refund and pay the principal and interest due on the February 1, 2019 through February 1, 2029 maturities of the Series 2008E bonds.

In July 2016, the District issued \$5,875,000 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. The refunding resulted in a cash flow loss of \$1,685,734 and a net present value loss of \$395,084.

In January 2019, the District issued \$2,000,000 General Obligation Facilities Maintenance Bonds, Series 2019B. The proceeds of this issues 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.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt (Continued)

General Obligation School Building Bonds (Continued)

In April 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. The refunding resulted in a cash flow loss of \$944,494 and a net present value gain of \$31,017.

Certificates of Participation Payable

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

In May 2010, the District issued \$6,500,000 in Refunding Certificates of Participation, 2010B. The proceeds of this issue were used to refund three outstanding debt issues, Certificates of Participation 1999A and two capital leases, in addition to providing additional proceeds to finance building projects at Minnetonka High School, including the construction of Fine Arts classrooms, eight tennis courts and the conversion of the existing tennis courts to 159 student parking spots.

The 2012A issue, in the amount of \$3,425,000 and sold on February 1, 2012, was issued to finance middle school classroom additions and the Groveland Media Center.

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.

The 2013A issue, in the amount of \$2,400,000 and sold on January 1, 2013, was issued to finance a multipurpose room at Excelsior Elementary. The 2013D issue, in the amount of \$1,200,000 and sold on January 1, 2013, was used to finance classroom construction at Scenic Heights Elementary.

The 2014B issue, in the amount of \$1,700,000 and sold on February 27, 2014, and the 2014C issue, in the amount of \$4,700,000 and sold on May 15, 2014, were issued to finance the construction of additional classrooms at the elementary school level to provide space for all-day kindergarten classes and increased music room space.

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.

**INDEPENDENT SCHOOL DISTRICT NO. 276
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JUNE 30, 2019**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt (Continued)

Certificates of Participation Payable (Continued)

The 2016F issue, in the amount of \$4,510,000 and sold on February 2, 2016, was issued to finance the renovation and conversion of the second floor wing of Minnetonka High School into science lab space. 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 2018A issue, in the amount of \$1,900,000 and sold on January 29, 2018, were issued to finance a portion of the construction costs of new gymnasiums at Clear Springs and Scenic Heights Elementary Schools and a retention pond and other storm water improvements at Clear Springs Elementary School.

The 2018B issue, in the amount of \$1,000,000 and sold on July 2, 2018, were issued to refund the 2008H Certificates. The 2018C issue, in the amount of \$4,800,000 and sold on July 18, 2018, were issued to finance the construction costs of a new gymnasium and related improvements to Clear Springs Elementary and Scenic Heights Elementary. 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.

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 February 2013, the District issued \$24,095,000 of General Obligation OPEB Refunding Bonds, Series 2013E. A portion of the proceeds of this issue, \$7,740,000, were used to pay the remaining payments of the 2008I General Obligation Taxable OPEB Bonds in fiscal year 2016. The remaining proceeds were paid into an irrevocable escrow to pay the remaining payments of the 2009A General obligation Taxable OPEB Bonds, which were called in fiscal year 2016.

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NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt (Continued)

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.

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.

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, 2018	Additions	Retirements	June 30, 2019
Bonds Payable	\$ 111,860,000	\$ 12,430,000	\$ 16,330,000	\$ 107,960,000
Unamortized Premiums	5,254,328	2,282,496	431,438	7,105,386
Unamortized Discounts	(6,235)	-	(6,235)	-
Certificates of Participation	52,670,000	14,365,000	12,295,000	54,740,000
Capital Leases Payable	-	2,521,614	721,614	1,800,000
Severance Benefits Payable	614,607	1,487	-	616,094
Early Retirement Incentive Payable	-	415,800	60,000	355,800
Compensated Absences Payable	1,083,420	1,112,118	923,272	1,272,266
Total	<u>\$ 171,476,120</u>	<u>\$ 33,128,515</u>	<u>\$ 30,755,089</u>	<u>\$ 173,849,546</u>

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
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NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

E. Debt Issued Subsequent to Year-End

Certificates of Participation Payable

On July 8, 2019, the District issued \$2,710,000 General Obligation Facilities Maintenance Bonds, Series 2019D, to finance the re-roofing and repaving projects at four District schools. On July 8, 2019, the District issued \$4,045,000 Refunding Certificates of Participation, Series 2019E, to refund the 2010B Certificates. On October 3, 2019, the District issued \$1,955,000 General Obligation Facilities Maintenance Bonds, Series 2019F, to finance roofing replacement, paving replacement, mechanical systems replacement, cabinetry replacement, and various other long-term maintenance items.

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 \$8,970,000 at June 30, 2019.

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, 2019 are as follows:

A. Restricted for Health and Safety

Represents available resources from the levy to be used for health and safety.

B. Restricted for Projects Funded by Certificates of Participation

Represents resources available from issuance of certificates of participation.

C. 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.

D. Restricted for Bond Refundings

Represents escrowed funds which are legally restricted by the terms of crossover refunding bonds.

E. Restricted for Community Education Programs

Represents accumulated resources available to provide general community education programming.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

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 Operating Capital Deferred Use
Represents amounts which are assigned for Operating Capital, but are not restricted or committed.
- O. Assigned for Special Purposes
Represents amounts which were either donated to the District or funds to be utilized for specific purposes.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 INTERFUND BALANCES AND OPERATING TRANSFERS

The District had the following interfund receivable and payable at June 30, 2019:

	<u>Due from Other Fund</u>	<u>Due to Other Fund</u>
General Fund	\$ 707,637	\$ -
Internal Service Fund:		
OPEB Revocable Trust	-	707,637
Total	<u>\$ 707,637</u>	<u>\$ 707,637</u>

The purpose of these interfund balances is as follows:

The Revocable Trust Fund owes the General Fund \$707,637 for OPEB payments which the General Fund has made.

The District had the following interfund transfers at June 30, 2019:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 3,424,483	\$ -
Special Revenue Funds:		
Community Service Fund	-	3,300,000
Capital Projects Fund	-	256,941
Debt Service Fund	141,797	9,339
Total	<u>\$ 3,566,280</u>	<u>\$ 3,566,280</u>

The \$3,300,000 transfer from the Community Service Fund was a one-time, state-approved transfer of excess Community Service Funds and the remaining transfers were related to closing out immaterial balances from previously refunded bond escrow accounts which are no longer being used.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
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JUNE 30, 2019**

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.

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).

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MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided

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

1. General Employees Plan Benefits

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

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. If the General Employees Plan is at least 90% funded for two consecutive years, benefit recipients are given a 2.5% increase. If the plan has not exceeded 90% funded, or have fallen below 80%, benefit recipients are given a one percent increase. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30, will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30, will receive a pro rata increase.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits

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

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

Tier 1 Benefits

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

With these provisions:

- (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

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.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

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 2019 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, 2019 were \$1,776,119. 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 7.71% for the employer. Basic rates were 11.005% for the employee and 11.71% for the employer. The District's contributions to TRA for the plan's fiscal year ended June 30, 2019 were \$5,193,507. 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, 2019**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs

1. General Employees Plan Pension Costs

At June 30, 2019, the District reported a liability of \$18,451,284 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 to the fund in 2018. 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 \$605,218, for a total net pension liability of \$19,056,502 associated with the District. The net pension liability was measured as of June 30, 2018, 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, 2017 through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers.

At June 30, 2018, the District's proportion was 0.3326%, which was an increase of .0094 from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the District recognized pension expense of \$745,505 for its proportionate share of General Employees Plan's pension expense. In addition, the District recognized an additional \$141,136 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, 2019, 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:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual		
Economic Experience	\$ 488,376	\$ 538,144
Changes in Actuarial Assumptions	1,762,565	2,073,199
Net Difference Between Projected and Actual		
Earnings on Plan Investments	-	1,885,429
Changes in Proportion	557,706	77,481
District Contributions Subsequent to the Measurement Date	1,776,119	-
Total	<u>\$ 4,584,766</u>	<u>\$ 4,574,253</u>

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Plan Pension Costs (Continued)

\$1,776,119 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to GERP pensions will be recognized in pension expense as follows:

<u>Year Ending June 30.</u>	<u>Pension Expense Amount</u>
2020	\$ 760,099
2021	(794,779)
2022	(1,345,815)
2023	(385,111)
2024	-
Thereafter	-

2. TRA Pension Costs

At June 30, 2019, the District reported a liability of \$72,465,539 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2018, 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 1.1537% at the end of the measurement period and 1.1109% 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	\$ 72,465,539
State's Proportionate Share of the Net Pension Liability Associated with the District	6,808,170

For the year ended June 30, 2019, the District recognized negative pension expense of \$23,788,369. It also recognized \$4,751,779 as a decrease to pension expense and negative grant revenue for the support provided by direct aid.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

At June 30, 2019, the District reported its proportionate share of the TRA's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 772,931	\$ 1,461,379
Changes in Actuarial Assumptions	93,566,424	123,562,726
Net Difference Between Projected and Actual Earnings on Plan Investments	-	5,619,688
Changes in Proportion	7,284,236	259,180
District Contributions Subsequent to the Measurement Date	5,193,507	-
Total	<u>\$ 106,817,098</u>	<u>\$ 130,902,973</u>

A total of \$5,193,507 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to TRA will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2020	\$ 8,703,761
2021	5,872,543
2022	1,276,751
2023	(26,408,567)
2024	(18,723,870)
Thereafter	-

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions

The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions:

Assumptions	GERF	TRA
Inflation	2.50% per Year	2.50% per Year
Active Member Payroll Growth	11.25% after 1 year of service decreasing to 3.25% per year after 26 years	2.85% for 10 years and 3.25% thereafter
Investment Rate of Return	7.50%	7.50%

PERA Salary increases were based on a service-related table. PERA mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. PERA cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan and 1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually for TRA.

