

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT OF**

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276**

YEAR ENDED JUNE 30, 2023

**PREPARED BY THE
BUSINESS SERVICES DEPARTMENT**

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MINNETONKA, MINNESOTA



CPAs | CONSULTANTS | WEALTH ADVISORS

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INDEPENDENT SCHOOL DISTRICT NO. 276
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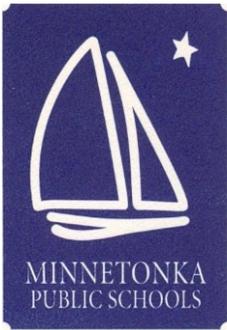
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INTRODUCTORY SECTION



Minnetonka Public Schools
5621 County Road 101
Minnetonka, MN 55345
(952) 401-5000
(952) 401-5032 fax

December 5, 2023

SERVING THE

COMMUNITIES OF:

MINNETONKA

CHANHASSEN

DEEPHAVEN

EDEN PRAIRIE

EXCELSIOR

GREENWOOD

SHOREWOOD

TONKA BAY

VICTORIA

WOODLAND

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

PREFACE

The Annual Comprehensive Financial Report of Minnetonka Independent School District No. 276 (District) is submitted for the fiscal year (FY) ended June 30, 2023. The District Administration accepts full responsibility for the accuracy, completeness, and fairness in presentation of the enclosed financial reports. The report includes all funds of the District reported in compliance with Generally Accepted Accounting Principles (GAAP).

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

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

- Introductory Section
- Financial Section
- Statistical Section

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

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

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

DISTRICT OPERATIONS

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

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

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

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

Mission

A Statement of our Highest Aspirations

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

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

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

Our Objectives

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

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

ORGANIZATIONAL INFORMATION

Highlights: Student Academic Achievements 2022-23

- 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 2023 posted an outstanding average ACT composite score of 26. The top 100 Minnetonka students earned an average score of 34.3. students earned a top score of 36 on the ACT exam (see Figure 1 for state, national and Minnetonka comparative data from 2021-22; comparative SAT results are available in Figure 2).
- Minnetonka High School graduated 889 students on June 8, 2023 (99 percent of the Class of 2023 graduated).
- This class included 285 students who graduated Summa Cum Laude with a 4.0 or higher GPA; Magna Cum Laude, 75; Cum Laude, 79.
- Based on student self-reporting, 84 percent of Class of 2023 graduates were college-bound. Seniors submitted 4,930 total applications to 569 colleges and universities. These students earned 2,955 acceptances from 430 institutions – and enrolled in 214 institutions.
- In fall 2022, 37 Minnetonka High School students from the Class of 2023 were named National Merit Semifinalists and 49 were named National Merit Commended scholars.
- Nearly three quarters of students in the class of 2023 took at least one AP course during high school.
- In spring 2023, students took 3,195 AP exams with an 85.1% passing rate (score of 3 or higher). For the graduating classes of 2022-2025, The College Board named 840 Advanced Placement (AP) Scholars from MHS for outstanding performance on AP exams. 360 are AP Scholars with Distinction; 171 are AP Scholars with Honor; and 309 are AP Scholars.
- Tonka Online expanded to serve students K-12 as a fulltime program, in addition to its supplemental opportunities at the high school level. High school offerings include more than 50 courses, from computer science courses and AP U.S. Government and Politics to world language courses.
- Enrollment in the International Baccalaureate (IB) Diploma Programme is strong. In 2023, 50 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, 27 earned an IB Bilingual Diploma in Chinese, Spanish or Portuguese. 795 students took a total of 1,372 IB exams, 88% of which were a 4 or higher.
- 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.
- Members of the Class of 2023 earned 81 Minnesota World Language Proficiency Certificates, 151 Gold Bilingual Seals, 168 Platinum Bilingual Seals and 7 multilingual seals.
- Minnetonka High School's VANTAGE: Minnetonka Advanced Professional Studies program continues to grow, with a new strand in International Relations approved to launch in 2023-24. Enrollment has increased from 40 students in 2013-14 to more than 550 for 2023-24.

ORGANIZATIONAL INFORMATION (CONTINUED)

Highlights: Student Academic Achievements 2022-23 (Continued)

- Minnetonka High School's MOMENTUM: Design and Skilled Trades program continues to grow as well, with a new strand in Aviation approved to launch in 2023-24. Nearly 200 students have registered for the opportunity, between Aviation I and Aviation II courses.
- 68 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 2023. One student advanced to the Regeneron International Science and Engineering Fair (ISEF), and several were selected as alternates.
- Minnetonka High School is a certified Project Lead the Way (PLTW) Engineering program school. Enrollment continues to grow. In spring 2023, 93 percent of Minnetonka students in the program earned college credit.
- In the Continental Math League national-level competition, 3,527 students participated in meets. Grades 3, 4, 5, 6 and 8 tied for first, grade 7 tied for second place, and grade 2 tied for fourth. In computer science, middle school (grades 6-8) placed first and elementary (grades 3-5) placed first.
- The MHS DECA Team sent 150 students to the state competition, which is a school record for participation
- This year, three Minnetonka High School students were honored at the state level with Minnesota Aspirations in Computing Awards: Meiling Mathur '23 was a State Winner, Valerie Nelson '23 earned a State Rising Star Award and Alia Peterson '23 earned a State Honorable Mention.
- The MHS math team placed sixth in state.
- National Scholastic Art Awards: 9 Gold Key winners, 9 Silver Key winners, 16 Honorable Mentions.
- National Scholastic Writing Awards: 8 Gold Key winner, 8 Silver Key winners, 3 Honorable Mentions.
- A 2023 Minnetonka parent survey found that 96 percent of District parents rate the quality of education in Minnetonka Schools as excellent or good.

ORGANIZATIONAL INFORMATION (CONTINUED)

Highlights: Student Academic Achievements 2022-23 (Continued)

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

2021-2022 ACT Results	Number of Students	English	Math	Reading	Science	Composite
Minnetonka	639	25.5	25.0	27.3	26.4	26.1
Minnesota	47,304	19.7	20.7	21.7	21.4	21.0
National	1,349,644	19.0	19.3	20.4	19.9	19.8
Minnetonka Top 100	100					34.3

*most recent data available © 2023 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. A subsequent special election to extend the levy for technology for \$9.2 million in annual revenue through 2033 was approved by 64% of the voters on November 7, 2023.

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

ECONOMIC CONDITION AND OUTLOOK OF THE LOCAL ECONOMY

District educational facilities consist of 10 E-12 educational buildings originally constructed from 1929 to 1967, meaning the newest building completed its 57th year of use in FY2023. Each building has had numerous additions over the years. In spite of the age of the facilities, all school buildings are maintained in a state of good repair, with building components modernized and updated on a systematic basis through the district’s Long-Term Facilities Maintenance Plan. Because of this continual renewal, all educational facilities should be able to effectively serve the district for a minimum of 50-60 additional years. The District also owns two approximately 9,000 square foot education centers constructed originally in 1997 and 2001, purchased in 2016 and 2020, and converted to education facilities to meet additional incremental programmatic space needs. The District also owns its own ice arena. The total district square footage, including one administrative building, a technology support building, and various small support buildings on the athletic fields at the high school campus, is 1,832,944. In June of 2022, the District broke ground on the 36,400 square foot VANTAGE MOMENTUM Building, which will house under one roof programs currently in several disparate spaces. The facility will open for use in January 2024. This building inclusive of land acquisition, design, permitting, construction and equipping will have a total project cost of approximately \$18.8 million with the full cost of the project funded out of District funding resources. This makes the VANTAGE MOMENTUM Building unique in that new construction of complete school buildings is usually funded via a school district running a building bond referendum election to get voter approval for an associated property tax increase. In this instance, the new building is being funded out of existing district resources and revenue streams, and as such will not generate a property tax increase.

ENROLLMENT

Enrollment is a critical factor in Minnesota School funding formulas with approximately 82% of General Fund Operating revenue based on enrollment. The following chart shows that the total number of students in FY 2023 increased by 36 students from FY 2022.

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

Grade	18-19	19-20	20-21	21-22	22-23
Kdgt.	936	924	865	880	903
1-3	2,439	2,483	2,464	2,504	2,439
4-6	2,517	2,518	2,538	2,552	2,559
7-12	4,991	5,121	5,144	5,238	5,306
Total K-12	10,884	11,046	11,011	11,174	11,207
DEC/ECSE	43	42	39	49	52
Total Budget ADM	10,927	11,088	11,050	11,223	11,259
ADM Change	153	161	(37)	173	36
Percent Change	1.4%	1.5%	-0.3%	1.6%	0.3%
Pupil Units	11,925	12,112	12,079	12,271	12,293
WADM Change	165	187	(33)	192	22
Percent Change	1.4%	1.6%	-0.3%	1.6%	0.2%

In FY2023, resident pupil enrollment decreased by 109 resident students compared to FY2022. The number of students from neighboring districts electing to enroll in Minnetonka Public Schools under the state’s open enrollment program increased by 145. The District educational programs continue to be attractive to students from other communities. Nonresident students attending Minnetonka has increased from 3,404 in FY2018 to 4,141 in FY2023. Resident enrollment has remained stable, averaging 7,260 over that same time period. Resident enrollment is down slightly in FY2023 due to high interest rates and housing prices limiting the number of families moving in to the District, while empty-nesters remain in their houses longer. This is reflective of a mature community with nearly all residential lots built out.

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

ADM	18-19	19-20	20-21	21-22	22-23
In	3,576	3,686	3,812	4,015	4,141
Out	233	248	256	238	266
Difference	3,343	3,437	3,556	3,777	3,875
Total Enrollment	10,927	11,088	11,050	11,223	11,259
Percent	30.6%	31.0%	32.2%	33.7%	34.4%
Resident Enrollment	7,351	7,402	7,238	7,208	7,118
Resident %	67.3%	66.8%	65.5%	64.2%	63.2%

MINNETONKA SCHOOLS WELCOME ACCOUNTABILITY

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

- In April 2010, Moody’s Investor Service upgraded the District’s bond rating to Aaa, the highest rating on a 23-step scale. The rating is reviewed with each new bond issue. The District has been able to maintain that rating over the intervening years. Only 90 school districts of approximately 13,600 in the country, less than 7/10 of 1%, carry a bond rating that highest level. The District bond rating from Moody’s is also higher than that of 34 states. This high bond rating allows the district to borrow money at relatively low rates.
- Student performance on state tests is consistently among the top in the State.
- Citizen’s Finance & Audit Advisory Committee meets 9 to 11 times per year to review district financial records and make recommendations to the School Board.
- Recognized for Excellence in Financial Reporting twenty-seven consecutive years beginning with the 94-95 Annual Comprehensive Financial Reports. The Annual Comprehensive Financial Report is available to the public and posted to the District website annually. The Annual Budget is also posted to the District website.
- Fund Balance Policy: The policy commits the District to maintain a minimum unassigned fund balance of 6% of annual operating budget for emergency purposes. The 6% fund balance is roughly enough to operate the school district for three weeks if state revenue payments are ever interrupted.

In FY2022, based on Minnesota Department of Education Financial Profile Reports, (most recent comparable data available), the District ranked 148 among 331 Minnesota public school districts in operating expenditures on a per pupil basis. Local operating referendum dollars allow for expenditures approaching the state average. Absent that local support, Minnetonka Public Schools would be much lower in the ranking.

Figure #4
COMPARISON OF MINNETONKA 20-21 SPENDING
WITH OTHER DISTRICTS
 (Source: State Auditor Financial Trends 2017 to 2022)

	2016-2017 Per-Pupil Costs *	2021-2022 Per-Pupil Costs *	Dollar Change Percent Change
State Average	\$11,548	\$14,036	\$2,488 21.54%
Minnetonka	\$10,836	\$13,650	\$2,814 25.97%
Variance: State to Minnetonka	(\$712) -6.17%	(\$386) -2.75%	\$326

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

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

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

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

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

BUDGET INFORMATION

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

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

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

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

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

BUDGET INFORMATION (CONTINUED)

For FY2023, the overall fund balance of the District for all funds decreased by \$2,504,366 primarily because of the spend down of bond proceeds sold in prior years for construction and maintenance projects being utilized for those construction and maintenance projects in FY2023, inclusive of the ongoing construction of the VANTAGE MOMENTUM Building.

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

DEBT ADMINISTRATION

As of June 30, 2023, the District had approximately \$174.2 million of par value bonds outstanding. This amount equates to 9.38% of the statutory maximum allowable debt limit of \$1.857 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 and to keep them in a state of good repair for long-term service to the taxpayers of the District. Approximately 57% of the District's facility square footage is 55 years old or older, requiring a measure of gradual rebuilding over the past 16 years to replace major facility components and ready the buildings for an additional 60 years of use. The District has also issued bonded debt as needed to provide additional classroom capacity as well as to provide purpose-built spaces for programmatic needs based on new curriculum development.

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

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

In FY2023, the District issued \$8,985,000 par value General Obligation bonds for long-term facilities maintenance. The District issued \$3,725,000 General Obligation bonds refunding bonds to lower interest rates and payments on bonds that were originally issued in 1996 and gain net present value savings. The District issued \$1,850,000 par value Certificates of Participation to fund various district construction projects in calendar 2023.

Capital needs of the District have receded due to facilities having been brought to a state of good repair and sufficient capacity having been constructed to house enrollment and any specific program needs. However, construction inflation over the past several years has made any ongoing necessary long-term facilities maintenance projects more expensive. As a result, the total par value of bonds outstanding is likely to remain will decline over the long term, absent any significant future building additions.

INDEPENDENT AUDIT AND CERTIFICATE OF EXCELLENCE

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

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

ACKNOWLEDGMENTS

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

Sincerely,



Paul Bourgeois, CPA
Executive Director of Finance
and Operations



David Law
Superintendent

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
SCHOOL BOARD AND ADMINISTRATION
JUNE 30, 2023**

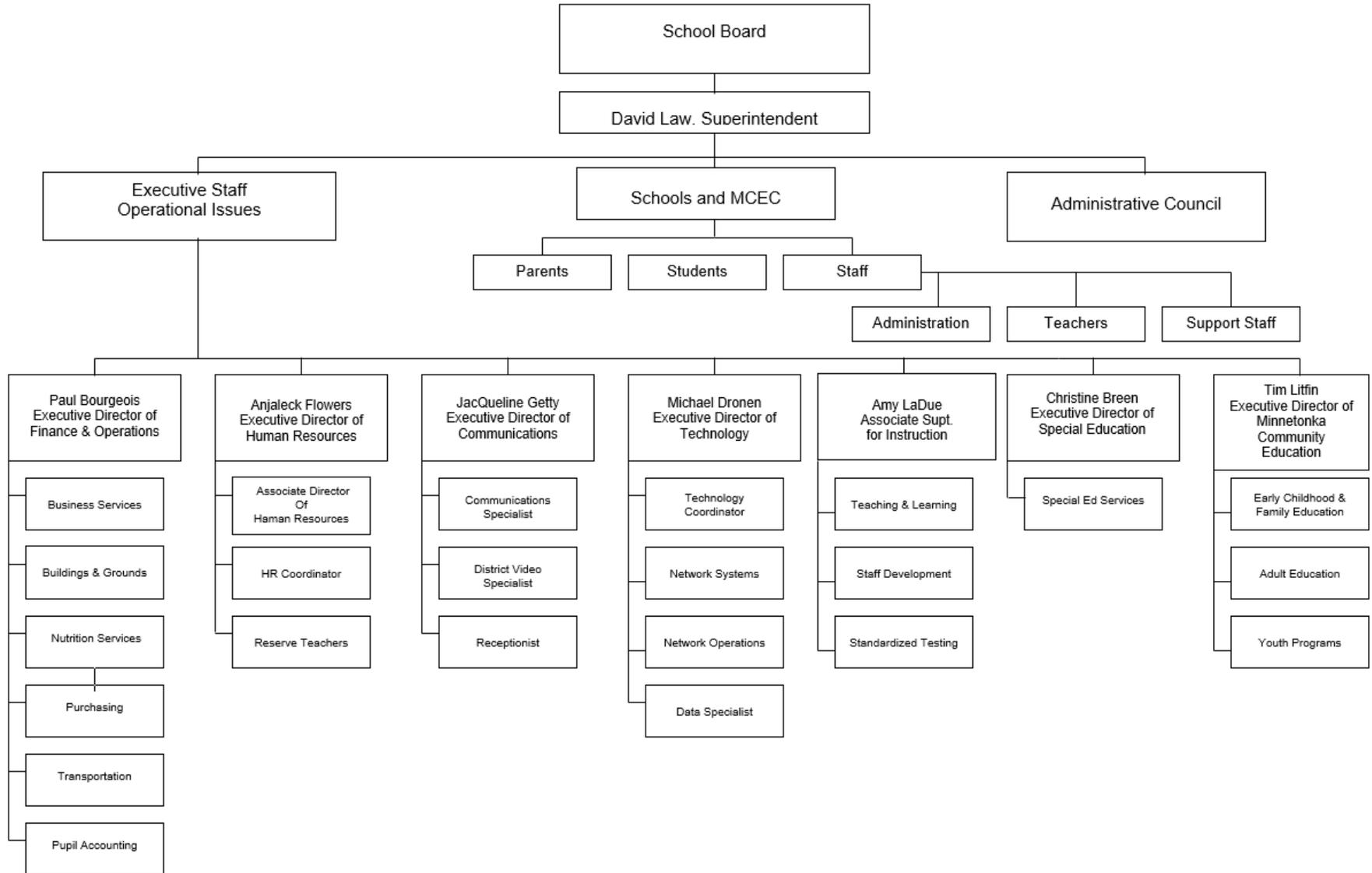
SCHOOL BOARD

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

ADMINISTRATION

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

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
ORGANIZATIONAL CHART
JUNE 30, 2023**



MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING
JUNE 30, 2023



The Certificate of Excellence in Financial Reporting
is presented to

**Minnetonka Independent
School District 276**

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2022.**

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



A handwritten signature in black ink, appearing to read 'John W. Hutchison', written over a horizontal line.

John W. Hutchison
President

A handwritten signature in black ink, appearing to read 'Siobhán McMahon', written over a horizontal line.

Siobhán McMahon, CAE
Chief Operations Officer/
Interim Executive Director

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Minnetonka Public Schools ISD No. 276 (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Minnetonka Public Schools ISD No. 276's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Minnetonka Public Schools ISD No. 276, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective July 1, 2022, the District adopted a new accounting guidance for subscription-based information technology arrangements (SBITAs). The guidance requires subscribers to recognize a right-to-use subscription asset and corresponding subscription liability for all SBITAs with agreement terms greater than twelve months. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit for the year ended June 30, 2023 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Minnetonka Public Schools ISD No. 276's basic financial statements. The combining and individual fund financial schedules and Uniform Financial Accounting and Reporting Standards (UFARS) compliance table for the year ended June 30, 2023 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2023 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial schedules and UFARS compliance table are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2023.

We also previously audited, in accordance with GAAS, the basic financial statements of Minnetonka Public Schools ISD No. 276 as of and for the year ended June 30, 2022, (not presented herein), and have issued our report thereon dated November 28, 2022 which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. The combining and individual fund financial schedules and Uniform Financial Accounting and Reporting Standards (UFARS) compliance table for the year ended June 30, 2022 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 related directly to the underlying accounting and other records used to prepare the 2022 basic financial statements. The information was subjected to the audit procedures applied in the audit of the 2022 basic financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial schedules and UFARS compliance table are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2022.

Other Information

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

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

Report on Summarized Comparative Information

We have previously audited Minnetonka Public Schools ISD No. 276's June 30, 2022 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated November 28, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2023, on our consideration of Minnetonka Public Schools ISD No. 276's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Minnetonka Public Schools ISD No. 276's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Minnetonka Public Schools ISD No. 276's internal control over financial reporting and compliance.


CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 5, 2023

REQUIRED SUPPLEMENTARY INFORMATION

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

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, 2023. 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 (FY2023) and the prior year (FY2022) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2023 fiscal year include the following:

- Net position of the District in total increased \$28,444,143 or 38.1% above 2022. The main reason for this increase is the decrease in the District's net pension liabilities related to the state-administered pension plan by \$24,335,278. The total net pension liabilities increased by \$59.6 million, while the related deferred outflows increased by \$83.9 million. Capital Assets increased by a net \$10.5 million. The Food Service Fund operated at a net surplus of \$617,499 and the Community Service Fund operated at a net surplus of \$1.8 million.
- Final FY2023 average daily membership of 11,259 was an increase of 36 from FY2022 average daily membership of 11,223 an increase of 0.3%.
- General Fund revenues increased from \$162,480,829 in FY2022 to \$167,776,373 in FY2023, an increase of \$5,295,544 or 3.3%, primarily as a result of the following:
 - \$2 million in Basic Revenue over FY2022 due to a 2% increase in the basic formula and additional pupils
 - \$584,704 in one-time FEMA Funding
 - \$1.0 million increase in Investment Income
 - \$1.7 million increase in Special Education Aid
- General Fund expenditures increased from \$166,400,538 in FY2022 to \$170,156,444 in FY2023, an increase of \$3,755,906 or 2.26%, primarily as the result of \$3.6 million in compensation increases for District staff as well as equipment purchases for the VANTAGE MOMENTUM building which is scheduled to open in 2024.
- During FY2023, the District maintained its Aaa bond rating from Moody's Investors Service, the highest rating on a 23-step scale.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-Wide Statements

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

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

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

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

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

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements

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

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

The District has three kinds of funds:

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

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's combined net position was \$(46,243,510) on June 30, 2023. This was an increase of 38.08% from the prior year (see Table A-1). Net position increased \$28,444,143 from current year activities.

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

	Governmental Activities as of June 30,		Percentage Change
	2023	2022	
Current and Other Assets	\$ 156,354,590	\$ 154,944,958	0.91 %
Capital Assets	<u>183,490,034</u>	<u>172,986,730</u>	6.07
Total Assets	339,844,624	327,931,688	3.63
Deferred Outflows of Resources	49,575,330	51,640,442	(4.00)
Current Liabilities	22,357,045	22,872,936	(2.26)
Net Pension Liability	129,684,563	70,124,680	84.93
Long-Term Liabilities	<u>199,610,236</u>	<u>196,637,746</u>	1.51
Total Liabilities	351,651,844	289,635,362	21.41
Deferred Inflows of Resources	<u>84,011,620</u>	<u>164,624,421</u>	(48.97)
Net Position:			
Net Investment in Capital Assets	13,262,262	16,182,044	(18.04)
Restricted	27,730,141	20,826,373	33.15
Unrestricted	<u>(87,235,913)</u>	<u>(111,696,070)</u>	(21.90)
Total Net Position	<u>\$ (46,243,510)</u>	<u>\$ (74,687,653)</u>	(38.08)

Changes in Net Position

Net position of the District in total increased \$28,444,143 or 38.1% from 2022. The General Fund Operating Accounts produced an operating deficit of ongoing revenues over ongoing expenditures of (\$499,940) for FY2023 due primarily to the use of capital funds to acquire equipment for the VANTAGE MOMENTUM Building which is scheduled to open in calendar 2024. The Food Service Fund operated at a surplus of \$617,499. Total revenue decreased from the prior year as a result of sales to students at a district set rate, rather than federally funded at the free and reduced meal rate. Expenses also increased over the prior year mainly due to equipment replacements but remained lower than annual revenues. The Community Education Fund operated at a surplus of \$1,817,949 as participation in programs continues to increase and revenues grew faster than expenditures.

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 \$129,684,563 as of June 30, 2023. Inclusion of the TRA and PERA liability is the sole reason why the District's Net Position is negative (\$46,032,746). Factoring in the related deferred inflows and outflows, under pre-GASB 68 accounting rules the District would have a positive Net Position of approximately \$60.35 million.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Changes in Net Position (Continued)

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

	Governmental Activities for the Fiscal Year Ended June 30,		Percentage Change
	2023	2022	
Revenues			
<u>Program Revenues</u>			
Charges for Services	\$ 19,315,113	\$ 14,435,492	33.80 %
Operating Grants and Contributions	26,985,185	30,236,788	(10.75)
Capital Grants and Contributions	1,649,751	1,694,513	(2.64)
<u>General Revenues</u>			
Property Taxes	57,091,638	55,874,135	2.18
Unrestricted State Aid	89,649,603	87,219,564	2.79
Investment Earnings	3,671,730	(1,814,251)	(302.38)
Other	655,800	1,457,194	(55.00)
Total Revenues	<u>199,018,820</u>	<u>189,103,435</u>	5.24
Expenses			
Administration	5,185,595	5,417,704	(4.28)
District Support Services	9,000,333	6,757,832	33.18
Regular Instruction	80,799,407	94,700,911	(14.68)
Vocational Education Instruction	1,117,707	1,219,336	(8.33)
Special Education Instruction	20,535,892	22,240,745	(7.67)
Instructional Support Services	7,281,335	7,100,506	2.55
Pupil Support Services	4,716,098	5,570,806	(15.34)
Sites and Buildings	12,301,189	12,140,549	1.32
Fiscal and Other Fixed Cost Programs	603,594	609,346	(0.94)
Food Service	5,304,336	4,821,519	10.01
Community Service	13,114,900	11,124,974	17.89
Transportation	5,695,243	5,417,194	5.13
Interest and Fiscal Charges on Long-Term Liabilities	4,919,048	5,802,801	(15.23)
Total Expenses	<u>170,574,677</u>	<u>182,924,223</u>	(6.75)
Change in Net Position	28,444,143	6,179,212	
Beginning Net Position	(74,687,653)	(80,866,865)	
Ending Net Position	<u>\$ (46,243,510)</u>	<u>\$ (74,687,653)</u>	

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

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Changes in Net Position (Continued)

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

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

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

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District is reflected in its governmental funds statement as well as the statement of activities. As noted above, Governmental Funds includes the General Fund, Food Service Fund, Community Service Fund, Capital Projects Fund, and Debt Service Fund. As of June 30, 2023, Total Governmental Funds reported a combined fund balance of \$54,749,067. The FY2023 Total Fund Balance for Governmental Funds decreased by \$2,504,366 compared to the FY2022 Total Fund Balance of \$57,253,433. The General Fund Accounts produced an operating deficit of ongoing revenues over ongoing expenditures of (\$499,940) for FY2023 as a result of compensation increases for personnel, position additions as well as the use of Capital Funds to purchase equipment for the VANTAGE MOMENTUM Building which is scheduled to open in calendar 2024. The Food Service Fund operated at a surplus of revenues over expenditures of \$617,499. Total revenue decreased from the prior year as a result of sales to students at a district set rate, rather than at the Federally funded higher free and reduced meal rate. Expenses increased over the prior year mainly due to equipment replacements but remained less than revenues. The Community Education Fund operated at a surplus of \$1,817,949 as participation in programs continues to increase. Expenditures in the Capital Projects Fund exceeded Revenues and Other Financing Sources and Uses by \$4,587,895 as proceeds from debt instruments sold during FY2022 for specific projects were utilized in FY2023 to construct the specific capital projects for which they are intended. The Debt Service Fund had a surplus of \$148,021 as a result of investment earnings on cash balances during the year.

