

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT OF
MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
YEAR ENDED JUNE 30, 2011**

**PREPARED BY THE
BUSINESS SERVICES DEPARTMENT**

**PAUL BOURGEOIS, CPA
EXECUTIVE DIRECTOR OF FINANCE AND OPERATIONS**

MINNETONKA, MINNESOTA

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INDEPENDENT SCHOOL DISTRICT NO. 276
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INTRODUCTORY SECTION

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

October 25, 2011

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

PREFACE

The Comprehensive Annual Financial Report of Minnetonka Independent School District No. 276 (District) is submitted for the fiscal year (FY) ended June 30, 2011. The District Administration accepts full responsibility for the accuracy, completeness, and fairness in presentation of the enclosed financial reports. The report includes all funds of the District reported in compliance with Generally Accepted Accounting Principles (GAAP).

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

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

- Introductory Section
- Financial Section
- Statistical Section

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

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

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

DISTRICT OPERATIONS

The District is required to undergo an annual audit of its Federal Financial Assistance (Single Audit) in accordance with Government Auditing Standards, as issued by the Comptroller General of The United States, and the provisions of Office of Management and Budget Circular A-133. 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.minnetonka.k12.mn.us/district/vision 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

District Students Are Academically Competitive

In Minnetonka Schools, we inspire in every student a passion to excel and student achievement is among the highest in the state.

- A 2011 survey found that **98 percent** of District parents rate the quality of education in Minnetonka Schools as **excellent or good**.
- The Minnetonka High School Class of 2011 posted a nationally competitive average ACT composite score of **25.5**, well above the state average of 22.9 and the national average of 21.1. The top 100 Minnetonka students earned an average score of **31.9**.
- MHS graduates Ryan McCartan and Lili Peng were selected as **2011 U.S. Presidential Scholars** – two of only three from Minnesota. Ryan McCartan also earned the 2011 Best Actor Award in the National High School Musical Competition.
- On the Minnesota Comprehensive Assessments (MCAs), Minnetonka School District ranked **first in reading** and second in math among metro area school districts.
- In 2011, 13 MHS students were named **National Merit Semifinalists** and one student was named **National Achievement Semifinalist**. Nineteen students were recognized as National Merit Commended Students.
- The College Board named 240 **Advanced Placement (AP) Scholars** from MHS for outstanding performance on AP exams taken in the spring of 2011. In total 715 students took 1,424 AP exams in 2011.
- Twenty-seven Minnetonka students earned **National AP Scholar** honors. These students earned an average score of at least 4.25 on all AP exams taken and scores of 4 or higher on eight or more AP exams.
- Enrollment in the **International Baccalaureate (IB) Programme** continues to grow. In 2011, 29 MHS students earned the IB Diploma, which includes an extended essay, completion of the Creativity, Action, Service component and passage of IB exams in each subject area. In total, 323 students completed at least one IB course during the 2010-11 school year.
- All students thrive in Minnetonka Schools. The statistically median student performs above grade level. At third grade, our median student performs at the end of fourth grade level in reading and beginning of fifth grade in math. By sixth grade, our median student performs at the eleventh grade level in reading and beyond eleventh grade in math – almost **five grade levels ahead of national norms**.
- In the National Continental Mathematics League competition, Minnetonka teams finished in the top 10 **in the nation at all grades (2 – 9), with grades 5, 8 and 9 capturing 2nd place finishes**.
- For the 23rd consecutive year, Architectural Design & Engineering students earned **Superior ratings** at the State Technology challenge.
- Nine MHS students earned the opportunity to compete at the 2011 International DECA competition. Three earned national honorable mentions.
- Three district administrators earned state or national awards: Julie Carter, Executive Director of Technology; Paul Bourgeois, Executive Director of Finance and Operations; Joe Wacker, Scenic Heights Principal.
- MHS Teacher, Doug Kennedy received a Fulbright Distinguished Educator Award to conduct research in India.
- The Minnetonka High School International Studies program has secured sister-school relationships in six countries: China, Russia, Serbia, Holland, Spain and Germany. The program provides global learning opportunities for more than 120 MHS students enrolled in the program.

ORGANIZATIONAL INFORMATION (CONTINUED)

District Students Are Academically Competitive (Continued)

Minnetonka students consistently meet or exceed state and national averages on standardized tests including the Iowa Tests of Basic Skills, Scholastic Aptitude Test (SAT) and the American College Test (ACT). In addition to national standardized tests and state assessments (Minnesota Graduation Standards), day-to-day observations and testing in the classroom are also used to determine how students are doing.

<u>2010-2011 ACT Results</u>	<u>Number of Students</u>	<u>English</u>	<u>Math</u>	<u>Reading</u>	<u>Science</u>	<u>Composite</u>
Minnetonka	589	25.7	25.0	25.3	25.3	25.5
Minnesota		22.3	23.0	22.9	22.8	22.9
National		20.6	21.1	21.3	20.9	21.1
Minnetonka Top 100						31.9

<u>2010-2011 SAT Results</u>	<u>% Taking Test</u>	<u>Reading</u>	<u>Math</u>	<u>Writing</u>	<u>Total</u>
Minnetonka	16.7%	641	635	610	1,886
Minnesota	n/a	593	609	577	1,779
National	n/a	497	514	489	1,500

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 6, 2007 election when District voters approved a \$3.8 million increase in the operating referendum levy through 2017 and an increase of \$2.1 million in the technology referendum levy to \$5.0 million through 2017. Each referendum received support from 65% of the voters. Community support is the foundation for the District’s continued ability to provide a quality education for the young people of our community.

ECONOMIC CONDITION AND OUTLOOK OF THE LOCAL ECONOMY

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

Residential development has significantly increased from 10,000 housing units eighteen years ago to approximately 15,750 housing units in 2009. The eastern side of the District, which includes the cities of Minnetonka, Eden Prairie, Deephaven, Excelsior, Greenwood, Tonka Bay, and Woodland are substantially developed. A moderate rate of growth is expected to continue in the southwestern area of the District with a projected 200 additional housing units to be constructed over the next five to ten years.

MINNETONKA SCHOOLS WELCOME ACCOUNTABILITY

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

- In 2010, Moody's Investor Service upgraded the District's bond rating to Aaa, the highest rating on a 23 step scale. Only 70 school districts of almost 15,000 in the country, less than ½ of 1% carry a bond rating this high. The District bond rating is also higher than that of 38 states. This high bond rating allows the district to borrow money at relatively low rates.
- Student performance on state tests is consistently among the top in the State.
- Citizen's Finance & Audit Advisory Committee meets monthly to review district financial records and make recommendations to the School Board.
- Recognized for Excellence in Financial Reporting sixteen consecutive years. Comprehensive Annual Financial Report is available to the public and posted to the web site annually. The Annual Budget is also posted to the District website.
- Fund Balance Policy: Commitment to maintain an 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.

Prudent financial management has enabled the District to remain financially strong in the face of stagnant revenue. In a recent review of the District's financial rating Moody's Investment Services stated:

"Moody's expects the District's well-managed financial operations will continue, supported by adequate reserves and a voter-approved excess operating levy..."

In 2009-10 (most recent comparable data available), the District ranked 131 among 340 Minnesota 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 #1
COMPARISON OF MINNETONKA 09-10 SPENDING
WITH OTHER DISTRICTS
 (Source: State Auditor Financial Trends 2004 to 2010)

	2004-2005 Per-Pupil Costs *	2009-2010 Per-Pupil Costs *	Dollar Change Percent Change
State Average	\$8,250	\$9,753	\$1,503 18.22%
Minnetonka	\$8,104	\$9,580	\$1,476 18.21%
Variance: State to Minnetonka	(\$146)	(\$173)	(\$27)
	-1.77%	-1.77%	

* Excludes food service costs 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 “on line” over the District’s wide area network, or in hard copy for individuals with budget responsibilities. The reports can be printed either in the Business Office or in the administrative office in each building or department.

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.

FINANCIAL 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 percent of budgeted expenditures.

Budget Guideline Policy: Establishes a guideline for allocation of District resources. The policy states what percent of the total budget should be allocated to expenditure categories.

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 based, first, on development of a budget projection model to accurately predict resources and expenses over a multiple year period. The budget projection is used to create the preliminary budget. The preliminary budget determines if action must be taken by the administration and Board to contain costs prior to setting the actual budget. Second, 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. Third, the budget is revised in January to reflect actual staff hiring and other dynamics, such as employee contract settlements, or legislative changes, that have taken place subsequent to approval of the budget in June.

The following is a comparison of revenues and expenditures by major fund for fiscal years ended June 30, 2011 and 2010 (including other financing sources and uses):

Figure #2

Fund	Revenues			Expenditures		
	FY 2010	FY 2011	% Change	FY 2010	FY 2011	% Change
General Fund*	\$ 84,604,016	\$ 88,936,648	5.1%	\$ 83,554,647	\$ 86,847,689	3.9%
Food Services	4,490,668	4,730,260	5.3%	4,424,414	4,230,568	-4.4%
Comm Ed & Sv	8,030,194	8,542,183	6.4%	7,835,752	8,597,045	9.7%
Debt Service	11,237,139	13,411,637	19.4%	14,977,489	12,400,153	-17.2%
Subtotal	108,362,017	115,620,728	6.7%	110,792,302	112,075,455	1.2%
Capital Project**	19,601,592	14,415,897	-26.5%	24,634,629	13,423,311	-45.5%
Total	\$ 127,963,609	\$ 130,036,625	1.6%	\$ 135,426,931	\$ 125,498,766	-7.3%

* Excludes interfund transfers.

CHANGES IN REVENUE AND EXPENDITURES

General Fund

Included in this budget category are district operations, transportation, extra-curricular programs, capital, athletic equipment fees, and Art Center operations. 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 reserved or designated 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 Art Center facility. Those funds are reserved and not projected as available for operational expenses. Figure #3 reflects the division of the General Fund for budget management purposes.

**Figure #3
General Fund – Budget vs. Actual**

	2010-2011		Variance	
	Budget	Actual	Over (Under)	Percent
Operational Budgets (includes Transportation, and Extra Curricular):				
Revenue	\$ 83,808,977	\$ 84,035,780	\$ 226,803	0.3%
Expenditures	83,406,841	83,312,002	(94,839)	-0.1%
Revenue Over (Under)				
Expenditures	402,136	723,778	321,642	
Reserve General Fund Budgets:				
Revenue:				
Capital Expenditures	3,879,587	4,514,566	634,979	0.2%
Athletic Equipment Fees	175,000	226,136	51,136	-1.5%
Arts Center	439,257	597,218	157,961	30.2%
Tonka Dome	299,065	300,857	1,792	-3.8%
Total Revenue	4,792,909	5,638,777	845,868	
Expenditures:				
Capital Expenditures	3,045,181	3,245,201	200,020	-0.5%
Athletic Equipment Fees	175,000	130,320	(44,680)	-2.1%
Arts Center	439,257	597,218	157,961	30.2%
Tonka Dome	299,065	300,857	1,792	-3.8%
Total Expenditures	3,958,503	4,273,596	315,093	
Revenue Over Expenditures	834,406	1,365,181	530,775	
Summary:				
Total Revenues	88,601,886	89,674,557	1,072,671	1.2%
Total Expenditures	87,365,344	87,585,598	220,254	0.3%
Revenue Over				
Expenditures	\$ 1,236,542	\$ 2,088,959	\$ 852,417	

General Fund Revenue – Budget versus Actual – Figure #3: Actual operational revenues were \$226,803, or .3% more than budgeted, due to enrollment growth greater than projected, and Special Education revenue exceeding budget projections accounted for the balance of the variance.

General Fund Expenditures – Budget versus Actual – Figure #3: Actual expenditures were under budget by \$94,839 or .1%. Under expenditure of budgets in the salary, benefit, utilities and transportation budget were somewhat offset by over expenditure of the supplies and land purchase budgets.

General Fund Unassigned Fund Balance – Figure #4: Since implementation of the Fund Balance policy, the District has maintained a consistent unassigned fund balance of above six percent in the General Fund, which is key to maintaining the Aaa Bond Rating received from Moody’s in 2010.

**Figure #4
Unappropriated General Fund Balance**

Year	Annual Expenditures	Undesignated/ Unassigned Fund Balance ***	Total Fund Balance	Undesignated/ Unassigned Percent ***	Total Percent
1998	\$ 53,495,606	\$ 4,121,939	\$ 5,312,753	7.71%	9.93%
1999	56,198,761	3,776,166	4,334,863	6.72%	7.71%
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%

* includes prior period adjustment

** includes transfer 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%

*** for the years 1998 through 2010, prior to the implementation of GASB 54, the amounts represent Unreserved, Undesignated fund balance. For the year 2011 the amounts presented represent Unassigned fund balance.

Changes in Financial Position – Figure #5: The following schedule compares changes in fund balance for FY 2010 to FY 2011. Total fund balances increased by approximately \$4.5 million primarily due to tight expense control in the Operational Budgets and the sale of bonds in FY 2011 to support long term maintenance projects in FY 2012 and FY 2013.

Figure #5
Change in Financial Position

Fund	June 30,		Increase (Decrease)
	2011	2010	
General Fund			
Nonspendable	\$ 926,215	\$ 942,709	\$ (16,494)
Restricted for Operating Capital	1,987,164	1,346,804	640,360
Restricted for Staff Development	-	6,566	(6,566)
Assigned:			
Q Comp	433,471	376,189	57,282
Athletic Fees	-	99,576	(99,576)
Athletic Equipment	195,392	-	195,392
Operating Capital Deferred Use	1,388,487	-	1,388,487
Stimulus/Jobs Bill Deferred Use	1,421,577	-	1,421,577
Unassigned	10,551,950	12,061,670	(1,509,720)
Special Revenue Fund			
Food Service			
Nonspendable	32,814	53,562	(20,748)
Restricted Fund Balance	1,724,479	1,204,039	520,440
Community Education:			
Nonspendable	48,386	47,133	1,253
Restricted:			
Community Education	1,248,434	1,264,658	(16,224)
ECFE	-	13,570	(13,570)
School Readiness	12,048	12,598	(550)
Adult Basic Education	12,042	22,726	(10,684)
Restricted Fund Balance	-	10,289	(10,289)
Unassigned	(4,798)	-	(4,798)
Capital Fund			
Restricted for:			
Capital Projects Levy	478,582	1,041,664	(563,082)
Projects Funded by Certificates of Participation	2,357,075	3,218,572	(861,497)
Alternative Facilities Program	5,619,605	2,604,527	3,015,078
Restricted Fund Balance	737	580,433	(579,696)
Debt Service			
Nonspendable	555,768	550,581	5,187
Restricted for:			
Bond Refunding	9,002,139	6,399,989	2,602,150
Restricted Fund Balance	1,369,363	2,965,216	(1,595,853)
Total Fund Balances	\$ 39,360,930	\$ 34,823,071	\$ 4,537,859

DEBT ADMINISTRATION

As of June 30, 2011, the District had approximately \$103.4 million of net debt applicable to the debt limit as compared to an overall limit of approximately \$1.1 billion. The District also had approximately \$35.7 million of net lease purchase obligations as of June 30, 2011.

In July 2011, the District closed on the issuance of \$1,700,000 Certificates of Participation, Series 2011B, to fund the Clear Springs and Excelsior Parking Lot Projects. In July 2011, the District closed on \$6,085,000 Taxable General Obligation Aid Anticipation Certificates, Series 2011C. The proceeds will be used to ensure that sufficient cash remains on hand to pay bills until any receivables from the State of Minnesota are actually deposited with the School District. In November 2011, the District will close on \$2,140,000 of General Obligation Refunding Bonds, Series 2011D. The proceeds will be used for the partial refunding of the series 2004B Alternative Facilities Bonds.

Resources for debt repayment are provided by property taxes and state aid revenues.

The 10-11 levy reflects property taxes required for repayment of bonds. Revenue for debt redemption and interest payments remained steady in 10-11 due primarily to funding the debt repayment schedule. State law allows districts to retain sufficient debt service fund balance to cover cash flow needs during the fiscal year, but nothing in excess of that amount. As a result, the state calculated adjustment varies from year to year. School districts in Minnesota are required by statute to levy 105% of the debt repayment schedule each year to ensure sufficient revenues are collected to make debt service payments even if a percentage of levy collections are late.

Expenditures reflect the debt repayment schedule.

CASH MANAGEMENT

All temporary cash surpluses during the year are invested in various securities as permitted by state statute. The District's written policy is to invest all available funds at competitive interest rates based upon a twelve month cash flow projection.

The District uses a pooling concept for investing excess cash. At year-end, investment balances and interest earnings or expense are prorated based upon average cash balance in each fund.

Great care is taken to ensure that all investments meet the stringent requirements of state law as well as Board policy relating to the full collateralization and safety of approved investment instruments and deposits.

RISK MANAGEMENT

Workers compensation insurance is provided through SFM Insurance with property and casualty insurance provided by Indiana Insurance. Both plans are serviced through a local agent who assists the District in the annual review of coverage. In addition, safety specialists from Indiana Insurance and SFM Insurance visit the District annually to inspect the work environment in an effort to assist District staff to identify unsafe work conditions.

INDEPENDENT AUDIT AND CERTIFICATE OF EXCELLENCE

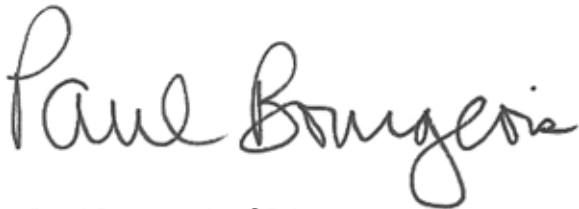
State statutes require an annual audit by independent certified public accountants. The accounting firm of LarsonAllen LLP was initially selected by the School Board to conduct the annual audit for fiscal year 1998-99.

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

ACKNOWLEDGMENTS

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

Sincerely,



Paul Bourgeois, CPA
Executive Director of Finance
and Operations



Dr. Dennis Peterson
Superintendent

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
SCHOOL BOARD AND ADMINISTRATION
JUNE 30, 2011**

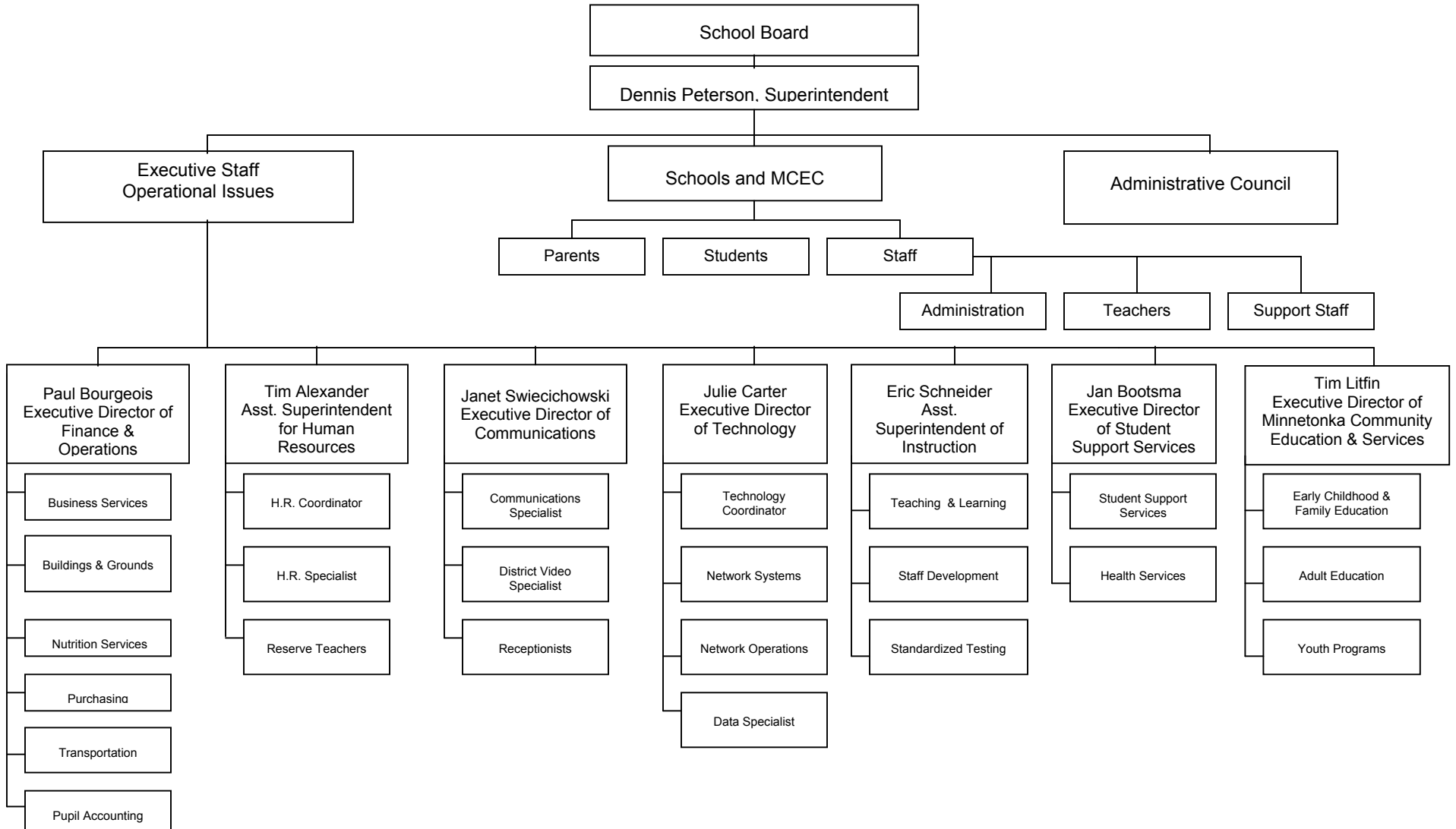
SCHOOL BOARD

NAME	TERM ON BOARD EXPIRES	BOARD POSITION
Karen Walkowski	01/2012	Chairperson
Lisa Wagner	01/2012	Vice Chairperson
Pamela Langseth	01/2014	Treasurer
Paul Luehr	01/2012	Clerk
Erin Adams	01/2014	Director
Peg Keenan	01/2014	Director
Calvin Litsey	01/2012	Director

ADMINISTRATION

Dr. Dennis Peterson	Superintendent
Paul Bourgeois, CPA	Executive Director of Finance and Operations
Sandy Booth	Controller
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, 2011**



MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING
JUNE 30, 2011

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL



This Certificate of Excellence in Financial Reporting is presented to

MINNETONKA INDEPENDENT SCHOOL DISTRICT #276

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2010

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Independent School District No. 276, Minnetonka, Minnesota as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information has been derived from the District's 2010 financial statements and, in our report dated October 25, 2010, we expressed unqualified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 276 as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for General Fund and the Major Special Revenue Funds for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in the notes to the financial statements, the District adopted the provisions of Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of and for the year ended June 30, 2011. This statement results in the District reporting nonspendable, restricted, committed, assigned, and unassigned fund balances in its governmental fund types.