TRA preretirement mortality rates were based on the RP-2014 white-collar employee table, male rates set back 6 years and female rates set back 5 years. Generational projection uses the MP-2015 scale. Post-retirement 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 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies. The most recent six-year experience study in the General Employees Plan was completed in 2015. Economic assumptions were updated in 2017 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions for PERA occurred in 2018:

- The morality projection scale was changed from MP-2015 to MP-2017.
- The assumed postretirement benefit increase was changed from 1.0% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

The following changes in actuarial assumptions for TRA occurred in 2018:

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 4 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.
- The single discount rate was changed from 5.12% to 7.5%.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	36 %	5.10%
International Stocks	17	5.30%
Bonds (Fixed Income)	25	0.75%
Alternative Assets (Private Markets)	20	5.90%
Cash	2	0.00%
Totals	100 %	

F. Discount Rate

The discount rate used to measure the PERA General Employees Plan liability in 2018 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate used to measure the TRA pension liability was 7.50%. This is an increase from the discount rate at the prior measurement date of 5.12%. The projection of cash flows used to determine the discount rate assumed that employee contribution will be made at the fiscal year 2018 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
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

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:

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
<u>General Employees Plan Discount Rate</u>	6.50%	7.50%	8.50%
District's Proportionate Share of the GERP Net Pension Liability	\$ 29,985,699	\$ 18,451,284	\$ 8,929,954
<u>TRA Discount Rate</u>	6.50%	7.50%	8.50%
District's Proportionate Share of the TRA Net Pension Liability	\$ 114,998,739	\$ 72,465,539	\$ 37,371,585

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, 2019**

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, 2019, the District is committed to approximately \$3,144,373 of contracts in progress.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

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, 2019, there is a reserve of \$5,205,696.

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 \$9,266,852 in cash and investments at June 30, 2019, for payment of claims.

Changes in the balances of claim liabilities during 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Beginning of Fiscal Year Liability - July 1,	\$ 1,814,800	\$ 1,778,600
Current Year Claims, Changes in Estimates, and Other Charges	12,250,098	11,061,898
Current Year Claims Paid, Including an Estimate of Claims Incurred But Not Reported (IBNR)	<u>(12,071,698)</u>	<u>(11,025,698)</u>
End of Fiscal Year Liability - June 30,	<u><u>\$ 1,993,200</u></u>	<u><u>\$ 1,814,800</u></u>

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

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 2019, the District's payment into the plan totaled \$239,234.

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 137 active participants and 113 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 ended June 30, 2019, the District contributed \$707,637 to the plan.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS PAYABLE (CONTINUED)

C. Actuarial Methods and Assumptions

The District's OPEB liability was measured as of June 30, 2019, and the total used to calculate the OPEB liability was determined by an actuarial valuation as of July 1, 2018. 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, 2018, 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	3.45%
Health Care Trend Rates	8.0% Decreasing to 4.5% Over 15 Years

Mortality rates were based on the RP-2000 employee generational mortality tables with male and female rates set forward five years and three years, respectively, for healthy preretirement and no adjustment to make rates and female rates set back two years for healthy postretirement.

The discount rate used to measure the total OPEB liability was 3.45%. The discount rate is based on the current twenty-year tax-exempt general obligation municipal bond index.

Since the prior valuation dated July 1, 2017, the following changes have been made:

- Discount rate was increased from 3.10% to 3.45%
- Healthcare cost trend was loaded to estimate the impact of future potential excise taxes on high-cost ("Cadillac") plan benefits.
- Per-capita costs were updated to reflect experience since the previous valuation.
- Plan selection for future post-65 retirees was changed to assume 30% will elect UCare High and 30% will elect UCare Low. Previously, it was assumed 35% UCare High and 25% UCare Low.

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS PAYABLE (CONTINUED)

D. Changes in the OPEB Liability

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

	<u>Total OPEB Liability</u>
Balances at July 1, 2018	\$ 9,533,609
Changes for the Year:	
Service Cost	99,496
Interest Cost	328,857
Ad Hoc Postemployment Benefit Changes	458,026
Differences Between Expected and Actual Experience	41,757
Changes of Assumptions	(115,591)
Benefit Payments	<u>(707,637)</u>
Net Changes	<u>104,908</u>
Balances at July 1, 2019	<u>\$ 9,638,517</u>

E. OPEB Liability Costs

For the year ended June 30, 2019, the District recognized OPEB expense of \$790,103. At June 30, 2019, the District also reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of Assumptions	\$ -	\$ 272,494
Net Difference Between Projected and Actual Investment Earnings	31,292	-
Total	<u>\$ 31,292</u>	<u>\$ 272,494</u>

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

Year Ending June 30,	Future Recognition
2020	\$ (96,276)
2021	(96,276)
2022	(48,650)
2023	-
Total	<u>\$ (241,202)</u>

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS PAYABLE (CONTINUED)

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:

	1% Decrease (2.45%)	Discount Rate (3.45%)	1% Increase (4.45%)
Net OPEB Liability (Asset)	\$ 10,593,014	\$ 9,638,517	\$ 8,707,734

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:

	Healthcare Cost		
	1% Decrease (7.00% Decreasing to 3.5% over 15 Years)	Current Trend Rates (8.00% Decreasing to 4.5% over 15 Years)	1% Increase (9.00% Decreasing to 5.5% over 15 Years)
Net OPEB Liability (Asset)	\$ 10,482,620	\$ 9,638,517	\$ 8,801,435

NOTE 13 NET INVESTMENT IN CAPITAL ASSETS

The District's net investment in capital assets as of June 30, 2019 is calculated as follows:

Capital Assets, Net of Depreciation	\$ 158,929,878
Bonds Payable at June 30, 2019	(107,960,000)
Certificates of Participation and Capital Leases Payable at June 30, 2019	(56,540,000)
Add back: OPEB Bonds Payable at June 30, 2019 (Noncapital)	22,455,000
Unspent Bond and Certificate of Participation Proceeds	1,193,632
Deferred Outflows - Deferred Loss on Bond Refundings	1,873,776
Unamortized Premiums and Discounts at June 30, 2019	(7,105,386)
Net Investment in Capital Assets	\$ 12,846,900

REQUIRED SUPPLEMENTARY INFORMATION

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
JUNE 30, 2019**

Measurement Date	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total OPEB Liability		
Service Cost	\$ 99,496	\$ 130,550
Interest	328,857	304,284
Ad Hoc Postemployment Benefit Changes	458,026	-
Difference between expected and actual experience	41,757	-
Changes of Assumptions	(115,591)	(341,415)
Benefit Payments	<u>(707,637)</u>	<u>(627,570)</u>
Net Change in Total OPEB Liability	104,908	(534,151)
Total OPEB Liability - Beginning	9,533,609	10,067,760
Total OPEB Liability - Ending (a)	<u>\$ 9,638,517</u>	<u>\$ 9,533,609</u>
Covered-Employee Payroll	\$ 96,906,091	\$ 94,184,542
District's Total OPEB Liability as a Percentage of Covered-Employee Payroll	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 FIVE MEASUREMENT PERIODS ***

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

	Measurement Date June 30,				
	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	1.1537%	1.1109%	1.0785%	1.0517%	1.1065%
District's Proportionate Share of the Net Pension Liability	\$ 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	6,808,170	21,436,647	25,822,002	7,979,983	3,586,724
Total	<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	\$ 64,247,960	\$ 59,980,707	\$ 56,489,813	\$ 53,376,373	\$ 50,509,200
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	112.79%	369.71%	455.39%	121.89%	100.95%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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,				
	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.3326%	0.3232%	0.3198%	0.3254%	0.3502%
District's Proportionate Share of the Net Pension Liability	\$ 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	605,218	259,463	339,152	-	-
Total	<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	22,374,387	20,876,400	19,945,773	19,127,119	18,385,503
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	82.47%	98.83%	130.18%	88.17%	89.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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 THE DISTRICT CONTRIBUTIONS
LAST SIX FISCAL YEARS ***

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

	Fiscal Year Ended June 30,					
	2019	2018	2017	2016	2015	2014
Statorily Required Contribution	\$ 5,193,507	\$ 4,818,597	\$ 4,498,553	\$ 4,236,736	\$ 4,003,228	\$ 3,535,644
Contributions in Relation to the Statorily Required Contribution	<u>(5,193,507)</u>	<u>(4,818,597)</u>	<u>(4,498,553)</u>	<u>(4,236,736)</u>	<u>(4,003,228)</u>	<u>(3,535,644)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 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	7.50%	7.50%	7.50%	7.50%	7.50%	7.00%

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

	Fiscal Year Ended June 30,					
	2019	2018	2017	2016	2015	2014
Statorily Required Contribution	\$ 1,776,119	\$ 1,678,079	\$ 1,565,730	\$ 1,495,933	\$ 1,410,625	\$ 1,332,949
Contributions in Relation to the Statorily Required Contribution	<u>(1,776,119)</u>	<u>(1,678,079)</u>	<u>(1,565,730)</u>	<u>(1,495,933)</u>	<u>(1,410,625)</u>	<u>(1,332,949)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 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%	7.38%	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 year ended June 30:

A. General Employees Fund

2018

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

2017

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and nonvested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability, and 3.0% for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5 % per year thereafter.

2016

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

**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 year ended June 30:

A. Coordinated Plan
2018

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 4 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.
- The single discount rate was changed from 5.12% to 7.5%

2017

- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- The COLA was not assumed to increase to 2.5%, but remain at 2.0% for all future years.
- The investment return assumption was changed from 8.0% to 7.5%.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for ten years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.
- The single discount rate was changed from 4.66% to 5.12%

2016

- There was a change in actuarial assumptions that affected the measurement of the total liability since the prior measurement date.
- Postretirement benefit adjustments are now assumed to stay level at 2.0% annually.
- The single discount rate was changed from 8.0% to 4.66%

**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 year ended June 30:

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, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2018)**

	2019	2018
ASSETS		
Cash and Investments	\$ 38,383,423	\$ 35,050,531
Receivables:		
Current Taxes	21,225,878	15,554,855
Delinquent Taxes	107,020	15,089
Accounts and Interest Receivable	370,537	360,936
Due from Other Minnesota School Districts	150,946	84,849
Due from Minnesota Department of Education	10,425,417	9,153,706
Due from Federal Through the Minnesota Department of Education	1,359,969	1,379,009
Due from Other Governmental Units	217,533	24,832
Due from Other Funds	707,637	627,570
Inventory	202,696	245,814
Prepays	2,231,468	1,431,567
Total Assets	\$ 75,767,526	\$ 63,928,758
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 4,435,596	\$ 5,241,089
Payroll Deductions and Employer Contributions Payable	2,624,822	654,067
Accounts and Contracts Payable	1,030,967	965,988
Due to Other Minnesota School Districts	229,228	132,742
Due to Other Governmental Units	605	293
Unearned Revenue	461,223	452,873
Total Liabilities	8,782,441	7,447,052
Deferred Inflows:		
Unavailable Revenue - Contributions for Subsequent Years	350,000	-
Unavailable Revenue - Property Taxes Levied for Subsequent Year	38,160,766	33,373,897
Unavailable Revenue - Delinquent Taxes	107,020	15,089
Total Deferred Inflows of Resources	38,617,786	33,388,986
Fund Balance:		
Nonspendable:		
Inventory	202,696	245,814
Prepays	2,231,468	1,431,567
Restricted for:		
Health and Safety	-	9,736
Operating Capital	3,678,713	185,739
Restricted for Medical Assistance	56,484	31,984
Assigned for:		
Q Comp	666,458	570,357
Athletic Equipment	388,455	340,610
Operating Capital Deferred Use	219,483	807,587
Special Purposes	1,566,401	1,476,281
Unassigned	19,357,141	17,993,045
Total Fund Balance	28,367,299	23,092,720
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 75,767,526	\$ 63,928,758