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

	Year Ended		Change
	June 30, 2023	June 30, 2022	
Revenue	\$ 200,019,342	\$ 192,133,516	\$ 7,885,826
Expenditures	215,990,936	204,168,125	11,822,811
Difference	(15,971,594)	(12,034,609)	(3,936,985)
Other Financing Sources and Uses - Net	13,696,266	30,613,449	(16,917,183)
Net Change in Fund Balance	\$ (2,275,328)	\$ 18,578,840	\$ (20,854,168)

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

GENERAL FUND

General Fund Revenue

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

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

The following schedule presents a summary of General Fund Revenues.

**Table A-4
General Fund Revenues**

	Year Ended		Change	
	June 30, 2023	June 30, 2022	Increase (Decrease)	Percent Change
Local Sources:				
Property Taxes	\$ 46,678,041	\$ 45,889,816	\$ 788,225	1.7 %
Earnings on Investments	1,311,602	294,214	1,017,388	345.8
Other	6,546,750	7,492,991	(946,241)	(12.6)
State Sources	108,373,631	104,214,361	4,159,270	4.0
Federal Sources	4,866,349	4,589,447	276,902	6.0
Total General Fund Revenue	<u>\$ 167,776,373</u>	<u>\$ 162,480,829</u>	<u>\$ 5,295,544</u>	3.3

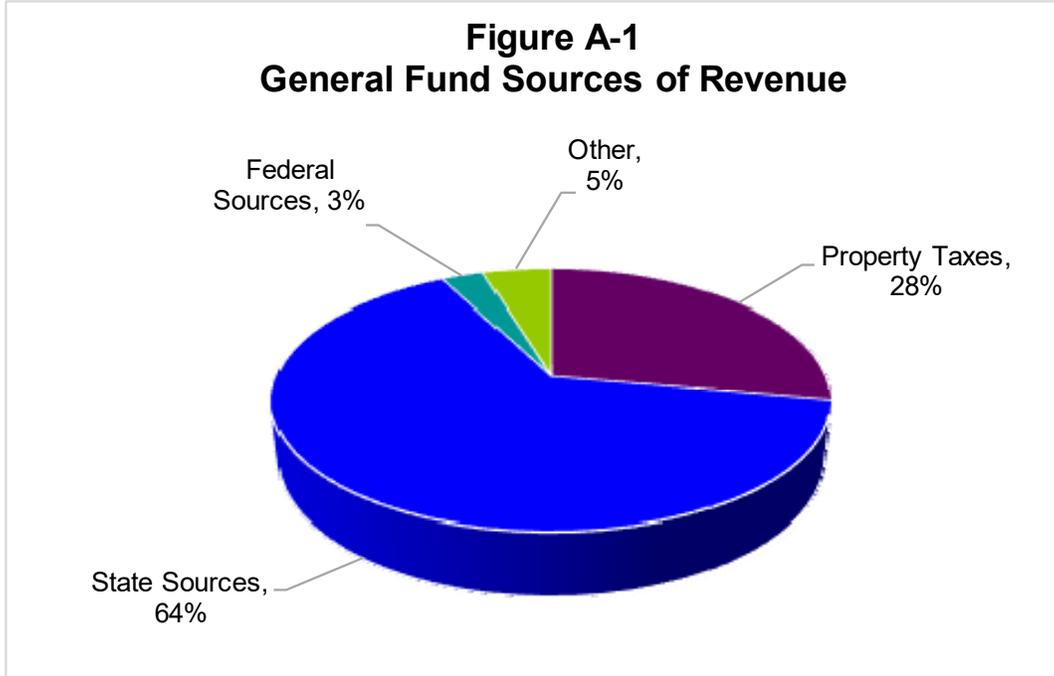
General Fund revenues increased from \$162,480,829 in FY2022 to \$167,776,373 in FY2023, an increase of \$5,295,544 or 3.3%, primarily as a result of the following:

- \$2 million in Basic Revenue over FY2022 due to a 2% increase in the basic formula and an increase of 36 additional pupils
- \$584,704 in one time FEMA Funding
- \$1.0 million increase in Investment Income
- \$1.7 million increase in Special Education Aid

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

GENERAL FUND (CONTINUED)

General Fund Revenue (Continued)



General Fund Expenditures

The following schedule presents a summary of General Fund expenditures.

**Table A-5
General Fund Expenditures**

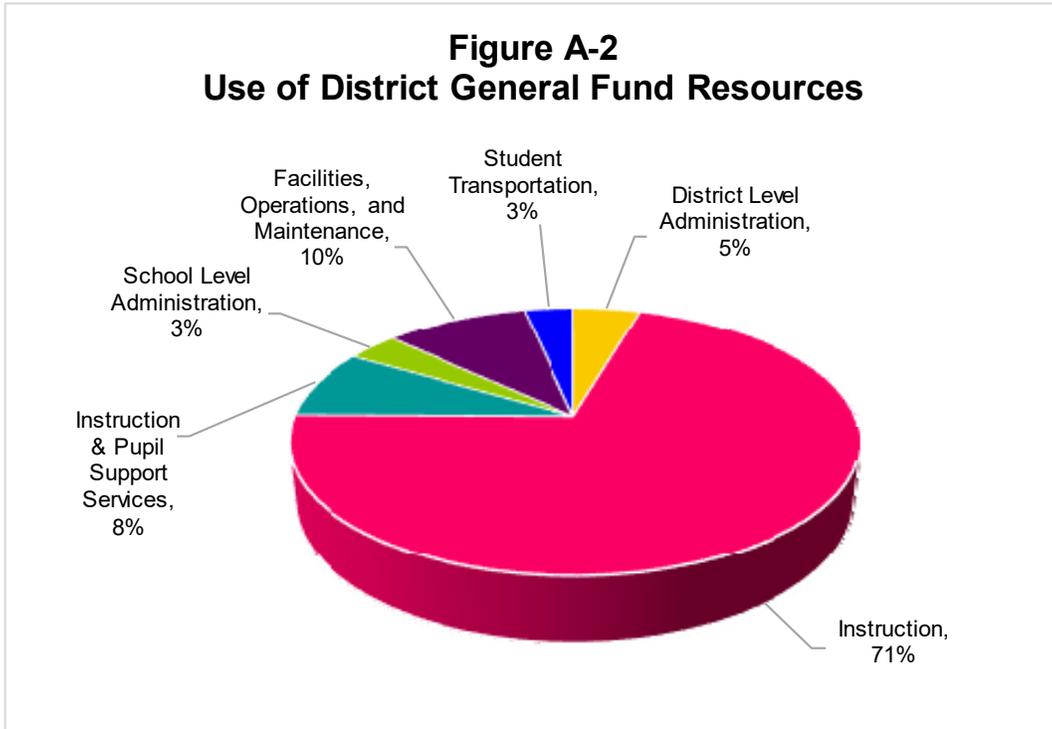
	Year Ended June 30, 2023	Percent of Total	Year Ended June 30, 2022	Percent of Total
USES OF REVENUE				
Instruction	\$ 120,318,991	70.7 %	\$ 118,707,011	71.3 %
Instructional and Pupil Support Services	14,091,291	8.3	12,991,777	7.8
School Level Administration	5,865,032	3.4	5,669,917	3.4
Facilities, Operations, and Maintenance	16,565,788	9.7	16,830,375	10.1
Subtotal, School Level Education Services	<u>156,841,102</u>	92.2	<u>154,199,080</u>	92.7
Student Transportation	5,695,243	3.3	5,417,194	3.3
District Level Administration	<u>7,620,099</u>	4.5	<u>6,784,264</u>	4.1
 Total General Fund Expenditures	 <u><u>\$ 170,156,444</u></u>		 <u><u>\$ 166,400,538</u></u>	

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

GENERAL FUND (CONTINUED)

General Fund Expenditures (Continued)

General Fund expenditures increased from \$166,400,538 in FY2022 to \$170,156,444 in FY2023, an increase of \$3,755,906 or 2.25%, primarily as the result of \$3.6 million in compensation increases for District staff as well as equipment purchases for the VANTAGE MOMENTUM Building.



**MINNETONKA PUBLIC SCHOOLS
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MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

GENERAL FUND (CONTINUED)

Fund Balances – General Fund

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

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

Year	Annual Expenditures	Undesignated/* Unassigned Fund Balance	Total Fund Balance	Undesignated/* Unassigned Percent	Total Percent
2000	\$ 58,268,217	\$ 2,874,577	\$ 3,953,323	4.93 %	6.78 %
2001	69,923,852	4,334,954	6,232,140 **	6.20	8.91
2002	61,852,250	5,020,969	7,283,331	8.12	11.78
2003	64,599,368	3,737,852	6,612,274	5.79	10.24
2004	66,023,507	4,591,901	6,272,136	6.95	9.50
2005	65,858,365	5,212,284	5,593,484	7.91	8.49
2006	66,657,817	6,133,090	7,061,237	9.20	10.59
2007	72,541,392	7,172,432	7,972,292	9.89	10.99
2008	76,280,966	8,463,830	10,100,999	11.10	13.24
2009	97,336,063 ***	11,915,358	13,765,928	12.24	14.14
2010	83,554,647	13,615,163	14,815,297	16.29	17.73
2011	86,847,689	10,551,950	16,904,256	12.15	19.46
2012	92,502,185	11,400,336	15,413,235	12.32	16.66
2013	94,897,463	14,400,463	20,284,928	15.17	21.38
2014	101,910,823	14,362,441	19,266,284	14.09	18.91
2015	109,080,060	13,821,183	19,055,503	12.67	17.47
2016	115,685,326	14,054,648	18,657,653	12.15	16.13
2017	120,974,763	16,065,042	21,102,336	13.28	17.44
2018	132,318,861	17,993,045	23,092,720	13.60	17.45
2019	142,382,288	19,357,141	28,367,299	13.60	19.92
2020	145,852,403	25,304,127	32,955,275	17.35	22.59
2021	159,525,993	23,118,361	28,519,124	14.49	17.88
2022	166,400,538	19,237,087	27,489,264	11.56	16.52
2023	170,156,444	19,002,025	26,989,324	11.17	15.86

* 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%.

**MINNETONKA PUBLIC SCHOOLS
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YEAR ENDED JUNE 30, 2023**

FOOD SERVICE FUND

Food Service Fund Revenue and Expenditure Comparison						
Fund	Revenues			Expenditures		
	2023	2022	Percent Change	2023	2022	Percent Change
Food Service	\$ 6,295,570	\$ 6,734,028	(6.51)%	\$ 5,694,842	\$ 4,986,676	14.20 %

The Food Service Fund supports 100% of the direct costs to provide nutritious meals to students and staff. Revenue consists of the following sources: \$4,402,650 (70%) local sales, \$1,642,540 (26%) federal funding, \$119,218 (2%) state funding, and \$131,162 (2%) interest earnings.

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

Revenue decreased by \$438,458 or 6.5%, from actual revenue for FY2022. This decrease was mainly due to returning to a student paid model rather than Federally funded reimbursement for all meals instituted by the Federal government during the COVID-19 Pandemic. District meal prices are lower than the Federal reimbursement rate.

Expenditures increased by \$708,166 or 14% due to increased numbers of meals served plus increase in the costs of food supplies.

The Food Service Fund operated at a surplus of revenues to expenditures of \$617,499 for FY2023.

COMMUNITY SERVICE FUND

Community Service Fund Revenue and Expenditure Comparison						
Fund	Revenues			Expenditures		
	2023	2022	Percent Change	2023	2022	Percent Change
Community Ed & Sv	\$ 15,049,476	\$ 13,101,390	14.87 %	\$ 13,256,234	\$ 11,278,079	17.54 %

Community Education revenue from all sources increased by \$1,948,086, or 14.9%, to \$15,049,476 for FY2023. Community Service Fund program offerings continue to be popular options for the community with high participation which drove the increase in revenue.

Community Education expenditures increased by \$1,978,155, or 17.5% when compared to FY2022. Employee staffing levels for all programs increased as program participation continued to rise. Instructor costs also increased along with the increase in program offerings.

As a result, the Community Service Fund had a surplus of revenues and other financing sources to expenditures of \$1,817,949 for FY2023.

**MINNETONKA PUBLIC SCHOOLS
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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		
	2023	2022	Percent Change	2023	2022	Percent Change
Debt Service	\$ 14,274,064	\$ 53,066,176	-73.10%	\$ 14,126,043	\$ 53,344,429	(73.52)%
Capital Project	12,288,590	17,061,020	-27.97%	16,647,447	10,634,500	56.54 %

In FY2023, the District performed major long-term facilities maintenance on all buildings to keep its facilities in a state of good repair. Construction started in June 2022 on the 36,400-square-foot VANTAGE MOMENTUM Building which will house the VANTAGE Advanced Professional Studies programs that are currently housed in several buildings located in or near the District, and future MOMENTUM Design and Skilled Trades programs that are under development. The VANTAGE MOMENTUM Building construction continued through FY2023 and will be completed mid-year in FY2024.

The District issued the following bond issues during FY2023:

- In August 2022, the District issued \$8,985,000 G.O. Facilities Maintenance Bonds, Series 2022B. The proceeds of this issue will be used to finance roofing replacement, paving replacement, mechanical systems replacement, cabinetry replacement and various other long term maintenance replacement items as described in the District's approved ten-year long-term facility maintenance plan.

Total Gross Bonded Debt of the District as of June 30, 2023 of \$110,535,000 along with \$2,029,744 in debt service funds available resulted in a net bonded debt of \$108,505,256. The value of taxable property in the District as of December 31, 2022 was \$10,327,617,400. The ratio of Gross Bonded debt to taxable property is 0.88%.

The District undertook the following sales of Certificates of Participation in FY2023:

- The 2023A issue in the amount of \$1,850,000 were sold on January 4, 2023. The COPs were issued to finance interior building modifications and reconfiguration of a parking lot for better student drop off and pick up circulation. The COPs funded projects that created an additional classroom at each of Minnetonka Middle School East, Minnetonka Middle School West, Excelsior Elementary School, and Scenic Heights Elementary School. The COPs funded projects that created two small group rooms at Minnetonka Middle School West, one small group room at Minnetonka Middle School East, and four small group rooms at Excelsior Elementary School.

Total Certificates of Participation outstanding as of June 30, 2023 was \$63,685,000.

**MINNETONKA PUBLIC SCHOOLS
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INTERNAL SERVICE FUNDS

The Internal Service Fund consists of the Other Postemployment Benefits (OPEB) Revocable Trust for retiree health benefits and the Self-Insurance Program for Health and Dental Benefits. The OPEB Revocable Trust Fund had an increase in net position of \$228,450. Contributing to this change in net position was the withdrawal of normal benefit payments of \$815,037, and an increase for the fiscal year on investments of \$1,043,487. At June 30, 2023, the OPEB Revocable Trust Fund had net assets of \$14,728,726, which was 160% of the OPEB Liability of \$9,128,337.

The Self-Insurance Program for health and dental benefits had a decrease in net position of \$1,842,302 as health care expenses per member returned to pre-Pandemic levels. The Self-Insurance Program ended FY2023 with a net position of \$8,801,165, which equates to approximately 46% of operating expenses.

FUND BALANCES AND RESTRICTIONS

The General Fund Balance decreased by a net (\$499,940). The General Fund Operating Accounts produced an operating profit of ongoing revenues over ongoing expenditures of \$460,854 for FY2023. This was offset by capital expenditures to equip the VANTAGE MOMENTUM Building which is scheduled to open in FY2024.

The Food Service Fund Balance of \$3,813,653 is retained to provide resources for the replacement of capital equipment. Any small net income margin at the end of the year is added to this restricted balance. It ensures that the Food Service Fund remains self-sufficient for revenues and expenditures so that no contribution is needed from the General Fund, thereby ensuring that General Fund revenues can be fully utilized for educational needs. Revenue decreased by \$438,458 or 6.5%, from actual revenue for FY2022. This decrease was mainly due to returning to a student paid model rather than Federally funded reimbursement for all meals instituted by the Federal government during the COVID-19 Pandemic. District meal prices are lower than the Federal reimbursement rate. Expenditures increased by \$708,166 or 14% due primarily to replacement equipment and purchased services.

As a result of those factors, the Food Service Fund Balance increased by \$617,499 in FY2023.

Capital Projects restricted balances totaling \$17,339,213 represent bond proceeds that have been issued and retained for specific construction or long-term facilities maintenance projects. This includes \$6,071,618 for long term maintenance projects scheduled in the District's 10-Year Long Term Facilities Maintenance Plan, \$9,284,643 for construction of the VANTAGE MOMENTUM Building, and \$1,982,954 for various other district projects. Debt Service restricted fund balances totaling \$2,029,744 represent bond proceeds held for debt refunding and property tax revenues that have been collected for the purpose of paying scheduled interest payments due on outstanding debt coupons and retiring debt principal.

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CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

During FY2023, the District had completed approximately \$8.8 million in long-term major maintenance and had commenced instructional operations in the \$7.8 million of the VANTAGE MOMENTUM Building which will be completed in mid-year FY2024. The remainder of Construction in Progress is approximately \$9.8 million worth of long-term facilities maintenance projects that were to be completed in the summer of 2023 during June, July and August, with work commencing prior to June 30, 2023. (More detailed information about capital assets can be found in Note 3 to the financial statements.) Total depreciation expense for the year was approximately \$9.9 million.

**Table A-7
Capital Assets**

	2023	2022	Percentage Change
Land	\$ 4,450,229	\$ 4,450,229	- %
Construction in Progress	16,003,352	4,963,848	222.4
Land Improvements	24,566,240	24,566,240	-
Buildings and Improvements	232,136,151	227,104,857	2.2
Equipment	25,660,882	24,900,707	3.1
Leased Assets	3,944,359	3,855,714	2.3
Subscription Based Information Technology Arrangement Assets	3,572,116	2,023,512	
Less: Accumulated Depreciation and Amortization	<u>(126,843,295)</u>	<u>(116,854,865)</u>	8.5
Total District Capital Assets	<u>\$ 183,490,034</u>	<u>\$ 175,010,242</u>	4.8

Construction – Next Five Years

As of June 30, 2023, building additions completed over the prior 10 years have brought the capacity of the District's facilities to an amount sufficient to hold 11,600 K-12 students, which internal projections show is the trajectory the District will be on if it continues to enroll 830-900 students in kindergarten. However, total facility capacity is 14,012 per a study completed in April 2020 by ATSR Architect.

As of June 30, 2023, there are three construction projects in process. The \$16,850,000 VANTAGE MOMENTUM Building construction which started in June 2020 is continuing into FY2024 for a mid-year opening. The \$1,850,000 COP project funding of four internal classroom additions at Minnetonka Middle School East, Minnetonka Middle School West, Excelsior Elementary School and Scenic Heights Elementary School, as well as seven small group rooms and a parking lot reconfiguration continued for completion by September 5, 2023. The \$1,765,000 MOMENTUM Aviation project will infill the south end of the VANTAGE MOMENTUM Building with a second floor housing three flight simulators and a classroom. The project is expected to be completed by September 3, 2024.

**MINNETONKA PUBLIC SCHOOLS
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CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Construction – Next Five Years (Continued)

The other facility project activity is the annual major long-term facilities maintenance program to keep existing facilities in a state of good repair. The program is budgeted at approximately \$10,785,000 annually for the years FY2025 through FY2027. Rising construction inflation has driven up the cost of long-term maintenance construction projects necessary to maintain the approximately 1.8 million square feet of buildings and 258 acres of land owned by the District. After 15 fiscal years of intense rebuilding, the District school facilities are in a state of good repair with deferred maintenance largely eliminated. The focus of the long term facilities maintenance projects are primarily to replace roofing on schedule, replace paving on schedule, and replace HVAC units that have the 2020-banned R-22 refrigerant in them. Other significant projects include the scheduled replacement of the running track at Einer Anderson Stadium, the replacement of the R-22 ice-making system for the ice rink at the Pagel Activity Center and replacement of the Tonka Dome roof.

Long-Term Liabilities

At year-end, the District had approximately \$173.8 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 over the long term. The total outstanding par value of General Obligation Bonds and Certificates of Participation increased by \$845,000 as of June 30, 2023 compared to June 30, 2022. This was due to the issuance of \$8,895,000 2022B General Obligation Long Term Facilities Maintenance Bonds, and the issuance of the \$1,850,000 2023A COPs to fund internal modifications to provide classrooms and small group spaces at Minnetonka Middle School West, Minnetonka Middle School East, Excelsior Elementary School, and Scenic Heights Elementary School, as well as changes to the parking lot at Minnetonka Middle School West to improve safety at student drop off and pick up times.

The District estimates approximately \$9.82 million in postemployment severance and health benefits payable at June 30, 2023. The District also estimates Compensated Absences payable of approximately \$1.28 million.

Net Pension Liability of \$129.7 million reflects the District's assigned portion of the unfunded liabilities of the Teachers Retirement Association (TRA) and Public Employees Retirement Association (PERA) pension funds as required by GASB Statement 68.

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CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Liabilities (Continued)

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

	<u>2023</u>	<u>2022</u>	<u>Percentage Change</u>
General Obligation Bonds	\$ 110,075,000	\$ 108,860,000	1.1 %
Net Bond Premium and Discount	6,973,218	6,723,450	3.7
Certificates of Participation Payable	63,685,000	64,055,000	(0.6)
Financed Purchases Payable	1,572,639	2,679,837	(41.3)
Long-Term Leases Payable	3,420,038	3,591,637	N/A
Promissory Note Payable	218,800	342,648	(36.1)
Subscriptions Payable	2,724,458	2,023,512	34.6
Net Pension Liability	129,684,563	70,124,680	84.9
Other Postemployment Benefits Payable	9,128,337	8,536,485	6.9
Severance Benefits Payable	474,597	487,496	(2.6)
Compensated Absences and Early Retirement Incentive Payable	<u>1,338,149</u>	<u>1,361,193</u>	(1.7)
Total Long-Term Liabilities	<u>\$ 329,294,799</u>	<u>\$ 268,785,938</u>	22.5
Bonds, Certificates of Participation, and Compensated Absences:			
Due Within One Year	\$ 12,459,579	\$ 11,844,564	
Due in More Than One Year	178,022,320	176,256,697	
Total	<u>\$ 190,481,899</u>	<u>\$ 188,101,261</u>	

GENERAL FUND BUDGET

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

**MINNETONKA PUBLIC SCHOOLS
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YEAR ENDED JUNE 30, 2023**

GENERAL FUND BUDGET (CONTINUED)

FY2023 Operational Budget revenues of \$150.5 million exceeded operational expenditures of \$150.0 million by \$460,854. Significant equipment purchases to equip the VANTAGE MOMENTUM Building resulted in the overall General Fund operating at a deficit of \$499,940, with Capital Expenditures exceeding revenue by \$509,149 and Capital Projects Levy Expenditures exceeding Capital Projects Levy Revenues for \$553,162. These two factors were the primary drivers of the overall General Fund operating at a deficit. Other financial highlights include:

Total teaching staff increased from 840.54 in FY2022 to 854.76 in FY2023

Support staff increased from 516.68 in FY2022 to 519.31 in FY2023

General Fund revenues increased from \$162,480,829 in FY2022 to \$167,623,723 in FY2023, an increase of \$5,142,894 or 3.2%, primarily as a result of the following:

- \$2 million in Basic Revenue over FY2022 due to a 2% increase in the basic formula and additional pupils
- \$584,704 in one time FEMA Funding
- \$1.0 million increase in Investment Income
- \$1.7 million increase in Special Education Aid

General Fund expenditures increased from \$166,400,538 in FY2022 to \$170,156,444 in FY2023, an increase of \$3,755,906 or 2.3%, with \$3.6 million in compensation increases for District staff.