School Board
Independent School District No. 276
Minnetonka Public Schools

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2011, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in assessing the results of our audit.

The management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, individual fund statements and statistical section, listed in the table of contents as supplemental information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Uniform Financial Accounting and Reporting Standards Compliance Table is presented as supplemental information as required by the Minnesota Department of Education, and is also not a required part of the basic financial statements of the District. The individual fund statements and Uniform Financial Accounting and Reporting Standards Compliance Table have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Larson Allen LLP
LarsonAllen LLP

Minneapolis, Minnesota
October 25, 2011

REQUIRED SUPPLEMENTARY INFORMATION

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**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011**

This section of Minnetonka Independent School District #276's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2011. 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 (FY 2011) and the prior year (FY 2010) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the FY 2011 fiscal year include the following:

- Net assets increased by \$2,848,929, or 8.0% over June 2010.
- The increase in net assets was a result of tight expense control as the School District made a concerted effort to set aside resources in FY 2011 for use in future years. That expense control resulted in a surplus of \$2,088,959 in operational budgets for general instruction and capital funding.
- General Fund revenues increased from \$84,602,213 in FY 2010 to \$88,936,648 in FY 2011, an increase of \$4,334,435, or 5.1%.
- General Fund expenditures also increased from \$83,554,647 in FY 2010 to \$86,847,689 in FY 2011, an increase of \$3,293,042 or 3.9%.
- During 2011, the District maintained its Aaa bond rating from Moody's Investors Service, the highest rating on a 23-step scale, in spite of very difficult economic conditions and the down grading of the US Government rating to Aa+.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011**

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 assets includes *all* of the District's assets and liabilities. 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 assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net assets 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 non-financial 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 83% or more of resources from services provided patrons. This reporting format has management limitations that will be explained later in this report.

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 explains the relationship (or differences) between them.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011**

Fund Financial Statements (Continued)

- 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 the scholarship funds, the flexible benefit plan and the local collaborative time study grant. 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 assets and a statement of changes in fiduciary net assets. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Assets

The District's combined net assets were \$38,494,841 on June 30, 2011. This was an increase of 8.0% from the prior year (see Table A-1). Net assets increased by \$2,848,929.

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

	Governmental Activities as of June 30,		Percentage Change
	2011	2010	
Current and Other Assets	\$ 94,342,870	\$ 93,373,629	1.04%
Capital and Non-Current Assets	122,949,718	118,291,501	3.94%
Total Assets	217,292,588	211,665,130	2.66%
Current Liabilities	44,217,497	48,871,609	-9.52%
Long-Term Liabilities	134,580,250	127,147,609	5.85%
Total Liabilities	178,797,747	176,019,218	1.58%
Net Assets:			
Invested in Capital Assets			
Net of Related Debt	22,850,325	22,351,709	2.23%
Restricted	6,283,759	5,646,136	11.29%
Unrestricted	9,360,757	7,648,067	22.39%
Total Net Assets	\$ 38,494,841	\$ 35,645,912	7.99%

Changes in Net Assets

The increase in net assets was primarily the result of tight expense controls in the Operational Budgets. General Fund revenues increased from \$84,602,213 in FY 2010 to \$88,936,648 in FY 2011 an increase of \$4,334,435, or 5.1%. General Fund expenditures also increased from \$83,554,647 in FY 2010 to \$86,847,689 in FY 2011 an increase of \$3,293,042 or 3.9%.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011**

Changes in Net Assets (Continued)

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

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

	Governmental Activities for the Fiscal Year Ended June 30,		Total % Change
	2011	2010	
Revenues			
<u>Program Revenues</u>			
Charges for Services	\$ 10,533,827	\$ 9,896,807	6.44%
Operating Grants and Contributions	20,741,942	22,121,523	-6.24%
Capital Grants and Contributions	239,606	174,824	37.06%
<u>General Revenues</u>			
Property Taxes	41,946,840	32,087,001	30.73%
Unrestricted State Aid	39,131,806	42,867,131	-8.71%
Investment Earnings	2,595,214	608,533	326.47%
Other	7,907	48,115	-83.57%
Total Revenues	115,197,142	107,803,934	6.86%
Expenses			
Administration	3,771,059	3,528,385	6.88%
District Support Services	3,093,044	3,193,686	-3.15%
Regular Instruction	50,731,502	48,111,276	5.45%
Vocational Education Instruction	741,661	839,513	-11.66%
Special Education Instruction	13,848,847	13,881,491	-0.24%
Instructional Support Services	4,609,236	4,430,463	4.04%
Pupil Support Services	2,843,641	2,470,692	15.09%
Sites and Buildings	10,381,527	11,924,654	-12.94%
Fiscal and Other Fixed Cost Programs	122,837	125,100	-1.81%
Food Service	4,279,333	4,471,613	-4.30%
Community Service	8,603,968	7,832,252	9.85%
Transportation	3,829,841	4,024,847	-4.85%
Interest and Fiscal Charges on Long-Term Liabilities	5,491,717	4,912,560	11.79%
Total Expenses	112,348,213	109,746,532	2.37%
Change in Net Assets	2,848,929	(1,942,598)	
Beginning Net Assets	35,645,912	37,588,510	
Ending Net Assets	\$ 38,494,841	\$ 35,645,912	

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. For example, Food Service and Community Education are special revenue funds operated on an entrepreneurial basis. If the information in Table A-2 were taken literally, an uninformed reader could conclude that resources in the Food Service program or Community Education programs are available to hire classroom teachers.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011**

Changes in Net Assets (Continued)

When making General Fund budget cuts, District residents have suggested that lunch prices be increased or fees for Community Education programs be increased 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 Food Service or Community Education or for Fiscal Services to enhance classroom instruction resources. The District cannot take funds from these restricted areas and use the funds to hire teachers to improve funding 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 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 Change in Net Assets. As noted above, Governmental Funds includes the General Fund, Food Service Fund, Community Education Fund, Capital Projects Fund and Debt Service Fund. As of June 30, 2011, Governmental Funds reported a *combined* fund balance of \$39,360,930, of which \$5,619,605 relates to the alternative facility program balance to be used for future construction projects. The total fund balance for Governmental Funds increased by \$4,537,859 compared to last year's ending fund balance of \$34,823,071 primarily due to tight expense controls in the operating funds, and the sale of bonds in FY 2011 to support long-term maintenance projects in FY 2012 and FY 2013.

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

	Year Ended		Change
	June 30, 2011	June 30, 2010	
Revenue	\$ 112,794,503	\$ 107,535,298	\$ 5,259,205
Expenditures	122,781,401	131,107,406	(8,326,005)
Difference	(9,986,898)	(23,572,108)	13,585,210
Other Financing Sources - Net	14,524,757	16,108,786	(1,584,029)
Net Change in Fund Balance	<u>\$ 4,537,859</u>	<u>\$ (7,463,322)</u>	<u>\$ 12,001,181</u>

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011**

GENERAL FUND

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

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

ENROLLMENT

Enrollment is a critical factor in Minnesota School funding formulas with approximately 90% of General Fund revenue based on enrollment. The following chart shows that the total number of students has increased by 226 students in FY 2011 over FY 2010.

**Table A-4
Five-Year Enrollment Trend
Average Daily Membership (ADM)**

Grade	Oct. 2006	Oct. 2007	Oct. 2008	Oct. 2009	Oct. 2010
	06-07	07-08	08-09	09-10	10-11
Kdgt.	540	591	675	652	712
1-3	1,519	1,597	1,732	1,880	1,958
4-6	1,668	1,678	1,657	1,753	1,871
7-12	3,981	4,006	4,054	4,077	4,047
Total K-12	7,708	7,872	8,118	8,362	8,588
DEC/ECSE	45	45	45	45	45
Total Budget ADM	7,753	7,917	8,163	8,407	8,633
ADM Change	55	164	246	244	226
Percent Change	0.7%	2.1%	3.1%	3.0%	2.7%
Pupil Units	8,994	9,185	9,427	9,710	9,920
WADM Change	97	191	242	283	210
Percent Change	1.1%	2.1%	2.6%	3.0%	2.2%

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011**

During this time period, resident pupil enrollment has decreased slightly and growth in the number of students from neighboring districts electing to enroll in Minnetonka Public Schools under the state's open enrollment program has increased. The District educational programs continue to be attractive to students from other communities, resulting in significant growth in open enrollment. Non-resident students attending Minnetonka has increased from 491 in FY 2007 to 1,479 in FY 2011.

**Table A-5
Five-Year Open Enrollment Trend**

Average Daily Membership (Enrollment)	06-07	07-08	08-09	09-10	10-11
In	491	691	935	1,226	1,479
Out	240	220	208	211	208
Difference	251	471	727	1,016	1,271
Total Enrollment	7,753	7,917	8,163	8,407	8,633
Percent	3.2%	5.9%	8.9%	12.1%	14.7%

Resident Enrollment	7,262	7,226	7,228	7,181	7,154
Resident %	93.7%	91.3%	88.5%	85.4%	82.9%

General Fund Revenue

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

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

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011**

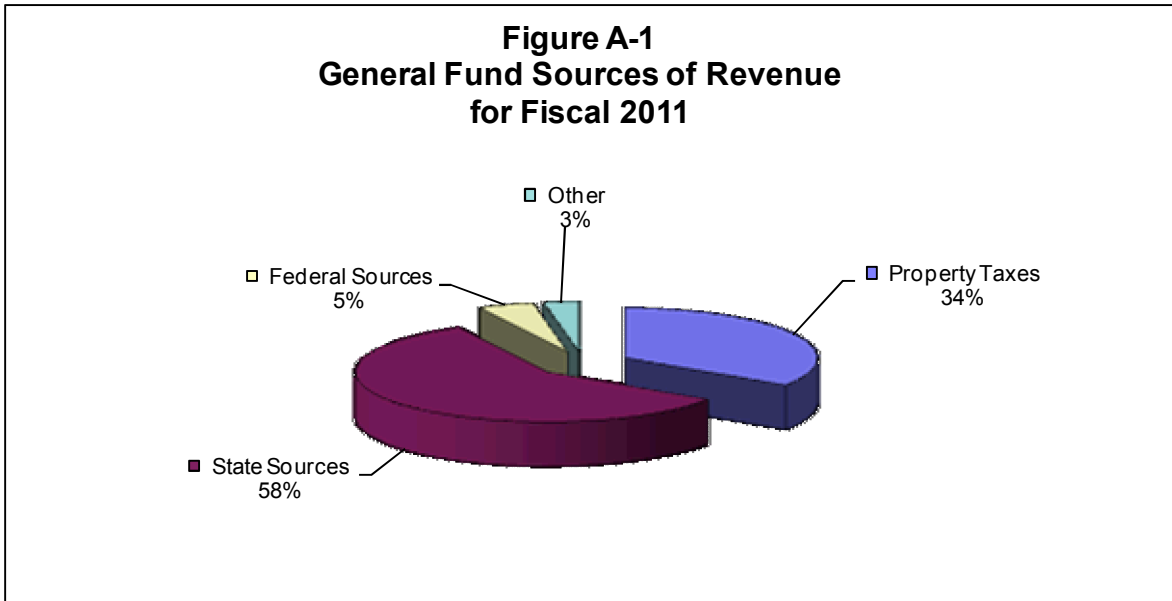
General Fund Revenue (Continued)

The following schedule presents a summary of General Fund Revenues.

**Table A-6
General Fund Revenues**

	Year Ended		Change	
	June 30, 2011	June 30, 2010	Increase (Decrease)	Percent
Local Sources:				
Property Taxes	\$ 30,474,532	\$ 21,094,360	\$ 9,380,172	44.5%
Earnings on Investments	11,983	17,122	(5,139)	-30.0%
Other	2,597,112	2,060,130	536,982	26.1%
State Sources	51,735,612	53,998,264	(2,262,652)	-4.2%
Federal Sources	4,117,409	7,432,337	(3,314,928)	-44.6%
Total General Fund Revenue	<u>\$ 88,936,648</u>	<u>\$ 84,602,213</u>	<u>\$ 4,334,435</u>	5.1%

Total General Fund revenue, including both operating and reserved sources, increased in FY 2011 by \$4,334,435, or 5.1% due increased enrollment, increased special education revenue, and increased integration revenue. These increases were seen in the form of property tax revenue, as the 2011 property tax shift gave districts revenue that would otherwise have come from state sources. General Fund Revenue is used to fund operating expenses such as wages and salaries, employee benefits, repairs, supplies, utilities, etc.



**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011**

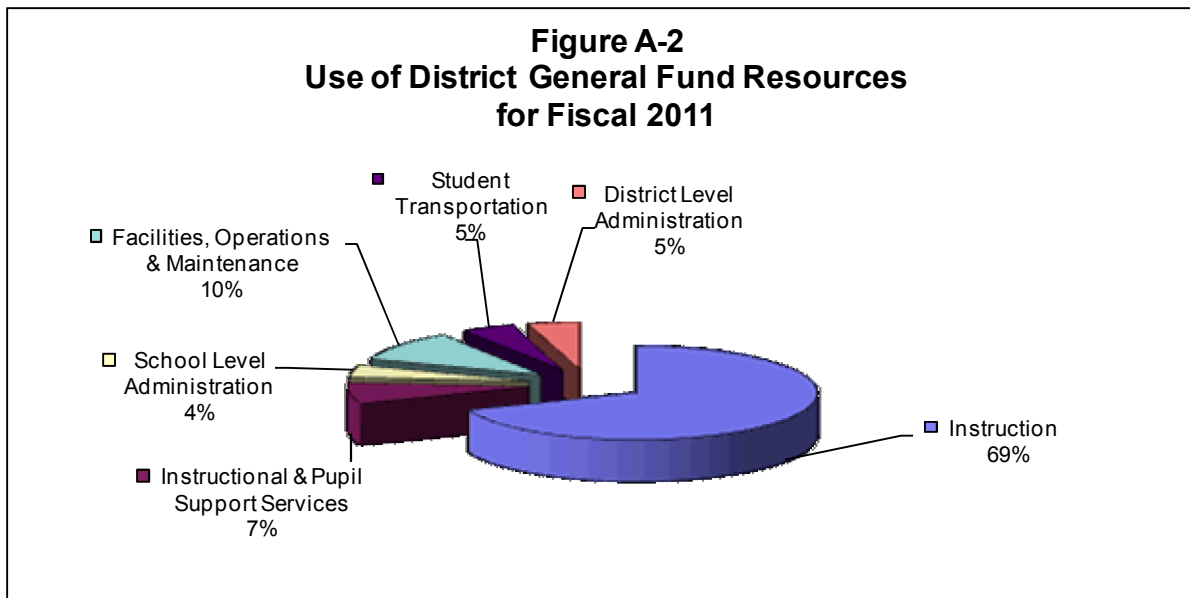
General Fund Expenditures

The following schedule presents a summary of General Fund expenditures.

**Table A-7
General Fund Expenditures**

	Year Ended June 30, 2011	% of Total	Year Ended June 30, 2010	% of Total
USES OF REVENUE				
Instruction	\$ 59,618,606	68.6%	\$ 57,536,816	68.9%
Instructional and Pupil Support Services	6,648,726	7.7%	6,073,181	7.3%
School Level Administration	3,609,265	4.2%	3,450,151	4.1%
Facilities, Operations and Maintenance	9,334,991	10.7%	8,715,562	10.4%
Subtotal, School Level Education Services	<u>79,211,588</u>	91.2%	<u>75,775,710</u>	90.7%
Student Transportation	3,829,841	4.4%	4,024,847	4.8%
District Level Administration	<u>3,806,260</u>	4.4%	<u>3,754,090</u>	4.5%
 Total General Fund Expenditures	 <u><u>\$ 86,847,689</u></u>		 <u><u>\$ 83,554,647</u></u>	

Overall, General Fund Expenditures increased from \$83,554,647 to \$86,847,689, an increase of \$3,293,042 or 3.9%. Regular instruction increased by \$2,081,790, or 3.6%. The increase can be attributed to the increase in staff needed to serve the increased enrollment, and the increased cost of salaries and the related benefits related to collective bargaining agreements.



**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011**

GENERAL FUND BUDGETARY HIGHLIGHTS

Following approval of the budget in June prior to the beginning of the fiscal year, the annual operating budget is subsequently revised at mid-year. These budget amendments fall into two categories:

- Implementing budgets for specially funded projects, which include both federal and state grants and reinstating unexpended funds being carried forward.
- Legislation passed subsequent to budget adoption, changes necessitated by collective bargaining agreements, and increases in appropriations for significant unbudgeted costs.

The District amended its original revenue budget, increasing budgeted revenue by approximately \$2.3 million. The budget amendment was necessary due mainly to the following factors:

- Increased enrollment resulting in approximately \$295,000 of revenue (58 ADMs higher than projected)
- Additional integration revenue received of approximately \$375,000
- Additional federal revenue of approximately \$1,325,000 due to the Federal Jobs Stimulus funding, and
- \$200,000 in other miscellaneous grants.

The District amended its original expenditure budget, increasing budgeted expenditures by approximately \$1.5 million. The budget amendment was necessary due mainly to the following factors:

- Increased salaries and benefits budget by approximately \$915,000 due to additional teaching positions and other staff necessary due to increased enrollment
- Added approximately \$600,000 to contracted services, supplies, equipment, and other areas due to increased enrollment

Actual revenue exceeded budget by \$631,967 or .7%. Minnesota school finance formulas are enrollment driven or cost driven and are retrospectively adjusted over a three-year period by the Minnesota Department of Education until final enrollment numbers or final cost factors are determined. All funding formulas are trued up to the final certified data.

The following is a synopsis of major variations between 10-11 budget and actual revenue.

- State aid, levy revenue, and special education revenue exceeded budget by approximately \$550,000.
- Federal Revenue less than projected budget by approximately \$167,000.
- Interest Revenue less than projected budget by approximately \$113,000.
- Miscellaneous revenue from fees and grants greater than projected budget by approximately \$300,000.

Actual expenditures were \$220,450 less than budgeted, a minimal difference of 0.2%. As a result the fund balance grew by \$2,088,959 compared to the projected increase of \$1,236,542.

Under GASB 54, unassigned fund balances, plus 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 \$13,990,877, an increase of \$1,453,442 over the \$12,537,435 available at the end of 2010. The Board has had a fund balance policy in place since 1988 requiring a minimum 6% be maintained. A multi-year comparison of fund balance trends is reported in the Transmittal Letter.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011**

FOOD SERVICE FUND

The Food Service Fund supports 100% of the direct costs to provide nutritious meals to students and staff. It is important to note that 83.7% of all revenue is generated by local sales with the balance provided by per meal federal and state child nutrition program subsidies. 8.7% of District students participate in federal free and reduced price meal programs.

The Food Service Fund is self supporting for the department's cost of kitchen personnel, purchased services, supplies, equipment, direct utilities, custodial services associated with operation of the program and for lunchroom supervision. Direct expenses charged to Nutrition Services are based upon a thorough analysis of General Fund operations to make certain all direct Nutrition Services expenses are included in the inter-department charge back calculation.

Revenue, compared to FY 2010, increased by approximately \$239,592 or 5.3% due mainly to an increase in actual meals served and increased ala carte sales at Minnetonka High School. The ala carte menu features salads and healthy sandwiches offering students another healthy alternative to the traditional nutritious lunch fare.