**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, 2019
SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2018)**

	2019		2018	
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 37,648,317	\$ 37,805,891	\$ 157,574	\$ 36,045,639
Earnings and Investments	525,000	623,461	98,461	212,350
Other	5,520,453	6,041,586	521,133	6,311,272
State Sources	94,121,778	95,228,354	1,106,576	89,582,947
Federal Sources	2,610,719	2,011,478	(599,241)	1,964,961
Total Revenues	<u>140,426,267</u>	<u>141,710,770</u>	<u>1,284,503</u>	<u>134,117,169</u>
EXPENDITURES				
Current:				
Administration:				
Salaries	2,819,975	2,890,988	71,013	2,819,742
Employee Benefits	963,947	917,739	(46,208)	886,916
Purchased Services	140,271	177,864	37,593	193,503
Supplies and Materials	177,572	188,523	10,951	163,449
Other Expenditures	475,660	95,037	(380,623)	60,521
Total Administration	<u>4,577,425</u>	<u>4,270,151</u>	<u>(307,274)</u>	<u>4,124,131</u>
District Support Services:				
Salaries	3,467,334	3,491,916	24,582	3,268,873
Employee Benefits	1,243,202	1,235,340	(7,862)	1,082,813
Purchased Services	374,742	726,898	352,156	571,860
Supplies and Materials	624,184	748,616	124,432	874,213
Other Expenditures	27,284	(52,340)	(79,624)	16,570
Total District Support Services	<u>5,736,746</u>	<u>6,150,430</u>	<u>413,684</u>	<u>5,814,329</u>
Elementary and Secondary Regular Instruction:				
Salaries	53,179,611	53,561,719	382,108	50,571,896
Employee Benefits	15,671,114	15,533,432	(137,682)	14,372,298
Purchased Services	2,185,315	2,497,333	312,018	2,285,327
Supplies and Materials	4,065,762	3,957,361	(108,401)	4,360,473
Other Expenditures	577,388	710,099	132,711	865,141
Total Elementary and Secondary Regular Instruction	<u>75,679,190</u>	<u>76,259,944</u>	<u>580,754</u>	<u>72,455,135</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, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2018)**

	2019			2018
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
EXPENDITURES (Continued)				
Current (Continued):				
Vocational Education Instruction:				
Salaries	\$ 391,324	\$ 386,513	\$ (4,811)	\$ 457,751
Employee Benefits	113,368	109,770	(3,598)	116,356
Purchased Services	59,499	65,454	5,955	27,270
Supplies and Materials	19,050	18,248	(802)	19,561
Other Expenditures	500	2,816	2,316	3,404
Total Vocational Education Instruction	<u>583,741</u>	<u>582,801</u>	<u>(940)</u>	<u>624,342</u>
Special Education Instruction:				
Salaries	14,360,545	14,149,054	(211,491)	13,239,771
Employee Benefits	4,558,427	4,522,040	(36,387)	4,070,813
Purchased Services	802,353	658,973	(143,380)	546,356
Supplies and Materials	153,507	158,640	5,133	219,201
Other Expenditures	108,512	117,773	9,261	82,187
Total Special Education Instruction	<u>19,983,344</u>	<u>19,606,480</u>	<u>(376,864)</u>	<u>18,158,328</u>
Instructional Support Services:				
Salaries	4,884,505	4,924,184	39,679	4,960,807
Employee Benefits	1,217,805	1,186,466	(31,339)	1,213,808
Purchased Services	267,587	123,835	(143,752)	185,117
Supplies and Materials	462,041	470,214	8,173	523,739
Other Expenditures	13,727	34,299	20,572	55,876
Total Instructional Support Services	<u>6,845,665</u>	<u>6,738,998</u>	<u>(106,667)</u>	<u>6,939,347</u>
Pupil Support Services:				
Salaries	3,117,711	2,975,529	(142,182)	2,882,610
Employee Benefits	940,337	856,549	(83,788)	815,107
Purchased Services	513,783	104,912	(408,871)	310,755
Supplies and Materials	53,184	60,660	7,476	68,089
Other Expenditures	(2,475)	17,734	20,209	18,889
Total Pupil Support Services	<u>4,622,540</u>	<u>4,015,384</u>	<u>(607,156)</u>	<u>4,095,450</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, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2018)**

	2019	2018		2018
	Actual	Over (Under)	Actual	Actual
EXPENDITURES (Continued)	Final Budget	Final Budget	Amounts	Amounts
Current (Continued):				
Sites and Buildings:				
Salaries	\$ 3,577,043	\$ 3,578,502	\$ 1,459	\$ 3,367,494
Employee Benefits	1,326,596	1,286,225	(40,371)	1,193,091
Purchased Services	1,669,139	2,526,279	857,140	1,795,066
Supplies and Materials	1,144,170	1,189,768	45,598	963,222
Other Expenditures	15,139	(99,148)	(114,287)	24,073
Total Sites and Buildings	<u>7,732,087</u>	<u>8,481,626</u>	<u>749,539</u>	<u>7,342,946</u>
Fiscal and Other Fixed Costs:				
Purchased Services	248,000	243,794	(4,206)	232,382
Transportation:				
Salaries	264,713	284,744	20,031	267,475
Employee Benefits	100,835	114,346	13,511	99,806
Purchased Services	4,487,787	4,577,116	89,329	4,383,188
Supplies and Materials	13,050	7,847	(5,203)	11,481
Other Expenditures	25,000	9,852	(15,148)	9,222
Total Transportation	<u>4,891,385</u>	<u>4,993,905</u>	<u>102,520</u>	<u>4,771,172</u>
Capital Outlay:				
Administration	263,046	280,840	17,794	331,196
District Support Services	17,883	11,249	(6,634)	48,085
Regular Instruction	1,085,852	3,261,028	2,175,176	986,119
Vocational Education Instruction	11,000	13,830	2,830	12,626
Special Education Instruction	26,578	9,562	(17,016)	49,928
Instructional Support Services	11,350	7,808	(3,542)	8,316
Pupil Support Services	-	27,364	27,364	-
Sites and Buildings	2,804,455	2,223,036	(581,419)	1,950,338
Total Capital Outlay	<u>4,220,164</u>	<u>5,834,717</u>	<u>1,614,553</u>	<u>3,386,608</u>
Debt Service:				
Principal	3,141,614	3,141,614	-	2,495,000
Interest and Fiscal Charges	1,955,691	2,062,444	106,753	1,879,691
Total Debt Service	<u>5,097,305</u>	<u>5,204,058</u>	<u>106,753</u>	<u>4,374,691</u>
Total Expenditures	<u>140,217,592</u>	<u>142,382,288</u>	<u>2,164,696</u>	<u>132,318,861</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	208,675	(671,518)	(880,193)	1,798,308
OTHER FINANCING SOURCES				
Issuance of Capital Leases	-	2,521,614	2,521,614	-
Transfers In	-	3,424,483	3,424,483	192,076
Total Other Financing Sources (Uses)	<u>-</u>	<u>5,946,097</u>	<u>5,946,097</u>	<u>192,076</u>
NET CHANGE IN FUND BALANCE	<u>\$ 208,675</u>	5,274,579	<u>\$ 5,065,904</u>	1,990,384
FUND BALANCE				
Beginning of Year		23,092,720		21,102,336
End of Year		<u>\$ 28,367,299</u>		<u>\$ 23,092,720</u>

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
FOOD SERVICE SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2018)**

	2019	2018
ASSETS		
Cash and Investments	\$ 1,996,453	\$ 1,468,883
Receivables:		
Accounts and Interest Receivable	2,030	-
Due from Minnesota Department of Education	20,137	3,234
Due from Federal Through the Minnesota Department of Education	90,025	16,023
Inventory	67,201	63,343
Prepays	14,234	660
	\$ 2,190,080	\$ 1,552,143
LIABILITIES AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 6,923	\$ 10,471
Payroll Deductions and Employer Contributions Payable	7,144	354
Accounts and Contracts Payable	10,489	16,405
Unearned Revenue	269,421	268,874
Total Liabilities	293,977	296,104
Fund Balance:		
Nonspendable:		
Inventory	67,201	63,343
Prepays	14,234	660
Restricted for:		
Other Purposes	1,814,668	1,192,036
Total Fund Balance	1,896,103	1,256,039
	\$ 2,190,080	\$ 1,552,143

**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, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2018)**

	2019			2018
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Earnings and Investments	\$ 8,500	\$ 32,923	\$ 24,423	\$ 11,262
Other - Primarily Meal Sales	5,159,640	5,136,774	(22,866)	4,989,013
State Sources	133,681	133,077	(604)	133,188
Federal Sources	856,016	910,236	54,220	926,616
Total Revenues	<u>6,157,837</u>	<u>6,213,010</u>	<u>55,173</u>	<u>6,060,079</u>
EXPENDITURES				
Current:				
Salaries	1,465,785	1,419,298	(46,487)	1,392,115
Employee Benefits	451,005	430,626	(20,379)	403,177
Purchased Services	811,438	460,988	(350,450)	755,258
Supplies and Materials	3,020,158	2,778,046	(242,112)	2,777,661
Other Expenditures	175,000	402,085	227,085	171,488
Capital Outlay	197,300	81,903	(115,397)	97,700
Total Expenditures	<u>6,120,686</u>	<u>5,572,946</u>	<u>(547,740)</u>	<u>5,597,399</u>
NET CHANGE IN FUND BALANCE	<u>\$ 37,151</u>	640,064	<u>\$ 602,913</u>	462,680
FUND BALANCE				
Beginning of Year		<u>1,256,039</u>		<u>793,359</u>
End of Year		<u>\$ 1,896,103</u>		<u>\$ 1,256,039</u>

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
COMMUNITY SERVICE SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2018)**