**MINNETONKA PUBLIC SCHOOLS
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GENERAL FUND BUDGET (CONTINUED)

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

	2022-2023		Variance	
	Budget	Actual	Over (Under)	Percent
Operational Budgets (Includes Transportation and Extra Curricular):				
Revenue	\$ 149,993,396	\$ 150,473,675	\$ 480,279	0.3 %
Expenditures	149,619,087	150,007,893	388,806	0.3
Revenue Under				
Expenditures	374,309	465,782	91,473	
Reserve General Fund Budgets:				
Revenue:				
Capital Expenditures	5,855,662	6,107,891	252,229	4.3
Athletic Equipment Fees	489,391	278,809	(210,582)	(43.0)
Fiduciary Funds	1,800,106	1,875,772	75,666	4.2
Arts Center	951,321	980,781	29,460	3.1
Tonka Dome	331,929	359,232	27,303	8.2
Pagel Center	632,048	632,048	-	-
Capital Projects Levy	7,428,915	7,613,072	184,157	2.5
Total Revenue	<u>17,489,372</u>	<u>17,847,605</u>	<u>358,233</u>	
Expenditures:				
Capital Expenditures	6,179,345	6,617,039	437,694	7.1
Athletic Equipment Fees	489,391	290,566	(198,825)	(40.6)
Fiduciary Funds	1,800,106	1,781,153	(18,953)	(1.1)
Arts Center	951,321	980,781	29,460	3.1
Tonka Dome	331,929	395,652	63,723	19.2
Pagel Center	628,943	581,902	(47,041)	(7.5)
Capital Projects Levy	8,429,786	8,166,234	(263,552)	(3.1)
Total Expenditures	<u>18,810,821</u>	<u>18,813,327</u>	<u>2,506</u>	
Revenue Over (Under) Expenditures	(1,321,449)	(965,722)	355,727	(26.9)
Summary:				
Total Revenues	167,482,768	168,321,280	838,512	0.5
Total Expenditures	<u>168,429,908</u>	<u>168,821,220</u>	<u>391,312</u>	0.2
Change in Fund Balance	<u>\$ (947,140)</u>	<u>\$ (499,940)</u>	<u>\$ 447,200</u>	

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

**MINNETONKA PUBLIC SCHOOLS
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MANAGEMENT'S DISCUSSION AND ANALYSIS
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GENERAL FUND BUDGET (CONTINUED)

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

Under GASB 54, unassigned General Fund balances, plus General Fund assigned fund balances at the discretion of the School Board, are the best measure of school district health. The fund balances at the School Board's discretion in the assigned and unassigned categories totaled \$23,978,652 or 14.1% of FY2023 expenditures. The Board has had a fund balance policy in place since 1988 requiring maintenance of a general fund unassigned balance of a minimum 6% of expenditures.

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

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

For FY2024, the State of Minnesota provided funding increases including 4.00% on the main basic funding formula as the State of Minnesota had a projected budget surplus for the FY24-FY25 Biennium of over \$17 Billion. This increase was the first basic funding formula increase that exceeded 2.45% in 18 years. Assuming the state can provide annual state-provided revenues without any proration reductions, the major factor influencing the District's future will be the District's commitment to managing expenditures so that they do not exceed available resources. The District received approval from the voters of the District on November 3, 2015 for an operating referendum revenue extension and increase of \$340 per pupil for FY2017 and an increase of \$340 per pupil in FY2020. With the approval, additional ongoing revenue per pupil was generated in the amount of approximately \$4.3 million in FY2017 and approximately \$4.8 million in FY2020. The approval rate was 72%. This revenue source increases slightly with inflation each year.

**MINNETONKA PUBLIC SCHOOLS
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YEAR ENDED JUNE 30, 2023**

FACTORS BEARING ON THE DISTRICT'S FUTURE (CONTINUED)

The approval of the Operating Referendum increases per pupil on November 3, 2015 put the District's Operating Referendum per pupil at the maximum amount per pupil that is allowed under Minnesota Statutes for FY2020. As a result, the District will not be able to ask the voters of the District for any additional amounts per pupil in the future unless there are Legislature-approved changes to the statutes that govern school district funding. The District will always be able to ask the voters of the District to renew the Operating Referendum at the maximum amount per pupil. However, under current statutes, the District was not able to ask voters to increase the amount per pupil at the November 2023 election. However, statutory changes by the 2023 Legislature now allow school districts to extend an Operating Referendum for 10 years one time by a vote of the School Board if the extension is for the existing amount plus inflation. The Minnetonka ISD 276 School Board is considering enacting such an extension in June 2024.

However, the current restrictive cap on the amount of the Operating Referendum makes it impossible for the amount per pupil to be increased by any amount greater than inflation. This restriction, if not changed by Legislative action in calendar 2024, will have a great impact on future operations, as expenditure levels tend to rise faster than revenue levels absent any periodic additional Operating Referendum revenue per pupil. As a result, the District is likely to have to enact the first rounds of budget reduction in 18 years for Fiscal Year 2025 which starts on July 1, 2024.

The District received approval from the voters of the District for an extension of the Capital Projects (Technology) referendum revenue on the November 7, 2023 ballot, which generates approximately \$9.2 million annually. The extension is through the 32 Pay 33 Levy for Fiscal Year 2034. The approval rate was 64%. Noted that the voters approved the extension on the November 7, 2023 ballot.

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

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

The District projects enrollment growth to stop naturally at between 11,500 and 11,600 if the School Board approves the addition of approximately 300 students K-12, or 0.62 students per each of its 503 classrooms, topping out in approximately FY26 or FY27. The District also operates a comprehensive e-learning program that has that ability to serve between 120 and 150 students with additional overhead costs for administrative, clerical and technical support staff.

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

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

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

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Bond Ratings

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

Limitations on Debt

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

BASIC FINANCIAL STATEMENTS

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
STATEMENT OF NET POSITION
JUNE 30, 2023**

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 102,580,824
Cash with Fiscal Agent	3,935,789
Receivables:	
Property Taxes	31,537,006
Other Governments	14,082,510
Leases Receivable	301,947
Other	1,319,595
Prepaid Items	2,295,249
Inventories	301,670
Capital Assets:	
Land and Construction in Progress	20,453,581
Other Capital Assets, Net of Depreciation and Amortization	<u>163,036,453</u>
Total Assets	<u>339,844,624</u>
DEFERRED OUTFLOWS OF RESOURCES	
Losses on Debt Refunding	896,261
Deferred Outflows - Pension Payments	48,089,943
Deferred Outflows - Other Postemployment Benefits	<u>589,126</u>
Total Deferred Outflows of Resources	<u>49,575,330</u>
LIABILITIES	
Salaries Payable	7,871,895
Accounts and Contracts Payable	8,036,503
Accrued Interest	2,085,378
Due to Other Governmental Units	-
Unearned Revenue	4,363,269
Long-Term Liabilities:	
Net Pension Liability	129,684,563
Other Postemployment Benefits Due Within One Year	815,037
Other Postemployment Benefits Liability Due in More Than One Year	8,313,300
Other Long-Term Liabilities Due Within One Year	12,459,579
Other Long-Term Liabilities Due in More Than One Year	<u>178,022,320</u>
Total Liabilities	<u>351,651,844</u>
DEFERRED INFLOWS OF RESOURCES	
Property Taxes Levied for Subsequent Year	58,261,490
Lease Receivable	289,961
Deferred Inflows - Pensions	24,918,731
Deferred Inflows - Other Postemployment Benefits	<u>541,438</u>
Total Deferred Inflows of Resources	<u>84,011,620</u>
NET POSITION	
Net Investment in Capital Assets	13,262,262
Restricted for:	
General Operating Capital Purposes	201,014
State-Mandated Reserves	59,981
Food Service	3,703,387
Community Service	4,574,912
Capital Projects	18,695,832
Other Purposes	270,900
Unrestricted	<u>(87,011,798)</u>
Total Net Position	<u>\$ (46,243,510)</u>

See accompanying Notes to Basic Financial Statements.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

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	\$ 5,185,595	\$ -	\$ (23,454)	\$ (29,804)	\$ (5,238,853)
District Support Services	9,004,985	35,369	52,438	-	(8,917,178)
Regular Instruction	80,799,407	2,046,489	2,846,640	(3,254)	(75,909,532)
Vocational Education Instruction	1,117,707	-	14,647	-	(1,103,060)
Special Education Instruction	20,535,892	24,123	19,367,614	-	(1,144,155)
Instructional Support Services	7,281,335	217,469	(59,331)	-	(7,123,197)
Pupil Support Services	4,716,098	241,021	(61,005)	-	(4,536,082)
Sites and Buildings	12,301,189	-	1,111,404	1,683,187	(9,506,598)
Fiscal and Other Fixed Cost Programs	603,594	-	15,576	-	(588,018)
Food Service	5,304,336	4,401,702	1,767,606	-	864,972
Community Service	13,114,900	12,348,940	1,525,209	(379)	758,870
Transportation	5,695,243	-	427,841	-	(5,267,402)
Interest and Fiscal Charges on Long-Term Liabilities	4,914,396	-	-	-	(4,914,396)
Total School District	\$ 170,574,677	\$ 19,315,113	\$ 26,985,185	\$ 1,649,751	(122,624,628)
GENERAL REVENUES					
Property Taxes Levied for:					
General Purposes					46,677,956
Community Service					980,044
Debt Service					9,433,638
State Aid Not Restricted to Specific Purposes					89,649,603
Earnings on Investments					3,671,730
Miscellaneous					655,800
Total General Revenues					151,068,771
CHANGE IN NET POSITION					
28,444,143					
Net Position - Beginning					
(74,687,653)					
NET POSITION - ENDING					
\$ (46,243,510)					

See accompanying Notes to Basic Financial Statements.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

	Major Funds					Total Governmental Funds	
	General	Food Service	Community Service	Capital Projects	Debt Service	2023	2022
ASSETS							
Cash and Investments	\$ 39,096,524	\$ 3,765,573	\$ 6,531,891	\$ 18,695,832	\$ 5,774,424	\$ 73,864,244	\$ 68,232,468
Cash with Fiscal Agent	880,794	-	-	3,054,995	-	3,935,789	10,544,346
Receivables:							
Current Property Taxes	25,944,063	-	503,506	-	4,776,637	31,224,206	28,245,879
Delinquent Property Taxes	254,758	-	5,657	-	52,385	312,800	241,063
Accounts and Interest Receivable	734,606	160,336	127,252	-	62,106	1,084,300	204,708
Due from Other Minnesota School Districts	72,977	-	66,573	-	-	139,550	308,924
Due from Minnesota Department of Education	10,828,583	14,989	63,978	-	83,739	10,991,289	11,046,168
Due from Federal through Minnesota Department of Education	2,219,052	190,799	6,048	-	-	2,415,899	2,711,978
Due from Other Governmental Units	484,486	-	51,286	-	-	535,772	576,558
Due from Other Funds	815,037	-	-	-	-	815,037	754,419
Leases Receivable	301,947	-	-	-	-	301,947	365,133
Inventory	224,160	77,510	-	-	-	301,670	297,381
Prepays	2,254,617	17,736	22,897	-	911,257	3,206,507	2,383,727
Total Assets	\$ 84,111,604	\$ 4,226,943	\$ 7,379,088	\$ 21,750,827	\$ 11,660,548	\$ 129,129,010	\$ 125,912,752
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE							
Liabilities:							
Salaries and Compensated Absences Payable	\$ 4,552,376	\$ 382	\$ 408,682	\$ -	\$ -	\$ 4,961,440	\$ 6,860,894
Payroll Deductions and Employer Contributions Payable	2,907,290	342	1,036	-	-	2,908,668	3,588,283
Accounts and Contracts Payable	1,168,717	81,836	195,936	4,411,614	-	5,858,103	3,565,703
Due to Other Governmental Units	-	-	-	-	-	-	(2,948)
Unearned Revenue	424,812	345,750	1,165,947	-	-	1,936,509	2,068,774
Total Liabilities	9,053,195	428,310	1,771,601	4,411,614	-	15,664,720	16,080,706
Deferred Inflows of Resources:							
Levied for Subsequent Year	47,673,394	-	1,009,678	-	9,578,418	58,261,490	52,112,842
Unavailable Revenue - Delinquent Property Taxes	105,730	-	5,657	-	52,385	163,772	105,815
Leases Receivable	289,961	-	-	-	-	289,961	359,956
Total Deferred Inflows of Resources	48,069,085	-	1,015,335	-	9,630,803	58,715,223	52,578,613
Fund Balance:							
Nonspendable:							
Inventory	224,160	77,510	-	-	-	301,670	297,381
Prepays	2,254,617	17,736	22,897	-	911,257	3,206,507	2,383,727
Restricted for:							
Student Activities	31,075	-	-	-	-	31,075	36,446
Scholarships	239,825	-	-	-	-	239,825	246,026
Projects Funded by Certificates of Participation	-	-	-	3,054,996	-	3,054,996	48
Operating Capital	201,014	-	-	-	-	201,014	802,841
Community Education	-	-	3,516,044	-	-	3,516,044	1,820,785
Early Childhood and Family Education	-	-	505,572	-	-	505,572	532,075
School Readiness	-	-	319,478	-	-	319,478	281,722
Adult Basic Education	-	-	14,524	-	-	14,524	7,249
Long-Term Facilities Maintenance	-	-	-	6,071,618	-	6,071,618	5,337,007
Restricted for Other Purposes	-	3,703,387	213,637	8,212,599	1,118,488	13,248,111	20,704,002
Restricted for Medical Assistance	59,981	-	-	-	-	59,981	111,162
Assigned for:							
Q Comp	533,560	-	-	-	-	533,560	436,430
Athletic Equipment	477,635	-	-	-	-	477,635	489,392
Special Purposes	1,613,760	-	-	-	-	1,613,760	1,507,568
Capital Projects Tech Levy	2,356,595	-	-	-	-	2,356,595	3,022,485
Unassigned	18,997,102	-	-	-	-	18,997,102	19,237,087
Total Fund Balance	26,989,324	3,798,633	4,592,152	17,339,213	2,029,745	54,749,067	57,253,433
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 84,111,604	\$ 4,226,943	\$ 7,379,088	\$ 21,750,827	\$ 11,660,548	\$ 129,129,010	\$ 125,912,752

See accompanying Notes to Basic Financial Statements.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

Total Fund Balance for Governmental Funds	\$ 54,749,067
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:	
Land	4,450,229
Construction in Progress	16,003,352
Land Improvements, Net of Accumulated Depreciation	10,863,347
Buildings and Improvements, Net of Accumulated Depreciation	137,870,926
Equipment, Net of Accumulated Depreciation	8,258,504
Leased Buildings and Equipment, Net of Accumulated Amortization	6,043,676
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.	
	163,772
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.	
	896,261
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.	
	(451,258)
Bond principal which is paid prior to it becoming due is recorded as a prepaid item in the governmental funds. For government-wide purposes the prepaid is removed and the liability is reduced, thus having no effect on ending net position. However, this payment reduces the liability being added back to reduce ending net position, therefore the reduction in net position is added back in order to have no net effect on ending net position.	
	(460,000)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	
	(2,085,378)
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	(129,684,563)
Deferred Inflows of Resources - Pensions	(24,918,731)
Deferred Outflows of Resources - Pensions	48,089,943
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	(9,128,337)
Deferred Inflows of Resources - Other Postemployment Benefits	(541,438)
Deferred Inflows of Resources - Other Postemployment Benefits	589,126
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	(110,075,000)
Unamortized Premiums	(6,973,218)
Certificates of Participation Payable	(63,685,000)
Promissory Note Payable	(218,800)
Obligations Under Financed Purchases	(1,572,639)
Leases Payable	(3,420,038)
Subscriptions Payable	(2,724,458)
Severance Benefits Payable	(474,597)
Compensated Absences Payable	(1,281,149)
Early Retirement Incentive Payable	(57,000)
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:	
	23,529,891
Total Net Position of Governmental Activities	\$ (46,243,510)

See accompanying Notes to Basic Financial Statements.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2022)**

	Major Funds					Total Governmental Funds	
	General	Food Service	Community Service	Capital Projects	Debt Service	2023	2022
REVENUES							
Local Sources:							
Property Taxes	\$ 46,678,041	\$ -	\$ 974,387	\$ -	\$ 9,381,253	\$ 57,033,681	\$ 55,879,476
Earnings and Investments	1,311,602	131,162	197,459	447,520	109,021	2,196,764	336,618
Other	6,546,750	4,402,650	13,036,808	116,500	-	24,102,708	20,039,404
State Sources	108,373,631	119,218	493,949	-	843,629	109,830,427	105,628,435
Federal Sources	4,866,349	1,642,540	346,873	-	-	6,855,762	10,249,583
Total Revenues	<u>167,776,373</u>	<u>6,295,570</u>	<u>15,049,476</u>	<u>564,020</u>	<u>10,333,903</u>	<u>200,019,342</u>	<u>192,133,516</u>
EXPENDITURES							
Current:							
Administration	5,511,161	-	-	-	-	5,511,161	5,394,361
District Support Services	6,052,503	-	-	-	-	6,052,503	6,505,745
Elementary and Secondary Regular Instruction	91,887,919	-	-	-	-	91,887,919	89,872,882
Vocational Education Instruction	1,298,299	-	-	-	-	1,298,299	1,207,168
Special Education Instruction	23,991,847	-	-	-	-	23,991,847	22,906,881
Instructional Support Services	8,263,830	-	-	-	-	8,263,830	7,312,674
Pupil Support Services	5,550,292	-	-	-	-	5,550,292	5,677,560
Sites and Buildings	9,523,086	-	-	-	-	9,523,086	9,262,975
Fiscal and Other Fixed Cost Programs	603,594	-	-	-	-	603,594	609,346
Food Service	-	5,193,492	-	-	-	5,193,492	4,966,851
Community Service	-	-	12,966,756	-	-	12,966,756	11,249,334
Transportation	5,695,243	-	-	-	-	5,695,243	5,417,194
Capital Outlay	4,492,045	486,330	283,392	16,647,447	-	21,909,214	16,643,386
Debt Service:							
Principal	4,786,641	15,020	5,238	-	7,115,000	11,921,899	11,178,682
Interest and Fiscal Charges	2,499,984	-	848	229,038	3,120,969	5,850,839	5,963,086
Total Expenditures	<u>170,156,444</u>	<u>5,694,842</u>	<u>13,256,234</u>	<u>16,876,485</u>	<u>10,235,969</u>	<u>216,219,974</u>	<u>204,168,125</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,380,071)	600,728	1,793,242	(16,312,465)	97,934	(16,200,632)	(12,034,609)
OTHER FINANCING SOURCES (USES)							
Sale of Equipment	-	16,771	-	-	-	16,771	-
Sale of Bonds	-	-	-	8,985,000	3,725,000	12,710,000	48,430,000
Bond Premium	-	-	-	548,259	215,161	763,420	1,315,524
Issuance of Certificates of Participation	-	-	-	1,850,000	-	1,850,000	9,725,000
Premium on Certificates of Participation	-	-	-	341,311	-	341,311	839,403
Issuance of Long-Term Leases	124,848	-	-	-	-	124,848	2,919,343
Issuance of Subscriptions Payable	1,548,604	-	-	-	-	1,548,604	-
Issuance of Financed Purchase	231,386	-	-	-	-	231,386	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	(3,890,074)	(3,890,074)	(42,465,821)
Transfers In	-	-	24,707	-	-	24,707	9,889,770
Transfers Out	(24,707)	-	-	-	-	(24,707)	(39,770)
Total Other Financing Sources (Uses)	<u>1,880,131</u>	<u>16,771</u>	<u>24,707</u>	<u>11,724,570</u>	<u>50,087</u>	<u>13,696,266</u>	<u>30,613,449</u>
NET CHANGE IN FUND BALANCE	(499,940)	617,499	1,817,949	(4,587,895)	148,021	(2,504,366)	18,578,840
FUND BALANCES							
Beginning of Year	27,489,264	3,181,134	2,774,203	21,927,108	1,881,724	57,253,433	38,674,593
End of Year	<u>\$ 26,989,324</u>	<u>\$ 3,798,633</u>	<u>\$ 4,592,152</u>	<u>\$ 17,339,213</u>	<u>\$ 2,029,745</u>	<u>\$ 54,749,067</u>	<u>\$ 57,253,433</u>

See accompanying Notes to Basic Financial Statements.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE
IN FUND BALANCE – GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Net Change in Fund Balance - Total Governmental Funds \$ (2,504,366)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation or amortization expense. The amount which capital outlays exceeded depreciation and amortization in the current period:

Capital Outlays	18,906,338
Loss on Disposal of Capital Assets	(253,174)
Proceeds from the Sales of Capital Assets	(16,771)
Depreciation and Amortization Expense	(10,156,601)

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.	57,957
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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.	24,335,278
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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).	35,943
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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 as expenses in the statement of net position.	474,544
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The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in treatment is as follows:

General Obligation Bonds and Certificates of Participation Issued	(14,560,000)
Bond Premium or Discount	(1,104,731)
Issuance of Long-Term Leases	(124,848)
Issuance of Subscriptions Payable	(1,548,604)
Issuance of Financed Purchase Payable	(231,386)
Refunding Payments of Bonds and Certificates of Participation Payable	3,920,000
Repayment of Bond Principal	7,115,000
Repayment of Certificates of Participation Payable	2,220,000
Repayment of Financed Purchases	1,338,584
Repayment of Promissory Note	123,848
Repayment of Long-Term Leases	296,447
Repayment of Subscriptions Payable	847,658
Change in Accrued Interest Payable	295,102
Change in Prepaid Interest and Principal Expensed	72,029
Amortization of Bond Premium	854,963
Amortization of Deferred Charges on Refunding Bonds	(335,215)

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.	<u>(1,613,852)</u>
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Total	<u><u>\$ 28,444,143</u></u>
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See accompanying Notes to Basic Financial Statements.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
STATEMENT OF NET POSITION – PROPRIETARY FUND – INTERNAL SERVICE FUND
JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

	Governmental Activities - Internal Service Funds	
	2023	2022
CURRENT ASSETS		
Cash and Investments	\$ 28,716,580	\$ 30,288,256
Interest Receivable	235,295	21,656
Total Assets	28,951,875	30,309,912
CURRENT LIABILITIES		
Accounts Payable	1,787	1,862
Claims Payable - Medical	2,178,400	2,093,400
Due to Other Funds	815,037	754,419
Unearned Revenue	2,426,760	2,316,488
Total Current Liabilities	5,421,984	5,166,169
NET POSITION		
Unrestricted	\$ 23,529,891	\$ 25,143,743

See accompanying Notes to Basic Financial Statements.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN
NET POSITION – PROPRIETARY FUND – INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2022)**

	Governmental Activities - Internal Service Funds	
	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Charges for Services:		
Health Insurance Premiums	\$ 15,585,124	\$ 15,665,169
Dental Insurance Premiums	1,249,050	1,249,050
Total Operating Revenues	<u>16,834,174</u>	<u>16,914,219</u>
OPERATING EXPENSES		
Salaries	129,876	121,538
VEBA Contributions	1,401,309	1,749,260
Wellness Payments	40,920	42,060
Health Insurance Claim Payments	15,283,194	11,866,724
Dental Insurance Claim Payments	1,216,152	1,168,649
OPEB Payments	815,037	754,419
General Administration Fees	1,036,504	1,101,607
Total Operating Expenses	<u>19,922,992</u>	<u>16,804,257</u>
OPERATING INCOME (LOSS)	(3,088,818)	109,962
NONOPERATING INCOME		
Earnings on Investments	1,474,966	(2,150,869)
Transfers to Other Funds	-	(9,850,000)
Total Nonoperating Income (Expenses)	<u>1,474,966</u>	<u>(12,000,869)</u>
CHANGE IN NET POSITION	(1,613,852)	(11,890,907)
Net Position - Beginning	<u>25,143,743</u>	<u>37,034,650</u>
NET POSITION - ENDING	<u>\$ 23,529,891</u>	<u>\$ 25,143,743</u>

See accompanying Notes to Basic Financial Statements.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
STATEMENT OF CASH FLOWS – PROPRIETARY FUND – INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2022)**

	Governmental Activities - Internal Service Funds	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Interfund Services Provided	\$ 16,730,807	\$ 16,736,913
Payments for Administrative Costs	(1,036,504)	(1,101,607)
Payments for Salaries	(129,876)	(121,538)
Payments for Medical Fees and Insurance Claims	(16,414,421)	(13,287,442)
Payments for Wellness	(40,920)	(42,060)
Payments to Employee VEBA Accounts	(1,401,309)	(1,749,260)
Payments for Retirement Benefits	(754,419)	(750,607)
Net Cash Used by Operating Activities	(3,046,642)	(315,601)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	431,479	45,209
Proceeds from Sale of Investments	754,419	750,607
Net Cash Provided by Investing Activities	1,185,898	795,816
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,860,744)	480,215
Cash and Cash Equivalents - Beginning	15,033,561	14,553,346
CASH AND CASH EQUIVALENTS - ENDING	\$ 13,172,817	\$ 15,033,561
Total Cash and Investments per Statement of Net Position	\$ 28,716,580	\$ 30,288,256
Less: Investments Included in Cash and Investments	(15,543,763)	(15,254,695)
Total Cash and Cash Equivalents	\$ 13,172,817	\$ 15,033,561
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (3,088,818)	\$ 109,962
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
(Increase) Decrease in Interest Receivable	(213,639)	(21,656)
Increase (Decrease) in Accounts Payable	(75)	(203)
Increase (Decrease) in Claims Payable	85,000	(251,866)
Increase (Decrease) in Due to Other Funds	60,618	3,812
Increase (Decrease) in Unearned Revenue	110,272	(155,650)
Total Adjustments	42,176	(425,563)
Net Cash Provided (Used) by Operating Activities	\$ (3,046,642)	\$ (315,601)
NONCASH INVESTING ACTIVITIES		
Increase (Decrease) in Fair Value of Investments	\$ (2,549,205)	\$ 7,432,446

See accompanying Notes to Basic Financial Statements.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023**

	Custodial Funds
ASSETS	
Cash and Investments	\$ 511,675
Due From Other Governments	95,321
Total Assets	606,996
LIABILITIES	
Accounts and Contracts Payable	12,797
Total Liabilities	12,797
NET POSITION	
Restricted	\$ 594,199

See accompanying Notes to Basic Financial Statements.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2023**

	<u>Custodial Funds</u>
ADDITIONS	
Gifts and Donations	\$ 95,131
LCTS Grants	210,165
Total Additions	<u>305,296</u>
 DEDUCTIONS	
Miscellaneous	<u>344,678</u>
 CHANGE IN NET POSITION	 (39,382)
Net Position - Beginning of Year	<u>633,581</u>
 NET POSITION - END OF YEAR	 <u><u>\$ 594,199</u></u>

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

B. Financial Reporting Entity

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

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

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

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

Adoption of New Accounting Standards

In May 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. This standard requires the recognition of certain subscription assets and liabilities for agreements that previously were classified as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for subscription accounting based on the foundational principle that SBITAs are financings of the right to use an underlying asset. Under this standard, a subscriber is required to recognize a subscription liability and an intangible right-to-use subscription asset.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Financial Reporting Entity (Continued)

Adoption of New Accounting Standards (Continued)

The District adopted the requirements of the guidance effective July 1, 2022, and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this standard resulted in the District reporting SBITA assets and SBITA liability as disclosed in Note 3 and Note 5.