Expenditures decreased by 4.4% or approximately \$193,846 when compared to actual expenses for FY 2010. Salaries and benefits increased by 5.7% or approximately \$93,651. Food Service Equipment purchases decreased in FY 2011 by approximately \$325,000 compared to FY 2010.

As a result of the increase in revenue coupled with the decrease in expenses, the Nutrition Services Program recorded an excess of revenues over expenses of \$499,692.

COMMUNITY SERVICE FUND

The Community Service Fund has a deficiency of revenues over expenditures of \$54,862. Community Education revenue from all sources increased by \$511,989, or 6.4% when compared to FY 2010. Of the increase, \$758,000 resulted from an increase in local revenue earned from program fees and services. Levy revenue and state aid decreased by approximately \$245,000.

Expenditures for FY 2011 increased by \$761,293, or 9.7%. Personnel expenses increased by 6.9% driven by a \$310,092 increase in wages and salaries and a \$92,182 increase in employee benefit costs, due to increased class offerings and increased enrollment in Early Childhood Education and before and after school child care. Non-personnel costs increased by \$359,019 or 17.9%.

CAPITAL PROJECTS AND DEBT SERVICE FUNDS

The District completed construction on a two classroom addition at Minnetonka High School, two middle school classrooms, and three elementary special education classrooms converted from captured square footage. Construction in progress on June 30, 2011 includes approximately \$2.3 million for six classrooms at Clear Springs Elementary School and Groveland Elementary School.

The District issued a total of \$11,385,000 general obligation debt in FY 2011, consisting of \$7,020,000 to finance major long-term maintenance projects, \$2,900,000 to refund a portion of outstanding 2005A bonds, and \$1,465,000 to restructure a portion of the bonds outstanding that funded an Other Postemployment Benefits trust fund to lower property tax levies in calendar 2013 and 2014. The District issued a total of \$5,655,000 in Certificates of Participation, consisting of \$3,290,000 to refund existing lease purchase agreements and \$2,365,000 to fund the construction of 6 classrooms for use starting in FY 2012. Principal retired in FY 2011 included \$5,700,000 in General Obligation Bonds and \$3,661,702 in Certificates of Participation and lease purchase obligations.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011**

INTERNAL SERVICE FUNDS

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

The Internal Service Fund consists of Other Postemployment Benefits Revocable Trust for retiree health benefits and a Self Insurance Program for Health and Dental Benefits. The OPEB Trust had an increase in net assets of \$2,029,517 due to earnings on investments of \$2,502,032, offset by OPEB Payments of \$472,515. The Self Insurance Program for health and dental benefits had an overall loss of net assets of \$337,328 due to claims increases and VEBA contributions increases in excess of premium increases over the prior year. The Self Insurance Program had a balance of Net Assets equal to 9.2% of the prior 12 months expenses as of June 30, 2011.

FUND BALANCES AND RESTRICTIONS

The District made significant efforts to limit expenditures in FY 2011 in order to save resources for use in future years in the event that funding from the State of Minnesota remains constricted due to the lingering weak economy. The District increased the restricted Operating Capital Balance by \$640,360 up to a level of \$1,987,164 at June 30, 2011. Operating Capital resources are able to be expended on several expense categories that also qualify as general operational expenses, so retaining resources in this area provides an additional backstop against potential General Fund revenue shortfalls in future years. The District set aside \$1,388,487 in an assigned balance from Operating Capital revenue from prior years that had been transferred to the General Fund under a program authorized by the Minnesota Legislature starting in FY 2008. The District also set aside in an assigned balance an additional \$1,421,577 of revenue that was available due to the receipt of Federal Jobs Bill dollars in FY 2011 which allowed a like amount of general revenues to be retained for future use.

The Food Service Restricted Balance of \$1,757,293 is retained to provide resources for the replacement of capital equipment. Any small net income margin in a given year is added to this restricted balance. It ensures that the Food Service Fund remains self contained for revenues and expenses so that no contribution is needed from the General Fund, thereby ensuring that General Fund revenues can be fully utilized for educational needs.

Capital Projects restricted balances totaling \$8,455,999 represent bond proceeds that have been issued and retained for specific construction projects. Debt Service restricted balances totaling \$10,927,270 represent bond proceeds held for debt refunding and property tax revenues that have been collected for the purpose of retiring debt principal.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of FY 2011, the District had completed approximately \$2.3 million in new capacity additions and renovations, and had approximately \$8.1 million in capacity additions and long-term maintenance in process. (More detailed information about capital assets can be found in Note 4 to the financial statements.) Total depreciation expense for the year exceeded \$4.8 million.

	<u>2011</u>	<u>2010</u>	<u>Percentage Change</u>
Land	\$ 2,373,314	\$ 1,871,928	26.8%
Construction in Progress	2,567,747	1,014,698	153.1%
Land Improvements	12,482,177	11,090,218	12.6%
Buildings and Improvements	143,213,430	138,742,174	3.2%
Equipment	11,276,395	10,672,415	5.7%
Less: Accumulated Depreciation	<u>(48,963,345)</u>	<u>(45,099,932)</u>	8.6%
Total	<u>\$ 122,949,718</u>	<u>\$ 118,291,501</u>	3.9%

Construction – Next Five Years

Construction under consideration includes up to five classrooms at each middle school and three classrooms at Groveland Elementary School.

The middle school additions will increase the capacity of each school to approximately 1,200 students, which will be sufficient to handle increased enrollment at elementary schools that is moving to the middle schools.

These classroom additions should complete District capacity additions for the foreseeable future, with total District capacity of approximately 9,700-10,000 students depending on class sizes.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011**

Long-Term Liabilities

At year-end, the District had \$139.6 million in general obligation bonds, certificates of participation, and capital leases payable. More detailed information about long-term liabilities can be found in Note 5 to the financial statements.

The District estimates \$2.5 million in postemployment severance and health benefits payable at June 30, 2011, which is an approximately \$100,000 increase over June 30, 2010. The health benefits payable represents the current portion of the total Other Postemployment Benefits (OPEB) actuarially determined liability of \$12,450,420. Under Governmental Accounting Standards Board Statement 45 (GASB 45) the disclosure of the full actuarially determined OPEB liability is included in the June 30, 2011 financial report.

**Table A-9
The District's Long-Term Liabilities**

	2011	2010	Percentage Change
General Obligation Bonds	\$ 103,449,548	\$ 97,764,548	5.81%
Net Bond Premium and Discount	430,015	314,062	36.92%
Certificates of Participation Payable	35,720,000	30,965,000	15.36%
Lease Purchase Obligations	-	2,761,702	-100.00%
Special Assessments Payable	-	-	N/A
Severance Benefits Payable	2,535,182	2,434,244	4.15%
Compensated Absences Payable	790,246	768,607	2.82%
Total	<u>\$ 142,924,991</u>	<u>\$ 135,008,163</u>	5.86%
Long-Term Liabilities:			
Due within One Year	\$ 8,344,741	\$ 7,860,554	
Due in More than One Year	<u>134,580,250</u>	<u>127,147,609</u>	
	<u>\$ 142,924,991</u>	<u>\$ 135,008,163</u>	

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2011**

FACTORS BEARING ON THE DISTRICT'S FUTURE

The slow recovery from the economic recession, the deepest since the Great Depression of the 1930s, will have an impact on future financial considerations for the District. State of Minnesota revenues for the 2009-2011 biennium, before one-time Federal stimulus dollars, declined 20% from the 2007-2009 biennium. Revenues for the 2011-2013 biennium are barely approaching the 2007-2009 level. This continued deterioration in State funding capability will impact Minnetonka ISD 276 in the future, since approximately seventy-five percent of General Fund operating revenues are apportioned from the State of Minnesota.

In light of the economic circumstances, and to prepare for a probable future of limited revenue increases from the state, Minnetonka ISD 276 has been able to set aside revenues from previous years into the General Funds Assigned Fund Balance to fund future operations in a limited way. Budget modifications may be considered over the next several years, with the modifications being dependent largely on the change in funding levels from the State of Minnesota at that time.

Primary drivers of the District expense budget continue to be:

- Staffing increases to address growing enrollment.
- The cost of collective bargained contracts with employee groups and unions.
- Health insurance costs that increase approximately 4% on an annual basis.
- Energy costs for heating and lighting.

As of the end of FY 2011, sufficient resources are projected to be available in the District General Fund Balance to fund District education programs for FY 2012, FY 2013, and FY 2014 absent any additional percentage increases to State funding formulas in those years. The District should be able to maintain a minimum 6% fund balance through the end of FY 2014. However, in light of the severe economic conditions of the country and the State, budget modifications will likely be considered during those years also. Finances will continue to be monitored very closely through that time period.

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.

<p>Bond Ratings The District's bonds presently carry a Moody's "Aaa" rating.</p> <p>Limitations on Debt The state limits the amount of general obligation debt the District can issue to 15% of the assessed value of all taxable property within the District's corporate limits. Our outstanding debt is significantly below this limit – which is currently \$1.1 billion.</p>

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BASIC FINANCIAL STATEMENTS

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**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
STATEMENT OF NET ASSETS
JUNE 30, 2011
(WITH COMPARATIVE DATA AS OF JUNE 30, 2010)**

	Governmental Activities	
	2011	2010
ASSETS		
Cash and Investments	\$ 31,199,899	\$ 36,105,428
Cash and Investments Held by Trustee	22,858,277	17,034,071
Receivables:		
Property Taxes	17,776,849	17,122,716
Other Governments	18,555,926	19,804,207
Other	692,898	280,790
Prepaid Items	1,440,432	1,429,464
Inventories	146,778	164,521
Bond Issuance Costs, Net	1,671,811	1,432,432
Capital Assets:		
Land and Construction in Progress	4,941,061	2,886,626
Other Capital Assets, Net of Depreciation	118,008,657	115,404,875
Total Assets	217,292,588	211,665,130
LIABILITIES		
Salaries and Compensated Absences Payable	3,929,263	3,245,204
Accounts and Contracts Payable	6,367,544	4,527,892
Accrued Interest	2,545,888	2,266,073
Due to Other Governmental Units	226,637	297,883
Unearned Revenue:		
Property Taxes	20,583,055	28,321,964
Local Sources	2,220,369	2,352,039
Long-Term Liabilities:		
Portion Due Within One Year	8,344,741	7,860,554
Portion Due in More Than One Year	134,580,250	127,147,609
Total Liabilities	178,797,747	176,019,218
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	22,850,325	22,351,709
Restricted for:		
General Fund Operating Capital Purposes	1,987,164	1,346,804
Food Service	1,757,293	1,257,601
Community Service	1,316,112	1,370,974
Debt Service	1,223,190	1,670,757
Unrestricted	9,360,757	7,648,067
Total Net Assets	\$ 38,494,841	\$ 35,645,912

See accompanying Notes to Basic Financial Statements.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2010)**

Functions	2011				2010	2010
	Expenses	Program Revenues			Net (Expense)	Net (Expense)
		Charges for Services	Operating	Capital	Revenue and	Revenue and
			Grants and Contributions	Grants and Contributions	Changes in	Changes in
				Net Assets	Net Assets	
				Total	Total	
				Governmental	Governmental	
				Activities	Activities	
Governmental Activities						
Administration	\$ 3,771,059	\$ -	\$ -	\$ 23,320	\$ (3,747,739)	\$ (3,508,238)
District Support Services	3,093,044	-	14,248	-	(3,078,796)	(3,133,231)
Regular Instruction	50,731,502	-	7,060,903	7,442	(43,663,157)	(38,616,820)
Vocational Education Instruction	741,661	-	30,166	73	(711,422)	(814,692)
Special Education Instruction	13,848,847	-	10,046,155	-	(3,802,692)	(4,298,778)
Instructional Support Services	4,609,236	-	241,448	45	(4,367,743)	(4,287,852)
Pupil Support Services	2,843,641	-	733,660	325	(2,109,656)	(1,743,889)
Sites and Buildings	10,381,527	-	679,569	166,901	(9,535,057)	(11,332,809)
Fiscal and Other Fixed Cost Programs	122,837	-	-	41,500	(81,337)	(125,100)
Food Service	4,279,333	3,961,705	766,123	-	448,495	17,124
Community Service	8,603,968	6,572,122	1,169,670	-	(862,176)	(771,686)
Transportation	3,829,841	-	-	-	(3,829,841)	(4,024,847)
Interest and Fiscal Charges on Long-Term Liabilities	5,491,717	-	-	-	(5,491,717)	(4,912,560)
Total School District	<u>\$ 112,348,213</u>	<u>\$ 10,533,827</u>	<u>\$ 20,741,942</u>	<u>\$ 239,606</u>	<u>(80,832,838)</u>	<u>(77,553,378)</u>
General Revenues						
Property Taxes Levied for:						
General Purposes					19,354,272	14,804,943
Community Service					989,945	757,253
Debt Service					10,725,807	8,204,646
Capital Projects-Building Construction					10,876,816	8,320,159
State Aid Not Restricted to Specific Purposes					39,131,806	42,867,131
Earnings on Investments					2,595,214	608,533
Miscellaneous					7,907	48,115
Total General Revenues					<u>83,681,767</u>	<u>75,610,780</u>
Change in Net Assets					2,848,929	(1,942,598)
Net Assets - Beginning					<u>35,645,912</u>	<u>37,588,510</u>
Net Assets - Ending					<u>\$ 38,494,841</u>	<u>\$ 35,645,912</u>

See accompanying Notes to Basic Financial Statements.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011
(WITH COMPARATIVE DATA AS OF JUNE 30, 2010)**

	Major Funds					Total Governmental Funds	
	General	Food Service	Community Service	Capital Projects	Debt Service	2011	2010
ASSETS							
Cash and Investments	\$ 1,448,301	\$ 1,841,930	\$ 2,049,203	\$ -	\$ 858,811	\$ 6,198,245	\$ 12,601,089
Cash and Investments Held by Trustee	48,526	-	-	13,589,873	9,219,878	22,858,277	17,034,071
Receivables:							
Current Property Taxes	13,691,914	-	499,475	-	3,288,892	17,480,281	16,744,076
Delinquent Property Taxes	237,652	-	7,782	-	51,134	296,568	378,640
Due from Other Minnesota School Districts	26,534	-	85,656	-	-	112,190	61,338
Due from Minnesota Department of Education	17,624,230	-	57,905	-	20,347	17,702,482	14,422,067
Due from Federal through Minnesota Department of Education	259,324	70,451	-	-	-	329,775	4,471,008
Due from Other Governmental Units	305,366	-	13,637	-	92,476	411,479	849,794
Other Receivables	231,920	2,843	369,498	88,637	-	692,898	280,790
Due from Other Funds	981,754	-	-	-	3,279,952	4,261,706	2,206,147
Prepaid Items	811,971	280	48,386	-	555,768	1,416,405	1,429,464
Inventory	114,244	32,534	-	-	-	146,778	164,521
Total Assets	\$ 35,781,736	\$ 1,948,038	\$ 3,131,542	\$ 13,678,510	\$ 17,367,258	\$ 71,907,084	\$ 70,643,005
LIABILITIES AND FUND BALANCE							
Liabilities:							
Salaries and Compensated Absences Payable	\$ 3,171,665	\$ 35,884	\$ 363,698	\$ 44,734	\$ -	\$ 3,615,981	\$ 2,980,814
Payroll Deductions and Employer Contributions Payable	304,724	381	8,034	143	-	313,282	264,390
Accounts and Contracts Payable	794,073	11,826	180,905	1,532,367	-	2,519,171	849,365
Due to Other Governmental Units	226,602	-	35	-	-	226,637	297,883
Due to Other Funds	-	-	-	3,645,267	-	3,645,267	1,531,141
Deferred Revenue:							
Property Taxes Levied for Subsequent Year	13,694,909	-	499,292	-	6,388,854	20,583,055	28,321,964
Delinquent Property Taxes	237,652	-	7,782	-	51,134	296,568	378,640
Local Sources	396,247	142,654	750,582	-	-	1,289,483	1,195,737
Total Liabilities	18,877,480	190,745	1,815,430	5,222,511	6,439,988	32,546,154	35,819,934
Fund Balance:							
Nonspendable							
Prepaid Items	811,971	280	48,386	-	555,768	1,416,405	1,429,464
Inventory	114,244	32,534	-	-	-	146,778	164,521
Restricted for:							
Staff Development	-	-	-	-	-	-	6,566
Capital Projects Levy	-	-	-	478,582	-	478,582	1,041,664
Projects Funded by Certificates of Participation	-	-	-	2,357,075	-	2,357,075	3,218,572
Alternative Facilities Program	-	-	-	5,619,605	-	5,619,605	2,604,527
Operating Capital	1,987,164	-	-	-	-	1,987,164	1,346,804
Community Education Programs	-	-	1,248,434	-	-	1,248,434	1,264,658
Early Childhood and Family Educations Programs	-	-	-	-	-	-	13,570
School Readiness	-	-	12,048	-	-	12,048	12,598
Adult Basic Education	-	-	12,042	-	-	12,042	22,726
Bond Refundings	-	-	-	-	9,002,139	9,002,139	6,399,989
Restricted for Other Purposes	-	1,724,479	-	737	1,369,363	3,094,579	4,759,977
Assigned for:							
Q Comp	433,471	-	-	-	-	433,471	376,189
Athletic Fees	-	-	-	-	-	-	99,576
Athletic Equipment	195,392	-	-	-	-	195,392	-
Operating Capital Deferred Use	1,388,487	-	-	-	-	1,388,487	-
Stimulus/Jobs Deferred Use	1,421,577	-	-	-	-	1,421,577	-
Unassigned	10,551,950	-	(4,798)	-	-	10,547,152	12,061,670
Total Fund Balance	16,904,256	1,757,293	1,316,112	8,455,999	10,927,270	39,360,930	34,823,071
Total Liabilities and Fund Balance	\$ 35,781,736	\$ 1,948,038	\$ 3,131,542	\$ 13,678,510	\$ 17,367,258	\$ 71,907,084	\$ 70,643,005

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 ASSETS
JUNE 30, 2011
(WITH COMPARATIVE DATA AS OF JUNE 30, 2010)**

	2011	2010
Total Fund Balance for Governmental Funds	\$ 39,360,930	\$ 34,823,071
Total net assets reported for governmental activities in the statement of net assets 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	2,373,314	1,871,928
Construction in Progress	2,567,747	1,014,698
Land Improvements, Net of Accumulated Depreciation	10,447,773	9,605,117
Buildings and Improvements, Net of Accumulated Depreciation	101,966,890	100,897,904
Equipment, Net of Accumulated Depreciation	5,593,994	4,901,854
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 deferred revenue in the funds.		
	296,568	378,640
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		
	(2,545,888)	(2,266,073)
Bond issuance costs are reported as expenditures in the governmental funds.		
	1,671,811	1,432,432
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 assets. Internal service fund net assets at year-end are:		
	19,686,693	17,994,504
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 assets. Balances at year-end are:		
Bonds Payable	(103,449,548)	(97,764,548)
Unamortized Premiums	(537,980)	(429,523)
Unamortized Discounts	107,965	115,461
Certificates of Participation and Leases Payable	(35,720,000)	(33,726,702)
Severance Benefits Payable	(2,535,182)	(2,434,244)
Compensated Absences Payable	(790,246)	(768,607)
Total Net Assets of Governmental Activities	<u>\$ 38,494,841</u>	<u>\$ 35,645,912</u>

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, 2011
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2010)**