	2019	2018
ASSETS		
Cash and Investments	\$ 3,733,689	\$ 5,976,806
Receivables:		
Current Taxes	472,002	394,531
Delinquent Taxes	2,794	652
Accounts and Interest Receivable	516,309	415,769
Due from Other Minnesota School Districts	88,165	85,615
Due from Minnesota Department of Education	31,613	29,066
Prepays	192,812	137,970
Total Assets	\$ 5,037,384	\$ 7,040,409
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 464,922	\$ 433,595
Payroll Deductions and Employer Contributions Payable	1,845	1,509
Accounts and Contracts Payable	172,007	261,993
Due to Other Governmental Units	61	1,042
Unearned Revenue	1,418,191	1,222,954
Total Liabilities	2,057,026	1,921,093
Deferred Inflows:		
Property Taxes Levied for Subsequent Year	943,266	954,548
Unavailable Revenue - Delinquent Taxes	2,794	652
Total Deferred Inflows of Resources	946,060	955,200
Fund Balance:		
Nonspendable:		
Prepays	192,812	137,970
Restricted for:		
Community Education	1,520,924	3,773,642
Early Childhood and Family Education	82,345	10,160
School Readiness	216,361	215,021
Adult Basic Education	14,524	14,524
Other Purposes	7,332	12,799
Total Fund Balance	2,034,298	4,164,116
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 5,037,384	\$ 7,040,409

**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, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2018)**

	2019			2018
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 954,828	\$ 952,370	\$ (2,458)	\$ 920,120
Earnings and Investments	48,500	120,071	71,571	41,584
Other - Primarily Tuition and Fees	11,457,857	11,712,619	254,762	10,916,007
State Sources	486,476	480,383	(6,093)	450,910
Total Revenues	<u>12,947,661</u>	<u>13,265,443</u>	<u>317,782</u>	<u>12,328,621</u>
EXPENDITURES				
Current:				
Salaries	6,518,795	6,266,784	(252,011)	5,862,807
Employee Benefits	1,836,781	1,730,198	(106,583)	1,621,813
Purchased Services	2,717,734	2,619,201	(98,533)	2,538,585
Supplies and Materials	1,272,185	1,196,889	(75,296)	1,138,315
Other Expenditures	186,775	173,172	(13,603)	196,072
Capital Outlay	446,541	109,017	(337,524)	396,951
Total Expenditures	<u>12,978,811</u>	<u>12,095,261</u>	<u>(883,550)</u>	<u>11,754,543</u>
Excess of Revenues Over Expenditures	(31,150)	1,170,182	1,201,332	574,078
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	(3,300,000)	(3,300,000)	-
NET CHANGE IN FUND BALANCE	<u>\$ (31,150)</u>	<u>(2,129,818)</u>	<u>\$ (2,098,668)</u>	<u>574,078</u>
FUND BALANCE				
Beginning of Year		<u>4,164,116</u>		<u>3,590,038</u>
End of Year		<u>\$ 2,034,298</u>		<u>\$ 4,164,116</u>

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND
BALANCE SHEET
JUNE 30, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2018)**

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and Investments	\$ 2,896,579	\$ 560,956
Cash with Fiscal Agent	1,193,632	3,027,151
Receivables:		
Accounts and Interest Receivable	<u>4,009</u>	<u>4,809</u>
Total Assets	<u><u>\$ 4,094,220</u></u>	<u><u>\$ 3,592,916</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Payroll Deductions and Employer Contributions Payable	\$ 35	\$ -
Accounts and Contracts Payable	<u>1,085,139</u>	<u>942,627</u>
Total Liabilities	<u>1,085,174</u>	<u>942,627</u>
Fund Balance:		
Restricted for:		
Projects Funded by Certificates of Participation	1,193,632	1,052,742
Long-Term Facilities Maintenance	2,269,165	1,596,098
Restricted for Other Purposes	-	1,449
Unassigned	<u>(453,751)</u>	<u>-</u>
Total Fund Balance	<u><u>3,009,046</u></u>	<u><u>2,650,289</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 4,094,220</u></u>	<u><u>\$ 3,592,916</u></u>

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2018)**

	2019		Over (Under) Final Budget	2018
	Final Budget	Actual Amounts		Actual Amounts
REVENUES				
Local Sources:				
Earnings and Investments	\$ -	\$ 64,028	\$ 64,028	\$ 38,892
Other	-	532,400	532,400	136,667
Total Revenues	<u>-</u>	<u>596,428</u>	<u>596,428</u>	<u>175,559</u>
EXPENDITURES				
Current:				
Purchased Services	130,870	289,753	158,883	1,237,614
Capital Outlay	7,057,582	7,243,436	185,854	7,112,008
Total Expenditures	<u>7,188,452</u>	<u>7,533,189</u>	<u>344,737</u>	<u>8,349,622</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,188,452)	(6,936,761)	251,691	(8,174,063)
OTHER FINANCING SOURCES (USES)				
Sale of Bonds	7,558,704	1,993,754	(5,564,950)	-
Issuance of Certificates of Participation	-	4,800,000	4,800,000	4,900,000
Premium on Certificates of Participation	-	758,705	758,705	697,659
Transfers Out	(131,497)	(256,941)	(125,444)	(192,076)
Total Other Financing Sources (Uses)	<u>7,427,207</u>	<u>7,295,518</u>	<u>(131,689)</u>	<u>5,405,583</u>
NET CHANGE IN FUND BALANCE	<u>\$ 238,755</u>	358,757	<u>\$ 120,002</u>	(2,768,480)
FUND BALANCE				
Beginning of Year		<u>2,650,289</u>		<u>5,418,769</u>
End of Year		<u>\$ 3,009,046</u>		<u>\$ 2,650,289</u>

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
DEBT SERVICE FUND
BALANCE SHEET
JUNE 30, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2018)**

	Regular Debt Service	OPEB Debt Service	Refunding Bond Trust Account	Totals	
				2019	2018
ASSETS					
Cash and Investments	\$ 5,716,586	\$ 809,075	\$ -	\$ 6,525,661	\$ 6,406,092
Cash with Fiscal Agent	-	-	-	-	4,661
Receivables:					
Current Taxes	3,376,757	793,552	-	4,170,309	3,726,791
Delinquent Taxes	21,917	5,425	-	27,342	5,675
Due from Minnesota Department of Education	38,553	-	-	38,553	12,550
Prepays	479,163	321,830	-	800,993	927,501
Total Assets	\$ 9,632,976	\$ 1,929,882	\$ -	\$ 11,562,858	\$ 11,083,270
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
Liabilities:					
Due to Other Governmental Units	\$ -	\$ -	\$ -	\$ -	\$ 8,898
Deferred Inflows:					
Property Taxes Levied for Subsequent Year	6,748,030	1,585,865	-	8,333,895	9,016,785
Unavailable Revenue - Delinquent Taxes	21,917	5,425	-	27,342	5,675
Total Deferred Inflows of Resources	6,769,947	1,591,290	-	8,361,237	9,022,460
Fund Balance:					
Nonspendable:					
Prepays	479,163	321,830	-	800,993	927,501
Restricted for:					
Bond Refunding	-	-	-	-	4,661
Restricted for Other Purposes	2,383,866	16,762	-	2,400,628	1,178,738
Unassigned	-	-	-	-	(58,988)
Total Fund Balance	2,863,029	338,592	-	3,201,621	2,051,912
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 9,632,976	\$ 1,929,882	\$ -	\$ 11,562,858	\$ 11,083,270

**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, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2018)**

	2019					2018	
	Final Budgeted Amounts	Regular Debt Service	OPEB Debt Service	Refunding Bond Trust Account	Total Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES							
Local Sources:							
Property Taxes	\$ 9,016,785	\$ 7,317,734	\$ 1,676,878	\$ -	\$ 8,994,612	\$ (22,173)	\$ 7,718,143
Earnings and Investments	25,000	83,460	-	-	83,460	58,460	64,152
State Sources	385,283	387,166	3	-	387,169	1,886	126,532
Federal Sources	74,198	74,577	-	-	74,577	379	77,534
Total Revenues	<u>9,501,266</u>	<u>7,862,937</u>	<u>1,676,881</u>	<u>-</u>	<u>9,539,818</u>	<u>38,552</u>	<u>7,986,361</u>
EXPENDITURES							
Debt Service:							
Bond Principal	5,415,000	4,465,000	950,000	-	5,415,000	-	7,915,000
Bond Interest	3,708,191	3,056,014	657,611	-	3,713,625	5,434	3,383,553
Paying Agent Fees and Other	395,643	499,023	495	-	499,518	103,875	311,690
Total Expenditures	<u>9,518,834</u>	<u>8,020,037</u>	<u>1,608,106</u>	<u>-</u>	<u>9,628,143</u>	<u>109,309</u>	<u>11,610,243</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(17,568)	(157,100)	68,775	-	(88,325)	(70,757)	(3,623,882)
OTHER FINANCING SOURCES (USES)							
Sale of Bonds	15,747,730	10,436,246	-	-	10,436,246	(5,311,484)	14,415,000
Bond Premium	-	859,070	-	-	859,070	859,070	1,374,387
Issuance of Certificates of Participation	-	9,565,000	-	-	9,565,000	9,565,000	2,250,000
Premium on Certificates of Participation	-	664,721	-	-	664,721	664,721	197,329
Payment to Refunded Bond Escrow Agent	(15,123,509)	(20,419,461)	-	-	(20,419,461)	(5,295,952)	(17,893,575)
Transfers In	131,619	141,797	-	-	141,797	10,178	-
Transfers Out	-	(9,323)	-	(16)	(9,339)	(9,339)	-
Total Other Financing Sources (Uses)	<u>755,840</u>	<u>1,238,050</u>	<u>-</u>	<u>(16)</u>	<u>1,238,034</u>	<u>482,194</u>	<u>343,141</u>
NET CHANGE IN FUND BALANCE	<u>\$ 738,272</u>	1,080,950	68,775	(16)	1,149,709	<u>\$ 411,437</u>	(3,280,741)
FUND BALANCE							
Beginning of Year		1,782,079	269,817	16	2,051,912		5,332,653
End of Year		<u>\$ 2,863,029</u>	<u>\$ 338,592</u>	<u>\$ -</u>	<u>\$ 3,201,621</u>		<u>\$ 2,051,912</u>

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2018)**

	Self- Insurance Accounts	OPEB Revocable Trust	Totals	
			2019	2018
ASSETS				
Cash and Investments	\$ 9,266,852	\$ 23,735,631	\$ 33,002,483	\$ 31,970,642
LIABILITIES				
Accounts Payable	4,078	-	4,078	4,582
Claims Payable - Medical	1,993,200	-	1,993,200	1,814,800
Due to Other Funds	-	707,637	707,637	627,570
Unearned Revenue	2,063,878	-	2,063,878	1,066,572
Total Liabilities	<u>4,061,156</u>	<u>707,637</u>	<u>4,768,793</u>	<u>3,513,524</u>
NET POSITION				
Unrestricted	<u>\$ 5,205,696</u>	<u>\$ 23,027,994</u>	<u>\$ 28,233,690</u>	<u>\$ 28,457,118</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, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2018)**