C. Basic Financial Statement Presentation

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

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

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

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

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

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation (Continued)

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.

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.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

2. Recording of Expenditures (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.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

E. Budgeting

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

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

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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.

The general fund and capital projects fund had expenditures in excess of budgeted amounts for fiscal year 2023, as shown below. Overages were the result of timing differences in contributions to projects that spanned fiscal years. The expenditures in excess of budget were funded by revenues, which also exceeded budget, and existing fund balance.

	Budget	Expenditures	Excess
General Fund	\$ 167,923,346	\$ 170,156,444	\$ 2,233,098
Capital Projects Fund	16,826,196	16,647,447	(178,749)

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.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Accounts Receivable

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

H. Inventories

Inventories are recorded using the purchase method of accounting and consist of purchased food and other supplies on hand at year end 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 2023 with no corresponding state aid adjustment. Certain other portions of the District's 2022 pay 2023 levy, normally revenue for the 2023-23 fiscal year, are also advance recognized as June 30, 2023, as required by state statute to match revenue with the same fiscal year as the related expenditures.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Property Taxes (Continued)

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.

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, 2023, 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, 5 to 15 years for equipment, and 1 to 3 years for the right-to-use assets.

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.

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets (Continued)

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets. Useful lives vary from 3 to 5 years for SBITA assets.

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 three types of items that qualify 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.

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 five types of items which occur related to revenue recognition. The first occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year. The second type of deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's year-end) under the modified accrual basis of accounting. The third type of deferred inflows is related to long-term lease receivables. The fourth and fifth types of deferred inflows reported are 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.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Long-Term Obligations (Continued)

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

N. Accrued Employee Benefits

Vacation Pay

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

Sick Pay

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

Severance and Health Benefits

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

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 2023, the District's expenditures for convertible sick leave totaled approximately \$669,306. At June 30, 2023, the long-term portion of the convertible sick leave liability is included as part of long-term debt and represents \$474,597 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.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Accrued Employee Benefits (Continued)

Severance and Health Benefits (Continued)

3. 403(b) Plan

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

Pensions

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

TRA has a special funding situation created by direct aid contributions made by the state of Minnesota, City of Minneapolis, and Minneapolis School District. This direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association into TRA in 2006. A second direct aid source is from the state of Minnesota for the merger of the Duluth Teacher's Retirement Fund Association in 2015.

PERA has a special funding situation created by direct aid contributions made by the state of Minnesota for the merger of the Minneapolis Employees Retirement Fund into GERS in fiscal year 2015.

O. Leases

1. Leases Payable

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

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

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Leases (Continued)

1. Leases Payable (Continued)

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

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

2. Leases Receivable

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

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

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

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

P. Subscription-Based Information Technology Arrangements (SBITAs)

The District determines if an arrangement is a SBITA at inception. SBITAs are included in Right-to-Use assets and subscription payable in the statements of net position.

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

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. 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.

R. 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".

S. Fund Balance

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

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

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

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

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

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

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

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

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

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Risk Management

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

U. 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.

V. 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, 2022, from which the summarized information was derived.

NOTE 2 DEPOSITS AND INVESTMENTS

A. Deposits

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

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

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

includes: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letter of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota Statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust department of a commercial bank or other financial institution not owned or controlled by the depository.

At June 30, 2023, the District's deposits had a bank balance of \$7,042,659 and a carrying amount of \$3,273,405. At June 30, 2023, the District's petty cash fund totaled \$3,300. The District's deposits in banks at June 30, 2023 were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

B. Investments

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

- Direct obligations or obligations guaranteed by the United States or its agencies.
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, 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 rated "A" or better.
- Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System.
- Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by a least two nationally recognized rating agencies, and maturing in 270 days or less.
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories.
- 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.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

At June 30, 2023, 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	\$ 1,725,429
Federal Home Loan Mortgage Corporation	932,838
Federal National Mortgage Association	783,985
Other Mortgage-Backed Securities	79,935
Corporate Bonds	1,758,777
Equities	7,475,822
Real Estate Investment Trusts	90,673
Real Asset Funds	1,645,310
Total Investments at Fair Value	<u>\$ 14,492,769</u>
<u>Investments Measured at Amortized Cost</u>	<u>Amortized Cost</u>
Federated Treasury Cash Series	\$ 643,195
MSDLAF+ Liquid Class	4,028,111
MSDLAF+ Term Series	54,337,412
MN Trust Investment Shares	25,263,311
Money Markets	4,986,785
Total Investments at Amortized Cost	<u>\$ 89,258,814</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.

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

<u>Type</u>	<u>Total</u>	<u>Maturity Duration in Years</u>				<u>No Maturities</u>
		<u>Less Than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More Than 10</u>	
U.S. Treasury Notes	\$ 1,725,429	\$ -	\$ 447,091	\$ 748,164	\$ 530,174	-
Real Estate Investment Trusts	90,673	-	-	-	-	90,673
Federal Home Loan Mortgage Corp.	932,838	-	932,838	-	-	-
Federal National Mortgage Assn.	783,985	-	783,985	-	-	-
Other Mortgage Backed Securities	79,935	-	-	-	79,935	-
Real Asset Funds	1,645,310	-	-	-	-	1,645,310
Equities	7,475,822	-	-	-	-	7,475,822
Corporate Bonds	1,758,777	-	632,691	560,528	565,558	-
Federated Treasury Cash Series	643,195	-	-	-	-	643,195
MSDLAF+ Liquid Class	4,028,111	-	-	-	-	4,028,111
MSDLAF+ Term Series	54,337,412	-	-	-	-	54,337,412
MN Trust Investment Shares	25,263,311	-	-	-	-	25,263,311
Money Market Funds	4,986,785	-	-	-	-	4,986,785
Total	<u>\$ 103,751,583</u>	<u>\$ -</u>	<u>\$ 2,796,605</u>	<u>\$ 1,308,692</u>	<u>\$ 1,175,667</u>	<u>\$ 98,470,619</u>

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

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, 2023 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	\$	102,580,824
Cash and Investments Held by Trustee - Statement of Net Position		3,935,789
Cash and Investments - Statement of Fiduciary Net Position		511,675
Total Cash and Investments	<u>\$</u>	<u>107,028,288</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.

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.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Fair Value Measurements (Continued)

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

Measured at Fair Value Investment	Level 1	Level 2	Level 3	Total
U.S. Treasuries with Maturities at				
Purchase of Greater Than 1 Year	\$ 1,725,429	\$ -	\$ -	\$ 1,725,429
Federal Home Loan Mortgage Corporation	-	932,838	-	932,838
Federal National Mortgage Association	79,935	783,985	-	863,920
Corporate Bonds	1,758,777	-	-	1,758,777
Equities	7,475,822	-	-	7,475,822
Real Estate Investment Trusts	90,673	-	-	90,673
Real Asset Funds	1,645,310	-	-	1,645,310
Total	<u>\$ 12,775,946</u>	<u>\$ 1,716,823</u>	<u>\$ -</u>	<u>14,492,769</u>
Investments Measured at Amortized Cost				89,258,814
Total				<u>\$ 103,751,583</u>

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance*	Increases	Decreases	Reclassification	Ending Balance
Governmental Activities					
Capital Assets, Not Being Depreciated					
Land	\$ 4,450,229	\$ -	\$ -	\$ -	\$ 4,450,229
Construction in Progress	4,963,848	15,314,044	(169,002)	(4,105,538)	16,003,352
Total Capital Assets, Not Being Depreciated	9,414,077	15,314,044	(169,002)	(4,105,538)	20,453,581
Capital Assets, Being Depreciated					
Land Improvements	24,566,240	-	-	-	24,566,240
Buildings and Improvements	227,104,857	925,756	-	4,105,538	232,136,151
Equipment	24,900,707	992,961	(232,786)	-	25,660,882
Total Capital Assets, Being Depreciated	276,571,804	1,918,717	(232,786)	4,105,538	282,363,273
Leased Assets, Being Amortized					
Buildings and Improvements	3,520,757	-	-	-	3,520,757
Equipment	334,957	124,973	(36,328)	-	423,602
Subscription Based Information					
Technology Arrangement Assets	2,023,512	1,548,604	-	-	3,572,116
Total Capital Assets, Being Amortized	5,879,226	1,673,577	(36,328)	-	7,516,475
Accumulated Depreciation for:					
Land Improvements	(12,468,329)	(1,234,564)	-	-	(13,702,893)
Buildings and Improvements	(88,758,376)	(5,506,849)	-	-	(94,265,225)
Equipment	(15,266,990)	(2,268,122)	132,734	-	(17,402,378)
Total Accumulated Depreciation	(116,493,695)	(9,009,535)	132,734	-	(125,370,496)
Accumulated Amortization for:					
Buildings and Improvements	(271,212)	(274,050)	-	-	(545,262)
Equipment	(89,958)	(98,167)	35,437	-	(152,688)
Subscription Based Information					
Technology Arrangement Assets	-	(774,849)	-	-	(774,849)
Total Accumulated Amortization	(361,170)	(1,147,066)	35,437	-	(1,472,799)
Total Capital Assets, Being Depreciated and Amortized, Net	165,596,165	(6,564,307)	(269,945)	4,105,538	163,036,453
Governmental Activities Capital Assets, Net	<u>\$ 175,010,242</u>	<u>\$ 8,749,737</u>	<u>\$ (438,947)</u>	<u>\$ -</u>	<u>\$ 183,490,034</u>

*Certain beginning balances were revised due to the implementation of GASB 96.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities

Administration	\$ 56,531
District Support Services	592,338
Regular Instruction	8,422,178
Vocational Education Instruction	85,991
Special Education Instruction	1,426
Instructional Support Services	16,499
Pupil Support Services	782
Sites and Buildings	824,728
Food Service	102,939
Community Service	53,189
Total Depreciation and Amortization Expense, Governmental Activities	<u>\$ 10,156,601</u>

NOTE 4 LEASE RECEIVABLES

The District, acting as lessor, leases facilities space under long-term, non-cancelable lease agreements. The lease carry discount rates of 4.00% expire at various dates through 2028. During the year ended June 30, 2023, the District recognized \$56,526 and \$13,906 in lease revenue and interest revenue, respectively, pursuant to these contracts.

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

<u>Year Ending June 30,</u>	<u>Long-Term Leases Receivable</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 45,522	\$ 12,078
2025	47,343	10,257
2026	49,237	8,363
2027	51,206	6,394
2028	53,254	4,345
Thereafter	55,385	2,215
Total	<u>\$ 301,947</u>	<u>\$ 43,652</u>

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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
2/11/2015	3.0% - 4.0%	2015B	\$ 1,765,000	2015-2034	\$ -	\$ 1,765,000
4/25/2015	2.0% - 3.0%	2015D	1,595,000	2016-2024	50,000	50,000
3/2/2016	1.2% - 3.3%	2016J	1,420,000	2019-2031	105,000	920,000
7/6/2016	2.0% - 3.0%	2016M	5,785,000	2017-2037	-	4,145,000
10/23/2017	3.0% - 5.0%	2017B	14,415,000	2019-2038	640,000	11,670,000
9/27/2018	3.7% - 5.0%	2018E	5,060,000	2021-2040	180,000	4,575,000
1/10/2019	3.0% - 5.0%	2019B	2,000,000	2020-2038	-	1,690,000
3/6/2019	3.375% - 5.0%	2019C	5,370,000	2020-2039	205,000	4,690,000
7/8/2019	3.0% - 5.0%	2019D	2,710,000	2020-2039	-	2,325,000
10/3/2019	3.0%	2019F	1,955,000	2021-2040	80,000	1,745,000
1/31/2020	3.0% - 4.0%	2020A	1,175,000	2021-2030	110,000	860,000
2/26/2020	1.66% - 2.25%	2020C	1,245,000	2021-2030	120,000	895,000
7/1/2020	2.0% - 4.0%	2020E	1,975,000	2020-2040	100,000	1,675,000
10/6/2020	2.125% - 3.0%	2020F	2,070,000	2020-2044	70,000	1,865,000
10/6/2020	2.0% - 3.0%	2020G	4,870,000	2020-2041	205,000	4,520,000
11/3/2020	3.0%	2020H	655,000	2020-2027	115,000	475,000
2/1/2021	1.05% - 2.0%	2021A	19,855,000	2021-2038	1,040,000	17,680,000
7/1/2021	2.00% - 4.00%	2021F	770,000	2023 - 2034	55,000	695,000
10/4/2021	2.75% - 5.00%	2021G	6,245,000	2023 - 2042	235,000	6,080,000
10/4/2021	2.00% - 4.00%	2021H	2,665,000	2023 - 2035	190,000	2,490,000
10/28/2021	1.45% - 2.45%	2021I	13,870,000	2022 - 2038	885,000	13,165,000
10/28/2021	1.45% - 2.05%	2021J	14,025,000	2022 - 2035	660,000	13,390,000
7/28/2022	3.375% - 6.00%	2022B	8,985,000	2023 - 2043	100,000	8,985,000
10/3/2022	6.00%	2022C	3,725,000	2024 - 2026	1,530,000	3,725,000
Total General Obligation Bonds					<u>\$ 6,675,000</u>	<u>\$ 110,075,000</u>
Bond Premiums					<u>\$ -</u>	<u>\$ 6,973,218</u>

**MINNETONKA PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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 2012D	\$ -	\$ -
Certificates of Participation 2016C	80,000	1,565,000
Certificates of Participation 2016D	80,000	1,565,000
Certificates of Participation 2016G	45,000	730,000
Certificates of Participation 2016H	115,000	2,190,000
Certificates of Participation 2016K	125,000	810,000
Certificates of Participation 2016L	90,000	1,555,000
Certificates of Participation 2016N	55,000	915,000
Certificates of Participation 2016O	75,000	1,210,000
Certificates of Participation 2017A	85,000	2,680,000
Certificates of Participation 2017C	100,000	1,850,000
Certificates of Participation 2018B	40,000	855,000
Certificates of Participation 2018D	45,000	1,120,000
Certificates of Participation 2019A	245,000	6,620,000
Certificates of Participation 2019E	165,000	3,580,000
Certificates of Participation 2020B	150,000	7,695,000
Certificates of Participation 2020D	140,000	920,000
Certificates of Participation 2020I	50,000	1,170,000
Certificates of Participation 2021B	110,000	2,385,000
Certificates of Participation 2021C	80,000	2,125,000
Certificates of Participation 2021D	25,000	1,205,000
Certificates of Participation 2021E	60,000	2,700,000
Certificates of Participation 2021K	80,000	1,920,000
Certificates of Participation 2021L	105,000	3,120,000
Certificates of Participation 2021M	105,000	3,630,000
Certificates of Participation 2021N	25,000	720,000
Certificates of Participation 2022A	-	7,000,000
Certificates of Participation 2023A	25,000	1,850,000
Total Certificates of Participation	2,300,000	63,685,000
Promissory Note	105,763	218,800
Financed Purchases	1,418,911	1,572,639
Long-Term Leases	292,155	3,420,038
Subscriptions	882,813	2,724,458
Compensated Absences Payable	854,100	1,281,149
Severance Benefits Payable	-	474,597
Early Retirement Incentive Payable	36,600	57,000
Total	\$ 12,459,579	\$ 190,481,899

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

B. Minimum Debt Payments

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

Year Ending June 30,	General Obligation Bonds Payable		Certificates of Participation Payable		Promissory Note	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 6,675,000	\$ 3,454,538	\$ 2,300,000	\$ 2,295,305	\$ 105,763	\$ 5,661
2025	7,345,000	2,933,899	2,525,000	2,209,685	113,037	2,024
2026	7,990,000	2,682,616	2,610,000	2,110,599	-	-
2027	6,865,000	2,404,731	2,685,000	2,008,563	-	-
2028	6,960,000	2,207,656	2,795,000	1,907,262	-	-
2029-2033	36,530,000	8,114,257	14,245,000	7,987,070	-	-
2034-2038	29,850,000	3,412,454	17,125,000	5,274,978	-	-
2039-2043	7,800,000	671,314	12,925,000	2,418,277	-	-
2044-2048	60,000	1,275	3,680,000	980,400	-	-
2044-2053	-	-	2,795,000	315,638	-	-
Total	\$ 110,075,000	\$ 25,882,740	\$ 63,685,000	\$ 27,507,777	\$ 218,800	\$ 7,685

Year Ending June 30,	Financed Purchases		Leases Payable		Subscriptions Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 1,418,911	\$ 2,686	\$ 292,155	\$ 134,321	\$ 882,813	\$ 51,959	\$ 11,674,642	\$ 5,844,470
2025	76,659	-	168,451	123,587	850,824	35,209	11,078,971	5,304,404
2026	77,069	-	129,403	117,116	757,301	18,941	11,563,773	4,929,272
2027	-	-	112,086	111,904	125,192	5,214	9,787,278	4,530,412
2028	-	-	98,755	107,269	43,644	2,673	9,897,399	4,224,860
2029-2033	-	-	345,496	494,046	31,929	1,671	51,152,425	16,597,044
2034-2038	-	-	514,899	409,245	32,755	845	47,522,654	9,097,522
2039-2043	-	-	734,806	285,524	-	-	21,459,806	3,375,115
2044-2048	-	-	1,014,355	112,171	-	-	4,754,355	1,093,846
2044-2053	-	-	9,632	65	-	-	2,804,632	315,703
	\$ 1,572,639	\$ 2,686	\$ 3,420,038	\$ 1,895,248	\$ 2,724,458	\$ 116,512	\$ 181,695,935	\$ 55,412,648

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

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

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

**MINNETONKA PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt (Continued)

General Obligation School Building Bonds (Continued)

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

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

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

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

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

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

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

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

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt (Continued)

General Obligation School Building Bonds (Continued)

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

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

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

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

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

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

In October 2021, the District issued \$2,665,000 General Obligation Alternative Facilities Refunding Bonds, Series 2021H. The proceeds of this issue were used to refund the 2024 through 2034 maturities of the District's 2013B bonds and the 2023 through 2035 maturities of the District's 2014D bonds.

In October 2021, the District issued \$14,545,000 Taxable General Obligation Refunding Bonds, Series 2021I. The proceeds of this issue were used to refund the 2022 through 2035 maturities of the District's 2015A bonds, the 2024 through 2035 maturities of the District's 2015E bonds, the 2025 through 2038 maturities of the District's 2016A bonds, the 2022 through 2038 maturities of the District's 2016B bonds, and the 2022 through 2036 maturities of the Districts 2016E bonds.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt (Continued)

General Obligation School Building Bonds (Continued)

In October 2021, the District issued \$14,570,000 Taxable General Obligation Refunding Bonds, Series 2021J. The proceeds of this issue were used to refund the 2022 through 2038 maturities of the District's 2016I bonds.

In August 2022, the District issued \$8,985,000 G.O. Facilities Maintenance Bonds, Series 2022B. The proceeds of this issue will be used to finance roofing replacement, paving replacement, mechanical systems replacement, cabinetry replacement and various other long term maintenance replacement items as described in the District's approved ten-year facility plan.

In November 2022, the District issued \$3,725,000 G.O. Refunding Bonds, Series 2022C. The proceeds from the this issue will be used to refund in advance of maturity and prepay on February 1, 2023, the 2024 through 2026 maturities of the G. O. Refunding Bonds, Series 2013H. The refunding resulted in a cash flow of \$24,839 and a net present value savings of \$8,871.

Certificates of Participation Payable

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

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

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

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt (Continued)

Certificates of Participation Payable (Continued)

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

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

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

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

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt (Continued)

Certificates of Participation Payable (Continued)

The 2023A issue, in the amount of in the amount of \$1,850,000 and sold on January 4, 2023, were issued to finance interior building modifications and parking lot reconfigurations at sites and facilities in the school district.

General Obligation Taxable OPEB Bonds

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

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

In February 2021, the District issued \$19,855,000 Taxable General Obligation OPEB Refunding Bonds, Series 2021A. The proceeds from this issue were used to refund the 2022 through 2031 maturities of the 2013E OPEB Refunding Bonds.

Severance and Health Benefits Payable

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

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.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
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JUNE 30, 2023**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt (Continued)

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.

Financed Purchase Payable

The District entered into various lease-purchase agreements for computer equipment.

Lease Liability

The District leases various equipment under long-term, noncancelable lease agreements. The right-to-use lease assets and the related accumulated amortization are detailed in Note 3.

Subscription-Based Information Technology Arrangements

The District has entered into subscription based-information technology arrangements (SBITAs) for various software. The SBITA assets and the related accumulated amortization are detailed in Note 3.

D. Changes in Long-Term Debt

	June 30, 2022*	Additions	Retirements	June 30, 2023
Bonds Payable	\$ 108,860,000	\$ 12,710,000	\$ 11,495,000	\$ 110,075,000
Unamortized Premiums	6,723,450	1,104,731	854,963	6,973,218
Certificates of Participation	64,055,000	1,850,000	2,220,000	63,685,000
Financed Purchases Payable	2,679,837	231,386	1,338,584	1,572,639
Notes from Direct Borrowings:				
Promissory Note	342,648	-	123,848	218,800
Leases Payable	3,591,637	124,848	296,447	3,420,038
Subscriptions Payable	2,023,512	1,548,604	847,658	2,724,458
Severance Benefits Payable	487,496	-	12,899	474,597
Early Retirement Incentive Payable	119,400	-	62,400	57,000
Compensated Absences Payable	1,241,793	1,294,917	1,255,561	1,281,149
Total	<u>\$ 190,124,773</u>	<u>\$ 18,864,486</u>	<u>\$ 18,507,360</u>	<u>\$ 190,481,899</u>

*Certain beginning balances were revised due to the implementation of GASB 96.

**MINNETONKA PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

E. Debt Issued Subsequent to Year-End

On August 9, 2023, the District issued \$10,785,000 General Obligation Facilities Maintenance Bonds, Series 2023B, to finance roofing replacement, paving replacement, mechanical systems replacement, cabinetry replacement, and various other long-term maintenance replacement items as described in the District's ten-year facility plan.

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 \$4,800,000 at June 30, 2023.

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, 2023 are as follows:

A. Restricted for Student Activities

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

B. Restricted for Scholarships

Represents accumulated resources available for scholarship funds.

C. Restricted for Projects Funded by Certificates of Participation

Represents resources available from issuance of certificates of participation.

D. Restricted for Operating Capital

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

E. Restricted for Community Education Programs

Represents accumulated resources available to provide general community education programming.

**MINNETONKA PUBLIC SCHOOLS
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NOTE 6 FUND BALANCES (CONTINUED)

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

**MINNETONKA PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 7 INTERFUND BALANCES AND OPERATING TRANSFERS

The District had the following interfund receivable and payable at June 30, 2023:

	Due from Other Fund	Due to Other Fund
General Fund	\$ 815,037	\$ -
Internal Service Fund:		
OPEB Revocable Trust	-	815,037
Total	\$ 815,037	\$ 815,037

The purpose of these interfund balances is as follows:

The Revocable Trust Fund owes the General Fund \$815,037 for OPEB payments which the General Fund has made.

The District had the following interfund transfers at June 30, 2023:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 24,707
Special Revenue Funds:		
Community Service Fund	24,707	-
Total	\$ 24,707	\$ 24,707

The transfers between the General Fund to the Community Service Fund are to fund preschool screening in the Community Service Fund.