	Major Funds					Total Governmental	
	General	Food Service	Community Service	Capital Projects - Building Construction	Debt Service	Funds	
						2011	2010
REVENUES							
Local Sources:							
Property Taxes	\$ 30,474,532	\$ -	\$ 1,259,957	\$ 4,449,262	\$ 5,845,161	\$ 42,028,912	\$ 32,098,779
Earnings on Investments	11,983	2,432	3,142	11,801	81,145	110,503	329,922
Other	2,597,112	3,961,705	7,384,751	130,221	-	14,073,789	12,479,091
State Sources	51,735,612	117,898	(105,667)	-	67,822	51,815,665	54,582,707
Federal Sources	4,117,409	648,225	-	-	-	4,765,634	8,044,799
Total Revenues	88,936,648	4,730,260	8,542,183	4,591,284	5,994,128	112,794,503	107,535,298
EXPENDITURES							
Current:							
Administration	3,618,804	-	-	-	-	3,618,804	3,350,380
District Support Services	2,923,525	-	-	-	-	2,923,525	3,034,938
Regular Instruction	45,431,435	-	-	-	-	45,431,435	42,899,862
Vocational Education Instruction	715,770	-	-	-	-	715,770	814,426
Special Education Instruction	13,678,090	-	-	-	-	13,678,090	13,533,567
Instructional Support Services	4,529,404	-	-	-	-	4,529,404	4,334,022
Pupil Support Services	2,772,930	-	-	-	-	2,772,930	2,385,486
Sites and Buildings	5,865,019	-	-	-	-	5,865,019	6,023,757
Fiscal and Other Fixed Cost Programs	122,837	-	-	-	-	122,837	125,100
Food Service	-	4,195,977	-	-	-	4,195,977	4,064,810
Community Service	-	-	8,526,237	-	-	8,526,237	7,766,180
Transportation	3,829,841	-	-	-	-	3,829,841	4,024,847
Capital Outlay	1,832,335	34,591	70,808	13,208,293	-	15,146,027	22,817,488
Debt Service:							
Principal	516,795	-	-	-	5,729,897	6,246,692	10,629,582
Interest and Fiscal Charges	1,010,904	-	-	215,018	3,952,891	5,178,813	5,302,961
Total Expenditures	86,847,689	4,230,568	8,597,045	13,423,311	9,682,788	122,781,401	131,107,406
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,088,959	499,692	(54,862)	(8,832,027)	(3,688,660)	(9,986,898)	(23,572,108)
OTHER FINANCING SOURCES (USES)							
Capital Lease Proceeds	-	-	-	-	-	-	350,000
Insurance Recovery Proceeds	-	-	-	-	-	-	1,803
Bond Proceeds	-	-	-	6,959,335	1,465,000	8,424,335	8,125,000
Certificates of Participation Proceeds	-	-	-	2,865,278	5,750,387	8,615,665	11,850,000
Bond Premium	-	-	-	-	202,122	202,122	101,508
Payment to Refunded Bond Escrow Agent	-	-	-	-	(2,717,365)	(2,717,365)	(4,319,525)
Transfers In	-	-	-	-	-	-	3,088,517
Transfers Out	-	-	-	-	-	-	(3,088,517)
Total Other Financing Sources (Uses)	-	-	-	9,824,613	4,700,144	14,524,757	16,108,786
Net Change in Fund Balances	2,088,959	499,692	(54,862)	992,586	1,011,484	4,537,859	(7,463,322)
Fund Balances - Beginning	14,815,297	1,257,601	1,370,974	7,463,413	9,915,786	34,823,071	42,286,393
Fund Balances - Ending	<u>\$ 16,904,256</u>	<u>\$ 1,757,293</u>	<u>\$ 1,316,112</u>	<u>\$ 8,455,999</u>	<u>\$ 10,927,270</u>	<u>\$ 39,360,930</u>	<u>\$ 34,823,071</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, 2011
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2010)**

	2011	2010
Net Change in Fund Balance-Total Governmental Funds	\$ 4,537,859	\$ (7,463,322)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital Outlays	9,482,983	15,855,470
Gain (Loss) on Disposal of Capital Assets	(31,436)	(13,812)
Depreciation Expense	(4,793,330)	(4,306,641)
Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net assets, the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net assets.		
Other Financing Source - Capital Lease	-	(350,000)
Change in Accrued Interest - Capital Leases	(62,454)	363,606
Principal Payments - Capital Leases	44,337	9,309,853
Refunding Bond Payment for Capital Leases	2,717,365	-
The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net assets, 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 issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:		
General Obligation and Certificates of Participation Bond Proceeds	(17,040,000)	(19,975,000)
Bond Premium or Discount	(202,122)	(101,508)
Bond Issuance Costs	358,637	417,590
Payment of Special Assessment Principal	-	883
Repayment of Certificates of Participation Payable	900,000	1,340,000
Repayment of Bond Principal	5,700,000	4,440,000
Change in Accrued Interest Expense - General Obligation Bonds	(217,361)	(97,533)
Change in Accrued Interest - Special Assessments	-	14
Amortization of Bond Issuance Costs	(119,258)	(100,688)
Amortization of Bond Premium	93,665	90,869
Amortization of Bond Discount	(7,496)	(7,496)
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 deferred in the funds.	(82,072)	(11,778)
In the statement of activities, certain operating expenses - severance benefits and compensated absences - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(122,577)	(175,136)
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.	1,692,189	(1,157,969)
Change in Net Assets of Governmental Activities	\$ 2,848,929	\$ (1,942,598)

See accompanying Notes to Basic Financial Statements.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 21,495,714	\$ 30,501,376	\$ 30,474,532	\$ (26,844)
Earnings on Investments	125,000	125,000	11,983	(113,017)
Other	2,050,082	2,278,381	2,597,112	318,731
State Sources	59,365,933	51,115,575	51,735,612	620,037
Federal Sources	2,969,634	4,284,349	4,117,409	(166,940)
Total Revenues	<u>86,006,363</u>	<u>88,304,681</u>	<u>88,936,648</u>	<u>631,967</u>
EXPENDITURES				
Current:				
Administration	3,513,272	3,547,728	3,618,804	71,076
District Support Services	2,839,819	2,579,016	2,923,525	344,509
Elementary and Secondary Regular Instruction	44,688,076	45,565,032	45,431,435	(133,597)
Vocational Education Instruction	687,140	687,351	715,770	28,419
Special Education Instruction	14,119,141	13,938,065	13,678,090	(259,975)
Instructional Support Services	4,024,994	4,545,830	4,529,404	(16,426)
Pupil Support Services	1,891,334	2,887,500	2,772,930	(114,570)
Sites and Buildings	5,863,623	5,861,039	5,865,019	3,980
Fiscal and Other Fixed Cost Programs	121,160	121,160	122,837	1,677
Transportation	4,612,118	3,979,771	3,829,841	(149,930)
Capital Outlay	1,517,367	1,764,802	1,832,335	67,533
Debt Service:				
Principal	993,008	993,008	516,795	(476,213)
Interest and Fiscal Charges	647,837	597,837	1,010,904	413,067
Total Expenditures	<u>85,518,889</u>	<u>87,068,139</u>	<u>86,847,689</u>	<u>(220,450)</u>
Net Change in Fund Balance	<u>\$ 487,474</u>	<u>\$ 1,236,542</u>	2,088,959	<u>\$ 852,417</u>
FUND BALANCE				
Beginning of Year			<u>14,815,297</u>	
End of Year			<u>\$ 16,904,256</u>	

See accompanying Notes to Basic Financial Statements.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Earnings on Investments	\$ -	\$ -	\$ 2,432	\$ 2,432
Other - Primarily Meal Sales	3,924,831	3,924,831	3,961,705	36,874
State Sources	111,353	111,353	117,898	6,545
Federal Sources	619,412	619,412	648,225	28,813
Total Revenues	<u>4,655,596</u>	<u>4,655,596</u>	4,730,260	74,664
EXPENDITURES				
Current:				
Food Service	4,443,979	4,456,044	4,195,977	(260,067)
Capital Outlay	103,600	103,600	34,591	(69,009)
Total Expenditures	<u>4,547,579</u>	<u>4,559,644</u>	<u>4,230,568</u>	<u>(329,076)</u>
Net Change in Fund Balance	<u>\$ 108,017</u>	<u>\$ 95,952</u>	499,692	<u>\$ 403,740</u>
FUND BALANCE				
Beginning of Year			<u>1,257,601</u>	
End of Year			<u>\$ 1,757,293</u>	

See accompanying Notes to Basic Financial Statements.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
MAJOR COMMUNITY SERVICE FUND
YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local Sources:				
Property Taxes	\$ 1,434,308	\$ 1,434,308	\$ 1,259,957	\$ (174,351)
Earnings on Investments	3,000	2,500	3,142	642
Other - Primarily Tuition and Fees	6,417,499	6,671,710	7,384,751	713,041
State Sources	(116,697)	(59,310)	(105,667)	(46,357)
Federal Sources	59,713	-	-	-
Total Revenues	<u>7,797,823</u>	<u>8,049,208</u>	<u>8,542,183</u>	<u>492,975</u>
EXPENDITURES				
Current:				
Community Service	7,759,094	7,932,186	8,526,237	594,051
Capital Outlay	36,050	43,500	70,808	27,308
Total Expenditures	<u>7,795,144</u>	<u>7,975,686</u>	<u>8,597,045</u>	<u>621,359</u>
Net Change in Fund Balance	<u>\$ 2,679</u>	<u>\$ 73,522</u>	(54,862)	<u>\$ (128,384)</u>
FUND BALANCE				
Beginning of Year			<u>1,370,974</u>	
End of Year			<u>\$ 1,316,112</u>	

See accompanying Notes to Basic Financial Statements.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
STATEMENT OF NET ASSETS
PROPRIETARY FUND
INTERNAL SERVICE FUND
JUNE 30, 2011
(WITH COMPARATIVE DATA AS OF JUNE 30, 2010)**

	Governmental Activities - Internal Service Funds	
	2011	2010
ASSETS		
Current Assets:		
Cash and Investments	\$ 25,001,654	\$ 23,504,339
Prepaid Items	24,027	-
Total Assets	25,025,681	23,504,339
LIABILITIES		
Current Liabilities:		
Accounts Payable	25,838	18,695
Claims Payable	3,765,825	3,659,832
Due to Other Fund	616,439	675,006
Unearned Revenue	930,886	1,156,302
Total Liabilities	5,338,988	5,509,835
NET ASSETS		
Unrestricted	\$ 19,686,693	\$ 17,994,504

See accompanying Notes to Basic Financial Statements.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS
PROPRIETARY FUND
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2010)**

	Governmental Activities - Internal Service Funds	
	2011	2010
OPERATING REVENUES		
Charges for Services	\$ 10,444,780	\$ 9,457,772
OPERATING EXPENSES		
Salaries	63,631	62,804
VEBA Contributions	586,690	228,599
Wellness Payments	34,680	34,080
Health Insurance Claim Payments	8,852,557	8,696,423
Dental Insurance Claim Payments	767,830	751,149
OPEB Payments	472,515	675,006
General Administration Fees	459,399	446,291
Total Operating Expenses	11,237,302	10,894,352
Operating Income (Loss)	(792,522)	(1,436,580)
NONOPERATING INCOME		
Earnings on Investments	2,484,711	278,611
Change in Net Assets	1,692,189	(1,157,969)
Total Net Assets - Beginning	17,994,504	19,152,473
Total Net Assets - Ending	\$ 19,686,693	\$ 17,994,504

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, 2011
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2010)**

	Governmental Activities - Internal Service Funds	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Interfund Services Provided	\$ 10,219,364	\$ 9,539,212
Payments for Administrative Costs	(483,426)	(446,291)
Payments for Salaries	(63,631)	(62,804)
Payments for Medical Fees and Insurance Claims	(9,507,251)	(9,099,268)
Payments for Wellness	(586,690)	(228,599)
Payments to Employee VEBA Accounts	(34,680)	(34,080)
Payments for Retirement Benefits	(531,082)	(686,246)
Net Cash Used by Operating Activities	<u>(987,396)</u>	<u>(1,018,076)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	<u>2,484,711</u>	<u>278,611</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,497,315	(739,465)
Cash and Cash Equivalents - Beginning	<u>23,504,339</u>	<u>24,243,804</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 25,001,654</u></u>	<u><u>\$ 23,504,339</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (792,522)	\$ (1,436,580)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used by Operating Activities:		
Increase in Prepaid Items	(24,027)	-
Decrease in Accounts Payable	7,143	(25,051)
Increase (Decrease) in Due to Other Funds	(58,567)	(11,240)
Increase (Decrease) in Claims Payable	105,993	373,355
Increase in Deferred Revenue	(225,416)	81,440
Total Adjustments	<u>(194,874)</u>	<u>418,504</u>
Net Cash Used by Operating Activities	<u><u>\$ (987,396)</u></u>	<u><u>\$ (1,018,076)</u></u>

See accompanying Notes to Basic Financial Statements.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2011**

	<u>Private- Purpose Trust</u>
ASSETS	
Cash and Investments	\$ 1,734,446
LIABILITIES	
Accounts and Contracts Payable	<u>37,817</u>
NET ASSETS	
Held In Trust	<u><u>\$ 1,696,629</u></u>

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
YEAR ENDED JUNE 30, 2011**

	<u>Private- Purpose Trust</u>
ADDITIONS	
Gifts and Donations	\$ 1,721,824
Earnings on Investments	2,498
Total Additions	<u>1,724,322</u>
DEDUCTIONS	
Miscellaneous	<u>1,630,531</u>
Change in Net Assets	93,791
Net Assets - Beginning of Year	<u>1,602,838</u>
Net Assets - End of Year	<u><u>\$ 1,696,629</u></u>

See accompanying Notes to Basic Financial Statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

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**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

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.

U.S. Generally Accepted Accounting Principles (GAAP) require that the District's financial statements include all funds, departments, agencies, boards, commissions, and other organizations which are not legally separated from the District. In addition, the District's financial statements are to include all component units - entities for which the District is financially accountable.

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

Student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside school hours. The School Board does have a fiduciary responsibility in establishing broad policies and ensuring that appropriate financial records are maintained for student activities. However, in accordance with Minnesota State Statutes, the District's School Board has not elected to control or exercise oversight responsibility with respect to the underlying student activities. Accordingly, the student activity accounts are not included in these financial statements.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation

The Government-wide financial statements (i.e. the Statement of Net Assets 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 Assets 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 assets are available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. Generally, the effect of material interfund activity has been removed from the Government-wide financial statements.

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating 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 non-operating revenues and expenses.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

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

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

1. Revenue Recognition

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

2. Recording of Expenditures

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

The District applies only those applicable pronouncements of the Financial Accounting Standards Board issued on or before November 30, 1989 in accounting and reporting for its proprietary operations.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

The District reports deferred revenue on its statement of net assets and balance sheet. Deferred revenues arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to incurring the qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the statement of net assets 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.

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.

Capital Projects – Building Construction Fund

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

Debt Service Fund

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

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Proprietary Fund

Internal Service Fund

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

Fiduciary Fund

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

E. Budgeting

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

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

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

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

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

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 pools operated in a manner consistent with the SEC's Rule 2a7 of the Investment Act of 1940 are valued at the pool's share price.

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

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Prepaid items are reported using the consumption method and recorded as an expense or expenditure at the time of consumption.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 deferred revenue (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 2011 with no corresponding state aid adjustment. Starting in fiscal year 2011, the tax shift was expanded to include all other General and Community Service Fund levies (net of credits). State aids are then reduced in fiscal year 2011 by this expanded shift amount, making this portion of the tax shift revenue neutral to school districts. This resulted in a significant increase in the advance recognition of tax revenue in the General Fund (and corresponding state aid holdback totaling \$8,957,760) but also included an advance recognition tax shift in the District's Community Service Fund (and corresponding state aid holdback totaling \$472,093). Since advance collections of Pay 2011 levy amounts at June 30, 2011, were sufficient to cover the amounts required to be advance recognized as revenue in fiscal 2011, the amount advance recognized is tax revenue. To the extent advance collections would have been insufficient to cover the amount to be advance recognized, state statute requires that fiscal 2012 general education aid be recognized. The tax shift also includes certain other levies that are recognized early based on statutory requirements.

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is deferred 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, 2011, 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.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 fair market value at the date of donation. The District maintains a threshold level of \$2,500 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

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

L. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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.

M. 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

Substantially all 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.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Accrued Employee Benefits (Continued)

Severance and Health Benefits

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

1. Convertible Sick Leave

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

During fiscal year 2011, the District's expenditures for convertible sick leave expenditures totaled approximately \$156,887. At June 30, 2011, the long-term portion of the convertible sick leave liability is included as part of long-term debt.

2. Postemployment Health Care Benefits

In addition to retirement benefits, the District provides post retirement 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.

N. 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.

O. 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".

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Balance

At June 30, 2011, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

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 from outside parties (statute, grantors, bond agreements, etc.).

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

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

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

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

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

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

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. 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 Indiana Insurance. Both plans are serviced through a local agent who assists the District in the annual review of coverage. In addition, safety specialists from Indiana and SFM Insurance visit the District annually to inspect the work environment in an effort to assist District staff to identify unsafe work conditions.

R. Net Assets

Net assets represent the difference between assets and liabilities in the Government-wide, Proprietary Fund, and Fiduciary Fund financial statements. Net assets invested in capital assets, net of related debt 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 assets are reported as restricted in the Government-wide financial statement when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

S. Comparative Data

Comparative data for the prior year has been presented only for certain sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Certain comparative information has been reclassified to conform to the current year presentation.

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following funds at June 30, 2011.

	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Special Revenue Funds:			
Community Service Fund	\$ 7,975,686	\$ 8,597,045	\$ 621,359
Debt Service Fund	9,548,298	9,682,788	134,490

The overage in the Community Service Fund was considered by District management to be the result of necessary expenditures critical to operations approved by the Board. Overall, the Community Service Fund had a deficit of revenues over expenses for the year

The overage in the Debt Service Fund was due to additional refinancing activity through the year.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 3 DEPOSITS AND INVESTMENTS

A. Deposits

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

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

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds. Authorized collateral includes: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letter of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency.

Minnesota statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust departments of a commercial bank or other financial institution not owned or controlled by the depository.

At June 30, 2011, the District's deposits had a carrying amount of \$3,353,847 and a bank balance of \$3,920,907. At June 30, 2011, the District's petty cash fund totaled \$2,764.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

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 thirteen months or less
- General obligations rated "A" or better; revenue obligations rated "AA" or better
- General obligations of the Minnesota Housing Finance Agency rate "A" or better
- Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System
- Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by a least two nationally recognized rating agencies, and maturing in 270 days or less
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories
- 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

Minnesota School District Liquid Asset Fund –

	<u>Amortized Cost</u>
Minnesota School District Liquid Asset Fund Plus (MSDLAF+)	<u>\$ 1,989,063</u>

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Minnesota School District Liquid Asset Fund (Continued) –

The MSDLAF+ is an external investment pool and its investments are valued at amortized cost, which approximates fair value in accordance with Rule 2a-7 of the Investment Company Act of 1940. The amortized cost method of valuation values a security at its cost on the date of purchase and thereafter assumes a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of instruments.

Credit Risk – The MSDLAF+ pool is rated AAAM by Standard & Poor's.

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 (1) the sale of various refunding bonds and capitalized interest totaling \$7,907,944 (2) 2009A and 2009B OPEB and 2010F OPEB refunding bond proceeds totaling \$21,399,817 and (3) projects totaling \$13,589,873.

The following shows the breakdown of investments held with trustee and their maturities:

Type	Total	Maturity Duration in Years			
		Less Than 1	1 to 2	2 to 5	More than 5
Governmental Agencies	\$ 8,785,161	\$ 3,877,866	\$ 3,639,823	\$ 1,267,472	\$ -
Mutual Funds	1,832,635	1,832,635	-	-	-
Real Estate Investment Trusts	865,411	865,411	-	-	-
Equities	7,634,819	7,634,819	-	-	-
Municipal Bonds	-	-	-	-	-
Corporate Bonds	8,683,456	332,028	2,333,807	6,017,621	-
International Bonds	17,253	17,253	-	-	-
MSDLAF	7,837,238	7,837,238	-	-	-
Certificates of Deposit	262,756	202,756	60,000	-	-
Money Market Funds	6,978,905	6,978,905	-	-	-
	<u>\$ 42,897,634</u>	<u>\$ 29,578,911</u>	<u>\$ 6,033,630</u>	<u>\$ 7,285,093</u>	<u>\$ -</u>

Investments Held with Broker –

Federated Money Market	\$ 4,981,822
MN Trust Money Market	2,113,918
Municipal Bonds (over 5 years maturity)	453,574
Total Investments Held with Broker	<u>\$ 7,549,314</u>

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Custodial Credit Risk – For an investment, custodial risk is the risk that, in the event of failure of the counterparty, the School District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The School District’s investment policy requires that brokers provide insurance to cover balances held in each investment account. As of June 30, 2011, the investment balances were fully covered by insurance for each brokerage firm.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does have a formal investment policy. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District requires purchases of securities to be laddered with staggered maturity dates as needed to meet cash flow requirements. The District’s investments all have maturities of three years or less at June 30, 2011.

Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty will not fulfill its obligation. The Federated Money Market account is invested in the Prime Obligations Fund which is rated Aaa by Moody’s Investors Service. The MN Trust money market account is rated Aaa by Moody’s Investors Service.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The District places no limit on the amount that the District may invest in any one issuer. The following is a list of investments by issuer which individually comprise more than 5% of the District’s total investments:

Federal National Mortgage Association	\$ 4,103,906	7.83%
Federal Home Loan Bank	4,323,149	8.24%
Wells Fargo Money Market	6,978,905	13.31%
Federated Money Market	4,981,822	9.50%
MSDLAF	9,826,301	18.74%

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

Cash and Investments - Statement of Net Assets	\$ 31,199,899
Cash and Investments Held by Trustee - Statement of Net Assets	22,858,277
Cash and Investments - Statement of Fiduciary Net Assets	1,734,446
Total Cash and Investments	<u>\$ 55,792,622</u>

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,871,928	\$ 501,386	\$ -	\$ 2,373,314
Construction in Progress	<u>1,014,698</u>	<u>6,739,782</u>	<u>(5,186,733)</u>	<u>2,567,747</u>
Total Capital Assets, Not Being Depreciated	2,886,626	7,241,168	(5,186,733)	4,941,061
Capital Assets, Being Depreciated:				
Land Improvements	11,090,218	1,391,959	-	12,482,177
Buildings and Improvements	138,742,174	4,471,256	-	143,213,430
Equipment	<u>10,672,415</u>	<u>1,565,333</u>	<u>(961,353)</u>	<u>11,276,395</u>
Total Capital Assets, Being Depreciated	160,504,807	7,428,548	(961,353)	166,972,002
Accumulated Depreciation for:				
Land Improvements	(1,485,101)	(549,303)	-	(2,034,404)
Buildings and Improvements	(37,844,270)	(3,402,270)	-	(41,246,540)
Equipment	<u>(5,770,561)</u>	<u>(841,757)</u>	<u>929,917</u>	<u>(5,682,401)</u>
Total Accumulated Depreciation	<u>(45,099,932)</u>	<u>(4,793,330)</u>	<u>929,917</u>	<u>(48,963,345)</u>
Total Capital Assets, Being Depreciated, Net	<u>115,404,875</u>	<u>2,635,218</u>	<u>(31,436)</u>	<u>118,008,657</u>
Governmental Activities Capital Assets, Net	<u>\$ 118,291,501</u>	<u>\$ 9,876,386</u>	<u>\$ (5,218,169)</u>	<u>\$ 122,949,718</u>

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

Governmental Activities	
Administration	\$ 13,948
District Support Services	95,296
Regular Instruction	4,508,531
Vocational Education Instruction	2,067
Special Education Instruction	2,951
Instructional Support Services	4,195
Pupil Support Services	13,423
Sites and Buildings	97,231
Food Service	48,765
Community Service	6,923
Total Depreciation Expense, Governmental Activities	<u>\$ 4,793,330</u>

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

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	Original Issue	Maturities	Principal Outstanding	
				Due Within One Year	Total
2/1/2004	5.2% - 5.75%	\$ 2,410,000	2011-2014	\$ 345,000	\$ 1,080,000
2/1/2004	5.2% - 5.75%	23,225,000	2011-2022	1,770,000	18,440,000
8/1/2004	5.2% - 5.75%	3,540,000	2011-2020	220,000	2,340,000
7/1/2005	3.5% - 4.125%	4,800,000	2011-2021	2,275,000	2,275,000
11/1/2005	5.2% - 5.75%	12,355,000	2011-2012	290,000	3,465,000
4/1/2008	4.1% - 4.4%	1,570,000	2020-2023	-	1,570,000
4/10/2008	3.49% - 5.25%	15,579,548	2013-2024	-	15,579,548
6/1/2008	3.6% - 5.0%	14,975,000	2016-2028	-	14,975,000
12/30/2008	6.7% - 6.8%	7,740,000	2025-2028	-	7,740,000
1/1/2009	4.5% - 6.4%	14,470,000	2013-2023	-	14,470,000
4/1/2009	2.5% - 3.0%	3,000,000	2011-2014	745,000	2,005,000
7/30/2009	2.65% - 4.20%	5,925,000	2015-2026	-	5,925,000
4/1/2010	2.0% - 3.0%	2,200,000	2013-2020	-	2,200,000
9/22/2010	0.8% - 4.9%	7,020,000	2012-2030	100,000	7,020,000
10/1/2010	2.6% - 4.0%	2,900,000	2014-2021	-	2,900,000
12/30/2010	3.0% - 5.5%	1,465,000	2017-2031	-	1,465,000
Total General Obligation Bonds				5,745,000	103,449,548
Bond Premium - Net				-	537,980
Bond Discounts - Net				-	(107,965)

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

A. Components of Long-Term Debt (Continued)

<u>Lease Purchase Obligations</u>	<u>Principal Outstanding</u>	
	Due	
	Within	Total
	One Year	
Certificate of Participation 2008C	\$ 75,000	\$ 3,455,000
Certificate of Participation 2008D	75,000	2,065,000
Certificate of Participation 2008F	75,000	2,505,000
Certificate of Participation 2008G	65,000	2,420,000
Certificate of Participation 2008H	60,000	1,555,000
Certificate of Participation 2009B	155,000	3,680,000
Certificate of Participation 2009D	365,000	2,535,000
Certificate of Participation 2009E	220,000	5,350,000
Certificate of Participation 2010B	140,000	6,500,000
Certificate of Participation 2010E	115,000	3,290,000
Certificate of Participation 2011A	90,000	2,365,000
Total Lease Purchase Obligations	<u>1,435,000</u>	<u>35,720,000</u>
Severance and Health Benefits Payable	637,647	2,535,182
Compensated Absences Payable	527,094	790,246
	<u>\$ 8,344,741</u>	<u>\$ 142,924,991</u>

B. Minimum Debt Payments

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

Year Ending June 30,	General Obligation Bonds Payable		Certificates of Participation Payable	
	Principal	Interest	Principal	Interest
2012	\$ 5,745,000	\$ 3,994,545	\$ 1,435,000	\$ 1,392,466
2013	5,367,367	4,088,370	1,575,000	1,345,699
2014	5,599,633	4,019,197	1,625,000	1,305,576
2015	5,322,379	3,924,348	1,690,000	1,260,216
2016	5,292,486	3,844,289	1,755,000	1,210,476
2017 - 2021	31,594,850	17,014,144	8,010,000	5,221,586
2022 - 2026	29,032,833	13,408,567	8,960,000	3,629,843
2027 - 2029	15,495,000	1,370,705	10,670,000	1,587,713
Total	<u>\$ 103,449,548</u>	<u>\$ 51,664,166</u>	<u>\$ 35,720,000</u>	<u>\$ 16,953,574</u>

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt

General Obligation School Building Bonds

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

In February of 2004, the District issued \$2,410,000 of General Obligation Capital Facilities Bonds, Series 2004A. The proceeds of this issue were used to finance the construction of the Dome and Artificial Field.

In February 2004, the District issued \$23,225,000 of General Obligation Refunding Bonds, Series 2004B. The proceeds of this issue were used in fiscal 2008 to refund, in advance of their stated maturities, the 2009 through 2022 maturities of the District's 1996B General Obligation School Building Bonds, totaling \$22,350,000.

In August 2004, the District issued \$3,540,000 of General Obligation School Building Bonds, Series 2004D. The proceeds of this issue were used to finance the acquisition and betterment of projects included in the District's ten-year facility plan.

In July 2005, the District issued \$4,800,000 of General Obligation School Building Bonds, Series 2005A. The proceeds of this issue were used to finance the acquisition and betterment of projects included in the District's ten-year facility plan.

In November of 2005, the District issued \$12,355,000 of General Obligation School Building Refunding Bonds, Series 2005B. The proceeds of this issue were used to currently refund, in advance of their stated maturities, the District's 1996A General Obligation Refunding Bonds.

In April 2008, the District issued \$1,570,000 of General Obligation School Building Refunding Bonds, Series 2008A. The proceeds of this issue will be held in escrow to pay off the District's 2004D and 2005A General Obligation Bonds.

In April 2008, the District issued \$15,579,548 of General Obligation School Building Bonds, Series 2008B. The proceeds of this issue will be used to finance the acquisition and betterment of projects included in the District's ten-year facility plan.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt (Continued)

General Obligation School Building Bonds (Continued)

In June 2008, the District issued \$14,975,000 of General Obligation School Building Bonds, Series 2008E. The proceeds of this issue will be used to finance the acquisition and betterment of projects included in the District's ten-year facility plan.

In April 2009, the District issued \$3,000,000 of General Obligation Capital Notes, Series 2009C. The proceeds of this issue were used to fund technology purchases and refund three capital leases.

In July 2009, the District issued \$5,925,000 of General Obligation Alternation Facilities Bonds, Series 2009F. The proceeds of this issue will be used to finance long-term maintenance projects.

In April 2010, the District issued \$2,200,000 of General Obligation Crossover Refunding Bonds, Series 2010A. The proceeds of this issue will be used to refund, in advance of their stated maturities, the District's 2004D General Obligation School Building Bonds.

In September 2010, the District issued \$7,020,000 of General Obligation Alternative Facilities Bonds, Series 2010C. The proceeds of this issue will be used to finance long-term maintenance projects.

In October 2010, the District issued \$2,900,000 of General Obligation Crossover Refunding Bonds, Series 2010D. The proceeds of this issue will be used to refund, in advance of their stated maturities, the District's 2005A Alternative Facilities Bonds. This refunding decreased the District's total future debt service payments by \$116,725 and resulted in a present value benefit of \$102,372.

Certificates of Participation Payable

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

The Series 2008C issue, in the amount of \$3,600,000 and sold on March 15, 2008 was used for partial financing of the Minnewashta and Scenic Heights Schools building improvements. The Series 2008D issue, in the amount of \$2,310,000 and sold on June 1, 2008, will be held in escrow to pay off the 2004A capital facility bonds. The Series 2008F issue, in the amount of \$2,750,000 and sold on June 1, 2008 was used for the financing of a new pool for the District.

**MINNETONKA PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt (Continued)

Certificates of Participation Payable (Continued)

The Series 2008G issue, in the amount of \$2,545,000 and sold on August 1, 2008 was used for the Deephaven Education Center Addition. The 2008H issue, in the amount of \$1,685,000 and sold on October 1, 2008 was used for the purchase of two parcels of land and the construction of an additional parking lot. The 2009B issue, in the amount of \$3,830,000 and sold on March 1, 2009 was used for Elementary Classroom Additions. The 2009D issue, in the amount of \$3,145,000 and sold on April 2, 2009, was used to refund the lease bonds of 2006 and 2007.

The Series 2009E issue, in the amount of \$5,350,000 and sold on July 1, 2009 were used for elementary classroom additions. In May 2010, the District issued \$6,500,000 in Refunding Certificates of Participation, 2010B. The proceeds of this issue were used to refund three outstanding debt issues, Certificates of Participation 1999A and two capital leases, in addition to providing additional proceeds to finance building projects at Minnetonka High School, including the construction of Fine Arts classrooms, eight tennis courts and the conversion of the existing tennis courts to 159 student parking spots. This refunding increased the District's total future debt service payments by \$297,690 and resulted in a present value benefit of \$127,248.

The Series 2010E issue, in the amount of \$3,290,000 and sold on December 30, 2010 was issued to pay off the outstanding facility lease purchase agreements. This refunding increased the District's total future debt service payments by \$302,666 and resulted in a present value benefit of \$101,433, while providing net cash for building construction of \$500,000. It allowed the District to distribute the payments over a 20 year period. This is part of the District's overall strategy to keep property taxes as low as possible during difficult economic times. The 2011A issue, in the amount of \$2,365,000 and sold on March 1, 2011 was used for classroom additions.

General Obligation Taxable OPEB Bonds

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

The Series 2008I issue was in the amount of \$7,740,000 and sold on December 30, 2008, and the Series 2009A issue was in the amount of \$14,470,000 and sold on January 1, 2009. The proceeds from these issues were used to finance the District's Net OPEB Obligation under GASB 45 (see Note 12 for information on the District's OPEB Obligation).

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt (Continued)

General Obligation Taxable OPEB Bonds (Continued)

In December 2010, the District issued \$1,465,000 of General Obligation OPEB Refunding Bonds, Series 2010F. The proceeds of this issue will be held in escrow to pay off the first two payments of the District's 2009A General Obligation Taxable OPEB Bonds. This refunding increased the District's total future debt service payments by \$1,016,366 and resulted in a present value loss of \$(174,280). It allowed the District to distribute the payments over a 20 year period, while better matching the amortization of the OPEB liability, and allowing for a lower annual property tax levy in line with the District's overall strategy to keep annual property taxes assessments low during difficult economic time.

Severance and Health Benefits Payable

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

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

Arbitrage Rebate Liability

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

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

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt (Continued)

Operating Leases Payable

In May 2001, the District entered into an operating lease with the Minnetonka Youth Hockey Association through which the District is leasing the Pagel Center Ice Arena from the Youth Hockey Association. The term of the lease is the earlier of 20 years or the repayment of the debt incurred in constructing the facility. Under the initial lease agreement the District was to pay the MYHA \$275,000 per year. The lease was amended in 2005 to increase the annual lease payment to \$295,000.

D. Changes in Long-Term Debt

	June 30, 2010	Net Additions	Retirements	June 30, 2011
Bonds Payable	\$ 97,764,548	\$ 11,385,000	\$ 5,700,000	\$ 103,449,548
Bond Premium	429,523	202,122	93,665	537,980
Bond Discounts	(115,461)	-	(7,496)	(107,965)
Certificates of Participation Payable	30,965,000	5,655,000	900,000	35,720,000
Lease Purchase Obligations	2,761,702	-	2,761,702	-
Severance and Health Benefits Payable	2,434,244	513,073	412,135	2,535,182
Compensated Absences Payable - Net	768,607	763,894	742,255	790,246
	<u>\$ 135,008,163</u>	<u>\$ 18,519,089</u>	<u>\$ 10,602,261</u>	<u>\$ 142,924,991</u>

E. Debt Issued Subsequent to Year-End

Certificates of Participation

The District raised funds through the issuance of Certificates of Participation subsequent to year-end. The Series 2011B issue, in the amount of \$1,700,000 and sold on July 1, 2011 were used for the Clear Springs and Excelsior Parking Lot Projects.

Taxable General Obligation Aid Anticipation Certificates

The District also raised funds through the issuance of Taxable General Obligation Aid Anticipation Certificates Series 2011C. The Certificates, in the amount of \$6,085,000 and sold on August 18, 2011 will be used to ensure that sufficient cash remains on hand to pay bills until any receivables from the State of Minnesota are actually deposited with the School District.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 6 RESTRICTED 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, 2011 are as follows:

- A. Restricted for Staff Development
Represents available resources dedicated exclusively for staff development in accordance with state statute.
- B. Restricted for Capital Projects Levy
Represents available resources from the capital projects levy to be used for technology projects.
- C. Restricted for Projects Funded by Certificates of Participation
Represents resources available from issuance of certificates of participation.
- D. Restricted for Alternative Facilities Program
Represents available resources from the capital projects levy to be used for deferred maintenance.
- E. 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.
- F. Restricted for Community Education Programs
Represents accumulated resources available to provide general community education programming.
- G. Restricted for Early Childhood and Family Education Programs
Represents accumulated resources available to provide services for early childhood and family education programming.
- H. Restricted for School Readiness
Represents accumulated resources available to provide school readiness programming in accordance with funding made available for that purpose.
- I. Restricted for Adult Basic Education
Represents accumulated resources available to provide adult basic education services.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 6 RESTRICTED FUND BALANCES (CONTINUED)

J. Restricted for Bond Refunding

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

K. 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.

L. Assigned for Q Comp

Represents dollars assigned for the Quality Compensation – Alternative Teacher Professional Pay program.

M. Assigned for Athletic Fees and Assigned for Athletic Equipment

Represents dollars assigned for Athletic Fees and Athletic Equipment.

N. Assigned for Operating Capital Deferred Use

Represents amounts which are assigned for Operating Capital, but are not restricted or committed.

O. Assigned for Stimulus/Jobs Deferred Use

Represents amounts which are assigned for Stimulus/Jobs Deferred Use, but are not restricted or committed.

NOTE 7 INTERFUND BALANCES AND OPERATING TRANSFERS

The District had the following interfund receivable and payable at June 30, 2011:

	Due from Other Fund	Due to Other Fund
General Fund	\$ 981,754	\$ -
Debt Service Special Revenue Fund	3,279,952	
Capital Projects - Building Construction Fund	-	3,645,267
Internal Service Fund - Revocable Trust	-	616,439
	<u>\$ 4,261,706</u>	<u>\$ 4,261,706</u>

The purpose of these interfund balances is as follows:

The Revocable Trust Fund owes the General Fund \$616,439 for OPEB payments which the General Fund has made. The Capital Projects fund owes the General Fund \$365,315 and the Debt Service Fund \$3,279,952 for borrowing to eliminate negative cash. The balances are expected to be repaid within one year.

**MINNETONKA PUBLIC SCHOOLS
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JUNE 30, 2011**

NOTE 8 RETIREMENT PLANS

Substantially all employees of the School are required by state law to belong to 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 follows:

A. Teacher's Retirement Association (TRA)

1. Plan Description

All teachers employed by the School are covered by a cost-sharing, multiple-employer defined benefit pension plan administered by the State of Minnesota Teachers Retirement Association (TRA). TRA members belong to either the Coordinated Plan or the Basic Plan. Coordinated members are covered by Social Security and Basic members are not. All Basic members were first hired prior to July 1, 1989. All new members must participate in the Coordinated Plan. These plans are established and administered in accordance with Minnesota Statutes, Chapters 354 and 356.

TRA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statute and vest after three years of credited service. 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.

TRA publicly issues a Comprehensive Annual Financial Report (CAFR) presenting financial statements, supplemental information on funding levels, investment performance, and further information on benefits provisions. The report may be accessed at the TRA website at www.tra.state.mn.us. Alternatively, a copy of the report may be obtained by writing TRA at Teachers Retirement Association, 60 Empire Drive Suite 400, St. Paul, MN 55103-1855 or by calling (651) 296-6449 or 1-800-657-3853.

2. Funding Policy

Minnesota Statutes Chapter 354 sets the rates for the employee and employer contributions. These statutes are established and amended by the state legislature. Coordinated and Basic Plan members are required to contribute 5.5% and 9.0%, respectively, of their annual covered salary as employee contributions.

The District is required to contribute the following percentages of annual covered payroll: 5.5% for Coordinated Plan members and 9.5% for Basic Plan members.

The District contributions for the years ended June 30, 2011, 2010, and 2009 were \$2,531,564, \$2,420,376, and \$2,237,749, respectively, equal to the required contributions for each year as set by state statute.

**MINNETONKA PUBLIC SCHOOLS
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JUNE 30, 2011**

NOTE 8 RETIREMENT PLAN (CONTINUED)

B. Public Employees' Retirement Association (PERA)

1. Plan Description

All full-time and certain part-time employees of the School (other than teachers) are covered by a defined benefit plan administered by the Public Employees' Retirement Association of Minnesota (PERA). PERA administers the General Employees' Retirement Fund (GERF) which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statute and vest after three years of credited service. The defined retirement 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. PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF. That report may be obtained on the Internet at www.mnpera.org, by writing to PERA at 60 Empire Drive #200, St. Paul, MN 55103-2088, or by calling (651) 296-7460 or 1-800-652-9026.

2. Funding Policy

Minnesota Statutes Chapter 353 sets the rates for the employer and employee contributions. These statutes are established and amended by the state legislature. The District makes annual contributions to the pension plans equal to the amount required by state statutes. GERF Basic Plan members and Coordinated Plan members were required to contribute 9.10% and 6.00%, respectively, of their annual covered salary in 2010. Member contribution rates for the Coordinated Plan increased to 6.25% effective January 1, 2011.

The District is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan GERF members and 7.00% for Coordinated Plan members. Employer contribution rates for the Coordinated Plan increased to 7.25% effective January 1, 2011.

The District's contributions for the years ended June 30, 2011, 2010, and 2009 were \$1,158,453, \$1,079,239, and \$970,552, respectively, equal to the contractually required contributions for each year as set by state statute.

**MINNETONKA PUBLIC SCHOOLS
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NOTE 8 RETIREMENT PLAN (CONTINUED)

C. Defined Contribution Plan

The District provides eligible employees future retirement benefits through the District's 403(b) Plan (the "Plan"). All 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 amounts set forth in their respective collective bargaining agreements. Contributions are invested in tax deferred annuities selected and owned by Plan participants. The District and employee contributions for the year ended June 30, 2011 are \$698,671 and \$2,756,093, respectively.

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 a separate District checking account on a monthly basis. All assets of the plan are held in a separate bank account, administered by an employee of the District. Payments are made by the District to participating employees upon submitting a request for reimbursement of eligible expenses incurred by the participant. The medical reimbursement and dependent care activity is included in the financial statements as a Private Purpose Trust Fund.

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.

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

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, 2011, the District is committed to approximately \$4,418,727 of contracts in progress.

C. Arts Center

The District and the City of Minnetonka (the City) previously entered into an agreement in 1999 for the construction and operation of the Cultural Arts Center (the Arts Center) at Minnetonka High School.

In fiscal 2009, the District entered into an agreement with the City of Minnetonka where the District has agreed to pay the City's share of all operating costs for the Arts Center for fiscal years 2009-2010 through 2015-2016 in established amounts ranging from approximately \$123,000 to \$173,000 each year. The City's ownership share in the Arts Center will decline by the payment amount on each June 30 of Fiscal Years 2009-2010 through 2015-2016. The City's ownership share shall also be reduced each June 30 by the original 30 year straight line depreciation amount of the City's original contribution. At July 1, 2016, the City shall have no remaining ownership share of the Center. The City will then execute a quit claim deed transferring all ownership interest to the District effective that date.

NOTE 11 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 \$225,000 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, 2011, there is a reserve of \$987,492.

**MINNETONKA PUBLIC SCHOOLS
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NOTE 11 HEALTH SELF-INSURANCE PLAN (CONTINUED)

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 were no liabilities in excess of claims paid at June 30, 2011. 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 \$5,686,014 in cash and investments at June 30, 2011, for payment of claims.

Changes in the balances of claim liabilities during fiscal years 2011 and 2010 were as follows:

	Fiscal Year 2011	Fiscal Year 2010
Beginning of Fiscal Year Liability - July 1:	\$ 3,659,832	\$ 3,286,477
Current Year Claims, Changes in Estimates and Other Charges	9,620,387	9,447,572
Current Year Claims Paid, including an estimate of Claims Incurred but Not Reported (IBNR)	(9,514,394)	(9,074,217)
End of Fiscal Year Liability - June 30:	\$ 3,765,825	\$ 3,659,832

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS PAYABLE

At June 30, 2009, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The District engaged an actuary to determine the District's liability for postemployment healthcare benefits other than pensions as of June 30, 2009, 2010 and 2011.