	Self- Insurance Accounts	OPEB Revocable Trust	Totals	
			2019	2018
OPERATING REVENUES				
Charges for Services:				
Health Insurance Premiums	\$ 13,843,001	\$ -	\$ 13,843,001	\$ 12,470,978
Dental Insurance Premiums	1,049,031	-	1,049,031	977,886
Total Operating Revenues	<u>14,892,032</u>	<u>-</u>	<u>14,892,032</u>	<u>13,448,864</u>
OPERATING EXPENSES				
Salaries	91,229	-	91,229	85,975
VEBA Contributions	2,432,314	-	2,432,314	1,883,032
Wellness Payments	38,430	-	38,430	36,600
Health Insurance Claim Payments	11,290,890	-	11,290,890	10,140,448
Dental Insurance Claim Payments	959,208	-	959,208	921,450
OPEB Payments	-	707,637	707,637	627,570
General Administration Fees	1,044,006	-	1,044,006	1,062,928
Total Operating Expenses	<u>15,856,077</u>	<u>707,637</u>	<u>16,563,714</u>	<u>14,758,003</u>
OPERATING LOSS	(964,045)	(707,637)	(1,671,682)	(1,309,139)
NONOPERATING INCOME				
Earnings on Investments	<u>169,185</u>	<u>1,279,069</u>	<u>1,448,254</u>	<u>1,654,020</u>
CHANGE IN NET POSITION	(794,860)	571,432	(223,428)	344,881
Net Position - Beginning	<u>6,000,556</u>	<u>22,456,562</u>	<u>28,457,118</u>	<u>28,112,237</u>
NET POSITION - ENDING	<u>\$ 5,205,696</u>	<u>\$ 23,027,994</u>	<u>\$ 28,233,690</u>	<u>\$ 28,457,118</u>

**INDEPENDENT SCHOOL DISTRICT NO. 276
MINNETONKA PUBLIC SCHOOLS
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
JUNE 30, 2019**

	AUDIT	UFARS	DIFFERENCE		AUDIT	UFARS	DIFFERENCE
01 GENERAL FUND				06 BUILDING CONSTRUCTION			
Total Revenue	\$ 141,710,770	\$ 141,710,771	\$ (1)	Total Revenue	\$ 596,428	\$ 596,428	\$ -
Total Expenditures	142,382,288	142,382,286	2	Total Expenditures	7,533,189	7,533,189	-
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	2,434,164	2,434,164	-	460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>				<i>Restricted:</i>			
403 Staff Development	-	-	-	407 Capital Projects Levy	-	-	-
405 Deferred Maintenance	-	-	-	409 Alternative Facility Program	-	-	-
406 Health and Safety	-	-	-	413 Projects Funded by COP	1,193,632	1,193,632	-
407 Capital Project Levy	(818,717)	(818,717)	-	467 LTFM	2,269,165	2,269,165	-
408 Cooperative Programs	-	-	-	464 Restricted Fund Balance	-	-	-
413 Projects Funded by COP	-	-	-	<i>Unassigned:</i>			
414 Operating Debt	-	-	-	463 Unassigned Fund Balance	(453,751)	(453,750)	(1)
416 Levy Reduction	-	-	-				
417 Taconite Building Maintenance	-	-	-	07 DEBT SERVICE			
424 Operating Capital	3,678,713	3,678,713	-	Total Revenue	7,862,937	7,862,937	-
426 \$25 Taconite	-	-	-	Total Expenditures	8,020,037	8,020,038	(1)
427 Disabled Accessibility	-	-	-	<i>Nonspendable:</i>			
428 Learning and Development	-	-	-	460 Nonspendable Fund Balance	479,163	479,163	-
434 Area Learning Center	-	-	-	<i>Restricted:</i>			
435 Contracted Alternative Programs	-	-	-	425 Bond Refunding	-	-	-
436 State-Approved Alternative Programs	-	-	-	451 QZAB and QSCB Payments	-	-	-
438 Gifted and Talented	-	-	-	464 Restricted Fund Balance	2,383,866	2,383,867	(1)
440 Teacher Development and Evaluations	-	-	-	<i>Unassigned:</i>			
441 Basic Skills Programs	-	-	-	463 Unassigned Fund Balance	-	-	-
445 Career and Technical Programs	-	-	-	08 TRUST			
448 Achievement and Integration	-	-	-	Total Revenue	163,168	163,168	-
449 Sage Schools Crime Levy	-	-	-	Total Expenditures	155,112	155,113	(1)
451 OZAB Payments	-	-	-	<i>Net Position:</i>			
452 OPEB Liability Not Held in Trust	-	-	-	422 Net Position	314,504	314,503	1
453 Unfunded Severance & Retirement Levy	-	-	-	20 INTERNAL SERVICE			
467 LTFM	-	-	-	Total Revenue	15,061,217	15,061,217	-
472 Medical Assistance	56,484	56,484	-	Total Expenditures	15,856,077	15,856,076	1
<i>Restricted:</i>				<i>Net Position:</i>			
464 Restricted Fund Balance	-	-	-	422 Net Position	5,205,696	5,205,696	-
<i>Committed:</i>				25 OPEB REVOCABLE TRUST			
418 Committed for Separation	-	-	-	Total Revenue	1,279,069	1,279,068	1
461 Committed Fund Balance	-	-	-	Total Expenditures	707,637	707,637	-
<i>Assigned:</i>				<i>Net Position:</i>			
462 Assigned Fund Balance	2,840,797	2,840,798	(1)	422 Net Position	23,027,994	23,027,994	-
<i>Unassigned:</i>				45 OPEB IRREVOCABLE TRUST			
422 Unassigned Fund Balance	20,175,858	20,175,859	(1)	Total Revenue	-	-	-
02 FOOD SERVICE				Total Expenditures	-	-	-
Total Revenue	6,213,010	6,213,009	1	<i>Net Position:</i>			
Total Expenditures	5,572,946	5,572,946	-	422 Net Position	-	-	-
<i>Nonspendable:</i>				47 OPEB DEBT SERVICE			
460 Nonspendable Fund Balance	81,435	81,435	-	Total Revenue	1,676,881	1,676,880	1
<i>Restricted:</i>				Total Expenditures	1,608,106	1,608,105	1
452 OPEB Liability Not Held in Trust	-	-	-	<i>Nonspendable:</i>			
464 Restricted Fund Balance	1,814,668	1,814,667	1	460 Nonspendable Fund Balance	321,830	321,830	-
<i>Unassigned:</i>				<i>Restricted:</i>			
463 Unassigned Fund Balance	-	-	-	425 Bond Refunding	-	-	-
04 COMMUNITY SERVICE				464 Restricted Fund Balance	16,762	16,762	-
Total Revenue	13,265,443	13,265,442	1	<i>Unassigned:</i>			
Total Expenditures	12,095,261	12,095,259	2	463 Unassigned Fund Balance	-	-	-
<i>Nonspendable:</i>				03 GENERAL FUND			
460 Nonspendable Fund Balance	192,812	192,812	-	Total Revenue	13,265,443	13,265,442	1
<i>Restricted:</i>				Total Expenditures	12,095,261	12,095,259	2
426 \$25 Taconite	-	-	-	<i>Nonspendable:</i>			
431 Community Education	1,520,924	1,520,924	-	460 Nonspendable Fund Balance	192,812	192,812	-
432 E.C.F.E.	82,345	82,345	-	<i>Restricted:</i>			
440 Teacher Development and Evaluations	-	-	-	426 \$25 Taconite	-	-	-
444 School Readiness	216,361	216,361	-	431 Community Education	1,520,924	1,520,924	-
447 Adult Basic Education	14,524	14,524	-	432 E.C.F.E.	82,345	82,345	-
452 OPEB Liability Not Held in Trust	-	-	-	440 Teacher Development and Evaluations	-	-	-
464 Restricted Fund Balance	7,332	7,332	-	444 School Readiness	216,361	216,361	-
<i>Unassigned:</i>				447 Adult Basic Education	14,524	14,524	-
463 Unassigned Fund Balance	-	-	-	452 OPEB Liability Not Held in Trust	-	-	-

STATISTICAL SECTION (UNAUDITED)

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Net Investment in Capital Assets	\$ 22,351,709	\$ 22,850,325	\$ 23,626,432	\$ 21,078,480	\$ 21,319,503	\$ 19,627,253	\$ 18,430,241	\$ 14,644,246	\$ 13,441,105	\$ 12,846,900
Restricted	5,646,136	6,283,759	7,155,824	15,037,395	11,068,622	11,838,485	7,074,898	6,808,222	7,245,813	9,970,960
Unrestricted	7,648,067	9,360,757	4,493,191	7,744,165	10,070,598	(63,764,777)	(57,419,114)	(85,657,524)	(129,067,503)	(97,023,252)
Total Governmental Activities Net Position	<u>\$ 35,645,912</u>	<u>\$ 38,494,841</u>	<u>\$ 35,275,447</u>	<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>

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			
	2010	2011	2012	2013
Expenses				
Governmental Activities:				
Administration	\$ 3,528,385	\$ 3,771,059	\$ 3,638,171	\$ 3,586,179
District Support Services	3,193,686	3,093,044	3,546,891	3,101,352
Regular Instruction	48,111,276	50,730,777	54,464,423	53,132,307
Vocational Education Instruction	839,513	741,661	837,772	609,015
Special Education Instruction	13,881,491	13,849,572	14,936,756	13,652,545
Instructional Support Services	4,430,463	4,639,035	4,895,421	4,774,986
Pupil Support Services	6,495,539	6,643,683	6,851,422	7,102,738
Sites and Buildings	11,924,654	10,381,527	10,925,785	12,576,151
Fiscal and Other Fixed Cost Programs	125,100	122,837	162,738	215,023
Food Service	4,471,613	4,279,333	5,415,967	4,873,049
Community Service	7,832,252	8,603,968	9,288,795	10,339,649
Interest on Long-Term Debt	4,912,560	5,491,717	5,074,997	6,617,640
Total Governmental Activities Expenses	<u>\$ 109,746,532</u>	<u>\$ 112,348,213</u>	<u>\$ 120,039,138</u>	<u>\$ 120,580,634</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
Regular Instruction	\$ -	\$ -	\$ -	\$ -
Instructional Support Services	-	-	-	-
Pupil Support Services	-	-	-	-
Food Service	3,787,568	3,961,705	4,105,407	4,308,862
Community Service	6,109,239	6,572,122	7,494,306	8,237,658
Operating Grants and Contributions	22,121,523	20,741,942	17,552,515	21,853,403
Capital Grants and Contributions	174,824	239,606	422,120	616,445
Total Governmental Activities Program Revenue	<u>\$ 32,193,154</u>	<u>\$ 31,515,375</u>	<u>\$ 29,574,348</u>	<u>\$ 35,016,368</u>
Net Expense				
Governmental Activities	<u>\$ (77,553,378)</u>	<u>\$ (80,832,838)</u>	<u>\$ (90,464,790)</u>	<u>\$ (85,564,266)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes:				
General Purposes and Capital Projects	\$ 23,125,102	\$ 30,231,088	\$ 26,814,510	\$ 26,991,246
Community Service	757,253	989,945	926,919	894,413
Debt Service	8,204,646	10,725,807	6,294,303	6,794,959
Unrestricted Grants and Contributions	42,867,131	39,131,806	53,456,827	56,403,315
Unrestricted Investment Earnings	608,533	2,595,214	(281,808)	1,394,595
Miscellaneous	48,115	7,907	34,645	36,896
Total Governmental Activities	<u>\$ 75,610,780</u>	<u>\$ 83,681,767</u>	<u>\$ 87,245,396</u>	<u>\$ 92,515,424</u>
Change in Net Position	\$ (1,942,598)	\$ 2,848,929	\$ (3,219,394)	\$ 6,951,158
Net Position - Beginning	37,588,510	35,645,912	38,494,841	35,275,447
Prior Period Adjustment	-	-	-	1,633,435
Net Position - Ending	<u>\$ 35,645,912</u>	<u>\$ 38,494,841</u>	<u>\$ 35,275,447</u>	<u>\$ 43,860,040</u>

Source: District's financial records.