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.

**MINNETONKA PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

A. Plan Description (Continued)

1. General Employees Retirement Plan

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

2. Teachers Retirement Fund (TRA)

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

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

B. Benefits Provided

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

1. General Employees Plan Benefits

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

**MINNETONKA PUBLIC SCHOOLS
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NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

1. General Employees Plan Benefits (Continued)

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

2. TRA Benefits

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

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

Tier I Benefits

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

With these provisions:

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

or

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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

Tier II Benefits

For years of service prior to July 1, 2006, a level formula of 1.7% per year for coordinated members and 2.7% per year for basic members is applied. For years of service July 1, 2006 and after, a level formula of 1.9% per year for coordinated members and 2.7% per year 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 benefit calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66.

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

C. Contributions

1. General Employees Fund Contributions

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature. Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2023 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, 2023 were \$1,975,969. The District's contributions were equal to the required contributions as set by state statute.

2. TRA Contributions

Per Minnesota Statutes, Chapter 354 rates for the fiscal year for coordinated were 7.5% for the employee and 8.55% for the employer. Basic rates were 11.00% for the employee and 12.55% for the employer. The District's contributions to TRA for the plan's fiscal year ended June 30, 2023 were \$7,128,563. The District's contributions were equal to the required contributions for each year as set by state statute.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs

1. General Employees Plan Pension Costs

At June 30, 2023, the District reported a liability of \$25,787,627 for its proportionate share of the General Employees Plan's net pension liability. The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million. The state of Minnesota is considered a nonemployer contributing District and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the District totaled \$755,913, for a total net pension liability of \$26,543,540 associated with the District. The net pension liability was measured as of June 30, 2022, 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, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers.

The District's proportion was 0.3256% at the end of the measurement period and 0.3649% at the beginning of the period.

For the year ended June 30, 2023, the District recognized pension expense of \$3,354,347 for its proportionate share of General Employees Plan's pension expense. In addition, the District recognized an additional \$112,951 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, 2023, the District reported its proportionate share of General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 215,399	\$ 275,473
Changes in Actuarial Assumptions	5,836,204	104,883
Net Difference Between Projected and Actual Earnings on Plan Investments	447,300	-
Changes in Proportion	654,934	1,638,900
District Contributions Subsequent to the Measurement Date	1,975,969	-
Total	<u>\$ 9,129,806</u>	<u>\$ 2,019,256</u>

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Plan Pension Costs (Continued)

\$1,975,969 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to General Employees Plan pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2024	\$ 2,181,562
2025	1,989,011
2026	(1,368,095)
2027	2,332,103
2028	-
Thereafter	-

2. TRA Pension Costs

At June 30, 2023, the District reported a liability of \$103,896,936 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2022, 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 1.2975% at the end of the measurement period and 1.2463% 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	\$ 103,896,936
State's Proportionate Share of the Net Pension Liability Associated with the District	7,704,878
Total	<u>\$ 111,601,814</u>

For the year ended June 30, 2023, the District recognized a reduction of pension expense of \$18,595,450. It also recognized \$2,184,650 as a decrease to pension expense for the support provided by direct aid.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

At June 30, 2023, the District reported its proportionate share of the TRA's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual		
Economic Experience	\$ 1,519,710	\$ 912,782
Changes in Actuarial Assumptions	16,644,025	21,986,693
Net Difference Between Projected and Actual		
Earnings on Plan Investments	2,902,299	-
Changes in Proportion	10,765,540	-
District Contributions Subsequent to the Measurement Date	7,128,563	-
Total	<u>\$ 38,960,137</u>	<u>\$ 22,899,475</u>

A total of \$7,128,563 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to TRA will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2024	\$ (15,806,617)
2025	5,205,696
2026	3,351,861
2027	15,220,796
2028	960,363
Thereafter	-

The District recognized (\$17,312,802) in total pension expense for all of the plans in which it participates. This includes expenses recognized for direct aid.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5% for PERA and 7% for TRA. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% for PERA and 7% for TRA was deemed to be within that range of reasonableness for financial reporting purposes.

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service. Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The tables are adjusted slightly to fit PERA's experience.

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

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

Inflation is assumed to be 2.5% for TRA. Benefit increases after retirement are assumed to be 1.0% for January 2020 through January 2023 then increasing by 0.10% each year up to 1.5% annually.

Salary growth assumptions for TRA range in the annual increments from 2.85% to 8.85% before July 1, 2028 and 3.25% to 9.25% after June 30, 2028.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

The following changes in actuarial assumptions and plan provisions for the General Employees Fund occurred in 2022:

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2010 to Scale MP-2021.

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

	<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity		33.50 %	5.10%
International Equity		16.50	5.30
Private Markets		25.00	5.90
Fixed Income		25.00	0.75
Total		<u>100.00 %</u>	

F. Discount Rate

The discount rate used to measure the total pension liability in 2022 was 6.5%. There was no change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund, the Police and Fire Fund, and the Correctional Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Discount Rate (Continued)

The discount rate used to measure the TRA pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee contribution will be made at the fiscal year 2022 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

G. Pension Liability Sensitivity

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

<u>Description</u>	<u>One Percent Decrease in Discount Rate</u>	<u>Current Discount Rate</u>	<u>One Percent Increase in Discount Rate</u>
General Employees Plan Discount Rate	5.50%	6.50%	7.50%
District's Proportionate Share of the GERP Net Pension Liability	\$ 40,732,908	\$ 25,787,627	\$ 13,530,191
TRA Discount Rate	6.00%	7.00%	8.00%
District's Proportionate Share of the TRA Net Pension Liability	\$ 163,787,862	\$ 103,896,936	\$ 54,805,051

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.

**MINNETONKA PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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.

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, 2023, the District had committed to approximately \$13,363,721 of contracts in progress.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2023, there is a reserve of \$8,801,165.

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 \$13,172,817 in cash and investments at June 30, 2023, for payment of claims.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11 SELF-INSURANCE (CONTINUED)

Health Self-Insurance Plan (Continued)

Changes in the balances of claim liabilities during 2023 and 2022 were as follows:

	2023	2022
Beginning of Fiscal Year Liability - July 1,	\$ 2,093,400	\$ 2,345,266
Current Year Claims, Changes in Estimates, and Other Charges	16,499,346	13,035,373
Current Year Claims Paid, Including an Estimate of Claims Incurred But Not Reported (IBNR)	(16,414,346)	(13,287,239)
End of Fiscal Year Liability - June 30,	\$ 2,178,400	\$ 2,093,400

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 2023, the District's payment into the plan totaled \$570,616.

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 87 active participants and 134 retired participants. Benefit and eligibility provisions are established through individual contracts and negotiations between the District and various unions representing District employees and are renegotiated each two-year bargaining period. The Plan does not issue a publicly available financial report.

B. Funding Policy

Contribution requirements are also negotiated between the District and union representatives. The eligibility for, amount of, duration of, and District's contribution to the cost of the benefits provided varies by contract and date of retirement. For the year ended June 30, 2023, the District paid \$815,037 to the plan for covered benefits.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS PAYABLE (CONTINUED)

C. Actuarial Methods and Assumptions

The District's OPEB liability was measured as of June 30, 2023, and the total used to calculate the OPEB liability was determined by an actuarial valuation as of June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement, unless specified otherwise:

Inflation	2.50%
Salary Increases	4.00%
Investment Rate of Return	N/A
20-Year Municipal Bond Yield	4.13%
Health Care Trend Rates	7.25% Decreasing to 4.5% Over 13 Years

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

The discount rate used to measure the total OPEB liability was 4.13%. The discount rate is based on the current twenty-year tax-exempt general obligation municipal bond index.

Since the prior valuation dated July 1, 2021, the following changes have been made:

- Discount rate was increased from 4.09% to 4.13%.
- Medical trend assumption was shifted to maintain the same immediate rate of 7.25%.
- The mortality improvement scale was updated from MP-2020 to MP-2021.

D. Changes in the OPEB Liability

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

	Total OPEB Liability
Balances at July 1, 2022	\$ 8,536,485
Changes for the Year:	
Service Cost	75,885
Interest Cost	382,166
Differences Between Expected and Actual Experience	372,057
Changes of Assumptions	576,781
Benefit Payments	(815,037)
Net Changes	<u>591,852</u>
Balances at June 30, 2023	<u>\$ 9,128,337</u>

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS PAYABLE (CONTINUED)

E. OPEB Liability Costs

For the year ended June 30, 2023, the District recognized negative OPEB expense of \$474,544. At June 30, 2023, the District also reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change of Assumptions	\$ 362,974	\$ 490,793
Difference Between Expected and Actual Experience	226,152	50,645
Total	<u>\$ 589,126</u>	<u>\$ 541,438</u>

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

<u>Year Ending June 30,</u>	<u>Future Recognition</u>
2023	\$ (156,962)
2024	204,650
2025	-
2026	-
Total	<u>\$ 47,688</u>

F. OPEB Liability Sensitivity

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

	<u>One Percent Decrease (3.13%)</u>	<u>Discount Rate (4.13%)</u>	<u>One Percent Increase (5.13%)</u>
Net OPEB Liability (Asset)	<u>\$ 10,396,734</u>	<u>\$ 9,128,337</u>	<u>\$ 8,537,673</u>

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

	<u>Healthcare Cost</u>		
	<u>One Percent Decrease (6.25% Decreasing to 3.5% over 13 Years)</u>	<u>Current Trend Rates (7.25% Decreasing to 4.5% over 13 Years)</u>	<u>One Percent Increase (8.25% Decreasing to 5.5% over 13 Years)</u>
Net OPEB Liability (Asset)	<u>\$ 8,549,588</u>	<u>\$ 9,128,337</u>	<u>\$ 10,381,771</u>

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13 DEFINED CONTRIBUTION PLAN

The District provides eligible employees future retirement benefits through the District's 403(b) Plan (the Plan). Employees of the District are eligible to participate in the Plan commencing on the date of their employment. Eligible employees may elect to have a percentage of their pay contributed to the Plan. Some employees are eligible to receive a District match of employee contributions up to the qualifying amount set forth in their respective bargaining agreements. Contributions are invested in tax-deferred annuities selected and owned by Plan participants. The District contributions were \$1,318,268 for the year ended June 30, 2023.

NOTE 14 NET INVESTMENT IN CAPITAL ASSETS

The District's net investment in capital assets as of June 30, 2023 is calculated as follows:

Capital Assets, Net of Depreciation and Amortization	\$ 183,490,034
Bonds Payable	(110,075,000)
Certificates of Participation and Financed Purchases Payable	(65,257,639)
Add Back: OPEB Bonds Payable (Noncapital)	18,600,000
Unspent Bond and Certificate of Participation Proceeds	3,054,995
Deferred Outflows - Deferred Loss on Bond Refundings	896,261
Unamortized Premiums and Discounts	(6,973,218)
Add Back: OPEB Bonds Unamortized Premiums and Discounts	301,739
Long-Term Leases Payable	(3,420,038)
Subscriptions Payable	(2,724,458)
Promissory Note Payable	(218,800)
Contracts Payable	(4,411,614)
Net Investment in Capital Assets	<u>\$ 13,262,262</u>

REQUIRED SUPPLEMENTARY INFORMATION

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
JUNE 30, 2023**

<u>Measurement Date</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
TOTAL OPEB LIABILITY						
Service Cost	\$ 75,885	\$ 122,175	\$ 120,430	\$ 113,277	\$ 99,496	\$ 130,550
Interest	382,166	235,794	293,573	372,784	328,857	304,284
Ad Hoc Postemployment Benefit Changes	-	-	-	-	458,026	-
Difference Between Expected and Actual Experience	372,057	(173,581)	(160,214)	419,644	41,757	-
Changes of Assumptions	576,781	(1,873,307)	383,848	1,342,909	(115,591)	(341,415)
Benefit Payments	<u>(815,037)</u>	<u>(754,419)</u>	<u>(750,607)</u>	<u>(794,338)</u>	<u>(707,637)</u>	<u>(627,570)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	<u>591,852</u>	<u>(2,443,338)</u>	<u>(112,970)</u>	<u>1,454,276</u>	<u>104,908</u>	<u>(534,151)</u>
Total OPEB Liability - Beginning	<u>8,536,485</u>	<u>10,979,823</u>	<u>11,092,793</u>	<u>9,638,517</u>	<u>9,533,609</u>	<u>10,067,760</u>
TOTAL OPEB LIABILITY - ENDING	<u>\$ 9,128,337</u>	<u>\$ 8,536,485</u>	<u>\$ 10,979,823</u>	<u>\$ 11,092,793</u>	<u>\$ 9,638,517</u>	<u>\$ 9,533,609</u>
Covered-Employee Payroll	<u>\$ 118,455,866</u>	<u>\$ 118,303,910</u>	<u>\$ 108,380,165</u>	<u>\$ 102,593,652</u>	<u>\$ 96,909,091</u>	<u>\$ 94,184,524</u>
District's Total OPEB Liability as a Percentage of Covered-Employee Payroll	7.71%	7.22%	10.13%	10.81%	10.12%	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.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 46,533,193	\$ 46,581,076	\$ 46,678,041	\$ 96,965
Earnings and Investments	900,000	900,000	1,311,602	411,602
Other	4,964,086	5,934,789	6,546,750	611,961
State Sources	107,629,699	107,934,353	108,373,631	439,278
Federal Sources	4,539,986	5,558,829	4,866,349	(692,480)
Total Revenues	<u>164,566,964</u>	<u>166,909,047</u>	<u>167,776,373</u>	<u>867,326</u>
EXPENDITURES				
Current:				
Administration	6,018,745	6,405,564	5,511,161	(894,403)
District Support Services	7,923,197	6,724,408	6,047,851	(676,557)
Elementary and Secondary Regular				
Instruction	87,968,985	90,391,115	91,887,919	1,496,804
Vocational Education Instruction	1,353,436	1,324,162	1,298,299	(25,863)
Special Education Instruction	24,677,719	24,014,390	23,991,847	(22,543)
Instructional Support Services	7,925,685	8,360,508	8,263,830	(96,678)
Pupil Support Services	5,180,961	6,080,956	5,550,292	(530,664)
Sites and Buildings	8,269,413	8,249,855	9,523,086	1,273,231
Fiscal and Other Fixed Cost Programs	544,568	820,018	603,594	(216,424)
Transportation	5,672,096	5,492,387	5,695,243	202,856
Capital Outlay	3,148,028	3,537,646	4,492,045	954,399
Debt Service:				
Principal	1,965,000	4,418,870	4,791,293	372,423
Interest and Fiscal Charges	2,018,553	2,103,467	2,499,984	396,517
Total Expenditures	<u>162,666,386</u>	<u>167,923,346</u>	<u>170,156,444</u>	<u>2,233,098</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,900,578	(1,014,299)	(2,380,071)	(1,365,772)
OTHER FINANCING SOURCES (USES)				
Issuance of Long-Term Leases	-	120,000	124,848	4,848
Issuance of Subscriptions Payable	-	-	1,548,604	1,548,604
Issuance of Financed Purchase	-	-	231,386	231,386
Transfers Out	(52,841)	(52,841)	(24,707)	28,134
Total Other Financing Sources (Uses)	<u>(52,841)</u>	<u>67,159</u>	<u>1,880,131</u>	<u>1,812,972</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,847,737</u>	<u>\$ (947,140)</u>	(499,940)	<u>\$ 447,200</u>
FUND BALANCE				
Beginning of Year			27,489,264	
End of Year			<u>\$ 26,989,324</u>	

See accompanying Notes to Required Supplementary Information.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
BUDGETARY COMPARISON SCHEDULE – MAJOR FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Earnings and Investments	\$ 5,000	\$ 5,000	\$ 131,162	\$ 126,162
Other - Primarily Meal Sales	4,801,612	4,801,612	4,402,650	(398,962)
State Sources	146,130	146,130	119,218	(26,912)
Federal Sources	1,120,505	1,154,059	1,642,540	488,481
Total Revenues	<u>6,073,247</u>	<u>6,106,801</u>	<u>6,295,570</u>	<u>188,769</u>
EXPENDITURES				
Current:				
Food Service	6,323,354	6,262,592	5,193,492	(1,069,100)
Capital Outlay	270,000	626,800	486,330	(140,470)
Debt Service:				
Principal	-	-	15,020	-
Total Expenditures	<u>6,593,354</u>	<u>6,889,392</u>	<u>5,694,842</u>	<u>(1,209,570)</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(520,107)	(782,591)	600,728	1,398,339
OTHER FINANCING SOURCES (USES)				
Sale of Equipment	-	-	16,771	16,771
NET CHANGE IN FUND BALANCE	<u>\$ (520,107)</u>	<u>\$ (782,591)</u>	617,499	<u>\$ 1,415,110</u>
FUND BALANCE				
Beginning of Year			<u>3,181,134</u>	
End of Year			<u>\$ 3,798,633</u>	

See accompanying Notes to Required Supplementary Information.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
BUDGETARY COMPARISON SCHEDULE – MAJOR COMMUNITY SERVICE FUND
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 980,049	\$ 980,049	\$ 974,387	\$ (5,662)
Earnings and Investments	44,444	14,000	197,459	183,459
Other - Primarily Tuition and Fees	11,121,339	12,263,448	13,036,808	773,360
State Sources	477,497	509,854	493,949	(15,905)
Federal Sources	-	300,000	346,873	46,873
Total Revenues	<u>12,623,329</u>	<u>14,067,351</u>	<u>15,049,476</u>	<u>982,125</u>
EXPENDITURES				
Current:				
Community Service	12,690,507	13,838,515	12,966,756	(871,759)
Capital Outlay	217,900	307,802	283,392	(24,410)
Debt Service				
Principal	2,875	3,475	5,238	1,763
Interest and Fiscal Charges	-	-	848	848
Total Expenditures	<u>12,911,282</u>	<u>14,149,792</u>	<u>13,256,234</u>	<u>(893,558)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(287,953)	(82,441)	1,793,242	1,875,683
OTHER FINANCING SOURCES				
Transfers In	<u>52,841</u>	<u>31,921</u>	<u>24,707</u>	<u>(7,214)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (235,112)</u>	<u>\$ (50,520)</u>	1,817,949	<u>\$ 1,868,469</u>
FUND BALANCE				
Beginning of Year			<u>2,774,203</u>	
End of Year			<u>\$ 4,592,152</u>	

See accompanying Notes to Required Supplementary Information.

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

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

	Measurement Date June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	1.2975%	1.2463%	1.2043%	1.1598%	1.1537%	1.1109%	1.0785%	1.0517%	1.1065%
District's Proportionate Share of the Net Pension Liability	\$ 103,896,936	\$ 54,541,815	\$ 88,975,298	\$ 73,925,896	\$ 72,465,539	\$ 221,755,792	\$ 257,247,983	\$ 65,058,046	\$ 50,986,723
State's Proportionate Share of the Net Pension Liability Associated with District	7,704,878	4,599,952	7,456,251	6,542,018	6,808,170	21,436,647	25,822,002	7,979,983	3,586,724
Total	<u>\$ 111,601,814</u>	<u>\$ 59,141,767</u>	<u>\$ 96,431,549</u>	<u>\$ 80,467,914</u>	<u>\$ 79,273,709</u>	<u>\$ 243,192,439</u>	<u>\$ 283,069,985</u>	<u>\$ 73,038,029</u>	<u>\$ 54,573,447</u>
District's Covered Payroll	<u>\$ 82,826,273</u>	<u>\$ 77,534,394</u>	<u>\$ 72,681,193</u>	<u>\$ 69,246,760</u>	<u>\$ 64,247,960</u>	<u>\$ 59,980,707</u>	<u>\$ 56,489,813</u>	<u>\$ 53,376,373</u>	<u>\$ 50,509,200</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	125.44%	70.35%	122.42%	106.76%	112.79%	369.71%	455.39%	121.89%	100.95%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.17%	86.63%	75.48%	78.21%	78.07%	51.57%	44.88%	76.80%	81.50%

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

	Measurement Date June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.3256%	0.3649%	0.3530%	0.3346%	0.3326%	0.3232%	0.3198%	0.3254%	0.3502%
District's Proportionate Share of the Net Pension Liability	\$ 25,787,627	\$ 15,582,865	\$ 21,163,963	\$ 18,499,284	\$ 18,451,284	\$ 20,632,875	\$ 25,966,174	\$ 16,863,917	\$ 16,450,641
State's Proportionate Share of the Net Pension Liability Associated with District	755,913	475,814	652,648	574,974	605,218	259,463	339,152	-	-
Total	<u>\$ 26,543,540</u>	<u>\$ 16,058,679</u>	<u>\$ 21,816,611</u>	<u>\$ 19,074,258</u>	<u>\$ 19,056,502</u>	<u>\$ 20,892,338</u>	<u>\$ 26,305,326</u>	<u>\$ 16,863,917</u>	<u>\$ 16,450,641</u>
District's Covered Payroll	<u>\$ 24,425,880</u>	<u>\$ 26,337,307</u>	<u>\$ 25,339,667</u>	<u>\$ 23,681,587</u>	<u>\$ 22,374,387</u>	<u>\$ 20,876,400</u>	<u>\$ 19,945,773</u>	<u>\$ 19,127,119</u>	<u>\$ 18,385,503</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	105.58%	59.17%	83.52%	78.12%	82.47%	98.83%	130.18%	88.17%	89.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.77%	87.00%	79.06%	80.23%	79.50%	75.90%	68.90%	78.20%	78.70%

*Ten years of data is not available.

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

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

	Fiscal Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily Required Contribution	\$ 7,128,563	\$ 6,733,776	\$ 6,140,724	\$ 5,603,720	\$ 5,193,507	\$ 4,818,597	\$ 4,498,553	\$ 4,236,736	\$ 4,003,228	\$ 3,535,644
Contributions in Relation to the Statutorily Required Contribution	(7,128,563)	(6,733,776)	(6,140,724)	(5,603,720)	(5,193,507)	(4,818,597)	(4,498,553)	(4,236,736)	(4,003,228)	(3,535,644)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 81,469,291	\$ 82,826,273	\$ 77,534,394	\$ 72,681,193	\$ 69,246,760	\$ 64,247,960	\$ 59,980,707	\$ 56,489,813	\$ 53,376,373	\$ 50,509,200
Contributions as a Percentage of Covered Payroll	8.55%	8.34%	8.13%	7.92%	7.71%	7.50%	7.50%	7.50%	7.50%	7.00%

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

	Fiscal Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily Required Contribution	\$ 1,975,969	\$ 1,831,941	\$ 1,975,298	\$ 1,900,475	\$ 1,776,119	\$ 1,678,079	\$ 1,565,730	\$ 1,495,933	\$ 1,410,625	\$ 1,332,949
Contributions in Relation to the Statutorily Required Contribution	(1,975,969)	(1,831,941)	(1,975,298)	(1,900,475)	(1,776,119)	(1,678,079)	(1,565,730)	(1,495,933)	(1,410,625)	(1,332,949)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 26,346,253	\$ 24,425,880	\$ 26,337,307	\$ 25,339,667	\$ 23,681,587	\$ 22,374,387	\$ 20,876,400	\$ 19,945,773	\$ 19,127,119	\$ 18,385,503
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.38%	7.25%

See accompanying Notes to Required Supplementary Information.

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

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

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

General Employees Fund

2022 Changes

Changes in Actuarial Assumptions:

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

2021 Changes

Changes in Actuarial Assumptions:

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

2020 Changes

Changes in Actuarial Assumptions:

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

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

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

2020 Changes (Continued)

- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions:

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

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

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

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

2017 Changes

Changes in Actuarial Assumptions

- The combined service annuity (CSA) loads were changed from 0.80% for active members and 60.00% for vested and nonvested deferred members. The revised CSA load are now 0.00% for active member liability, 15.00% for vested deferred member liability, and 3.00% for nonvested deferred member liability.

Changes in Plan Provisions

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

2016 Changes

Changes in Actuarial Assumptions

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

2015 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions:

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

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

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

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

2022 Changes

Changes in Actuarial Assumptions

- There were no changes in actuarial assumptions for financial reporting purposes.

2021 Changes

Changes in Actuarial Assumptions

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

2020 Changes

Changes in Actuarial Assumptions

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

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

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

2019 Changes

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

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

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

2017 Changes

Changes in Actuarial Assumptions

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

2016 Changes

Changes in Actuarial Assumptions

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

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

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

2016 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional forms of payment at retirement were made.

2015 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2014 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

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

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

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

2022

- Discount rate was decreased from 4.09% to 4.13%.
- Medical trend assumption was shifted to maintain the same immediate rate of 7.25%.
- The mortality improvement scale was updated from MP-2020 to MP-2021.
- Per-capita claims and fixed costs were updated to reflect experience since previous valuation.