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 304 active participants and 136 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.

**MINNETONKA PUBLIC SCHOOLS
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JUNE 30, 2011**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS PAYABLE (CONTINUED)

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 fiscal year 2011, the District contributed \$616,439 to the plan.

C. Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any un-funded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually paid from the plan, and changes in the District's net OPEB obligation.

Annual Required Contribution	\$ 884,332
Interest on Net OPEB Obligation	34,870
Adjustment to Annual Required Contribution	(58,811)
Annual OPEB Cost (Expense)	860,391
Contributions Made	(589,552)
Increase in Net OPEB Obligation	270,839
Net OPEB Obligation - Beginning of Year	1,020,576
Net OPEB Obligation - End of Year	\$ 1,291,415

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011, 2010, and 2009 were:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$ 1,398,485	49.07%	\$ 712,239
6/30/2010	981,181	54.13%	1,020,576
6/30/2011	860,391	68.52%	1,291,415

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS PAYABLE (CONTINUED)

D. Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, the District's unfunded actuarial accrued liability (UAAL) was \$12,450,420. The annual payroll for active employees covered by the plan in the actuarial valuation was \$66,112,428 for a ratio of UAAL to covered payroll of 18.8%. As indicated in Note 5, the District has issued taxable OPEB bonds and placed the proceeds of the bonds in a revocable trust with the intention of funding the OPEB liability each year on a pay as you go basis from the revocable trust fund. As of June 30, 2011, the value of plan assets in the revocable trust available to defease the actuarial accrued liabilities totaled \$19,315,640, which is 155.1% of the actuarially accrued liability.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3% discount rate which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The initial healthcare trend rate was 8%, reduced by decrements to an ultimate rate of 5% after seven years. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 was 27 years.

REQUIRED SUPPLEMENTAL INFORMATION

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**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2011, 2010, AND 2009**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a) - (b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2009	\$ -	\$ 16,205,557	\$ (16,205,557)	-	\$ 56,150,000	28.9%
6/30/2010	-	13,802,435	(13,802,435)	-	60,870,000	22.7%
6/30/2011	-	12,450,420	(12,450,420)	-	66,112,428	18.8%

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SUPPLEMENTAL INFORMATION

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**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
GENERAL FUND
BALANCE SHEET
JUNE 30, 2011
(WITH COMPARATIVE DATA AS OF JUNE 30, 2010)**

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and Investments	\$ 1,448,301	\$ 4,269,288
Cash and Investments in Escrow	48,526	43,522
Receivables:		
Current Taxes	13,691,914	13,261,158
Delinquent Taxes	237,652	307,092
Accounts and Interest Receivable	231,920	69,277
Due from Other Funds	981,754	2,206,147
Due from Other Minnesota School Districts	26,534	22,769
Due from Minnesota Department of Education	17,624,230	14,347,591
Due from Federal through the Minnesota Department of Education	259,324	4,398,335
Due from Other Governmental Units	305,366	765,573
Inventories	114,244	121,543
Prepaid Items	811,971	802,949
	<u> </u>	<u> </u>
Total Assets	<u>\$ 35,781,736</u>	<u>\$ 40,615,244</u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 3,171,665	\$ 2,593,168
Payroll Deductions and Employer Contributions Payable	304,724	250,436
Accounts and Contracts Payable	794,073	399,143
Due to Other Minnesota School Districts	226,245	296,807
Due to Other Governmental Units	357	653
Property Tax Shift Adjustment	51,608	-
Property Taxes Levied for Subsequent Year	13,694,909	21,609,378
Unearned Revenue - Delinquent Taxes	237,652	307,092
Unearned Revenue	396,247	343,270
Total Liabilities	<u>18,877,480</u>	<u>25,799,947</u>
Fund Balance:		
Nonspendable		
Prepaid Items	811,971	802,949
Inventory	114,244	121,543
Restricted		
Restricted for Staff Development	-	6,566
Restricted for Operating Capital	1,987,164	1,346,804
Assigned		
Assigned for Q Comp	433,471	376,189
Athletic Fees	-	99,576
Athletic Equipment	195,392	-
Operating Capital Deferred Use	1,388,487	-
Stimulus/Jobs Bill Deferred Use	1,421,577	-
Unassigned	10,551,950	12,061,670
Total Fund Balance	<u>16,904,256</u>	<u>14,815,297</u>
	<u> </u>	<u> </u>
Total Liabilities and Fund Balance	<u>\$ 35,781,736</u>	<u>\$ 40,615,244</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, 2011
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2010)**

	2011		Over (Under) Final Budget	2010
	Final Budget	Actual Amounts		Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 30,501,376	\$ 30,474,532	\$ (26,844)	\$ 21,094,360
Earnings on Investments	125,000	11,983	(113,017)	17,122
Other	2,278,381	2,597,112	318,731	2,060,130
State Sources	51,115,575	51,735,612	620,037	53,998,264
Federal Sources	4,284,349	4,117,409	(166,940)	7,432,337
Total Revenues	88,304,681	88,936,648	631,967	84,602,213
EXPENDITURES				
Current:				
Administration:				
Salaries	2,309,549	2,385,728	76,179	2,248,906
Employee Benefits	761,072	767,685	6,613	690,948
Purchased Services	322,721	292,166	(30,555)	308,332
Supplies and Materials	95,036	118,537	23,501	49,098
Other Expenditures	59,350	54,688	(4,662)	53,096
Total Administration	3,547,728	3,618,804	71,076	3,350,380
District Support Services:				
Salaries	1,623,348	1,614,148	(9,200)	1,530,514
Employee Benefits	531,982	547,730	15,748	487,499
Purchased Services	275,293	601,332	326,039	796,440
Supplies and Materials	124,843	135,123	10,280	199,708
Other Expenditures	23,550	25,192	1,642	20,777
Total District Support Services	2,579,016	2,923,525	344,509	3,034,938
Elementary and Secondary Regular Instruction:				
Salaries	34,149,464	34,166,997	17,533	32,595,689
Employee Benefits	9,035,818	8,908,248	(127,570)	8,418,001
Purchased Services	1,132,672	1,305,293	172,621	928,923
Supplies and Materials	808,468	833,515	25,047	688,070
Other Expenditures	438,610	217,382	(221,228)	269,179
Total Elementary and Secondary Regular Instruction	45,565,032	45,431,435	(133,597)	42,899,862

**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, 2011
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2010)**

	2011		Over (Under) Final Budget	2010
	Final Budget	Actual Amounts		Actual Amounts
EXPENDITURES (Continued)				
Current (Continued):				
Vocational Education Instruction:				
Salaries	\$ 344,769	\$ 341,160	\$ (3,609)	\$ 331,277
Employee Benefits	91,662	88,588	(3,074)	86,323
Purchased Services	235,645	269,909	34,264	386,317
Supplies and Materials	14,805	16,063	1,258	10,039
Other Expenditures	470	50	(420)	470
Total Vocational Education Instruction	687,351	715,770	28,419	814,426
Special Education Instruction:				
Salaries	9,852,746	9,846,781	(5,965)	9,566,233
Employee Benefits	2,888,973	2,858,883	(30,090)	2,708,627
Purchased Services	1,025,936	833,869	(192,067)	1,088,007
Supplies and Materials	102,610	95,657	(6,953)	119,052
Other Expenditures	67,800	42,900	(24,900)	51,648
Total Special Education Instruction	13,938,065	13,678,090	(259,975)	13,533,567
Instructional Support Services:				
Salaries	3,161,852	3,119,042	(42,810)	3,036,200
Employee Benefits	784,898	793,884	8,986	738,753
Purchased Services	351,357	360,183	8,826	292,542
Supplies and Materials	227,673	241,738	14,065	253,663
Other Expenditures	20,050	14,557	(5,493)	12,864
Total Instructional Support Services	4,545,830	4,529,404	(16,426)	4,334,022
Pupil Support Services:				
Salaries	1,972,679	1,976,163	3,484	1,734,632
Employee Benefits	563,238	548,514	(14,724)	500,119
Purchased Services	263,525	194,540	(68,985)	115,891
Supplies and Materials	86,908	52,511	(34,397)	33,415
Other Expenditures	1,150	1,202	52	1,429
Total Pupil Support Services	2,887,500	2,772,930	(114,570)	2,385,486

**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, 2011
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2010)**

	2011		Over (Under) Final Budget	2010
	Final Budget	Actual Amounts		Actual Amounts
EXPENDITURES (Continued)				
Current (Continued):				
Sites and Buildings:				
Salaries	\$ 2,702,715	\$ 2,702,720	\$ 5	\$ 2,616,101
Employee Benefits	931,723	923,904	(7,819)	864,535
Purchased Services	1,446,089	1,331,089	(115,000)	1,577,631
Supplies and Materials	744,525	896,063	151,538	918,219
Other Expenditures	35,987	11,243	(24,744)	47,271
Total Sites and Buildings	5,861,039	5,865,019	3,980	6,023,757
Fiscal and Other Fixed Cost Programs:				
Purchased Services	121,160	122,837	1,677	125,100
Transportation:				
Salaries	80,320	95,855	15,535	87,195
Employee Benefits	25,598	27,860	2,262	25,641
Purchased Services	3,856,453	3,684,627	(171,826)	3,896,306
Supplies and Materials	10,850	14,171	3,321	9,083
Other Expenditures	6,550	7,328	778	6,622
Total Transportation	3,979,771	3,829,841	(149,930)	4,024,847
Capital Outlay:				
Administration	74,621	118,265	43,644	112,880
District Support Services	5,500	49,216	43,716	27,495
Regular Instruction	139,725	200,952	61,227	158,802
Vocational Education Instruction	12,715	17,061	4,346	11,244
Special Education Instruction	88,675	18,493	(70,182)	81,596
Instructional Support Services	4,974	3,186	(1,788)	2,897
Pupil Support Services	48,487	48,918	431	29,310
Sites and Buildings	1,390,105	1,376,244	(13,861)	999,825
Total Capital Outlay	1,764,802	1,832,335	67,533	1,424,049

**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, 2011
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2010)**

	2011		Over (Under) Final Budget	2010
	Final Budget	Actual Amounts		Actual Amounts
EXPENDITURES (Continued)				
Debt Service:				
Principal	\$ 993,008	\$ 516,795	\$ (476,213)	\$ 693,026
Interest and Fiscal Charges	597,837	1,010,904	413,067	911,187
Total Debt Service	<u>1,590,845</u>	<u>1,527,699</u>	<u>(63,146)</u>	<u>1,604,213</u>
Total Expenditures	<u>87,068,139</u>	<u>86,847,689</u>	<u>(220,450)</u>	<u>83,554,647</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,236,542	2,088,959	852,417	1,047,566
OTHER FINANCING SOURCES (USES)				
Insurance Recovery Proceeds	-	-	-	1,803
Net Change in Fund Balance	<u>\$ 1,236,542</u>	2,088,959	<u>\$ 852,417</u>	1,049,369
FUND BALANCE				
Beginning of Year		<u>14,815,297</u>		<u>13,765,928</u>
End of Year		<u>\$ 16,904,256</u>		<u>\$ 14,815,297</u>

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
FOOD SERVICE SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2011
(WITH COMPARATIVE DATA AS OF JUNE 30, 2010)**

	2011	2010
ASSETS		
Cash and Investments	\$ 1,841,930	\$ 1,312,013
Receivables:		
Accounts and Interest Receivable	2,843	161
Due from Federal through the Minnesota Department of Education	70,451	68,278
Inventory	32,534	42,978
Prepaid Items	280	10,584
	\$ 1,948,038	\$ 1,434,014
LIABILITIES AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 35,884	\$ 32,543
Payroll Deductions and Employer Contributions Payable	381	7,543
Accounts and Contracts Payable	11,826	25,887
Unearned Revenue	142,654	110,440
Total Liabilities	190,745	176,413
Fund Balance:		
Nonspendable		
Prepaid Items	280	10,584
Inventory	32,534	42,978
Restricted		
Restricted for Other Purposes	1,724,479	1,204,039
Total Fund Balance	1,757,293	1,257,601
	\$ 1,948,038	\$ 1,434,014

**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, 2011
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2010)**

	2011		Over (Under) Final Budget	2010
	Final Budget	Actual Amounts		Actual Amounts
REVENUES				
Local Sources:				
Earnings on Investments	\$ -	\$ 2,432	\$ 2,432	\$ 1,931
Other - Primarily Meal Sales	3,924,831	3,961,705	36,874	3,787,568
State Sources	111,353	117,898	6,545	97,497
Federal Sources	619,412	648,225	28,813	603,672
Total Revenues	4,655,596	4,730,260	74,664	4,490,668
EXPENDITURES				
Current:				
Salaries	1,389,495	1,360,354	(29,141)	1,299,218
Employee Benefits	413,546	366,808	(46,738)	334,293
Purchased Services	299,179	291,429	(7,750)	275,709
Supplies and Materials	2,296,624	2,077,782	(218,842)	2,070,736
Other Expenditures	57,200	99,604	42,404	84,854
Capital Outlay	103,600	34,591	(69,009)	359,604
Total Expenditures	4,559,644	4,230,568	(329,076)	4,424,414
Net Change in Fund Balance	\$ 95,952	499,692	\$ 403,740	66,254
FUND BALANCE				
Beginning of Year		1,257,601		1,191,347
End of Year		\$ 1,757,293		\$ 1,257,601

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
COMMUNITY SERVICE SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2011
(WITH COMPARATIVE DATA AS OF JUNE 30, 2010)**

	2011	2010
ASSETS		
Cash and Investments	\$ 2,049,203	\$ 2,536,038
Receivables:		
Current Taxes	499,475	413,064
Delinquent Taxes	7,782	10,892
Accounts and Interest Receivable	369,498	188,509
Due from Other Minnesota School Districts	85,656	38,569
Due from Minnesota Department of Education	57,905	60,708
Due from Federal Government through the Minnesota Department of Education	-	4,395
Due from Other Governmental Units	13,637	10,446
Prepaid Items	48,386	47,133
Total Assets	\$ 3,131,542	\$ 3,309,754
LIABILITIES AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 363,698	\$ 321,314
Payroll Deductions and Employer Contributions Payable	8,034	6,280
Accounts and Contracts Payable	180,905	61,753
Due to Other Governmental Units	35	423
Property Tax Shift Adjustment	5,102	-
Property Taxes Levied for Subsequent Year	499,292	796,091
Unearned Revenue - Delinquent Taxes	7,782	10,892
Unearned Revenue	750,582	742,027
Total Liabilities	1,815,430	1,938,780
Fund Balance:		
Nonspendable		
Prepaid Items	48,386	47,133
Restricted		
Restricted for Community Education Programs	1,248,434	1,264,658
Restricted for Early Childhood and Family Education Programs	-	13,570
Restricted for School Readiness	12,048	12,598
Restricted for Adult Basic Education	12,042	22,726
Restricted for Other Purposes	-	10,289
Unassigned	(4,798)	-
Total Fund Balance	1,316,112	1,370,974
Total Liabilities and Fund Balance	\$ 3,131,542	\$ 3,309,754

**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, 2011
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2010)**

	2011		Over (Under) Final Budget	2010
	Final Budget	Actual Amounts		Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 1,434,308	\$ 1,259,957	\$ (174,351)	\$ 955,323
Earnings on Investments	2,500	3,142	642	3,548
Other - Primarily Tuition and Fees	6,671,710	7,384,751	713,041	6,626,578
State Sources	(59,310)	(105,667)	(46,357)	435,955
Federal Sources	-	-	-	8,790
Total Revenues	8,049,208	8,542,183	492,975	8,030,194
EXPENDITURES				
Current:				
Salaries	4,607,632	4,853,387	245,755	4,543,295
Employee Benefits	1,343,432	1,386,740	43,308	1,294,558
Purchased Services	1,303,682	1,472,583	168,901	1,261,859
Supplies and Materials	611,635	690,494	78,859	576,538
Other Expenditures	65,805	123,033	57,228	89,930
Capital Outlay	43,500	70,808	27,308	69,572
Total Expenditures	7,975,686	8,597,045	621,359	7,835,752
Net Change in Fund Balance	\$ 73,522	(54,862)	\$ (128,384)	194,442
FUND BALANCE				
Beginning of Year		1,370,974		1,176,532
End of Year		\$ 1,316,112		\$ 1,370,974

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND
BALANCE SHEET
JUNE 30, 2011
(WITH COMPARATIVE DATA AS OF JUNE 30, 2010)**

	2011	2010
ASSETS		
Cash and Investments Held by Trustee	\$ 13,589,873	\$ 9,349,996
Accounts and Interest Receivable	88,637	22,843
Prepaid Items	-	18,217
	\$ 13,678,510	\$ 9,391,056
LIABILITIES AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 44,734	\$ 33,789
Payroll Deductions and Employer Contributions Payable	143	131
Accounts and Contracts Payable	1,532,367	362,582
Due to Other Funds	3,645,267	1,531,141
Total Liabilities	5,222,511	1,927,643
Fund Balance:		
Nonspendable		
Prepaid Items	-	18,217
Restricted		
Restricted for Capital Projects Levy	478,582	1,041,664
Restricted for Alternative Facility Program	5,619,605	2,604,527
Restricted for Projects Funded by Certificates of Participation	2,357,075	3,218,572
Restricted for Other Purposes	737	580,433
Total Fund Balance	8,455,999	7,445,196
Total Liabilities and Fund Balance	\$ 13,678,510	\$ 9,391,056

**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, 2011
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2010)**

	2011		Over (Under) Final Budget	2010
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 4,449,262	\$ 4,449,262	\$ -	\$ 5,409,926
Earnings on Investments	30,000	11,801	(18,199)	153,497
Other	-	130,221	130,221	4,815
Total Revenues	<u>4,479,262</u>	<u>4,591,284</u>	112,022	5,568,238
EXPENDITURES				
Current:				
Salaries	1,231,141	1,146,809	(84,332)	1,218,218
Employee Benefits	359,671	336,503	(23,168)	346,542
Purchased Services	540,525	1,686,036	1,145,511	2,259,106
Supplies and Materials	268,100	204,006	(64,094)	229,666
Principal Paid on Capital Leases and Certificates of Participation	-	-	-	3,213,039
Interest Paid on Capital Leases and Certificates of Participation	-	215,018	215,018	457,327
Bond Issuance Costs	215,018	259,348	44,330	276,167
Capital Outlay	<u>11,419,209</u>	<u>9,575,591</u>	<u>(1,843,618)</u>	<u>16,634,564</u>
Total Expenditures	<u>14,033,664</u>	<u>13,423,311</u>	<u>(610,353)</u>	<u>24,634,629</u>
Deficiency of Revenues Under Expenditures	(9,554,402)	(8,832,027)	722,375	(19,066,391)
OTHER FINANCING SOURCES (USES)				
Capital Lease Proceeds	7,020,000	-	(7,020,000)	350,000.00
Certificates of Participation Proceeds	2,865,000	2,865,278	278	8,425,000
Other Bond Proceeds	-	6,959,335	6,959,335	5,231,355
Bond Premium	-	-	-	26,999
Transfer Out	-	-	-	(3,088,517)
Total Other Financing Sources (Uses)	<u>9,885,000</u>	<u>9,824,613</u>	<u>(60,387)</u>	<u>10,944,837</u>
Net Change in Fund Balance	<u>\$ 330,598</u>	992,586	<u>\$ 661,988</u>	(8,121,554)
Fund Balance - Beginning		<u>7,463,413</u>		<u>15,584,967</u>
Fund Balance - Ending		<u>\$ 8,455,999</u>		<u>\$ 7,463,413</u>

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
DEBT SERVICE FUND
BALANCE SHEET
JUNE 30, 2011
(WITH COMPARATIVE DATA AS OF JUNE 30, 2010)**

	Regular Debt Service	OPEB Debt Service	Refunding Bond Trust Account	2011	2010
ASSETS					
Cash and Investments	\$ -	\$ 858,811	\$ -	\$ 858,811	\$ 4,483,750
Cash and Investments Held by Trustee	217,739	1,360,460	7,641,679	9,219,878	7,640,553
Receivables:					
Current Taxes	3,149,252	139,640	-	3,288,892	3,069,854
Delinquent Taxes	51,134	-	-	51,134	60,656
Due from Other Funds	3,279,952	-	-	3,279,952	-
Due from Minnesota Department of Education	20,347	-	-	20,347	13,768
Prepaid Items	118,798	436,970	-	555,768	550,581
Due from Other Governmental Units	90,862	1,614	-	92,476	73,775
	<u>\$ 6,928,084</u>	<u>\$ 2,797,495</u>	<u>\$ 7,641,679</u>	<u>\$ 17,367,258</u>	<u>\$ 15,892,937</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Property Taxes Levied for Subsequent Year	\$ 6,114,825	274,029	\$ -	\$ 6,388,854	\$ 5,916,495
Deferred Revenue - Delinquent Taxes	51,134	-	-	51,134	60,656
Total Liabilities	<u>6,165,959</u>	<u>274,029</u>	<u>-</u>	<u>6,439,988</u>	<u>5,977,151</u>
Fund Balance:					
Nonspendable					
Prepaid Items	118,798	436,970	-	555,768	550,581
Restricted					
Bond Refundings	-	1,360,460	7,641,679	9,002,139	6,399,989
Restricted for Other Purposes	643,327	726,036	-	1,369,363	2,965,216
Total Fund Balance	<u>762,125</u>	<u>2,523,466</u>	<u>7,641,679</u>	<u>10,927,270</u>	<u>9,915,786</u>
	<u>\$ 6,928,084</u>	<u>\$ 2,797,495</u>	<u>\$ 7,641,679</u>	<u>\$ 17,367,258</u>	<u>\$ 15,892,937</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, 2011
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2010)**