Fiscal Year						
2014	2015	2016	2017	2018	2019	
\$ 3,710,055	\$ 3,949,395	\$ 4,132,706	\$ 5,605,071	\$ 5,455,522	\$ 3,682,577	
3,539,681	3,351,697	3,811,676	4,145,220	5,572,269	6,105,416	
59,493,857	64,252,046	67,818,975	96,960,340	104,554,124	61,855,919	
488,223	515,227	562,427	1,108,400	866,784	382,774	
14,950,426	15,431,007	16,064,977	22,481,202	23,574,526	14,936,738	
5,212,539	5,476,973	6,018,678	8,066,439	8,647,660	5,192,665	
7,171,368	7,507,312	7,822,508	9,606,299	10,078,121	8,171,436	
14,914,742	13,769,610	16,084,512	19,441,992	10,542,688	10,323,572	
244,628	225,994	262,090	258,901	232,382	243,794	
4,902,588	4,849,625	5,406,639	5,632,435	5,634,791	5,615,714	
10,625,866	9,029,666	9,682,970	11,634,698	12,538,445	11,544,294	
5,516,550	6,196,996	6,521,940	5,603,309	6,138,422	6,318,176	
<u>\$ 130,770,523</u>	<u>\$ 134,555,548</u>	<u>\$ 144,190,098</u>	<u>\$ 190,544,306</u>	<u>\$ 193,835,734</u>	<u>\$ 134,373,075</u>	
\$ -	\$ -	\$ 1,309,999	\$ 1,403,750	\$ 1,481,610	\$ 1,466,906	
-	-	222,990	195,169	196,370	207,151	
-	-	252,275	239,780	253,070	253,665	
4,146,997	4,358,266	4,628,754	4,806,658	4,988,142	5,134,896	
8,447,774	7,019,527	8,768,689	9,474,151	10,387,741	11,209,114	
21,611,798	22,129,831	17,222,701	22,145,571	19,259,894	17,935,361	
731,378	1,271,341	1,293,101	1,335,854	1,640,719	1,821,327	
<u>\$ 34,937,947</u>	<u>\$ 34,778,965</u>	<u>\$ 33,698,509</u>	<u>\$ 39,600,933</u>	<u>\$ 38,207,546</u>	<u>\$ 38,028,420</u>	
<u>\$ (95,832,576)</u>	<u>\$ (99,776,583)</u>	<u>\$ (110,491,589)</u>	<u>\$ (150,943,373)</u>	<u>\$ (155,628,188)</u>	<u>\$ (96,344,655)</u>	
\$ 17,872,428	\$ 29,302,585	\$ 31,079,686	\$ 35,766,057	\$ 35,987,087	\$ 37,897,822	
415,723	1,012,885	948,638	914,505	918,485	954,512	
7,691,916	6,788,554	8,041,734	6,616,212	7,706,340	9,016,279	
68,173,589	63,077,322	70,294,970	72,666,001	76,233,324	79,580,441	
2,488,096	344,758	(25,408)	2,310,084	2,022,260	2,382,078	
52,440	280,137	537,033	379,433	1,191,246	688,716	
<u>\$ 96,694,192</u>	<u>\$ 100,806,241</u>	<u>\$ 110,876,653</u>	<u>\$ 118,652,292</u>	<u>\$ 124,058,742</u>	<u>\$ 130,519,848</u>	
\$ 861,616	\$ 1,029,658	\$ 385,064	\$ (32,291,081)	\$ (31,569,446)	\$ 34,175,193	
43,860,040	42,458,723	(32,299,039)	(31,913,975)	(64,205,056)	(108,380,585)	
(2,262,933)	(75,787,420)	-	-	(12,606,083)	-	
<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>	

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

	Fiscal Year			
	2010	2011	2012	2013
General Fund				
Nonspendable	\$ 924,492	\$ 926,215	\$ 363,650	\$ 531,999
Restricted	1,353,370	1,987,164	2,233,733	1,905,185
Assigned	475,765	3,438,927	1,415,516	3,447,281
Unassigned	12,061,670	10,551,950	11,400,336	14,400,463
Total General Fund	<u>14,815,297</u>	<u>16,904,256</u>	<u>15,413,235</u>	<u>20,284,928</u>
All Other Governmental Funds				
Nonspendable	669,493	636,968	785,644	421,693
Restricted, Reported in:				
Food Service Fund	1,204,039	1,724,479	1,308,264	1,616,011
Community Service Fund	1,323,841	1,272,524	1,635,961	1,925,296
Capital Projects Fund	7,445,196	8,455,999	6,600,072	6,551,716
Debt Service Funds	9,365,205	10,371,502	6,865,551	11,256,786
Unassigned, Reported in:				
Community Service Fund	-	(4,798)	(19,322)	(29,618)
Capital Projects Fund	-	-	-	-
Debt Service Funds	-	-	(396,518)	-
All Other Governmental Funds	<u>20,007,774</u>	<u>22,456,674</u>	<u>16,779,652</u>	<u>21,741,884</u>
Total All Funds	<u>\$ 34,823,071</u>	<u>\$ 39,360,930</u>	<u>\$ 32,192,887</u>	<u>\$ 42,026,812</u>

Source: District's financial records

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 590,355	\$ 781,333	\$ 779,705	\$ 1,168,168	\$ 1,677,381	\$ 2,434,164
411,185	29,151	628,474	469,509	227,459	3,735,197
3,902,303	4,173,836	3,194,826	3,399,617	3,194,835	2,840,797
14,362,441	13,821,183	14,054,648	16,065,042	17,993,045	19,357,141
19,266,284	18,805,503	18,657,653	21,102,336	23,092,720	28,367,299
765,935	1,441,573	905,977	1,228,773	1,129,474	1,075,240
778,523	352,237	493,812	735,438	1,192,036	1,814,668
1,654,874	1,914,375	2,804,355	3,484,248	4,026,146	1,841,486
5,673,567	309,828	8,724,062	5,418,769	2,650,289	3,462,797
9,558,975	11,018,614	6,070,506	4,332,850	1,183,399	2,400,628
(53,686)	(44,630)	(67,795)	(65,259)	-	-
-	-	-	-	-	(453,751)
-	-	(223,082)	-	(58,988)	-
18,378,188	14,991,997	18,707,835	15,134,819	10,122,356	10,141,068
<u>\$ 37,644,472</u>	<u>\$ 33,797,500</u>	<u>\$ 37,365,488</u>	<u>\$ 36,237,155</u>	<u>\$ 33,215,076</u>	<u>\$ 38,508,367</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			
	2010	2011	2012	2013
Revenues				
Local Sources:				
Property Taxes	\$ 32,098,779	\$ 42,028,912	\$ 34,058,153	\$ 34,706,680
Earnings on Investments	329,922	110,503	82,559	(59,996)
Other	12,479,091	14,073,789	15,536,692	18,551,066
State Sources	54,582,707	51,815,665	64,755,660	70,037,796
Federal Sources	8,044,799	4,765,634	2,773,468	2,861,974
Total Revenues	<u>107,535,298</u>	<u>112,794,503</u>	<u>117,206,532</u>	<u>126,097,520</u>
Expenditures				
Current:				
Administration	3,350,380	3,618,804	3,487,541	3,651,182
District Support Services	3,034,938	2,923,525	3,356,463	3,169,627
Regular Instruction	42,899,862	45,430,710	48,133,853	50,433,184
Vocational Education Instruction	814,426	715,770	821,442	640,262
Special Education Instruction	13,533,567	13,678,815	14,636,744	14,418,187
Instructional Support Services	4,334,022	4,559,203	4,777,572	4,982,039
Pupil Support Services	6,410,333	6,572,972	6,749,024	7,211,567
Sites and Buildings	6,023,757	5,865,019	6,089,213	5,946,473
Fiscal and Other Fixed Cost Programs	125,100	122,837	162,738	215,023
Food Service	4,064,810	4,195,977	4,424,455	4,782,099
Community Service Fund	7,766,180	8,526,237	9,192,032	10,150,874
Capital Outlay	22,817,488	15,146,027	16,675,428	18,713,971
Debt Service:				
Principal	10,629,582	6,246,692	5,885,000	8,972,367
Interest and Fiscal Charges	5,302,961	5,178,813	5,429,393	6,016,778
Total Expenditures	<u>131,107,406</u>	<u>122,781,401</u>	<u>129,820,898</u>	<u>139,303,633</u>
Deficiency of Revenues Under Expenditures	(23,572,108)	(9,986,898)	(12,614,366)	(13,206,113)
Other Financing Sources (Uses)				
Insurance Recovery	1,803	-	-	5,743
Capital Lease Proceeds	350,000	-	-	-
Issuance of Bonds and Certificates of Participation	19,975,000	17,040,000	9,065,000	38,845,000
Premiums on Bonds and Certificates of Participation	101,508	202,122	145,457	145,681
Capital Leases	-	-	-	-
Payment to Refunded Bond Escrow Agent	(4,319,525)	(2,717,365)	(3,764,134)	(17,589,821)
Transfers In	3,088,517	-	-	-
Transfers Out	(3,088,517)	-	-	-
Total Other Financing Sources (Uses)	<u>16,108,786</u>	<u>14,524,757</u>	<u>5,446,323</u>	<u>21,406,603</u>
Net Change in Fund Balances	(7,463,322)	4,537,859	(7,168,043)	8,200,490
Fund Balance - Beginning	42,286,393	34,823,071	39,360,930	32,192,887
Prior Period Adjustment	-	-	-	1,633,435
Fund Balance - Ending	<u>\$ 34,823,071</u>	<u>\$ 39,360,930</u>	<u>\$ 32,192,887</u>	<u>\$ 42,026,812</u>
Debt Service as a Percentage of Noncapital Expenditures	14.70%	10.60%	10.00%	12.40%