2021

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

2020

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

2019

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

2018

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

SUPPLEMENTARY INFORMATION

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
GENERAL FUND
BALANCE SHEET
JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

	2023	2022
ASSETS		
Cash and Investments	\$ 39,096,524	\$ 40,731,790
Cash with Fiscal Agent	880,794	1,267,064
Receivables:		
Current Taxes	25,944,063	23,037,297
Delinquent Taxes	254,758	241,063
Accounts and Interest Receivable	734,606	110,252
Due from Other Minnesota School Districts	72,977	197,357
Due from Minnesota Department of Education	10,828,583	10,925,340
Due from Federal Through the Minnesota Department of Education	2,219,052	2,506,164
Due from Other Governmental Units	484,486	551,042
Due from Other Funds	815,037	754,419
Leases Receivable	301,947	365,133
Inventory	224,160	215,626
Prepays	2,254,617	1,384,201
	<u>\$ 84,111,604</u>	<u>\$ 82,286,748</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 4,552,376	\$ 6,352,124
Payroll Deductions and Employer Contributions Payable	2,907,290	3,586,777
Accounts and Contracts Payable	1,168,717	2,277,297
Due to Other Governmental Units	-	(2,948)
Unearned Revenue	424,812	419,514
Total Liabilities	<u>9,053,195</u>	<u>12,632,764</u>
Deferred Inflows of Resources:		
Unavailable Revenue - Property Taxes Levied for Subsequent Year	47,673,394	41,698,949
Unavailable Revenue - Delinquent Taxes	105,730	105,815
Leases Receivable	289,961	359,956
Total Deferred Inflows of Resources	<u>48,069,085</u>	<u>42,164,720</u>
Fund Balance:		
Nonspendable:		
Inventory	224,160	215,626
Prepays	2,254,617	1,384,201
Restricted for:		
Student Activities	31,075	36,446
Scholarships	239,825	246,026
Operating Capital	196,091	802,841
Restricted for Medical Assistance	59,981	111,162
Assigned for:		
Q Comp	533,560	436,430
Athletic Equipment	477,635	489,392
Special Purposes	1,613,760	1,507,568
Capital Projects Tech Levy	2,356,595	3,022,485
Unassigned	19,002,025	19,237,087
Total Fund Balance	<u>26,989,324</u>	<u>27,489,264</u>
	<u>\$ 84,111,604</u>	<u>\$ 82,286,748</u>

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE
IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023
(SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2022)**

	2023			2022
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 46,581,076	\$ 46,678,041	\$ 96,965	\$ 45,889,816
Earnings and Investments	900,000	1,311,602	411,602	294,214
Other	5,934,789	6,546,750	611,961	7,492,991
State Sources	107,934,353	108,373,631	439,278	104,214,361
Federal Sources	5,558,829	4,866,349	(692,480)	4,589,447
Total Revenues	166,909,047	167,776,373	867,326	162,480,829
EXPENDITURES				
Current:				
Administration:				
Salaries	3,984,230	3,908,975	(75,255)	3,768,353
Employee Benefits	1,140,722	1,136,810	(3,912)	1,193,221
Purchased Services	176,099	250,842	74,743	212,730
Supplies and Materials	175,067	144,002	(31,065)	126,251
Other Expenditures	929,446	70,532	(858,914)	93,806
Total Administration	6,405,564	5,511,161	(894,403)	5,394,361
District Support Services:				
Salaries	4,136,641	3,945,984	(190,657)	3,861,928
Employee Benefits	1,408,350	1,411,671	3,321	1,318,958
Purchased Services	260,826	303,474	42,648	563,009
Supplies and Materials	1,026,754	485,504	(541,250)	847,262
Other Expenditures	(108,163)	(98,782)	9,381	(85,412)
Total District Support Services	6,724,408	6,047,851	(676,557)	6,505,745
Elementary and Secondary Regular Instruction:				
Salaries	63,714,186	64,754,331	1,040,145	63,109,804
Employee Benefits	19,389,159	19,512,710	123,551	19,046,548
Purchased Services	2,416,645	3,677,165	1,260,520	2,293,172
Supplies and Materials	4,487,233	3,477,790	(1,009,443)	4,546,603
Other Expenditures	383,892	465,923	82,031	876,755
Total Elementary and Secondary Regular Instruction	90,391,115	91,887,919	1,496,804	89,872,882

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE
IN FUND BALANCE – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2022)**

	2023		2022	
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
EXPENDITURES (Continued)				
Current (Continued):				
Vocational Education Instruction:				
Salaries	\$ 921,497	\$ 939,914	\$ 18,417	\$ 859,686
Employee Benefits	273,824	279,400	5,576	255,044
Purchased Services	106,267	57,761	(48,506)	62,622
Supplies and Materials	22,074	15,608	(6,466)	24,058
Other Expenditures	500	5,616	5,116	5,758
Total Vocational Education Instruction	<u>1,324,162</u>	<u>1,298,299</u>	<u>(25,863)</u>	<u>1,207,168</u>
Special Education Instruction:				
Salaries	17,230,253	17,117,706	(112,547)	16,667,827
Employee Benefits	5,521,057	5,544,379	23,322	5,401,993
Purchased Services	796,649	981,093	184,444	447,113
Supplies and Materials	322,221	219,721	(102,500)	207,602
Other Expenditures	144,210	128,948	(15,262)	182,346
Total Special Education Instruction	<u>24,014,390</u>	<u>23,991,847</u>	<u>(22,543)</u>	<u>22,906,881</u>
Instructional Support Services:				
Salaries	6,057,314	6,186,566	129,252	5,371,539
Employee Benefits	1,456,220	1,531,680	75,460	1,288,859
Purchased Services	153,982	90,159	(63,823)	203,728
Supplies and Materials	674,892	415,722	(259,170)	416,492
Other Expenditures	18,100	39,703	21,603	32,056
Total Instructional Support Services	<u>8,360,508</u>	<u>8,263,830</u>	<u>(96,678)</u>	<u>7,312,674</u>
Pupil Support Services:				
Salaries	4,101,021	4,105,347	4,326	3,679,182
Employee Benefits	1,253,667	1,233,307	(20,360)	1,080,187
Purchased Services	573,453	153,611	(419,842)	642,025
Supplies and Materials	151,165	46,234	(104,931)	254,249
Capital Expenditures	-	-	-	-
Other Expenditures	1,650	11,793	10,143	21,917
Total Pupil Support Services	<u>6,080,956</u>	<u>5,550,292</u>	<u>(530,664)</u>	<u>5,677,560</u>
Sites and Buildings:				
Salaries	3,852,798	4,024,816	172,018	3,756,794
Employee Benefits	1,379,136	1,368,330	(10,806)	1,311,223
Purchased Services	1,843,703	2,617,839	774,136	2,576,689
Supplies and Materials	1,260,697	1,559,163	298,466	1,726,259
Other Expenditures	(86,479)	(47,062)	39,417	(107,990)
Total Sites and Buildings	<u>8,249,855</u>	<u>9,523,086</u>	<u>1,273,231</u>	<u>9,262,975</u>

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE
IN FUND BALANCE – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2022)**

	2023			2022
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
EXPENDITURES (Continued)				
Fiscal and Other Fixed Costs:				
Purchased Services	\$ 573,992	\$ 577,817	\$ 3,825	\$ 588,346
Other Expenditures	246,026	25,777	(220,249)	21,000
Total Fiscal and Other Fixed Costs	<u>820,018</u>	<u>603,594</u>	<u>(216,424)</u>	<u>609,346</u>
Transportation:				
Salaries	335,487	315,175	(20,312)	350,478
Employee Benefits	124,470	120,672	(3,798)	121,934
Purchased Services	5,005,730	5,230,733	225,003	4,922,781
Supplies and Materials	17,500	19,663	2,163	14,805
Other Expenditures	9,200	9,000	(200)	7,196
Total Transportation	<u>5,492,387</u>	<u>5,695,243</u>	<u>202,856</u>	<u>5,417,194</u>
Capital Outlay:				
Administration	288,200	298,761	10,561	205,866
District Support Services	638,000	1,230,812	592,812	261,341
Regular Instruction	716,397	1,360,986	644,589	3,324,963
Vocational Education Instruction	11,000	17,568	6,568	15,125
Special Education Instruction	39,060	29,501	(9,559)	25,603
Instructional Support Services	9,200	140,210	131,010	1,543
Sites and Buildings	1,835,789	1,414,207	(421,582)	2,125,875
Total Capital Outlay	<u>3,537,646</u>	<u>4,492,045</u>	<u>954,399</u>	<u>5,960,316</u>
Debt Service:				
Principal	4,418,870	4,791,293	372,423	4,118,682
Interest and Fiscal Charges	2,103,467	2,499,984	396,517	2,154,754
Total Debt Service	<u>6,522,337</u>	<u>7,291,277</u>	<u>768,940</u>	<u>6,273,436</u>
Total Expenditures	<u>167,923,346</u>	<u>170,156,444</u>	<u>2,233,098</u>	<u>166,400,538</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,014,299)	(2,380,071)	(1,365,772)	(3,919,709)
OTHER FINANCING SOURCES (USES)				
Issuance of Long-Term Leases	120,000	124,848	4,848	2,919,343
Issuance of Subscriptions Payable	-	1,548,604	1,548,604	-
Issuance of Financed Purchase	-	231,386	231,386	-
Transfers Out	(52,841)	(24,707)	28,134	(29,494)
Total Other Financing Sources (Uses)	<u>120,000</u>	<u>1,880,131</u>	<u>1,812,972</u>	<u>2,889,849</u>
NET CHANGE IN FUND BALANCE	<u>\$ (894,299)</u>	<u>(499,940)</u>	<u>\$ 447,200</u>	<u>(1,029,860)</u>
FUND BALANCE				
Beginning of Year		<u>27,489,264</u>		<u>28,519,124</u>
End of Year		<u>\$ 26,989,324</u>		<u>\$ 27,489,264</u>

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
FOOD SERVICE SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

	2023	2022
ASSETS		
Cash and Investments	\$ 3,765,573	\$ 3,361,978
Receivables:		
Accounts and Interest Receivable	160,336	23,211
Due from Minnesota Department of Education	14,989	5,639
Due from Federal Through the Minnesota Department of Education	190,799	205,814
Inventory	77,510	81,755
Prepays	17,736	1,160
 Total Assets	 \$ 4,226,943	 \$ 3,679,557
LIABILITIES AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 382	\$ 36,934
Payroll Deductions and Employer Contributions Payable	342	324
Accounts and Contracts Payable	81,836	8,662
Unearned Revenue	345,750	452,503
Total Liabilities	428,310	498,423
 Fund Balance:		
Nonspendable:		
Inventory	77,510	81,755
Prepays	17,736	1,160
Restricted for:		
Other Purposes	3,703,387	3,098,219
Total Fund Balance	3,798,633	3,181,134
 Total Liabilities and Fund Balance	 \$ 4,226,943	 \$ 3,679,557

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
FOOD SERVICE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE
IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2022)**

	2023		2022	
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Earnings and Investments	\$ 5,000	\$ 131,162	\$ 126,162	\$ 7,192
Other - Primarily Meal Sales	4,801,612	4,402,650	(398,962)	1,295,026
State Sources	146,130	119,218	(26,912)	169,552
Federal Sources	1,154,059	1,642,540	488,481	5,262,258
Total Revenues	<u>6,106,801</u>	<u>6,295,570</u>	<u>188,769</u>	<u>6,734,028</u>
EXPENDITURES				
Current:				
Salaries	1,424,312	1,188,618	(235,694)	1,098,097
Employee Benefits	469,464	403,780	(65,684)	422,752
Purchased Services	399,621	564,555	164,934	356,463
Supplies and Materials	3,559,724	2,856,137	(703,587)	2,797,682
Other Expenditures	409,471	180,402	(229,069)	291,857
Capital Outlay	626,800	486,330	(140,470)	19,825
Debt Service:				
Principal	-	15,020	15,020	-
Total Expenditures	<u>6,889,392</u>	<u>5,694,842</u>	<u>(1,194,550)</u>	<u>4,986,676</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(782,591)	600,728	1,383,319	1,747,352
OTHER FINANCING SOURCES (USES)				
Sale of Equipment	-	16,771	16,771	-
NET CHANGE IN FUND BALANCE	<u>\$ (782,591)</u>	617,499	<u>\$ 1,400,090</u>	1,747,352
FUND BALANCE				
Beginning of Year		<u>3,181,134</u>		<u>1,433,782</u>
End of Year		<u>\$ 3,798,633</u>		<u>\$ 3,181,134</u>

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
COMMUNITY SERVICE SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

	2023	2022
ASSETS		
Cash and Investments	\$ 6,531,891	\$ 4,848,704
Receivables:		
Current Taxes	503,506	490,172
Delinquent Taxes	5,657	-
Accounts and Interest Receivable	127,252	53,180
Due from Other Minnesota School Districts	66,573	111,567
Due from Minnesota Department of Education	63,978	39,473
Due from Other Governmental Units	51,286	25,516
Prepays	22,897	13,755
Total Assets	\$ 7,379,088	\$ 5,582,367
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 408,682	\$ 471,836
Payroll Deductions and Employer Contributions Payable	1,036	1,182
Accounts and Contracts Payable	195,936	158,339
Unearned Revenue	1,165,947	1,196,757
Total Liabilities	1,771,601	1,828,114
Deferred Inflows of Resources:		
Property Taxes Levied for Subsequent Year	1,009,678	980,050
Unavailable Revenue - Delinquent Taxes	5,657	-
Total Deferred Inflows of Resources	1,015,335	980,050
Fund Balance:		
Nonspendable:		
Prepays	22,897	13,755
Restricted for:		
Community Education	3,516,044	1,820,785
Early Childhood and Family Education	505,572	532,075
School Readiness	319,478	281,722
Adult Basic Education	14,524	7,249
Other Purposes	213,637	118,617
Total Fund Balance	4,592,152	2,774,203
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 7,379,088	\$ 5,582,367

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
COMMUNITY SERVICE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE
IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023**

(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2022)

	2023		2022	
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 980,049	\$ 974,387	\$ (5,662)	\$ 967,846
Earnings and Investments	14,000	197,459	183,459	13,602
Other - Primarily Tuition and Fees	12,263,448	13,036,808	773,360	11,230,496
State Sources	509,854	493,949	(15,905)	491,568
Federal Sources	300,000	346,873	46,873	397,878
Total Revenues	<u>14,067,351</u>	<u>15,049,476</u>	<u>982,125</u>	<u>13,101,390</u>
EXPENDITURES				
Current:				
Salaries	7,267,526	6,541,232	(726,294)	5,669,648
Employee Benefits	2,088,075	1,687,189	(400,886)	1,630,049
Purchased Services	2,958,831	3,389,190	430,359	2,661,462
Supplies and Materials	1,357,664	1,282,721	(74,943)	1,115,086
Other Expenditures	166,419	66,424	(99,995)	167,045
Capital Outlay	307,802	283,392	(24,410)	28,745
Debt Service				
Principal	3,475	5,238	1,763	5,513
Interest and Fiscal Charges	-	848	848	531
Total Expenditures	<u>14,149,792</u>	<u>13,256,234</u>	<u>(893,558)</u>	<u>11,278,079</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(82,441)	1,793,242	1,875,683	1,823,311
OTHER FINANCING SOURCES				
Transfers In	31,921	24,707	(7,214)	39,770
NET CHANGE IN FUND BALANCE	<u>\$ (50,520)</u>	1,817,949	<u>\$ 1,868,469</u>	1,863,081
FUND BALANCE				
Beginning of Year		2,774,203		911,122
End of Year		<u>\$ 4,592,152</u>		<u>\$ 2,774,203</u>

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND
BALANCE SHEET
JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

	2023	2022
ASSETS		
Cash and Investments	\$ 18,695,832	\$ 13,761,231
Cash with Fiscal Agent	3,054,995	9,277,282
Receivables:		
Accounts and Interest Receivable	-	10,000
Total Assets	\$ 21,750,827	\$ 23,048,513
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts and Contracts Payable	\$ 4,411,614	\$ 1,121,405
Fund Balance:		
Restricted for:		
Projects Funded by Certificates of Participation	3,054,996	48
Long-Term Facilities Maintenance	6,071,618	5,337,007
Restricted for Other Purposes	8,212,599	16,590,053
Total Fund Balance	17,339,213	21,927,108
Total Liabilities and Fund Balance	\$ 21,750,827	\$ 23,048,513

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE
IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2022)**

	2023			2022
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Earnings and Investments	\$ -	\$ 447,520	\$ 447,520	\$ 2,999
Other	-	116,500	116,500	20,891
Total Revenues	<u>-</u>	<u>564,020</u>	<u>564,020</u>	<u>23,890</u>
EXPENDITURES				
Current:				
Purchased Services	315,818	320,739	4,921	628,953
Capital Outlay	16,415,000	16,171,157	(243,843)	10,005,547
Debt Service:				
Interest and Fiscal Charges	-	229,038	229,038	-
Total Expenditures	<u>16,826,196</u>	<u>16,876,485</u>	<u>50,289</u>	<u>10,634,500</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(16,826,196)	(16,312,465)	513,731	(10,610,610)
OTHER FINANCING SOURCES				
Sale of Bonds	11,383,258	8,985,000	(2,398,258)	6,245,000
Bond Premium	-	548,259	548,259	227,727
Issuance of Certificates of Participation	-	1,850,000	1,850,000	9,725,000
Premium on Certificates of Participation	-	341,311	341,311	839,403
Transfers In	-	-	-	9,850,000
Total Other Financing Sources	<u>11,383,258</u>	<u>11,724,570</u>	<u>341,312</u>	<u>26,887,130</u>
NET CHANGE IN FUND BALANCE	<u>\$ (5,442,938)</u>	(4,587,895)	<u>\$ 855,043</u>	16,276,520
FUND BALANCE				
Beginning of Year		21,927,108		5,650,588
End of Year		<u>\$ 17,339,213</u>		<u>\$ 21,927,108</u>

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
DEBT SERVICE FUND
BALANCE SHEET
JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

	Regular Debt	OPEB Debt	Totals	
	Service	Service	2023	2022
ASSETS				
Cash and Investments	\$ 4,679,152	\$ 1,095,272	\$ 5,774,424	\$ 5,528,765
Receivables:				
Current Taxes	4,089,303	687,334	4,776,637	4,718,410
Delinquent Taxes	43,260	9,125	52,385	-
Accounts and Interest Receivable	62,106	-	62,106	8,065
Due from Minnesota Department of Education	83,738	1	83,739	75,716
Prepays	744,709	166,548	911,257	984,611
 Total Assets	<u>\$ 9,702,268</u>	<u>\$ 1,958,280</u>	<u>\$ 11,660,548</u>	<u>\$ 11,315,567</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
Deferred Inflows of Resources:				
Property Taxes Levied for Subsequent Year	\$ 8,200,110	\$ 1,378,308	\$ 9,578,418	\$ 9,433,843
Unavailable Revenue - Delinquent Taxes	43,260	9,125	52,385	-
Total Deferred Inflows of Resources	8,243,370	1,387,433	9,630,803	9,433,843
Fund Balance:				
Nonspendable:				
Prepays	744,709	166,548	911,257	984,611
Restricted for:				
Restricted for Other Purposes	714,189	404,299	1,118,488	897,113
Total Fund Balance	1,458,898	570,847	2,029,745	1,881,724
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 9,702,268</u>	<u>\$ 1,958,280</u>	<u>\$ 11,660,548</u>	<u>\$ 11,315,567</u>

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE
IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2022)**

	2023					2022	
	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	\$ 9,433,842	\$ 7,839,045	\$ 1,542,208	\$ -	\$ 9,381,253	\$ (52,589)	\$ 9,021,814
Earnings and Investments	27,775	109,021	-	-	109,021	81,246	18,611
State Sources	758,225	843,620	9	-	843,629	85,404	752,954
Total Revenues	<u>10,219,842</u>	<u>8,791,686</u>	<u>1,542,217</u>	<u>-</u>	<u>10,333,903</u>	<u>114,061</u>	<u>9,793,379</u>
EXPENDITURES							
Debt Service:							
Bond Principal	7,130,000	5,995,000	1,120,000	-	7,115,000	(15,000)	7,060,000
Bond Interest	3,369,713	2,715,909	355,745	-	3,071,654	(298,059)	3,022,049
Paying Agent Fees and Other	-	49,315	-	-	49,315	49,315	786,283
Total Expenditures	<u>10,499,713</u>	<u>8,760,224</u>	<u>1,475,745</u>	<u>-</u>	<u>10,235,969</u>	<u>(263,744)</u>	<u>10,868,332</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(279,871)	31,462	66,472	-	97,934	377,805	(1,074,953)
OTHER FINANCING SOURCES (USES)							
Sale of Bonds	-	3,725,000	-	-	3,725,000	3,725,000	42,185,000
Bond Premium	-	215,161	-	-	215,161	215,161	1,087,797
Payment to Refunded Bond Escrow Agent	-	(3,890,074)	-	-	(3,890,074)	(3,890,074)	(42,465,821)
Transfers Out	-	-	-	-	-	-	(10,276)
Total Other Financing Sources (Uses)	<u>-</u>	<u>50,087</u>	<u>-</u>	<u>-</u>	<u>50,087</u>	<u>50,087</u>	<u>796,700</u>
NET CHANGE IN FUND BALANCE	<u>\$ (279,871)</u>	<u>81,549</u>	<u>66,472</u>	<u>-</u>	<u>148,021</u>	<u>\$ 427,892</u>	<u>(278,253)</u>
FUND BALANCE							
Beginning of Year		<u>1,377,349</u>	<u>504,375</u>	<u>-</u>	<u>1,881,724</u>		<u>2,159,977</u>
End of Year		<u>\$ 1,458,898</u>	<u>\$ 570,847</u>	<u>\$ -</u>	<u>\$ 2,029,745</u>		<u>\$ 1,881,724</u>

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

	Self- Insurance Accounts	OPEB Revocable Trust	Totals	
			2023	2022
ASSETS				
Cash and Investments	\$ 13,172,817	\$ 15,543,763	\$ 28,716,580	\$ 30,288,256
Interest Receivable	235,295	-	235,295	21,656
Total Assets	<u>13,408,112</u>	<u>15,543,763</u>	<u>28,951,875</u>	<u>30,309,912</u>
LIABILITIES				
Accounts Payable	1,787	-	1,787	1,862
Claims Payable - Medical	2,178,400	-	2,178,400	2,093,400
Due to Other Funds	-	815,037	815,037	754,419
Unearned Revenue	2,426,760	-	2,426,760	2,316,488
Total Liabilities	<u>4,606,947</u>	<u>815,037</u>	<u>5,421,984</u>	<u>5,166,169</u>
NET POSITION				
Unrestricted	<u>\$ 8,801,165</u>	<u>\$ 14,728,726</u>	<u>\$ 23,529,891</u>	<u>\$ 25,143,743</u>

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
INTERNAL SERVICE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2022)**

	Self- Insurance Accounts	OPEB Revocable Trust	Totals	
			2023	2022
OPERATING REVENUES				
Charges for Services:				
Health Insurance Premiums	\$ 15,585,124	\$ -	\$ 15,585,124	\$ 15,665,169
Dental Insurance Premiums	1,249,050	-	1,249,050	1,249,050
Total Operating Revenues	<u>16,834,174</u>	<u>-</u>	<u>16,834,174</u>	<u>16,914,219</u>
OPERATING EXPENSES				
Salaries	129,876	-	129,876	121,538
VEBA Contributions	1,401,309	-	1,401,309	1,749,260
Wellness Payments	40,920	-	40,920	42,060
Health Insurance Claim Payments	15,283,194	-	15,283,194	11,866,724
Dental Insurance Claim Payments	1,216,152	-	1,216,152	1,168,649
OPEB Payments	-	815,037	815,037	754,419
General Administration Fees	1,036,504	-	1,036,504	1,101,607
Total Operating Expenses	<u>19,107,955</u>	<u>815,037</u>	<u>19,922,992</u>	<u>16,804,257</u>
OPERATING INCOME (LOSS)	(2,273,781)	(815,037)	(3,088,818)	109,962
NONOPERATING INCOME (EXPENSES)				
Earnings on Investments	431,479	1,043,487	1,474,966	(2,150,869)
Transfers to Other Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,850,000)</u>
Total Nonoperating Income (Expenses)	<u>431,479</u>	<u>1,043,487</u>	<u>1,474,966</u>	<u>(12,000,869)</u>
CHANGE IN NET POSITION	(1,842,302)	228,450	(1,613,852)	(11,890,907)
Net Position - Beginning	<u>10,643,467</u>	<u>14,500,276</u>	<u>25,143,743</u>	<u>37,034,650</u>
NET POSITION - ENDING	<u>\$ 8,801,165</u>	<u>\$ 14,728,726</u>	<u>\$ 23,529,891</u>	<u>\$ 25,143,743</u>

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
INTERNAL SERVICE FUND
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2022)**