	2011					Over	2010
	Final Budgeted Amounts	Regular Debt Service	OPEB Debt Service	Refunding Bond Trust Account	Total Actual Amounts	(Under) Final Budget	Actual Amounts
REVENUES							
Local Sources:							
Property Tax	\$ 5,916,495	\$ 5,845,125	\$ 36	\$ -	\$ 5,845,161	\$ (71,334)	\$ 4,639,170
Earnings on Investments	10,000	(641)	7,556	74,230	81,145	71,145	153,824
State Sources	-	67,822	-	-	67,822	67,822	50,991
Total Revenues	<u>5,926,495</u>	<u>5,912,306</u>	<u>7,592</u>	<u>74,230</u>	<u>5,994,128</u>	<u>67,633</u>	<u>4,843,985</u>
EXPENDITURES							
Debt Service:							
Bond Principal	5,700,000	5,729,897	-	-	5,729,897	29,897	6,723,517
Bond Interest	3,833,298	2,368,462	1,407,212	-	3,775,674	(57,624)	3,793,024
Paying Agent Fees and Other	15,000	123,433	53,784	-	177,217	162,217	141,423
Total Expenditures	<u>9,548,298</u>	<u>8,221,792</u>	<u>1,460,996</u>	<u>-</u>	<u>9,682,788</u>	<u>134,490</u>	<u>10,657,964</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,621,803)	(2,309,486)	(1,453,404)	74,230	(3,688,660)	(66,857)	(5,813,979)
OTHER FINANCING SOURCES (USES)							
Bond Proceeds	-	-	1,465,000	-	1,465,000	1,465,000	2,893,645
Certificate of Participation Proceeds	-	-	-	5,750,387	5,750,387	5,750,387	3,425,000
Bond Premium	-	-	-	202,122	202,122	202,122	74,509
Payment to Refunded Bond Escrow Agent	-	-	-	(2,717,365)	(2,717,365)	2,717,365	(4,319,525)
Transfer In	-	-	-	-	-	-	3,088,517
Transfers Between Debt Service Accounts	-	2,067,684	-	(2,067,684)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>2,067,684</u>	<u>1,465,000</u>	<u>1,167,460</u>	<u>4,700,144</u>	<u>(2,717,365)</u>	<u>5,162,146</u>
Net Change in Fund Balance	<u>\$ (3,621,803)</u>	<u>(241,802)</u>	<u>11,596</u>	<u>1,241,690</u>	<u>1,011,484</u>	<u>\$ (2,784,222)</u>	<u>(651,833)</u>
Fund Balance - Beginning		1,003,927	2,511,870	6,399,989	9,915,786		10,567,619
Fund Balance - Ending		<u>\$ 762,125</u>	<u>\$ 2,523,466</u>	<u>\$ 7,641,679</u>	<u>\$ 10,927,270</u>		<u>\$ 9,915,786</u>

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2011
(WITH COMPARATIVE DATA AS OF JUNE 30, 2010)**

	Self- Insurance Accounts	OPEB Revocable Trust	Totals	
			2011	2010
ASSETS				
Current Assets:				
Cash and Investments	\$ 5,686,014	\$ 19,315,640	\$ 25,001,654	\$ 23,504,339
Prepays Items	24,027	-	24,027	-
Total Assets	<u>5,710,041</u>	<u>19,315,640</u>	<u>25,025,681</u>	<u>23,504,339</u>
LIABILITIES				
Accounts Payable	25,838	-	25,838	18,695
Claims Payable-Medical	3,765,825	-	3,765,825	3,659,832
Due to Other Funds	-	616,439	616,439	675,006
Unearned Revenue	930,886	-	930,886	1,156,302
Total Liabilities	<u>4,722,549</u>	<u>616,439</u>	<u>5,338,988</u>	<u>5,509,835</u>
NET ASSETS				
Unrestricted	<u>\$ 987,492</u>	<u>\$ 18,699,201</u>	<u>\$ 19,686,693</u>	<u>\$ 17,994,504</u>

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
INTERNAL SERVICE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2010)**

	Self- Insurance Accounts	OPEB Revocable Trust	Totals	
			2011	2010
OPERATING REVENUES				
Charges for Services:				
Health Insurance Premiums	\$ 9,585,431	\$ -	\$ 9,585,431	\$ 8,642,619
Dental Insurance Premiums	859,349	-	859,349	815,153
Total Operating Revenues	10,444,780	-	10,444,780	9,457,772
OPERATING EXPENSES				
Salaries	63,631	-	63,631	62,804
VEBA Contributions	586,690	-	586,690	228,599
Wellness Payments	34,680	-	34,680	34,080
Health Insurance Claim Payments	8,852,557	-	8,852,557	8,696,423
Dental Insurance Claim Payments	767,830	-	767,830	751,149
OPEB Payments	-	472,515	472,515	675,006
General Administration Fees	459,399	-	459,399	446,291
Total Operating Expenses	10,764,787	472,515	11,237,302	10,894,352
Operating Income (Loss)	(320,007)	(472,515)	(792,522)	(1,436,580)
NONOPERATING INCOME				
Earnings on Investments	(17,321)	2,502,032	2,484,711	278,611
Change in Net Assets	(337,328)	2,029,517	1,692,189	(1,157,969)
Net Assets - Beginning	1,324,820	16,669,684	17,994,504	19,152,473
Net Assets - Ending	\$ 987,492	\$ 18,699,201	\$ 19,686,693	\$ 17,994,504

**MINNETONKA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 276
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
JUNE 30, 2011**

	AUDIT	UFARS	Difference		AUDIT	UFARS	Difference
01 GENERAL FUND				06 BUILDING CONSTRUCTION			
Total Revenue	\$ 88,936,648	\$ 88,936,645	\$ 3	Total Revenue	\$ 4,591,284	\$ 4,591,284	\$ -
Total Expenditures	\$ 86,847,689	\$ 86,847,683	\$ 6	Total Expenditures	\$ 13,423,311	\$ 13,423,310	\$ 1
<i>Nonspendable</i>				<i>Nonspendable</i>			
460 Nonspendable Fund Balance	\$ 926,215	\$ 926,216	\$ (1)	460 Nonspendable Fund Balance	\$ -	\$ -	\$ -
<i>Restricted/Reserved:</i>				<i>Restricted/Reserved:</i>			
403 Staff Development	\$ -	\$ -	\$ -	407 Capital Projects Levy	\$ 478,582	\$ 478,582	\$ -
405 Deferred Maintenance	\$ -	\$ -	\$ -	409 Alternative Facility Program	\$ 5,619,605	\$ 5,619,605	\$ -
406 Health & Safety	\$ -	\$ -	\$ -	413 Project Funded by COP	\$ 2,357,075	\$ 2,357,075	\$ -
407 Capital Project Levy	\$ -	\$ -	\$ -	<i>Restricted</i>			
408 Cooperative Programs	\$ -	\$ -	\$ -	464 Restricted Fund Balance	\$ 737	\$ 737	\$ -
411 Severance Pay	\$ -	\$ -	\$ -	<i>Unassigned</i>			
413 Project Funded by COP	\$ -	\$ -	\$ -	463 Unassigned Fund Balance	\$ -	\$ -	\$ -
414 Operating Debt	\$ -	\$ -	\$ -				
416 Levy Reduction	\$ -	\$ -	\$ -	07 DEBT SERVICE			
417 Taconite Building Maint	\$ -	\$ -	\$ -	Total Revenue	\$ 5,985,233	\$ 5,985,232	\$ 1
423 Certain Teacher Programs	\$ -	\$ -	\$ -	Total Expenditures	\$ 10,026,800	\$ 10,026,800	\$ -
424 Operating Capital	\$ 1,987,164	\$ 1,987,164	\$ -	<i>Nonspendable</i>			
426 \$25 Taconite	\$ -	\$ -	\$ -	460 Nonspendable Fund Balance	\$ -	\$ -	\$ -
427 Disabled Accessibility	\$ -	\$ -	\$ -	<i>Restricted/Reserved:</i>			
428 Learning & Development	\$ -	\$ -	\$ -	425 Bond Refundings	\$ 7,641,679	\$ 7,641,679	\$ -
434 Area Learning Center	\$ -	\$ -	\$ -	451 QZAB Payments	\$ -	\$ -	\$ -
435 Contracted Alt. Programs	\$ -	\$ -	\$ -	<i>Restricted</i>			
436 State Approved Alt. Program	\$ -	\$ -	\$ -	464 Restricted Fund Balance	\$ 762,125	\$ 762,124	\$ 1
438 Gifted & Talented	\$ -	\$ -	\$ -	<i>Unassigned</i>			
441 Basic Skills Programs	\$ -	\$ -	\$ -	463 Unassigned Fund Balance	\$ -	\$ -	\$ -
445 Career and Technical Programs	\$ -	\$ -	\$ -				
446 First Grade Preparedness	\$ -	\$ -	\$ -	08 TRUST			
449 Safe Schools Crime	\$ -	\$ -	\$ -	Total Revenue	\$ 1,724,322	\$ 1,724,323	\$ (1)
450 Prekindergarten	\$ -	\$ -	\$ -	Total Expenditures	\$ 1,630,531	\$ 1,630,530	\$ 1
451 QZAB Payments	\$ -	\$ -	\$ -	<i>Net Assets</i>			
452 OPEB Liab Not In Trust	\$ -	\$ -	\$ -	422 Net Assets	\$ 1,696,629	\$ 1,696,630	\$ (1)
453 Unfunded Sev & Retirement Levy	\$ -	\$ -	\$ -				
<i>Restricted</i>				20 INTERNAL SERVICE			
464 Restricted Fund Balance	\$ -	\$ -	\$ -	Total Revenue	\$ 10,427,459	\$ 10,427,459	\$ -
<i>Committed</i>				Total Expenditures	\$ 10,764,787	\$ 10,764,787	\$ -
418 Committed for Separation	\$ -	\$ -	\$ -	<i>Net Assets</i>			
461 Committed Fund Balance	\$ -	\$ -	\$ -	422 Net Assets	\$ 987,492	\$ 987,491	\$ 1
<i>Assigned</i>							
462 Assigned Fund Balance	\$ 3,438,927	\$ 3,438,927	\$ -	25 OPEB REVOCABLE TRUST			
<i>Unassigned</i>				Total Revenue	\$ 2,502,032	\$ 2,502,032	\$ -
422 Unassigned Fund Balance	\$ 10,551,950	\$ 10,551,949	\$ 1	Total Expenditures	\$ 472,515	\$ 472,515	\$ -
				<i>Net Assets</i>			
02 FOOD SERVICE				422 Net Assets	\$ 18,699,201	\$ 18,699,201	\$ -
Total Revenue	\$ 4,730,260	\$ 4,730,260	\$ -				
Total Expenditures	\$ 4,230,568	\$ 4,230,568	\$ -	45 OPEB IRREVOCABLE TRUST			
<i>Nonspendable</i>				Total Revenue	\$ -	\$ -	\$ -
460 Nonspendable Fund Balance	\$ 32,814	\$ 32,814	\$ -	Total Expenditures	\$ -	\$ -	\$ -
<i>Restricted</i>				<i>Net Assets</i>			
452 OPEB Liab Not In Trust	\$ -	\$ -	\$ -	422 Net Assets	\$ -	\$ -	\$ -
464 Restricted Fund Balance	\$ 1,724,479	\$ 1,724,478	\$ 1				
<i>Unassigned</i>				47 OPEB DEBT SERVICE			
463 Unassigned Fund Balance	\$ -	\$ -	\$ -	Total Revenue	\$ 7,592	\$ 7,592	\$ -
				Total Expenditures	\$ 1,460,996	\$ 1,460,995	\$ 1
04 COMMUNITY SERVICE				<i>Nonspendable</i>			
Total Revenue	\$ 8,542,183	\$ 8,542,180	\$ 3	460 Nonspendable Fund Balance	\$ -	\$ -	\$ -
Total Expenditures	\$ 8,597,045	\$ 8,597,043	\$ 2	<i>Restricted</i>			
<i>Restricted/Reserved:</i>				425 Bond Refundings	\$ 1,360,460	\$ 1,360,460	\$ -
426 \$25 Taconite	\$ -	\$ -	\$ -	464 Restricted Fund Balance	\$ 1,163,006	\$ 1,163,006	\$ -
431 Community Education	\$ 1,248,434	\$ 1,248,433	\$ 1	<i>Unassigned</i>			
432 E.C.F.E.	\$ (15,253)	\$ (15,253)	\$ -	463 Unassigned Fund Balance	\$ -	\$ -	\$ -
444 School Readiness	\$ 12,048	\$ 12,048	\$ -				
447 Adult Basic Education	\$ 12,042	\$ 12,042	\$ -	FY11 OPERATING CAPITAL TRANSFER			
452 OPEB Liab Not In Trust	\$ -	\$ -	\$ -	Per Pupil Amount	\$ -	\$ -	\$ -
<i>Restricted:</i>							
464 Restricted Fund Balance	\$ 10,455	\$ 10,455	\$ -	AMCPU	\$ -	\$ -	\$ -
<i>Unassigned</i>							
463 Unassigned Fund Balance	\$ -	\$ -	\$ -	Total Transfer	\$ -	\$ -	\$ -

STATISTICAL SECTION (UNAUDITED)

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities									
Invested in Capital Assets, Net of Related Debt	\$ 10,540,001	\$ 10,556,298	\$ 12,988,096	\$ 12,193,775	\$ 17,524,046	\$ 18,557,432	\$ 19,432,519	\$ 22,351,709	\$ 22,850,325
Restricted	3,720,068	2,496,420	1,676,612	4,057,305	1,918,015	4,838,952	6,625,996	5,646,136	6,283,759
Unrestricted	<u>(4,985,173)</u>	<u>(241,254)</u>	<u>(981,651)</u>	<u>316,996</u>	<u>(364,532)</u>	<u>14,743,122</u>	<u>11,529,995</u>	<u>7,648,067</u>	<u>9,360,757</u>
Total Governmental Activities Net Assets	<u>\$ 9,274,896</u>	<u>\$ 12,811,464</u>	<u>\$ 13,683,057</u>	<u>\$ 16,568,076</u>	<u>\$ 19,077,529</u>	<u>\$ 38,139,506</u>	<u>\$ 37,588,510</u>	<u>\$ 35,645,912</u>	<u>\$ 38,494,841</u>

Source: District's financial records.

Note: The District began to report accrual information when it implemented GASB 34 in fiscal year 2003.

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Governmental Activities:									
Administration	\$ 2,657,558	\$ 3,106,453	\$ 3,097,742	\$ 3,180,214	\$ 3,697,993	\$ 3,209,434	\$ 3,698,271	\$ 3,528,385	\$ 3,771,059
District Support Services	2,494,340	2,165,654	2,083,908	2,217,750	2,418,879	2,762,263	3,063,564	3,193,686	3,093,044
Regular Instruction	32,679,254	31,967,831	33,809,702	33,676,159	38,651,937	39,262,856	42,198,819	48,111,276	50,730,777
Vocational Education Instruction	1,390,956	1,380,987	1,031,372	939,962	760,756	776,747	882,533	839,513	741,661
Special Education Instruction	10,594,351	11,048,848	11,419,808	12,002,431	12,549,666	12,821,152	12,953,599	13,881,491	13,849,572
Instructional Support Services	3,509,725	3,018,491	2,939,034	3,497,638	4,443,872	3,680,917	4,404,471	4,430,463	4,639,035
Pupil Support Services	4,871,970	5,254,866	5,407,134	5,805,608	5,958,976	6,181,875	6,240,203	6,495,539	6,643,683
Sites and Buildings	4,700,105	9,038,028	11,111,950	11,248,451	12,164,501	6,594,631	12,196,046	11,924,654	10,381,527
Fiscal and Other Fixed Cost Programs	309,903	374,863	322,744	353,797	366,518	219,395	132,321	125,100	122,837
Food Service	2,935,544	3,379,615	3,522,304	3,565,465	3,758,907	3,812,950	4,021,963	4,471,613	4,279,333
Community Service	5,019,096	5,648,826	5,600,721	5,966,484	6,142,116	6,738,824	7,172,425	7,832,252	8,603,968
Interest on Long-Term Debt	2,731,829	2,981,157	2,759,115	3,688,489	3,366,854	3,287,911	4,085,041	4,912,560	5,491,717
Total Governmental Activities Expenses	<u>\$ 73,894,631</u>	<u>\$ 79,365,619</u>	<u>\$ 83,105,534</u>	<u>\$ 86,142,448</u>	<u>\$ 94,280,975</u>	<u>\$ 89,348,955</u>	<u>\$ 101,049,256</u>	<u>\$ 109,746,532</u>	<u>\$ 112,348,213</u>
Program Revenues									
Governmental Activities:									
Charges for Services:									
Regular Instruction	\$ 602	\$ -	\$ 69,873	\$ 48,318	\$ -	\$ -	\$ -	\$ -	\$ -
Vocational Education Instruction	87,534	116,647	-	-	-	-	-	-	-
Special Education Instruction	106,616	126,332	255,521	305,271	-	-	-	-	-
Pupil Support Services	1,360	-	-	-	-	-	-	-	-
Food Service	2,681,048	2,782,987	2,788,413	2,963,531	3,236,577	3,286,727	3,625,985	3,787,568	3,961,705
Community Service	3,571,233	4,253,642	4,082,102	4,218,652	4,779,551	5,234,520	5,825,797	6,109,239	6,572,122
Operating Grants and Contributions	12,631,519	13,229,759	20,113,169	13,409,016	16,515,919	18,434,473	16,743,432	22,121,523	20,741,942
Capital Grants and Contributions	1,804,679	1,841,581	1,838,849	1,205,454	403,627	153,521	151,224	174,824	239,606
Total Governmental Activities Program Revenues	<u>\$ 20,884,591</u>	<u>\$ 22,350,948</u>	<u>\$ 29,147,927</u>	<u>\$ 22,150,242</u>	<u>\$ 24,935,674</u>	<u>\$ 27,109,241</u>	<u>\$ 26,346,438</u>	<u>\$ 32,193,154</u>	<u>\$ 31,515,375</u>
General Revenues and Other Changes in Net Assets									
Governmental Activities:									
Property Taxes:									
General Purpose	\$ 17,392,931	\$ 23,317,643	\$ 19,226,609	\$ 14,285,725	\$ 20,428,858	\$ 23,028,813	\$ 22,994,866	\$ 23,125,102	\$ 30,231,088
Community Service	484,270	1,273,408	893,873	467,799	668,962	754,100	752,989	757,253	989,945
Debt Service	591,319	4,548,718	4,680,027	5,068,488	7,248,035	8,170,484	8,158,439	8,204,646	10,725,807
Unrestricted Grants and Contributions	36,884,096	30,405,618	28,597,848	45,344,113	41,582,570	43,610,257	46,500,346	42,867,131	39,131,806
Unrestricted Investment Earnings	115,333	119,241	963,069	1,603,845	1,842,617	1,339,089	1,248,896	608,533	2,595,214
Miscellaneous	762,012	886,611	467,774	107,256	83,712	9,832	10,489	48,115	7,907
Total Governmental Activities	<u>\$ 56,229,961</u>	<u>\$ 60,551,239</u>	<u>\$ 54,829,200</u>	<u>\$ 66,877,225</u>	<u>\$ 71,854,754</u>	<u>\$ 76,912,575</u>	<u>\$ 79,666,025</u>	<u>\$ 75,610,780</u>	<u>\$ 83,681,767</u>
Change in Net Assets	\$ 3,219,921	\$ 3,536,568	\$ 871,593	\$ 2,885,019	\$ 2,509,453	\$ 14,672,861	\$ 4,963,207	\$ (1,942,598)	\$ 2,848,929
Net Assets - Beginning	6,054,975	9,274,896	12,811,464	13,683,057	16,568,076	19,077,529	38,139,506	37,588,510	35,645,912
Prior Period Adjustment	-	-	-	-	-	4,389,116	(5,514,203)	-	-
Net Assets - Ending	<u>\$ 9,274,896</u>	<u>\$ 12,811,464</u>	<u>\$ 13,683,057</u>	<u>\$ 16,568,076</u>	<u>\$ 19,077,529</u>	<u>\$ 38,139,506</u>	<u>\$ 37,588,510</u>	<u>\$ 35,645,912</u>	<u>\$ 38,494,841</u>

Source: District's financial records.