Sources: District's financial records

Fiscal Year					
2014	2015	2016	2017	2018	2109
\$ 25,930,101	\$ 37,214,541	\$ 40,114,162	\$ 43,346,798	\$ 44,683,902	\$ 47,752,873
116,925	45,092	176,546	153,497	368,240	923,943
18,427,849	17,708,928	19,210,588	20,366,116	22,352,959	23,423,379
81,858,493	77,679,938	82,500,253	85,810,383	90,293,577	96,228,983
2,877,634	2,747,558	2,819,671	2,763,275	2,969,111	2,996,291
<u>129,211,002</u>	<u>135,396,057</u>	<u>144,821,220</u>	<u>152,440,069</u>	<u>160,667,789</u>	<u>171,325,469</u>
3,816,573	4,024,247	3,943,877	4,040,778	4,124,131	4,270,151
3,507,294	3,345,636	3,763,882	3,753,805	5,814,329	6,150,430
54,604,424	59,736,890	63,494,232	66,724,212	72,455,135	76,259,944
491,507	524,218	549,081	834,722	624,342	582,801
15,065,041	15,741,744	15,985,969	16,562,003	18,158,328	19,606,480
5,242,570	5,551,204	5,831,692	6,051,941	6,939,347	6,738,998
7,173,492	7,550,330	7,703,284	8,222,140	8,866,622	9,009,289
8,309,773	8,665,464	7,273,494	7,712,195	7,342,946	8,481,626
244,628	225,994	262,090	258,901	232,382	243,794
4,813,827	5,015,606	5,365,527	5,537,865	5,499,699	5,491,043
10,608,808	9,297,612	9,613,374	10,467,031	11,357,592	11,986,244
19,846,429	16,959,572	15,657,282	19,849,561	12,230,881	13,558,826
7,359,633	5,370,000	7,533,187	6,924,417	10,410,000	8,556,614
5,482,607	5,260,757	6,108,765	5,519,964	5,574,934	6,275,587
<u>146,566,606</u>	<u>147,269,274</u>	<u>153,085,736</u>	<u>162,459,535</u>	<u>169,630,668</u>	<u>177,211,827</u>
(17,355,604)	(11,873,217)	(8,264,516)	(10,019,466)	(8,962,879)	(5,886,358)
-	-	-	-	-	-
-	-	-	-	-	-
26,080,000	9,710,000	46,260,000	8,560,000	21,565,000	26,795,000
958,264	376,245	1,956,415	331,133	2,269,375	2,282,496
-	-	-	-	-	2,521,614
(14,065,000)	(1,810,000)	(36,633,911)	-	(17,893,575)	(20,419,461)
-	-	621,368	445,061	192,076	3,566,280
-	-	(621,368)	(445,061)	(192,076)	(3,566,280)
<u>12,973,264</u>	<u>8,276,245</u>	<u>11,582,504</u>	<u>8,891,133</u>	<u>5,940,800</u>	<u>11,179,649</u>
(4,382,340)	(3,596,972)	3,317,988	(1,128,333)	(3,022,079)	5,293,291
42,026,812	37,644,472	34,047,500	37,365,488	36,237,155	33,215,076
-	-	-	-	-	-
<u>\$ 37,644,472</u>	<u>\$ 34,047,500</u>	<u>\$ 37,365,488</u>	<u>\$ 36,237,155</u>	<u>\$ 33,215,076</u>	<u>\$ 38,508,367</u>
10.10%	8.20%	9.40%	8.23%	9.94%	8.81%

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

Payable Year	Hennepin County Residential Property	Carver County Residential Property	Hennepin County Commercial Property	Carver County Commercial Property	Hennepin County Industrial Property
2010	\$ 6,140,355,300	\$ 1,227,850,887	\$ 631,058,000	\$ 5,947,980	\$ 14,752,400
2011	5,733,128,500	1,227,136,973	608,707,800	5,355,060	14,383,700
2012	5,560,100,100	1,165,938,687	598,639,200	4,014,780	19,260,700
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

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.

<u>Carver County Industrial Property</u>	<u>Carver County Agricultural Property</u>	<u>Hennepin Cty Less Tax-Exempt Property</u>	<u>Hennepin County Assessed Value</u>	<u>Carver County Assessed Value</u>	<u>Total Direct School Tax Rate</u>
\$ 5,292,933	\$ 662,900	\$ 323,776,400	\$ 6,462,389,300	\$ 1,239,754,700	18.66
6,802,367	459,000	323,776,400	6,032,443,600	1,239,753,400	21.27
6,818,933	434,700	323,776,400	5,854,223,600	1,177,207,100	23.02
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

**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
2010	11.844	6.813	18.657	25.185	15.603	28.553	30.666	17.936
2011	13.705	7.569	21.274	26.604	17.229	31.034	35.117	19.107
2012	16.163	6.852	23.015	28.532	17.798	33.036	35.463	20.336
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

- (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

Overlapping Rates

Overlapping Rates									Total Direct & Overlapping Tax Rate
Municipalities						Counties		Special District (2)	
Minnetonka	Orono	Shorewood	Tonka Bay	Victoria	Woodland	Carver	Hennepin	District (2)	Tax Rate
30.686	13.677	26.154	15.373	37.409	8.466	18.657	42.640	6.897	336.559
33.511	14.991	28.461	16.514	37.422	8.754	21.274	45.840	7.529	364.661
35.384	16.283	29.984	17.518	39.554	9.613	23.015	48.231	7.529	385.291
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

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

Taxpayer	2019			2011		
	Net Tax Capacity	Rank	Percentage of Total Tax Capacity \$94,365,436	Net Tax Capacity	Rank	Percentage of Tax Capacity Value
ORP SW LLC	\$ 443,063	1	0.47%			
Target Corporation	324,990	2	0.34%	\$ 392,250	1	0.23%
Briemor Spe 5 LLC	269,250	3	0.29%			
MMB Medical Partners LLC	222,450	4	0.24%			
Kraus Anderson	159,810	5	0.17%			
DMA Investments, LLC	151,163	6	0.16%			
Minnesota Associates LTD	147,608	7	0.16%	109,250	8	0.06%
Hunters Ridge Apartments	146,720	8	0.16%			
Deephaven Woods	144,900	9	0.15%			
Excelsior Bay Harbor	139,908	10	0.15%	-		
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%
Sev41 LLC				108,336	9	0.06%
Individual				101,038	10	0.05%
Total	\$ 2,149,862		2.28%	\$ 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		
2010	\$ 26,528,837	\$ 5,916,495	\$ 32,445,331	\$ 32,147,187	99.1%	\$ 298,144	\$ 32,445,331	100.0%	\$ -	0.0%
2011	27,735,733	6,388,854	34,124,587	33,825,367	99.1%	299,220	34,124,587	100.0%	-	0.0%
2012	27,320,639	6,803,948	34,124,587	33,826,686	99.1%	294,747	34,121,433	100.0%	3,154	0.0%
2013	27,566,607	7,687,627	35,254,234	35,026,683	99.4%	224,602	35,251,285	100.0%	2,949	0.0%
2014	30,169,983	6,814,387	36,984,369	36,708,555	99.3%	269,703	36,978,258	100.0%	6,111	0.0%
2015	31,811,829	8,058,616	39,870,445	39,608,364	99.3%	250,093	39,858,457	100.0%	11,989	0.0%
2016	36,460,412	6,626,471	43,086,884	42,769,714	99.3%	376,435	43,146,149	100.1%	(59,266)	-0.1%
2017	36,793,440	7,727,838	44,521,278	43,850,177	98.5%	592,655	44,442,832	99.8%	78,446	0.2%
2018	38,588,794	9,016,785	47,605,579	27,929,401	58.7%	217,542	47,363,350	99.5%	242,228	0.5%
2019	43,361,908	8,333,895	51,695,803	25,827,614	50.0%	-	25,827,614	50.0%	25,868,189	50.0%

Notes:

(1) Includes Abatements

**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	Special Assessments Payable	Certificates of Participation	Capital Lease	Other Long-Term Debt	Resources Restricted for Repayment			
2010	\$ 97,764,548	-	-	\$ 30,965,000	\$ 2,761,698	-	\$ (9,915,784)	\$ 121,575,462	{a}	\$ 2,362
2011	103,449,548	-	-	35,720,000	-	-	(10,927,269)	128,242,279	{a}	3,207
2012	98,789,548	-	-	39,410,000	-	-	(7,024,611)	131,174,937	{a}	3,281
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	-	-	(2,051,912)	167,726,181	{a}	4,195
2019	111,914,067	-	-	57,891,319	1,800,000	-	(3,201,621)	168,403,765	{a}	4,212

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.

**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>
2010	\$ 97,764,548	\$ 9,915,784	\$ 87,848,764	\$ 7,756,758,200	1.13%	1.14 %	51,480	1,706
2011	103,449,548	10,927,269	92,522,279	7,156,127,942	1.29%	1.27 %	39,984	2,314
2012	98,789,548	7,024,611	91,764,937	6,931,929,130	1.32%	1.31 %	39,984	2,295
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	2,051,912	113,185,410	8,451,010,768	1.34%	1.31 %	39,984	2,831
2019	107,960,000	3,201,621	104,758,379	8,953,757,649	1.17%	1.15 %	39,984	2,620

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	\$ 111,914,067	100.00%	\$ 111,914,067
<u>Overlapping Debt:</u>			
Carver County	27,972,000	11.68%	3,267,130
Hennepin County	1,058,135,000	4.24%	44,864,924
Three Rivers Park District Hennepin County	58,595,000	5.98%	3,503,981
Railroad Authority	31,535,000	4.24%	1,337,084
Cities:			
Chanhassen	1,240,000	30.82%	382,168
Eden Prairie	3,235,000	2.22%	71,817
Excelsior	2,725,000	100.00%	2,725,000
Minnetonka	3,015,000	23.62%	712,143
Orono	2,005,000	0.57%	11,429
Shorewood	-	95.73%	-
Woodland	94,155	100.00%	94,155
Victoria	10,780,000	14.93%	1,609,454
Metropolitan Council	1,200,000	4.78%	57,360
Metropolitan Transit District	182,390,000	55.90%	<u>101,956,010</u>
Total Overlapping Debt			<u>160,592,654</u>
Total Debt			<u><u>\$ 272,506,721</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.