	Self- Insurance Accounts	OPEB Revocable Trust	Totals	
			2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Interfund Services Provided	\$ 16,730,807	\$ -	\$ 16,730,807	\$ 16,736,913
Payments for Administrative Costs	(1,036,504)	-	(1,036,504)	(1,101,607)
Payments for Salaries	(129,876)	-	(129,876)	(121,538)
Payments for Medical Fees and Insurance Claims	(16,414,421)	-	(16,414,421)	(13,287,442)
Payments for Wellness	(40,920)	-	(40,920)	(42,060)
Payments to Employee VEBA Accounts	(1,401,309)	-	(1,401,309)	(1,749,260)
Payments for Retirement Benefits	-	(754,419)	(754,419)	(750,607)
Net Cash Provided (Used) by Operating Activities	<u>(2,292,223)</u>	<u>(754,419)</u>	<u>(3,046,642)</u>	<u>(315,601)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	431,479	-	431,479	45,209
Proceeds from Sale of Investments	-	754,419	754,419	750,607
Net Cash Provided by Investing Activities	<u>431,479</u>	<u>754,419</u>	<u>1,185,898</u>	<u>795,816</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,860,744)	-	(1,860,744)	480,215
Cash and Cash Equivalents - Beginning	15,033,561	-	15,033,561	14,553,346
Cash and Cash Equivalents - Ending	<u>\$ 13,172,817</u>	<u>\$ -</u>	<u>\$ 13,172,817</u>	<u>\$ 15,033,561</u>
Total Cash and Investments per Statement of Net Position	\$ 13,172,817	\$ 15,543,763	\$ 28,716,580	\$ 30,288,256
Less: Investments Included in Cash and Investments	-	(15,543,763)	(15,543,763)	(15,254,695)
Total Cash and Cash Equivalents	<u>\$ 13,172,817</u>	<u>\$ -</u>	<u>\$ 13,172,817</u>	<u>\$ 15,033,561</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (2,273,781)	\$ (815,037)	\$ (3,088,818)	\$ 109,962
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
(Increase) Decrease in Interest Receivable	(213,639)	-	(213,639)	(21,656)
Increase (Decrease) in Accounts Payable	(75)	-	(75)	(203)
Increase (Decrease) in Claims Payable	85,000	-	85,000	(251,866)
Increase (Decrease) in Due to Other Funds	-	60,618	60,618	3,812
Increase (Decrease) in Unearned Revenue	110,272	-	110,272	(155,650)
Total Adjustments	<u>(18,442)</u>	<u>60,618</u>	<u>42,176</u>	<u>(425,563)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (2,292,223)</u>	<u>\$ (754,419)</u>	<u>\$ (3,046,642)</u>	<u>\$ (315,601)</u>

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
INTERNAL SERVICE FUND
UNIFORM FINANCIAL ACCOUNTING AND REPORTING
STANDARDS COMPLIANCE TABLE
JUNE 30, 2023**

	AUDIT	UFARS	DIFFERENCE		AUDIT	UFARS	DIFFERENCE
01 GENERAL FUND				06 BUILDING CONSTRUCTION			
Total Revenue	\$ 167,776,373	\$ 167,776,374	\$ (1)	Total Revenue	\$ 564,020	\$ 564,020	\$ -
Total Expenditures	170,156,444	170,156,444	-	Total Expenditures	16,876,485	16,876,483	2
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	2,478,777	2,478,777	-	460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>				<i>Restricted:</i>			
401 Student Activities	31,075	31,075	-	407 Capital Projects Levy	-	-	-
402 Scholarships	239,825	239,825	-	409 Alternative Facility Program	-	-	-
403 Staff Development	-	-	-	413 Projects Funded by COP	3,054,996	3,054,995	1
405 Deferred Maintenance	-	-	-	467 LTFM	6,071,618	6,071,618	-
406 Health and Safety	-	-	-	464 Restricted Fund Balance	8,212,599	8,212,602	(3)
407 Capital Project Levy	(2,245,229)	(2,245,229)	-	<i>Unassigned:</i>			
408 Cooperative Programs	-	-	-	463 Unassigned Fund Balance	-	-	-
413 Projects Funded by COP	-	-	-				
414 Operating Debt	-	-	-	07 DEBT SERVICE			
416 Levy Reduction	-	-	-	Total Revenue	8,791,686	8,791,685	1
417 Taconite Building Maintenance	-	-	-	Total Expenditures	8,760,224	8,760,224	-
424 Operating Capital	201,014	201,014	-	<i>Nonspendable:</i>			
426 \$25 Taconite	-	-	-	460 Nonspendable Fund Balance	744,709	744,709	-
427 Disabled Accessibility	-	-	-	<i>Restricted:</i>			
428 Learning and Development	-	-	-	425 Bond Refunding	-	-	-
434 Area Learning Center	-	-	-	451 QZAB and QSCB Payments	-	-	-
435 Contracted Alternative Programs	-	-	-	464 Restricted Fund Balance	714,189	714,188	1
436 State-Approved Alternative Programs	-	-	-	<i>Unassigned:</i>			
438 Gifted and Talented	-	-	-	463 Unassigned Fund Balance	-	-	-
440 Teacher Development and Evaluations	-	-	-				
441 Basic Skills Programs	-	-	-	08 TRUST			
445 Career and Technical Programs	-	-	-	Total Revenue	-	-	-
448 Achievement and Integration	-	-	-	Total Expenditures	-	-	-
449 Sage Schools Crime Levy	-	-	-	<i>Restricted:</i>			
451 QZAB Payments	-	-	-	401 Student Activities	-	-	-
452 OPEB Liability Not Held in Trust	-	-	-	402 Scholarship	-	-	-
453 Unfunded Severance & Retirement Levy	-	-	-	422 Restricted	-	-	-
467 LTFM	-	-	-				
472 Medical Assistance	59,981	59,981	-	18 CUSTODIAL			
<i>Restricted:</i>				Total Revenue	305,296	305,296	-
464 Restricted Fund Balance	-	-	-	Total Expenditures	344,678	344,678	-
<i>Committed:</i>				<i>Restricted:</i>			
418 Committed for Separation	-	-	-	401 Student Activities	-	-	-
461 Committed Fund Balance	-	-	-	402 Scholarships	-	-	-
<i>Assigned:</i>				448 Achievement and Integration	-	-	-
462 Assigned Fund Balance	4,981,550	4,981,550	-	464 Restricted	594,199	594,199	-
<i>Unassigned:</i>							
422 Unassigned Fund Balance	21,242,331	21,242,326	5	20 INTERNAL SERVICE			
				Total Revenue	17,265,653	17,265,653	-
02 FOOD SERVICE				Total Expenditures	19,107,955	19,107,955	-
Total Revenue	6,295,570	6,295,570	-	<i>Net Position:</i>			
Total Expenditures	5,694,842	5,694,841	1	422 Net Position	8,801,165	8,801,165	-
<i>Nonspendable:</i>							
460 Nonspendable Fund Balance	95,246	95,246	-	25 OPEB REVOCABLE TRUST			
<i>Restricted:</i>				Total Revenue	1,043,487	1,043,487	-
452 OPEB Liability Not Held in Trust	-	-	-	Total Expenditures	815,037	815,037	-
464 Restricted Fund Balance	3,703,387	3,703,387	-	<i>Net Position:</i>			
<i>Unassigned:</i>				422 Net Position	14,728,726	14,728,726	-
463 Unassigned Fund Balance	-	-	-				
				45 OPEB IRREVOCABLE TRUST			
04 COMMUNITY SERVICE				Total Revenue	-	-	-
Total Revenue	15,049,476	15,049,476	-	Total Expenditures	-	-	-
Total Expenditures	13,256,234	13,256,233	1	<i>Net Position:</i>			
<i>Nonspendable:</i>				422 Net Position	-	-	-
460 Nonspendable Fund Balance	22,897	22,897	-				
<i>Restricted:</i>				47 OPEB DEBT SERVICE			
426 \$25 Taconite	-	-	-	Total Revenue	1,542,217	1,542,217	-
431 Community Education	3,516,044	3,516,044	-	Total Expenditures	1,475,745	1,475,746	(1)
432 E.C.F.E.	505,572	505,572	-	<i>Nonspendable:</i>			
440 Teacher Development and Evaluations	-	-	-	460 Nonspendable Fund Balance	166,548	166,548	-
444 School Readiness	319,478	319,478	-	<i>Restricted:</i>			
447 Adult Basic Education	14,524	14,524	-	425 Bond Refunding	-	-	-
452 OPEB Liability Not Held in Trust	-	-	-	464 Restricted Fund Balance	404,299	404,299	-
464 Restricted Fund Balance	213,637	213,638	(1)	<i>Unassigned:</i>			
<i>Unassigned:</i>				463 Unassigned Fund Balance	-	-	-
463 Unassigned Fund Balance	-	-	-				

STATISTICAL SECTION (UNAUDITED)

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

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These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	133
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These schedules contain information to help the reader assess the District's most significant local revenue source, property taxes.	140
Debt Capacity	
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	146
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	151
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to services the District provides and the activities it performs.	154

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

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
Net Investment in Capital Assets	\$ 21,319,503	\$ 19,627,253	\$ 18,430,241	\$ 14,644,246	\$ 13,441,105	\$ 12,846,900	\$ 16,960,040	\$ 17,088,790	\$ 16,182,044	\$ 13,262,262
Restricted	11,068,622	11,838,485	7,074,898	6,808,222	7,245,813	9,970,960	6,057,675	9,057,960	20,826,373	27,730,141
Unrestricted	10,070,598	(63,764,777)	(57,419,114)	(85,657,524)	(129,067,503)	(97,023,252)	(99,319,271)	(107,013,615)	(111,696,070)	(87,235,913)
 Total Governmental Activities										
Net Position	<u>\$ 42,458,723</u>	<u>\$ (32,299,039)</u>	<u>\$ (31,913,975)</u>	<u>\$ (64,205,056)</u>	<u>\$ (108,380,585)</u>	<u>\$ (74,205,392)</u>	<u>\$ (76,301,556)</u>	<u>\$ (80,866,865)</u>	<u>\$ (74,687,653)</u>	<u>\$ (46,243,510)</u>

Source: District's financial records.

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

	Fiscal Year			
	2014	2015	2016	2017
Expenses				
Governmental Activities:				
Administration	\$ 3,710,055	\$ 3,949,395	\$ 4,132,706	\$ 5,605,071
District Support Services	3,539,681	3,351,697	3,811,676	4,145,220
Regular Instruction	59,493,857	64,252,046	67,818,975	96,960,340
Vocational Education Instruction	488,223	515,227	562,427	1,108,400
Special Education Instruction	14,950,426	15,431,007	16,064,977	22,481,202
Instructional Support Services	5,212,539	5,476,973	6,018,678	8,066,439
Pupil Support Services	7,171,368	7,507,312	7,822,508	9,606,299
Sites and Buildings	14,914,742	13,769,610	16,084,512	19,441,992
Fiscal and Other Fixed Cost Programs	244,628	225,994	262,090	258,901
Food Service	4,902,588	4,849,625	5,406,639	5,632,435
Community Service	10,625,866	9,029,666	9,682,970	11,634,698
Interest on Long-Term Debt	5,516,550	6,196,996	6,521,940	5,603,309
Total Governmental Activities Expenses	<u>\$ 130,770,523</u>	<u>\$ 134,555,548</u>	<u>\$ 144,190,098</u>	<u>\$ 190,544,306</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
District Support Services	\$ -	\$ -	\$ -	\$ -
Regular Instruction	-	-	1,309,999	1,403,750
Special Education Instruction	-	-	-	-
Instructional Support Services	-	-	222,990	195,169
Pupil Support Services	-	-	252,275	239,780
Food Service	4,146,997	4,358,266	4,628,754	4,806,658
Community Service	8,447,774	7,019,527	8,768,689	9,474,151
Operating Grants and Contributions	21,611,798	22,129,831	17,222,701	22,145,571
Capital Grants and Contributions	731,378	1,271,341	1,293,101	1,335,854
Total Governmental Activities Program Revenue	<u>\$ 34,937,947</u>	<u>\$ 34,778,965</u>	<u>\$ 33,698,509</u>	<u>\$ 39,600,933</u>
Net Expense				
Governmental Activities	<u>\$ (95,832,576)</u>	<u>\$ (99,776,583)</u>	<u>\$ (110,491,589)</u>	<u>\$ (150,943,373)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes:				
General Purposes and Capital Projects	\$ 17,872,428	\$ 29,302,585	\$ 31,079,686	\$ 35,766,057
Community Service	415,723	1,012,885	948,638	914,505
Debt Service	7,691,916	6,788,554	8,041,734	6,616,212
Unrestricted Grants and Contributions	68,173,589	63,077,322	70,294,970	72,666,001
Unrestricted Investment Earnings	2,488,096	344,758	(25,408)	2,310,084
Miscellaneous	52,440	280,137	537,033	379,433
Total Governmental Activities	<u>\$ 96,694,192</u>	<u>\$ 100,806,241</u>	<u>\$ 110,876,653</u>	<u>\$ 118,652,292</u>
Change in Net Position	\$ 861,616	\$ 1,029,658	\$ 385,064	\$ (32,291,081)
Net Position - Beginning	43,860,040	42,458,723	(32,299,039)	(31,913,975)
Prior Period Adjustment	(2,262,933)	(75,787,420)	-	-
Net Position - Ending	<u>\$ 42,458,723</u>	<u>\$ (32,299,039)</u>	<u>\$ (31,913,975)</u>	<u>\$ (64,205,056)</u>

Source: District's financial records.

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

Fiscal Year						
2018	2019	2020	2021	2022	2023	
\$ 5,455,522	\$ 3,682,577	\$ 4,936,009	\$ 4,871,261	\$ 5,417,704	\$ 5,185,595	
5,572,269	6,105,416	6,450,685	7,037,501	6,757,832	9,000,333	
104,554,124	61,855,919	92,016,508	103,058,556	94,700,911	80,799,407	
866,784	382,774	961,154	1,161,390	1,219,336	1,117,707	
23,574,526	14,936,738	21,594,998	22,838,072	22,240,745	20,535,892	
8,647,660	5,192,665	6,914,441	7,323,885	7,105,307	7,281,335	
10,078,121	8,171,436	10,011,843	10,047,034	10,988,000	10,411,341	
10,542,688	10,323,572	11,665,056	10,967,118	12,140,549	12,301,189	
232,382	243,794	247,710	445,203	609,346	603,594	
5,634,791	5,615,714	4,933,756	3,423,531	4,821,519	5,304,336	
12,538,445	11,544,294	12,207,091	9,166,519	11,120,173	13,114,900	
6,138,422	6,318,176	5,965,431	6,211,392	5,802,801	4,919,048	
<u>\$ 193,835,734</u>	<u>\$ 134,373,075</u>	<u>\$ 177,904,682</u>	<u>\$ 186,551,462</u>	<u>\$ 182,924,223</u>	<u>\$ 170,574,677</u>	
\$ -	\$ -	\$ -	\$ 24,645	\$ 32,302	\$ 35,369	
1,481,610	1,466,906	1,264,150	1,225,228	2,026,635	2,046,489	
-	-	-	-	-	24,123	
196,370	207,151	141,938	42,524	219,356	217,469	
253,070	253,665	180,757	147,386	195,367	241,021	
4,988,142	5,134,896	3,702,981	438,418	1,293,199	4,401,702	
10,387,741	11,209,114	9,330,529	6,777,586	10,668,633	12,348,940	
19,259,894	17,935,361	22,465,001	27,198,343	30,236,788	26,985,185	
1,640,719	1,821,327	1,809,399	1,742,405	1,694,513	1,649,751	
<u>\$ 38,207,546</u>	<u>\$ 38,028,420</u>	<u>\$ 38,894,755</u>	<u>\$ 37,596,535</u>	<u>\$ 46,366,793</u>	<u>\$ 47,950,049</u>	
<u>\$ (155,628,188)</u>	<u>\$ (96,344,655)</u>	<u>\$ (139,009,927)</u>	<u>\$ (148,954,927)</u>	<u>\$ (136,557,430)</u>	<u>\$ (122,624,628)</u>	
\$ 35,987,087	\$ 37,897,822	\$ 42,493,968	\$ 44,827,510	\$ 45,906,033	\$ 46,677,956	
918,485	954,512	942,780	956,817	966,046	980,044	
7,706,340	9,016,279	8,329,244	8,727,580	9,002,056	9,433,638	
76,233,324	79,580,441	82,544,597	83,977,491	87,219,564	89,649,603	
2,022,260	2,382,078	2,056,107	5,354,173	(1,814,251)	3,671,730	
1,191,246	688,716	547,067	546,047	1,457,194	655,800	
<u>\$ 124,058,742</u>	<u>\$ 130,519,848</u>	<u>\$ 136,913,763</u>	<u>\$ 144,389,618</u>	<u>\$ 142,736,642</u>	<u>\$ 151,068,771</u>	
\$ (31,569,446)	\$ 34,175,193	\$ (2,096,164)	\$ (4,565,309)	\$ 6,179,212	\$ 28,444,143	
(64,205,056)	(108,380,585)	(74,205,392)	(76,301,556)	(80,866,865)	(74,687,653)	
(12,606,083)	-	-	-	-	-	
<u>\$ (108,380,585)</u>	<u>\$ (74,205,392)</u>	<u>\$ (76,301,556)</u>	<u>\$ (80,866,865)</u>	<u>\$ (74,687,653)</u>	<u>\$ (46,243,510)</u>	

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

	Fiscal Year			
	2014	2015	2016	2017
General Fund				
Nonspendable	\$ 590,355	\$ 781,333	\$ 779,705	\$ 1,168,168
Restricted	411,185	29,151	628,474	469,509
Assigned	3,902,303	4,173,836	3,194,826	3,399,617
Unassigned	14,362,441	13,821,183	14,054,648	16,065,042
Total General Fund	<u>19,266,284</u>	<u>18,805,503</u>	<u>18,657,653</u>	<u>21,102,336</u>
All Other Governmental Funds				
Nonspendable	765,935	1,441,573	905,977	1,228,773
Restricted, Reported in:				
Food Service Fund	778,523	352,237	493,812	735,438
Community Service Fund	1,654,874	1,914,375	2,804,355	3,484,248
Capital Projects Fund	5,673,567	309,828	8,724,062	5,418,769
Debt Service Funds	9,558,975	11,018,614	6,070,506	4,332,850
Unassigned, Reported in:				
Community Service Fund	(53,686)	(44,630)	(67,795)	(65,259)
Capital Projects Fund	-	-	-	-
Debt Service Funds	-	-	(223,082)	-
All Other Governmental Funds	<u>18,378,188</u>	<u>14,991,997</u>	<u>18,707,835</u>	<u>15,134,819</u>
Total All Funds	<u>\$ 37,644,472</u>	<u>\$ 33,797,500</u>	<u>\$ 37,365,488</u>	<u>\$ 36,237,155</u>

Source: District's financial records

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

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 1,677,381	\$ 2,434,164	\$ 1,830,729	\$ 2,458,993	\$ 1,599,827	\$ 2,478,777
227,459	3,735,197	3,302,331	544,401	1,196,475	526,972
3,194,835	2,840,797	2,518,088	2,397,369	5,455,875	4,981,550
<u>17,993,045</u>	<u>19,357,141</u>	<u>25,304,127</u>	<u>23,118,361</u>	<u>19,237,087</u>	<u>19,002,025</u>
23,092,720	28,367,299	32,955,275	28,519,124	27,489,264	26,989,324
1,129,474	1,075,240	1,297,070	1,149,314	1,081,281	1,029,400
1,192,036	1,814,668	1,401,528	1,354,312	3,098,219	3,703,387
4,026,146	1,841,486	1,082,126	818,813	2,760,448	4,569,255
2,650,289	3,462,797	2,188,316	8,436,401	21,927,108	17,339,213
1,183,399	2,400,628	1,409,797	1,182,442	897,113	1,118,488
-	-	-	-	-	-
-	(453,751)	(878,398)	(2,785,813)	-	229,038
<u>(58,988)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>10,122,356</u>	<u>10,141,068</u>	<u>6,500,439</u>	<u>10,155,469</u>	<u>29,764,169</u>	<u>27,988,781</u>
<u>\$ 33,215,076</u>	<u>\$ 38,508,367</u>	<u>\$ 39,455,714</u>	<u>\$ 38,674,593</u>	<u>\$ 57,253,433</u>	<u>\$ 54,978,105</u>

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

	Fiscal Year			
	2014	2015	2016	2017
Revenues				
Local Sources:				
Property Taxes	\$ 25,930,101	\$ 37,214,541	\$ 40,114,162	\$ 43,346,798
Earnings on Investments	116,925	45,092	176,546	153,497
Other	18,427,849	17,708,928	19,210,588	20,366,116
State Sources	81,858,493	77,679,938	82,500,253	85,810,383
Federal Sources	2,877,634	2,747,558	2,819,671	2,763,275
Total Revenues	<u>129,211,002</u>	<u>135,396,057</u>	<u>144,821,220</u>	<u>152,440,069</u>
Expenditures				
Current:				
Administration	3,816,573	4,024,247	3,943,877	4,040,778
District Support Services	3,507,294	3,345,636	3,763,882	3,753,805
Regular Instruction	54,604,424	59,736,890	63,494,232	66,724,212
Vocational Education Instruction	491,507	524,218	549,081	834,722
Special Education Instruction	15,065,041	15,741,744	15,985,969	16,562,003
Instructional Support Services	5,242,570	5,551,204	5,831,692	6,051,941
Pupil Support Services	7,173,492	7,550,330	7,703,284	8,222,140
Sites and Buildings	8,309,773	8,665,464	7,273,494	7,712,195
Fiscal and Other Fixed Cost Programs	244,628	225,994	262,090	258,901
Food Service	4,813,827	5,015,606	5,365,527	5,537,865
Community Service Fund	10,608,808	9,297,612	9,613,374	10,467,031
Capital Outlay	19,846,429	16,959,572	15,657,282	19,849,561
Debt Service:				
Principal	7,359,633	5,370,000	7,533,187	6,924,417
Interest and Fiscal Charges	5,482,607	5,260,757	6,108,765	5,519,964
Total Expenditures	<u>146,566,606</u>	<u>147,269,274</u>	<u>153,085,736</u>	<u>162,459,535</u>
Deficiency of Revenues Under Expenditures	(17,355,604)	(11,873,217)	(8,264,516)	(10,019,466)
Other Financing Sources (Uses)				
Sale of Equipment	-	-	-	-
Other Loan Proceeds	-	-	-	-
Issuance of Bonds and Certificates of Participation	26,080,000	9,710,000	46,260,000	8,560,000
Premiums on Bonds and Certificates of Participation	958,264	376,245	1,956,415	331,133
Issuance of Long-Term Leases	-	-	-	-
Issuance of Subscriptions Payable	-	-	-	-
Issuance of Finance Purchase	-	-	-	-
Payment to Refunded Bond Escrow Agent	(14,065,000)	(1,810,000)	(36,633,911)	-
Transfers In	-	-	621,368	445,061
Transfers Out	-	-	(621,368)	(445,061)
Total Other Financing Sources (Uses)	<u>12,973,264</u>	<u>8,276,245</u>	<u>11,582,504</u>	<u>8,891,133</u>
Net Change in Fund Balances	(4,382,340)	(3,596,972)	3,317,988	(1,128,333)
Fund Balance - Beginning	42,026,812	37,644,472	34,047,500	37,365,488
Prior Period Adjustment	-	-	-	-
Fund Balance - Ending	<u>\$ 37,644,472</u>	<u>\$ 34,047,500</u>	<u>\$ 37,365,488</u>	<u>\$ 36,237,155</u>
Debt Service as a Percentage of Noncapital Expenditures	10.10%	8.20%	9.40%	8.23%

Sources: District's financial records

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

		Fiscal Year									
		2018	2019	2020	2021	2022	2023				
\$	44,683,902	\$	47,752,873	\$	51,743,003	\$	54,560,896	\$	55,879,476	\$	57,033,681
	368,240		923,943		847,553		480,508		336,618		2,196,764
	22,352,959		23,423,379		19,019,421		11,765,250		20,039,404		24,102,708
	90,293,577		96,228,983		99,770,611		101,768,804		105,628,435		109,830,427
	2,969,111		2,996,291		3,115,200		8,301,974		10,249,583		6,855,762
	<u>160,667,789</u>		<u>171,325,469</u>		<u>174,495,788</u>		<u>176,877,432</u>		<u>192,133,516</u>		<u>200,019,342</u>
	4,124,131		4,270,151		4,443,920		4,445,113		5,394,361		5,511,161
	5,814,329		6,150,430		6,343,341		6,978,156		6,505,745		6,047,851
	72,455,135		76,259,944		80,321,434		88,480,898		89,872,882		91,887,919
	624,342		582,801		896,121		1,091,521		1,207,168		1,298,299
	18,158,328		19,606,480		20,421,959		21,516,900		22,906,881		23,991,847
	6,939,347		6,738,998		6,499,566		7,371,669		7,312,674		8,263,830
	8,866,622		9,009,289		9,631,457		9,961,806		11,094,754		11,245,535
	7,342,946		8,481,626		8,734,327		8,917,838		9,262,975		9,523,086
	232,382		243,794		247,710		445,203		609,346		603,594
	5,499,699		5,491,043		4,878,178		3,379,971		4,966,851		5,193,492
	11,357,592		11,986,244		12,012,110		9,196,975		11,243,290		12,966,756
	12,230,881		13,558,826		11,712,783		11,757,079		16,643,386		21,909,214
	10,410,000		8,556,614		7,982,599		9,369,143		11,184,195		11,926,551
	5,574,934		6,275,587		6,241,167		6,064,297		5,963,617		5,621,801
	<u>169,630,668</u>		<u>177,211,827</u>		<u>180,366,672</u>		<u>188,976,569</u>		<u>204,168,125</u>		<u>215,990,936</u>
	(8,962,879)		(5,886,358)		(5,870,884)		(12,099,137)		(12,034,609)		(15,971,594)
	-		-		-		-		-		16,771
	-		-		547,000		-		-		-
	21,565,000		26,795,000		20,430,000		36,440,000		58,155,000		14,560,000
	2,269,375		2,282,496		776,257		1,177,394		2,154,927		1,104,731
	-		-		-		-		2,919,343		124,848
	-		2,521,614		-		-		-		1,548,604
	-		-		-		-		-		231,386
	(17,893,575)		(20,419,461)		(14,935,026)		(26,499,378)		(42,465,821)		(3,890,074)
	192,076		3,566,280		373,717		8,850		9,889,770		24,707
	<u>(192,076)</u>		<u>(3,566,280)</u>		<u>(373,717)</u>		<u>(8,850)</u>		<u>(39,770)</u>		<u>(24,707)</u>
	<u>5,940,800</u>		<u>11,179,649</u>		<u>6,818,231</u>		<u>11,118,016</u>		<u>30,613,449</u>		<u>13,696,266</u>
	(3,022,079)		5,293,291		947,347		(981,121)		18,578,840		(2,275,328)
	36,237,155		33,215,076		38,508,367		39,455,714		38,474,593		57,053,433
	-		-		-		-		-		-
\$	<u>33,215,076</u>	\$	<u>38,508,367</u>	\$	<u>39,455,714</u>	\$	<u>38,474,593</u>	\$	<u>57,053,433</u>	\$	<u>54,778,105</u>
	9.94%		8.81%		8.31%		8.66%		9.00%		8.90%

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
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
2014	\$ 5,278,778,900	\$ 1,338,971,313	\$ 603,332,100	\$ 4,215,920	\$ 18,768,000
2015	5,737,769,500	1,338,975,413	613,118,800	4,215,920	19,160,400
2016	6,101,387,100	1,386,241,207	774,298,100	4,305,860	19,312,000
2017	6,279,630,658	1,469,462,080	787,395,300	4,448,120	20,046,900
2018	6,692,151,700	1,572,785,318	795,547,500	4,523,840	21,437,000
2019	7,068,589,600	1,657,952,075	803,185,500	5,490,252	23,969,000
2020	7,384,381,200	1,699,405,100	825,842,600	4,549,800	26,435,200
2021	7,777,973,500	1,689,534,300	806,415,500	4,549,800	31,612,000
2022	8,132,893,500	1,759,320,300	710,226,700	4,794,500	35,796,600
2023	9,878,334,900	2,066,593,700	848,767,600	4,709,500	40,992,300

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.