Source: District's financial advisor

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

	Fiscal Year			
	2010	2011	2012	2013
Debt Limit	\$ 1,265,344,390	\$ 1,095,495,418	\$ 1,095,495,418	\$ 1,039,547,906
Total Net Debt Applicable to Limit	<u>104,061,856</u>	<u>113,034,585</u>	<u>114,889,548</u>	<u>118,572,181</u>
Legal Debt Margin	<u>\$ 1,161,282,534</u>	<u>\$ 982,460,833</u>	<u>\$ 980,605,870</u>	<u>\$ 920,975,725</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	8.22%	10.32%	10.49%	11.41%

Source: District's financial records.

Legal Debt Margin Calculation for Fiscal Year 2019

\$ 9,096,826,827
 1,364,524,024
 141,445,000
\$ 1,223,079,024

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 1,056,695,363	\$ 1,168,770,551	\$ 1,210,739,461	\$ 1,214,671,419	\$ 1,293,511,349	\$ 1,364,524,024
124,307,548	130,310,169	138,497,683	146,757,683	146,373,093	141,445,000
<u>\$ 932,387,815</u>	<u>\$ 1,038,460,382</u>	<u>\$ 1,072,241,778</u>	<u>\$ 1,067,913,736</u>	<u>\$ 1,146,472,148</u>	<u>\$ 1,223,079,024</u>
11.76%	11.15%	11.44%	12.08%	11.37%	10.37%

**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
2010	51,480	{a}	{a}	8,407	{b}
2011	39,984	{a}	{a}	8,633	{b}
2012	39,984	{a}	{a}	9,057	{b}
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}

Notes:

(1) Estimates from Metropolitan Council, except for 2011 which is 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	2019			2010		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment**
United Health Group	9,414	1	25.90%	1,200	11	
Eden Prairie Center	2,424	2	6.67%			
Cargill, Inc.	2,500	3	6.88%	3,000	1	
ISD #276 Minnetonka Schools	2,058	4	5.66%	1,050	12	
Emerson Process Mgmt-Rosemount, Inc.	1,600	5	4.40%			
C.H. Robinson	1,517	6	4.17%			
ISD #272 Eden Prairie Schools	1,477	7	4.06%			
Starkey Laboratories	1,440	8	3.96%	1,400	6	
Allina Health System/Medica	1,200	9	3.30%	980	13	
St. Jude Medical, Inc.	1,100	10	3.03%	1,300	7	
Carlson Companies	1,005	11	2.77%	2,700	2	
GE Capital Fleet Services	900	12	2.48%	1,200	10	
HSBC Bank Nevada, N.A.	900	13	2.48%			
SuperValu Stores, Inc.	850	14	2.34%			
Deli Express	673	15	1.85%			
Metris				1,215	8	
Advance Circuits				1,200	9	
MTS Systems Corporation				850	14	
Eaton Corporation				750	15	
Micro-Tech, Inc.				2,000	3	
Data Card Corporation				1,400	5	
Rosemount, Inc.				1,500	4	
Total	29,058		79.95%	21,745		0.00%

Source: District's Financial Advisor

**Historical Data is not available

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Elementary Teachers (K-5)	245.75	254.80	270.39	280.83	287.15	299.72	302.64	304.85	315.76	323.75
Secondary Teachers (6-12)	233.74	236.20	236.47	230.43	250.61	264.70	266.47	276.43	294.51	297.97
Special Education Teachers	93.67	92.50	94.58	94.61	98.11	100.10	99.61	103.32	111.03	118.10
ECFE Teachers	10.26	9.00	8.85	8.65	9.36	8.76	9.83	9.14	12.08	10.85
Guidance Counselors	14.00	14.00	14.30	14.30	14.80	14.80	14.80	17.20	18.20	18.70
Social Workers	8.00	8.00	8.00	8.30	8.00	7.10	7.10	5.20	5.70	6.20
Psychologists	3.00	3.00	3.00	4.00	4.00	3.70	4.00	4.20	4.70	5.00
Librarians	8.75	8.50	8.50	8.50	8.50	8.50	8.50	8.50	7.00	7.00
Total Teaching Staff	617.17	626.00	644.09	649.62	680.53	707.38	712.95	728.84	768.98	787.57
Administrators	28.00	28.00	27.00	28.00	28.00	27.00	29.00	29.00	32.00	34.60
Principals and Asst. Principals	14.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	14.00	14.00
Total Administration Staff	42.00	41.00	40.00	41.00	41.00	40.00	42.00	42.00	46.00	48.60
Non-Licensed Support Staff	19.60	19.45	22.11	23.12	26.14	25.56	26.86	25.34	26.70	26.52
Paraprofessionals	193.20	195.66	200.44	193.17	202.87	201.81	207.61	216.44	238.64	263.43
Clerical	66.26	66.60	66.96	66.06	67.19	66.59	65.99	65.73	67.99	67.30
Custodial	58.50	59.00	59.00	62.00	62.00	66.00	66.00	66.00	67.00	70.00
Service Worker - Technology Support	13.00	13.00	12.00	11.80	11.80	11.80	11.80	11.80	12.80	12.80
Service Worker - Food Service	47.92	47.83	47.83	46.71	47.71	54.79	54.79	54.79	57.25	57.08
Total Support Staff	398.48	401.54	408.35	402.86	417.71	426.55	433.05	440.10	470.38	497.13
	1,057.65	1,068.54	1,092.44	1,093.48	1,139.24	1,173.93	1,188.00	1,210.94	1,285.36	1,333.30

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>
2010	8,407	\$ 95,814,813	\$ 11,397	5.59%	617	13.6	8.65%	94.96
2011	8,633	99,675,302	11,546	4.03%	626	13.8	8.68%	94.93
2012	9,057	107,209,688	11,837	7.56%	644	14.1	8.13%	94.99
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

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)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
School										
Elementary										
Clear Springs										
Square feet	91,361	94,751	94,751	94,955	94,955	100,155	100,155	100,155	100,155	108,420
Capacity	700	700	700	700	700	850	850	880	880	920
Enrollment	581	615	678	767	774	798	824	860	864	879
Deephaven										
Square feet	75,431	75,431	75,431	75,431	76,180	79,241	79,241	79,241	79,241	79,241
Capacity	625	625	625	625	625	700	700	700	700	745
Enrollment	513	561	560	636	658	667	652	669	668	665
Excelsior										
Square feet	118,321	118,321	118,321	118,321	128,321	128,200	128,200	128,200	128,200	128,200
Capacity	750	750	750	750	750	850	850	850	850	901
Enrollment	721	771	813	792	769	740	773	802	802	808
Groveland										
Square feet	88,223	93,331	98,599	98,599	98,599	101,639	101,639	101,639	110,039	110,039
Capacity	700	700	700	700	700	850	850	880	880	912
Enrollment	567	619	670	723	756	781	825	843	843	861
Minnewashta										
Square feet	111,476	111,476	111,476	112,348	112,348	117,648	117,648	117,648	117,648	117,648
Capacity	775	775	775	775	775	900	900	900	900	1,024
Enrollment	760	817	860	875	856	846	868	894	893	929
Scenic Heights										
Square feet	86,205	86,205	86,205	86,948	86,948	98,260	98,260	98,260	98,260	107,086
Capacity	700	700	700	700	700	850	850	900	900	963
Enrollment	571	586	679	730	757	799	842	870	878	876
Middle										
Middle School East										
Square feet	197,370	198,250	203,250	205,495	205,495	206,009	206,009	206,009	206,009	206,009
Capacity	1,000	1,000	1,200	1,200	1,200	1,200	1,200	1,250	1,250	1,300
Enrollment	913	935	996	1,068	1,146	1,196	1,235	1,255	1,265	1,307
Middle School West										
Square feet	195,687	195,687	195,687	195,687	200,187	189,317	189,317	189,317	189,317	189,317
Capacity	1,000	1,000	1,200	1,200	1,200	1,200	1,200	1,250	1,250	1,300
Enrollment	908	884	937	982	1,062	1,047	1,077	1,182	1,226	1,276
High										
Minnetonka High School										
Square feet	583,321	583,321	583,321	583,321	587,821	577,055	577,065	577,065	577,065	577,065
Capacity	3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,500
Enrollment	2,828	2,800	2,825	2,814	2,822	2,959	3,017	3,103	3,240	3,261
Other										
Deephaven Education Center										
Square feet	77,207	77,207	77,207	77,207	77,207	70,730	70,730	70,730	70,730	70,730
District Service Center										
Square feet	24,110	24,110	24,110	24,110	24,110	24,108	24,108	24,108	24,108	24,108
Warehouse and Technology Center										
Square feet	8,000	8,000	8,000	8,000	8,000	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	63,365	63,365
Highway 7 Building								9,170	9,170	9,170
Square feet										
GRAND TOTAL SQUARE FEET	1,720,077	1,729,455	1,739,723	1,743,787	1,763,536	1,763,487	1,763,497	1,772,667	1,781,067	1,798,158

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)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Schools										
Elementary										
Buildings	6	6	6	6	6	6	6	6	6	6
Square feet	571,017	579,515	584,783	586,602	597,351	625,143	625,143	625,143	633,543	650,634
Capacity	4,250	4,250	4,250	4,250	4,250	5,000	5,000	5,110	5,110	5,465
Enrollment	3,713	3,969	4,260	4,523	4,570	4,631	4,784	4,938	4,948	5,018
Middle										
Buildings	2	2	2	2	2	2	2	2	2	2
Square feet	393,057	393,937	398,937	401,182	405,682	395,326	395,326	395,326	395,326	395,326
Capacity	2,000	2,000	2,000	2,000	2,000	2,400	2,400	2,500	2,500	2,600
Enrollment	1,821	1,819	1,933	2,050	2,208	2,243	2,312	2,437	2,491	2,583
High										
Buildings	1	1	1	1	1	1	1	1	1	1
Square feet	583,321	583,321	583,321	583,321	587,821	577,055	577,065	577,065	577,065	577,065
Capacity	3,100	3,100	3,100	3,100	3,100	3,400	3,400	3,400	3,400	3,500
Enrollment	2,828	2,800	2,825	2,814	2,822	2,959	3,017	3,103	3,240	3,261
Other										
Buildings	2	2	2	2	2	3	3	4	4	4
Square feet	85,207	85,207	85,207	85,207	85,207	141,855	141,855	141,855	141,855	151,025
Administrative										
Buildings	1	1	1	1	1	1	1	1	1	1
Square feet	24,110	24,110	24,110	24,110	24,110	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	<u>9,350</u>	<u>9,350</u>	<u>9,350</u>	<u>9,350</u>	<u>9,350</u>	<u>10,800</u>	<u>10,800</u>	<u>11,010</u>	<u>11,010</u>	<u>11,565</u>

Source: District records.

Notes:

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