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

Carver County Industrial Property	Carver County Agricultural Property	Hennepin County Less Tax-Exempt Property	Hennepin County Assessed Value	Carver County Assessed Value	Total Direct School Tax Rate
\$ 6,830,767	\$ 468,600	\$ 323,776,400	\$ 5,577,102,600	\$ 1,350,486,600	24.37
6,830,747	468,600	323,776,400	6,046,272,300	1,350,490,680	25.09
7,165,133	-	469,804,000	6,425,193,200	1,397,712,200	22.89
6,630,400	-	469,804,000	6,617,268,858	1,480,540,600	22.77
6,767,633	-	469,804,000	7,039,332,200	1,584,076,791	23.13
7,444,400	-	469,804,000	7,425,940,100	1,670,886,727	21.21
7,101,900	-	469,804,000	7,766,855,000	1,711,056,800	21.17
7,101,900	-	444,491,400	8,171,509,600	1,701,186,000	20.92
7,989,500	-	336,858,600	8,542,058,200	1,772,104,300	21.00
8,069,500	-	464,419,500	10,303,675,300	2,079,372,700	17.72

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
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
2014	16.173	8.201	24.374	27.238	19.169	34.493	37.045	22.246
2015	16.268	8.825	25.093	24.634	17.381	33.749	32.462	19.819
2016	16.543	6.344	22.887	24.253	16.338	32.137	30.253	18.963
2017	16.028	6.742	22.770	23.856	15.664	32.480	28.802	17.033
2018	15.379	7.754	23.133	22.667	15.316	32.348	27.133	16.102
2019	14.472	6.737	21.209	21.105	14.840	31.521	27.124	15.590
2020	14.480	6.687	21.167	21.176	16.821	31.513	28.492	14.316
2021	14.339	6.584	20.923	22.113	17.032	31.432	29.256	13.621
2022	14.200	6.802	21.002	22.414	17.741	32.322	30.311	12.469
2023	11.906	5.814	17.720	20.196	15.105	28.904	27.712	10.371

- (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

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

Overlapping Rates

Overlapping Rates									Total Direct & Overlapping Tax Rate
Municipalities						Counties		Special District (2)	
Minnetonka	Orono	Shorewood	Tonka Bay	Victoria	Woodland	Carver	Hennepin		
37.651	17.815	32.713	19.583	37.887	11.470	24.374	49.959	8.256	404.273
36.565	17.387	30.723	18.081	31.730	11.380	25.093	46.398	7.497	377.992
35.674	17.325	30.227	18.117	31.520	10.692	22.887	45.356	7.212	363.841
36.378	16.759	29.450	17.685	31.432	10.169	22.770	44.087	6.897	356.232
35.710	16.555	28.635	17.025	31.495	10.148	23.133	42.808	6.554	348.762
34.676	16.406	28.539	17.560	31.271	10.125	21.209	41.861	6.208	339.244
36.574	16.512	29.008	17.229	31.043	10.534	21.167	41.084	6.030	342.666
35.556	16.780	27.660	16.216	32.226	10.045	20.915	38.210	5.768	337.753
36.763	16.820	27.328	15.630	31.249	10.163	21.002	38.535	5.749	339.498
33.922	16.569	22.417	14.063	27.375	8.694	17.720	34.452	5.093	300.313

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

Taxpayer	2023			2014		
	Net Tax Capacity	Rank	Percentage of Total Tax Capacity	Net Tax Capacity	Rank	Percentage of Tax Capacity Value
ORP Stratford Wood LLC	\$ 439,738	1	0.28%	\$ 392,250	1	0.23%
Target Corporation	314,490	2	0.27%			
MMB Medical Partners LLC	290,650	3	0.26%			
Brixmor Spe 5 LLC	285,870	4	0.24%			
PHS Shorewood LLC	269,325	5	0.23%			
The Waters of Excelsior	249,500	6	0.23%			
Gopher (Minnetonka) LLC	247,875	7	0.21%			
DMA Investments, LLC	225,863	8	0.20%			
Hunters Ridge Apartments	182,195	9	0.18%			
Excelsior Bay Harbor	172,118	10	0.16%			
BRE Retail Residual Owner 6				239,688	2	0.14%
Fund X S W Minnetonka LLC				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%
Minnesota Associates LTD				123,250	7	0.07%
Sev41 LLC				109,250	8	0.06%
Xcel Energy				108,336	9	0.06%
Lake Superior Software				101,038	10	0.05%
Total	<u>\$ 2,677,624</u>		2.26%	<u>\$ 1,723,352</u>		1.00%

Source: Hennepin County Property Tax Division

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
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		
2014	\$ 30,169,983	\$ 6,814,387	\$ 36,984,369	\$ 36,708,555	99.3%	\$ 275,814	\$ 36,984,369	100.0%	\$ -	0.0%
2015	31,811,829	8,058,616	39,870,445	39,608,364	99.3%	262,082	39,870,445	100.0%	-	0.0%
2016	36,460,412	6,626,471	43,086,884	42,769,714	99.3%	301,786	43,071,500	100.0%	-	0.0%
2017	36,793,440	7,727,838	44,521,278	43,850,177	98.5%	642,173	44,492,350	99.9%	15,383	0.0%
2018	38,588,794	9,016,785	47,605,579	47,145,809	99.0%	444,110	47,589,919	100.0%	28,929	0.1%
2019	43,361,908	8,333,895	51,695,803	51,147,764	98.9%	531,229	51,678,993	100.0%	15,660	0.0%
2020	45,471,610	8,732,611	54,204,221	53,608,652	98.9%	573,960	54,182,612	100.0%	16,809	0.0%
2021	46,257,584	8,987,774	55,245,359	54,576,046	98.8%	647,704	55,223,750	100.0%	21,608	0.0%
2022	47,041,015	9,433,843	56,474,858	55,873,473	98.9%	386,974	56,260,447	99.6%	214,411	1.1%
2023	53,035,375	9,578,418	62,613,793	31,389,586	50.1%	-	31,389,586	50.1%	31,227,600	49.9%

Notes:

(1) Includes Abatements

Source: Tax Receivables Report from County Treasurer

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

Fiscal Year	Governmental Activities							Total Primary Government	Percentage of Personal Income
	General Obligation Bonds	Capital Improvement Loans	Certificates of Participation	Financed Purchases	Long-Term Leases	Subscriptions Payable	Resources Restricted for Repayment		
2013	\$ 107,882,181	\$ -	\$ 44,635,000	\$ -	\$ -	\$ -	\$ (11,440,420)	\$ 141,076,761	{a}
2014	108,067,548	-	49,105,000	-	-	-	(10,029,289)	147,143,259	{a}
2015	113,075,169	-	47,045,000	-	-	-	(32,525,922)	127,594,247	{a}
2016	114,387,683	-	50,155,000	-	-	-	(6,546,006)	157,996,677	{a}
2017	118,111,979	-	51,462,261	-	-	-	(5,332,649)	164,241,591	{a}
2018	115,237,322	-	54,540,771	-	-	-	(2,051,914)	167,726,179	{a}
2019	111,914,067	-	57,891,319	1,800,000	-	-	(3,201,622)	168,403,764	{a}
2020	111,144,166	547,000	57,576,841	902,401	-	-	(2,495,990)	167,674,418	{a}
2021	112,699,107	445,258	58,879,224	775,990	3,792,141	-	(2,159,977)	174,431,743	{a}
2022	112,590,079	342,648	67,048,371	2,679,837	3,591,637	-	(1,881,724)	184,370,848	{a}
2023	113,987,733	123,848	66,745,485	1,572,639	3,420,038	2,724,458	(2,029,745)	186,544,456	{a}

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

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

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
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>
2014	\$ 108,067,548	\$ 10,029,289	\$ 98,038,259	\$ 6,688,470,723	1.47%	1.42 %	39,984	\$ 2,452
2015	113,075,169	32,525,922	80,549,247	7,307,055,627	1.10%	1.09 %	39,984	2,015
2016	114,387,683	6,546,006	107,841,677	7,738,688,845	1.39%	1.38 %	39,984	2,697
2017	118,111,979	5,332,649	112,779,330	8,021,915,058	1.41%	1.39 %	39,984	2,821
2018	115,237,322	2,051,914	113,185,408	8,451,010,768	1.34%	1.31 %	39,984	2,831
2019	111,914,067	3,201,622	108,712,445	8,953,757,649	1.21%	1.20 %	39,984	2,719
2020	111,144,166	2,495,990	108,648,176	9,386,134,354	1.16%	1.15 %	39,984	2,717
2021	108,250,000	1,745,730	106,504,270	9,825,605,959	1.08%	1.08 %	39,984	2,664
2022	112,590,079	1,290,027	111,300,052	10,265,559,107	1.08%	1.08 %	42,181	2,639
2023	110,075,000	2,029,744	108,045,256	10,327,617,400	1.05%	0.87 %	42,181	2,561

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

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
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	\$ 113,987,733	100.00%	\$ 113,987,733
<u>Overlapping Debt:</u>			
Carver County	19,764,000	11.15%	2,203,686
Hennepin County	1,088,110,000	4.04%	43,959,644
Three Rivers Park District	51,230,000	5.84%	2,991,832
Hennepin County Railroad Authority	90,580,000	4.04%	3,659,432
Cities:			
Chanhassen	3,400,000	29.83%	1,014,220
Eden Prairie	7,246,000	2.21%	160,137
Excelsior	11,730,000	100.00%	11,730,000
Mnettonka	24,720,000	23.81%	5,885,832
Orono	17,650,000	58.00%	10,237,000
Shorewood	6,125,000	95.75%	5,864,688
Tonka Bay	1,785,500	100.00%	1,785,500
Victoria	17,865,000	14.28%	2,551,122
Metropolitan Council	4,535,000	4.62%	209,517
Metropolitan Transit	213,985,000	4.81%	10,292,679
Total Overlapping Debt			102,545,288
Total Debt			\$ 216,533,021

(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

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

	Fiscal Year				
	2014	2015	2016	2017	2018
Debt Limit	\$ 1,056,695,363	\$ 1,168,770,551	\$ 1,210,739,461	\$ 1,214,671,419	\$ 1,293,511,349
Total Net Debt Applicable to Limit	<u>124,307,548</u>	<u>130,310,169</u>	<u>138,497,683</u>	<u>146,757,683</u>	<u>147,039,201</u>
Legal Debt Margin	<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>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	11.76%	11.15%	11.44%	12.08%	11.37%

Source: District's financial records.

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

Legal Debt Margin Calculation for Fiscal Year 2023

Assessed Market Value	\$ 12,383,048,000
Legal Debt Limit	1,857,457,200
Net Debt Applicable to Limit	161,435,000
Legal Debt Margin	<u><u>\$ 1,696,022,200</u></u>

Fiscal Year				
2019	2020	2021	2022	2023
\$ 1,364,524,024	\$ 1,421,686,770	\$ 1,480,904,340	\$ 1,547,124,375	\$ 1,857,457,200
141,445,000	143,390,000	147,780,000	153,370,000	161,435,000
<u>\$ 1,223,079,024</u>	<u>\$ 1,278,296,770</u>	<u>\$ 1,333,124,340</u>	<u>\$ 1,393,754,375</u>	<u>\$ 1,696,022,200</u>
10.37%	10.09%	9.98%	9.91%	8.69%

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
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
2014	39,984	{a}	{a}	9,624	{b}
2015	39,984	{a}	{a}	9,855	{b}
2016	39,984	{a}	{a}	10,131	{b}
2017	39,984	{a}	{a}	10,521	{b}
2018	39,984	{a}	{a}	10,774	{b}
2019	39,984	{a}	{a}	10,927	{b}
2020	39,984	{a}	{a}	11,088	{b}
2021	39,984	{a}	{a}	11,050	{b}
2022	42,181	{a}	{a}	11,223	{b}
2023	42,181	{a}	{a}	11,259	{b}

Notes:

(1) Per the U.S. Census.

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

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

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

Taxpayer	2023			2014		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
United Health Group	4,678	1	15.02%	4,678	1	18.69%
Eden Prairie Center	2,424	2	7.78%	2,424	2	9.69%
Cargill, Inc.	2,350	3	7.54%	2,350	3	9.39%
ISD #276 Minnetonka Schools	1,671	4	5.36%	1,336	8	6.39%
Emerson Process Mgmt-Rosemount, Inc.	1,600	5	5.14%	1,600	4	5.99%
C.H. Robinson	1,517	6	4.87%	1,462	6	5.84%
ISD #272 Eden Prairie Schools	1,500	7	4.81%	1,500	5	5.74%
Starkey Laboratories	1,440	8	4.62%	1,436	7	5.34%
Allina Health System/Medica	1,200	9	3.85%	1,200	10	5.04%
St. Jude Medical, Inc.	1,100	10	3.53%	1,100	12	4.80%
Carlson Companies	1,005	11	3.23%	1,005	13	4.80%
GE Capital Fleet Services	900	12	2.89%	900	14	4.40%
HSBC Bank Nevada, N.A.	900	13	2.89%	900	15	4.02%
SuperValu Stores, Inc.	850	14	2.73%	1,260	9	3.60%
Deli Express	673	15	2.16%	673	16	3.60%
Advance Circuits				1,200	11	2.67%
Total	23,808		76.42%	25,024		100.00%

Source: District's Financial Advisor

*Total Employment based on MN Employment and Economic Development Labor Force for Minnetonka, Hennepin A

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

	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
Elementary Teachers (K-5)	287.15	299.72	302.64	304.85	315.76	323.75	329.85	348.71	317.55	335.22
Secondary Teachers (6-12)	250.61	264.70	266.47	276.43	294.51	297.97	312.60	323.49	322.86	330.03
Special Education Teachers	98.11	100.10	99.61	103.32	111.03	118.10	120.84	125.54	126.61	130.99
E.C.F.E. Teachers	9.36	8.76	9.83	9.14	12.08	10.85	10.82	10.13	10.85	11.43
Guidance Counselors	14.80	14.80	14.80	17.20	18.20	18.70	20.20	20.20	19.70	20.70
Social Workers	8.00	7.10	7.10	5.20	5.70	6.20	7.60	6.20	7.30	7.30
Psychologists	4.00	3.70	4.00	4.20	4.70	5.00	4.85	6.10	8.65	11.35
Librarians	8.50	8.50	8.50	8.50	7.00	7.00	7.00	7.00	7.03	7.74
Total Teaching Staff	<u>680.53</u>	<u>707.38</u>	<u>712.95</u>	<u>728.84</u>	<u>768.98</u>	<u>787.57</u>	<u>813.76</u>	<u>847.37</u>	<u>820.55</u>	<u>854.76</u>
Administrators	28.00	27.00	29.00	29.00	32.00	34.60	37.00	31.60	31.60	31.60
Principals & Asst. Principals	13.00	13.00	13.00	13.00	14.00	14.00	14.00	14.00	19.93	22.75
Total Administration Staff	<u>41.00</u>	<u>40.00</u>	<u>42.00</u>	<u>42.00</u>	<u>46.00</u>	<u>48.60</u>	<u>51.00</u>	<u>45.60</u>	<u>51.53</u>	<u>54.35</u>
Non-Licensed Support Staff	27.04	28.46	30.76	26.34	26.70	26.52	24.47	31.37	31.56	33.83
Paraprofessionals	202.87	201.81	207.61	216.44	238.64	263.43	282.20	396.92	291.78	301.49
Clerical	67.19	66.59	65.99	65.73	67.99	67.30	65.01	61.90	61.50	62.55
Custodial	62.00	66.00	66.00	66.00	67.00	70.00	70.00	70.00	70.00	68.00
Service Worker - Technology Support	11.80	11.80	11.80	11.80	12.80	12.80	12.80	12.80	12.95	13.00
Service Worker - Food Service	47.71	54.79	54.79	54.79	57.25	57.08	56.21	44.68	45.56	40.44
Total Support Staff	<u>418.61</u>	<u>429.45</u>	<u>436.95</u>	<u>441.10</u>	<u>470.38</u>	<u>497.13</u>	<u>510.69</u>	<u>617.66</u>	<u>513.35</u>	<u>519.31</u>
	<u>1,140.14</u>	<u>1,176.83</u>	<u>1,191.90</u>	<u>1,211.93</u>	<u>1,285.36</u>	<u>1,333.30</u>	<u>1,375.45</u>	<u>1,510.62</u>	<u>1,385.43</u>	<u>1,428.42</u>

Source: District Records

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
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>
2014	9,624	\$ 118,552,746	12,318	7.65%	681	14.1	7.74%	95.15
2015	9,855	124,161,476	12,599	4.73%	707	13.9	7.78%	94.46
2016	10,131	130,815,453	12,912	5.36%	713	14.2	7.26%	94.42
2017	10,521	137,258,400	13,046	4.93%	729	14.4	6.98%	94.52
2018	10,774	149,670,793	13,892	9.04%	769	14.0	6.92%	94.24
2019	10,927	160,050,491	14,647	6.94%	788	13.9	6.22%	93.85
2020	11,088	163,060,229	14,706	1.88%	814	13.6	6.08%	95.40
2021	11,050	172,106,160	15,575	5.55%	847	13.0	5.02%	94.36
2022	11,223	182,669,292	16,276	6.14%	821	13.7	4.20%	93.72
2023	11,259	189,107,520	16,796	3.52%	855	13.2	10.40%	91.04

Source: Nonfinancial and financial information from district records.

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

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

School	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Elementary										
Clear Springs										
Square feet	94,955	100,155	100,155	100,155	100,155	108,420	108,420	108,420	108,420	108,420
Capacity	700	850	850	880	880	920	1,120	1,120	1,120	1,120
Enrollment	774	798	824	860	864	879	882	868	852	852
Deephaven										
Square feet	76,180	79,241	79,241	79,241	79,241	79,241	79,241	79,241	79,241	79,241
Capacity	625	700	700	700	700	745	892	892	892	892
Enrollment	658	667	652	669	668	665	656	659	651	651
Excelsior										
Square feet	128,321	128,200	128,200	128,200	128,200	128,200	128,200	128,200	128,200	128,200
Capacity	750	850	850	850	850	901	1,046	1,046	1,046	1,046
Enrollment	769	740	773	802	806	808	816	782	738	738
Groveland										
Square feet	98,599	101,639	101,639	101,639	110,039	110,039	110,039	110,039	110,039	110,039
Capacity	700	850	850	880	880	912	1,160	1,160	1,160	1,160
Enrollment	756	781	825	843	857	861	897	922	892	892
Minnewashta										
Square feet	112,348	117,648	117,648	117,648	117,648	117,648	117,648	117,648	117,648	117,648
Capacity	775	900	900	900	900	1,024	1,262	1,262	1,262	1,262
Enrollment	856	846	868	894	893	929	950	898	896	896
Scenic Heights										
Square feet	86,948	98,260	98,260	98,260	98,260	107,086	107,086	107,086	107,086	107,086
Capacity	700	850	850	900	900	963	1,170	1,170	1,170	1,170
Enrollment	757	799	842	870	878	876	905	900	896	896
Middle										
Middle School East										
Square feet	205,495	206,009	206,009	206,009	206,009	206,009	206,009	206,009	206,009	206,009
Capacity	1,200	1,200	1,200	1,250	1,250	1,300	1,580	1,580	1,610	1,610
Enrollment	1,146	1,196	1,235	1,255	1,265	1,307	1,321	1,311	1,248	1,248
Middle School West										
Square feet	200,187	189,317	189,317	189,317	189,317	189,317	189,317	189,317	189,317	189,317
Capacity	1,200	1,200	1,200	1,250	1,250	1,300	1,592	1,592	1,622	1,622
Enrollment	1,062	1,047	1,077	1,182	1,226	1,276	1,245	1,259	1,252	1,252
High										
Minnnetonka High School										
Square feet	587,821	577,055	577,065	577,065	577,065	577,065	577,065	577,065	583,300	583,300
Capacity	3,400	3,400	3,400	3,400	3,400	3,500	4,190	4,190	4,190	4,190
Enrollment	2,822	2,959	3,017	3,103	3,240	3,261	3,364	3,412	3,476	3,476
Other										
Deephaven Education Center										
Square feet	77,207	70,730	70,730	70,730	70,730	70,730	77,051	77,051	77,082	77,082
District Service Center										
Square feet	24,110	24,108	24,108	24,108	24,108	24,108	24,108	24,108	24,108	24,108
Warehouse and Technology Center										
Square feet	8,000	7,760	7,760	7,760	7,760	7,760	7,760	7,760	7,760	7,760
Activity Center										
Square feet	63,365	63,365	63,365	63,365	63,365	63,365	63,365	73,687	73,687	73,687
Capacity									47	47
Shorewood Ed Center										
Square Feet									8,149	8,149
Capacity									40	40
Highway 7 Building										
Square feet				9,170	9,170	9,170	9,170	9,170	9,170	9,170
Capacity									120	120
Tonka Dome Mechanical										
Square Feet									3,728	3,728
GRAND TOTAL SQUARE FEET	1,763,536	1,763,487	1,763,497	1,772,667	1,781,067	1,798,158	1,804,479	1,814,801	1,832,944	1,832,944

Source: District records.

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

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Schools										
Elementary										
Buildings	6	6	6	6	6	6	6	6	6	6
Square feet	597,351	625,143	625,143	625,143	633,543	650,634	650,634	650,634	650,634	650,634
Capacity	4,250	5,000	5,000	5,110	5,110	5,465	6,650	6,650	6,650	6,650
Enrollment	4,570	4,631	4,784	4,938	4,966	5,018	5,106	5,029	4,925	4,925
Middle										
Buildings	2	2	2	2	2	2	2	2	2	2
Square feet	405,682	395,326	395,326	395,326	395,326	395,326	395,326	395,326	395,326	395,326
Capacity	2,000	2,400	2,400	2,500	2,500	2,600	3,172	3,172	3,232	3,232
Enrollment	2,208	2,243	2,312	2,437	2,491	2,583	2,566	2,570	2,500	2,500
High										
Buildings	1	1	1	1	1	1	1	1	1	1
Square feet	587,821	577,055	577,065	577,065	577,065	577,065	577,065	577,065	583,300	583,300
Capacity	3,100	3,400	3,400	3,400	3,400	3,500	4,190	4,190	4,190	4,190
Enrollment	2,822	2,959	3,017	3,103	3,240	3,261	3,364	3,412	3,476	3,476
Other										
Buildings	2	3	3	4	4	4	4	4	5	5
Square feet	85,207	141,855	141,855	141,855	141,855	151,025	157,346	167,668	175,848	175,848
Administrative										
Buildings	1	1	1	1	1	1	1	1	1	1
Square feet	24,110	24,108	24,108	24,108	24,108	24,108	24,108	24,108	24,108	24,108
Athletics										
Football fields	3	3	3	3	3	3	3	3	3	3
Soccer fields	6	6	6	6	6	6	6	6	6	6
Running tracks	3	3	3	3	3	3	3	3	3	3
Baseball/softball	7	7	7	7	7	7	7	7	7	7
Swimming pools	2	2	2	2	2	2	2	2	2	2
Playgrounds	8	8	8	8	8	8	8	8	8	8
TOTAL CAPACITY	9,350	10,800	10,800	11,010	11,010	11,565	14,012	11,608	11,608	11,608

Source: District records.

Notes:

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



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