Note: The District began to report accrual information when it implemented GASB 34 in fiscal year 2003.

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

	Fiscal Year			
	2002	2003	2004	2005
General Fund				
Reserved	\$ 1,698,986	\$ 2,387,201	\$ 1,233,646	\$ 616,417
Unreserved	5,584,345	4,225,073	5,038,490	4,977,067
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>7,283,331</u>	<u>6,612,274</u>	<u>6,272,136</u>	<u>5,593,484</u>
All Other Governmental Funds				
Reserved	938,257	1,060,864	24,506,030	24,676,027
Unreserved, Reported in:				
Food Service Fund	910,202	931,153	757,747	578,157
Community Service Fund	14,255	22,040	4,785	-
Capital Projects Fund	385,230	222,984	981,523	(1,830,833)
Debt Service Funds	746,451	933,861	796,922	749,437
Nonspendable	-	-	-	-
Restricted Reported In:				
Food Service Fund	-	-	-	-
Community Service Fund	-	-	-	-
Capital Project Funds	-	-	-	-
Debt Service Funds	-	-	-	-
Unassigned Reported In:				
Community Service Fund	-	-	-	-
Funds	<u>2,994,395</u>	<u>3,170,902</u>	<u>27,047,007</u>	<u>24,172,788</u>
Total All Funds	<u>\$ 10,277,726</u>	<u>\$ 9,783,176</u>	<u>\$ 33,319,143</u>	<u>\$ 29,766,272</u>

Source: District's financial records.

Note: The District began to use new categories when it implemented GASB 54 in fiscal year 2011. 2010 was the only year retroactively reclassified.

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

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 577,273	\$ 296,337	\$ 1,300,769	\$ 1,422,433	\$ -	\$ -
6,483,965	7,675,952	8,800,230	12,343,495	-	-
-	-	-	-	924,492	926,215
-	-	-	-	1,353,370	1,987,164
-	-	-	-	-	-
-	-	-	-	475,765	3,438,927
-	-	-	-	12,061,670	10,551,950
<u>7,061,238</u>	<u>7,972,289</u>	<u>10,100,999</u>	<u>13,765,928</u>	<u>14,815,297</u>	<u>16,904,256</u>
24,504,697	24,226,806	29,036,701	19,939,257	-	-
591,982	762,099	903,998	1,191,347	-	-
886	-	3,917	8,430	-	-
1,684,039	(2,342,530)	7,167,911	2,340,138	-	-
844,442	979,200	3,087,235	5,041,293	-	-
-	-	-	-	669,493	636,968
-	-	-	-	1,204,039	1,724,479
-	-	-	-	1,323,841	1,272,524
-	-	-	-	7,445,196	8,455,999
-	-	-	-	9,365,205	10,371,502
-	-	-	-	-	(4,798)
<u>27,626,045</u>	<u>23,625,575</u>	<u>40,199,762</u>	<u>28,520,465</u>	<u>20,007,774</u>	<u>22,456,674</u>
<u>\$ 34,687,283</u>	<u>\$ 31,597,864</u>	<u>\$ 50,300,761</u>	<u>\$ 42,286,393</u>	<u>\$ 34,823,071</u>	<u>\$ 39,360,930</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			
	2002	2003	2004	2005
Revenues				
Local Sources:				
Property Taxes	\$ 34,952,570	\$ 18,651,827	\$ 29,212,720	\$ 24,834,706
Earnings on Investments	320,564	107,507	118,050	917,349
Other	7,931,315	7,247,570	8,196,932	8,504,626
State Sources	31,795,818	49,787,456	43,803,465	48,732,382
Federal Sources	1,509,849	1,532,838	1,673,493	1,817,484
Total Revenues	<u>76,510,116</u>	<u>77,327,198</u>	<u>83,004,660</u>	<u>84,806,547</u>
Expenditures				
Current:				
Administration	2,928,071	2,936,518	3,227,470	3,007,327
District Support Services	2,418,635	2,387,386	2,026,999	1,895,987
Regular Instruction	27,418,781	29,165,289	30,158,348	31,096,367
Vocational Education Instruction	1,334,396	1,386,001	1,375,580	1,025,656
Special Education Instruction	9,013,892	10,593,563	11,041,440	11,393,423
Instructional Support Services	3,930,848	3,919,462	3,203,512	3,035,611
Pupil Support Services	6,514,972	4,871,482	5,252,763	5,397,082
Sites and Buildings	4,690,168	4,657,140	4,705,150	4,858,499
Fiscal and Other Fixed Cost Programs	216,619	309,903	374,863	322,744
Food Service	2,815,551	2,918,734	3,279,251	3,339,874
Community Service	4,732,476	5,017,342	5,628,686	5,487,443
Capital Outlay	3,207,605	3,550,317	9,464,956	15,884,029
Debt Service:				
Principal	3,576,312	3,271,809	4,091,529	3,171,649
Interest and Fiscal Charges	3,378,863	2,774,302	2,624,748	2,667,561
Total Expenditures	<u>76,177,189</u>	<u>77,759,248</u>	<u>86,455,295</u>	<u>92,583,252</u>
Excess (Deficiency) of Revenues Over Expenditures	332,927	(432,050)	(3,450,635)	(7,776,705)
Other Financing Sources (Uses)				
Capital Lease Proceeds	-	-	673,774	1,600,000
Insurance Recovery Proceeds	-	-	-	-
Sale of Bond and Certificate of Participation Proceeds	-	-	26,335,000	3,545,113
Bond Premium	-	-	40,328	(13,964)
Payment to Refunded Bond Escrow Agent	(17,872,992)	-	-	(844,815)
Transfer in	62,500	-	-	-
Transfer out	(62,500)	(62,500)	(62,500)	(62,500)
Total Other Financing Sources (Uses)	<u>(17,872,992)</u>	<u>(62,500)</u>	<u>26,986,602</u>	<u>4,223,834</u>
Net Change in Fund Balances	(17,540,065)	(494,550)	23,535,967	(3,552,871)
Fund Balance - Beginning	<u>27,817,791</u>	<u>10,277,726</u>	<u>9,783,176</u>	<u>33,319,143</u>
Fund Balance - Ending	<u>\$ 10,277,726</u>	<u>\$ 9,783,176</u>	<u>\$ 33,319,143</u>	<u>\$ 29,766,272</u>
Debt Service as a Percentage of Noncapital Expenditures	9.5%	8.1%	8.7%	7.6%

Source: District's financial records

Fiscal Year						
2006	2007	2008	2009	2010	2011	
\$ 19,812,461	\$ 28,130,799	\$ 32,000,822	\$ 31,811,686	\$ 32,098,779	\$ 42,028,912	
1,378,599	1,580,490	1,113,950	1,157,632	329,922	110,503	
9,497,116	10,667,390	10,450,911	11,626,468	12,479,091	14,073,789	
56,153,400	53,815,727	57,982,077	58,722,923	54,582,707	51,815,665	
2,013,589	2,118,845	2,296,342	2,507,882	8,044,799	4,765,634	
<u>88,855,165</u>	<u>96,313,251</u>	<u>103,844,102</u>	<u>105,826,591</u>	<u>107,535,298</u>	<u>112,794,503</u>	
3,004,273	3,147,049	3,334,838	4,147,006	3,350,380	3,618,804	
2,076,230	2,262,548	2,593,969	3,605,130	3,034,938	2,923,525	
30,893,100	34,920,691	37,490,053	50,112,829	42,899,862	45,430,710	
931,962	743,476	761,654	977,524	814,426	715,770	
11,955,826	12,544,071	12,770,107	15,990,404	13,533,567	13,678,815	
3,257,087	3,650,081	3,850,856	5,232,925	4,334,022	4,559,203	
5,797,741	5,950,600	6,305,017	6,720,291	6,410,333	6,572,972	
5,198,744	5,451,413	5,792,226	6,909,977	6,023,757	5,865,019	
353,797	366,518	219,395	132,321	125,100	122,837	
3,420,710	3,671,305	3,710,839	3,898,050	4,064,810	4,195,977	
5,825,128	6,199,338	6,715,188	7,149,933	7,766,180	8,526,237	
12,812,208	14,117,762	15,767,266	38,721,734	22,817,488	15,146,027	
4,068,608	3,986,989	5,395,616	7,073,013	10,629,582	6,246,692	
2,765,280	3,428,305	2,601,682	2,768,316	5,302,961	5,178,813	
<u>92,360,694</u>	<u>100,440,146</u>	<u>107,308,705</u>	<u>153,439,453</u>	<u>131,107,406</u>	<u>122,781,401</u>	
(3,505,529)	(4,126,895)	(3,464,603)	(47,612,862)	(23,572,108)	(9,986,898)	
4,425,500	1,100,000	13,145,000	3,525,000	350,000	-	
-	-	-	-	1,803	-	
17,155,000	-	32,124,548	36,415,000	19,975,000	17,040,000	
328,348	-	155,250	103,038	101,508	202,122	
(13,419,815)	-	(23,194,815)	(382,044)	(4,319,525)	(2,717,365)	
-	-	-	4,158,374	3,088,517	-	
(62,500)	(62,500)	(62,500)	(4,220,874)	(3,088,517)	-	
<u>8,426,533</u>	<u>1,037,500</u>	<u>22,167,483</u>	<u>39,598,494</u>	<u>16,108,786</u>	<u>14,524,757</u>	
4,921,004	(3,089,395)	18,702,880	(8,014,368)	(7,463,322)	4,537,859	
<u>29,766,272</u>	<u>34,687,276</u>	<u>31,597,881</u>	<u>50,300,761</u>	<u>42,286,393</u>	<u>34,823,071</u>	
<u>\$ 34,687,276</u>	<u>\$ 31,597,881</u>	<u>\$ 50,300,761</u>	<u>\$ 42,286,393</u>	<u>\$ 34,823,071</u>	<u>\$ 39,360,930</u>	
8.6%	8.6%	8.7%	8.6%	14.7%	10.6%	

**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
2002	\$ 3,561,334,300	\$ 647,634,553	\$ 157,515,000	\$ 2,887,480	\$ 10,622,800
2003	4,134,425,300	723,380,993	170,486,900	3,225,940	10,909,600
2004	4,583,950,700	822,679,380	436,529,200	3,397,120	10,495,800
2005	4,930,300,900	952,596,520	451,775,300	3,417,380	11,173,100
2006	5,447,598,700	1,070,633,820	471,515,800	3,930,780	11,515,100
2007	6,019,302,900	1,194,413,627	509,585,700	4,569,640	12,613,000
2008	6,384,913,600	1,274,600,700	544,998,000	5,335,900	29,043,200
2009	6,372,538,600	1,308,485,387	553,107,900	5,947,980	14,093,600
2010	6,140,355,300	1,227,850,887	550,887,900	5,947,980	14,752,400
2011	5,733,128,500	1,227,136,973	528,537,700	5,355,060	14,383,700

Source: Hennepin County Taxpayer Services Department & Carver County Assessors Office
{a} Information was not available for Hennepin County for these periods.

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.

<u>Carver County Industrial Property</u>	<u>Carver County Agricultural Property</u>	<u>Hennepin Cty Less Tax-Exempt Property</u>	<u>Hennepin County Assessed Value</u>	<u>Carver County Assessed Value</u>	<u>Total Direct School Tax Rate</u>
\$ 3,172,667	\$ 406,200	{a}	\$ 3,729,472,100	\$ 654,100,900	20.87
3,480,067	463,500	{a}	4,315,821,800	730,550,500	24.22
3,696,800	545,900	\$ 244,196,100	4,786,779,600	830,319,200	23.13
4,348,600	728,200	244,196,100	5,149,053,200	961,090,700	21.99
4,063,600	933,600	244,196,100	5,686,433,500	1,079,561,800	22.98
4,543,833	1,264,300	244,196,100	6,297,305,500	1,204,791,400	24.79
5,266,500	2,538,800	244,196,100	6,714,758,700	1,287,741,900	17.98
5,292,933	662,900	243,606,300	6,696,133,800	1,320,389,200	17.19
5,292,933	662,900	243,606,300	6,462,389,300	1,239,754,700	18.66
6,802,367	459,000	243,606,300	6,032,443,600	1,239,753,400	21.27

**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
2002	11.121	9.747	20.868	37.823	20.606	37.611	32.541	20.496
2003	15.504	8.711	24.215	39.049	20.115	35.192	36.472	18.137
2004	14.414	8.711	23.125	32.922	18.674	32.945	33.512	23.981
2005	13.728	8.261	21.989	28.118	18.310	30.601	33.221	19.660
2006	14.910	8.066	22.976	26.679	16.870	29.802	31.519	21.471
2007	16.738	8.055	24.793	23.788	15.936	27.861	27.595	18.359
2008	11.402	6.578	17.980	23.713	14.263	26.998	26.915	19.003
2009	11.963	5.223	17.186	22.993	15.091	27.092	27.342	18.627
2010	11.844	6.813	18.657	25.185	15.603	28.553	30.666	17.936
2011	13.705	7.569	21.274	26.604	17.229	31.034	35.117	19.107

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

Source: Hennepin County Auditor Office
Carver County Auditor Office

Overlapping Rates

Municipalities						Counties		Special	Total Direct &
Minnetonka	Orono	Shorewood	Tonka Bay	Victoria	Woodland	Carver	Hennepin	District (2)	Overlapping
									Tax Rate
30.995	20.960	31.231	17.824	45.559	11.050	20.868	50.409	6.889	405.730
30.945	19.870	31.923	18.878	45.620	11.099	24.215	50.607	7.282	413.619
29.878	17.637	30.420	18.976	41.085	9.806	23.125	47.324	6.875	390.285
28.810	16.252	29.825	17.967	40.977	8.855	21.989	44.172	6.746	367.492
28.642	15.324	29.331	18.175	37.398	8.028	22.952	40.988	6.473	356.628
28.416	14.269	26.890	16.057	37.512	7.564	24.793	39.110	6.439	339.382
27.567	13.580	25.888	15.096	37.445	7.625	17.980	38.571	6.418	319.042
28.868	13.183	27.797	14.514	37.409	7.969	17.186	40.413	6.684	322.354
30.686	13.677	26.154	15.373	37.409	0.085	18.657	42.640	6.897	328.178
33.511	14.991	28.461	16.514	37.422	8.754	21.274	45.840	7.529	364.661

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

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value
Target Corporation	\$ 392,250	1	0.23 %	\$ 324,844	1	0.26 %
Real Estate Equities-Apts	239,688	2	0.14	115,920	3	0.09
Centro Bradley Spec	234,450	3	0.14	158,970	2	0.12
Big Box One LLC	151,250	4	0.09			
Haug Investment Properties LTD	134,250	5	0.08	105,714	5	0.08
Minco Realty Partners	129,590	6	0.08	92,110	8	0.07
Individual	123,250	7	0.07			
Minnesota Associates LTD	109,250	8	0.06	112,970	4	0.09
Sev41 LLC	108,336	9	0.06			
Individual	101,038	10	0.06			
Real Estate Equities-Apts				97,808	6	0.08
Stratford Wood II				93,357	7	0.07
Minnetonka Heights LTD				86,399	9	0.07
SAI Investment Co.				84,582	10	0.07
Total	\$ 1,723,352		1.00 %	\$ 1,272,674		1.00 %

Source: Hennepin County Property Tax Division

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**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)
	Operating Tax Levy	Debt Tax Levy	Total Tax Levy	Current Tax Collection	Percentage of Levy	
2002	\$ 13,673,911	\$ 5,002,765	\$ 18,676,676	\$ 18,223,042	97.6%	\$ 453,633
2003	19,127,743	4,715,647	23,843,390	22,987,646	96.4%	855,744
2004	20,273,249	4,821,870	25,095,119	24,798,161	98.8%	296,958
2005	20,862,215	5,188,476	26,050,691	25,372,592	97.4%	682,868
2006	22,344,806	5,661,666	28,006,472	27,502,866	98.2%	493,003
2007	25,969,384	5,893,646	31,863,030	31,489,974	98.8%	353,525
2008	26,157,103	5,705,926	31,863,029	31,372,139	98.5%	440,955
2009	27,213,860	4,649,170	31,863,030	31,475,961	98.8%	314,489
2010	26,528,837	5,916,495	32,445,331	32,147,187	99.1%	149,456
2011	28,009,762	6,114,825	34,124,587	16,838,091	49.3%	-

Notes:

(1) Includes Abatements

Source: Tax Receivables Report from County Treasurer

<u>Total Collections to Date</u>		<u>Outstanding Delinquent Taxes</u>	<u>Percentage of Levy Outstanding</u>
<u>Total Tax Collection</u>	<u>Percentage of Levy</u>		
\$ 18,676,675	100.0%	\$ -	0.0%
23,843,390	100.0%	-	0.0%
25,095,119	100.0%	-	0.0%
26,055,460	100.0%	(4,769)	0.0%
27,995,869	100.0%	10,603	0.0%
31,843,499	99.9%	19,531	0.1%
31,813,094	99.8%	49,935	0.2%
31,790,450	99.8%	72,580	0.2%
32,296,643	99.5%	148,688	0.5%
16,838,091	49.3%	-	0.0%

**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	Per Capita
	General Obligation Bonds	Capital Improvement Loans	Special Assessments Payable	Certificates of Participation	Lease Purchase Obligations	Other Long-Term Debt	Resources Restricted for Repayment			
2002	\$ 47,345,000	\$ -	\$ 111,589	\$ 2,805,000	\$ 2,566,753	\$ 5,928,066	\$ (1,023,813)	\$ 57,732,595	{a}	\$ 1,125
2003	44,995,000	-	90,934	2,650,000	1,846,091	5,125,706	(1,209,709)	53,498,022	{a}	1,043
2004	67,816,888	-	65,202	2,485,000	1,813,485	7,837,538	(24,377,556)	55,640,557	{a}	1,085
2005	68,796,009	-	42,319	2,310,000	3,020,595	8,456,925	(24,068,546)	58,557,302	{a}	1,137
2006	70,728,477	-	22,289	2,125,000	6,578,393	8,624,584	(23,754,085)	64,324,658	{a}	1,250
2007	67,417,455	-	2,220	1,935,000	6,863,569	9,313,472	(23,756,877)	61,774,839	{a}	1,200
2008	73,568,733	-	1,574	10,395,000	10,058,599	4,491,669	(6,858,684)	91,656,891	{a}	1,780
2009	94,079,548	-	884	20,455,000	11,721,555	3,027,715	(13,656,136)	115,628,566	{a}	2,545
2010	97,764,548	-	-	30,965,000	2,761,698	3,202,851	(9,915,784)	124,778,313	{a}	2,424
2011	103,449,548	-	-	35,720,000	-	3,325,428	(10,927,270)	131,567,706	{a}	3,291

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
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
JUNE 30, 2011
(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	\$ 103,449,548	100.00%	\$ 103,449,548
<u>Overlapping Debt:</u>			
Carver County	27,325,000	13.09%	3,576,843
Hennepin County	730,505,000	4.90%	35,794,745
Three Rivers Park District	82,275,000	6.58%	5,413,695
Hennepin County Railroad Authority	43,690,000	4.90%	2,140,810
Cities:			
Chanhassen	18,735,000	34.47%	6,457,955
Eden Prairie	33,475,000	2.45%	820,138
Excelsior	2,635,000	100.00%	2,635,000
Minnetonka	9,120,000	25.14%	2,292,768
Orono	9,995,000	0.59%	58,971
Shorewood	5,694,832	93.60%	5,330,363
Woodland	425,725	100.00%	425,725
Victoria	14,715,000	19.80%	2,913,570
Metropolitan Council	4,909,956	2.69%	132,078
Metropolitan Transit District	176,168,974	3.09%	<u>5,443,621</u>
Total Overlapping Debt			<u>73,436,280</u>
Total Debt			<u><u>\$ 176,885,828</u></u>

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

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

Source: District's financial advisor

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

	Fiscal Year				
	2002	2003	2004	2005	2006
Debt Limit	\$ 696,791,254	\$ 809,500,389	\$ 948,720,829	\$ 1,032,104,260	\$ 1,126,519,298
Total Net Debt Applicable to Limit	<u>47,345,000</u>	<u>44,995,000</u>	<u>68,155,000</u>	<u>69,120,000</u>	<u>48,360,000</u>
Legal Debt Margin	<u>\$ 649,446,254</u>	<u>\$ 764,505,389</u>	<u>\$ 880,565,829</u>	<u>\$ 962,984,260</u>	<u>\$ 1,078,159,298</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	6.79%	5.56%	7.18%	6.70%	4.29%

Source: District's financial records.

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed Value	\$ 7,303,302,789
Debt Limit (15% of Assessed Value)	1,095,495,418
Debt Applicable to Limit	103,449,548
Legal Debt Margin	<u><u>\$ 992,045,870</u></u>

<u>2007</u>	<u>2008</u>	<u>Fiscal Year 2009</u>	<u>2010</u>	<u>2011</u>
\$ 1,259,108,754	\$ 1,267,276,109	\$ 1,265,344,390	\$ 1,265,344,390	\$ 1,095,495,418
<u>48,360,000</u>	<u>80,059,548</u>	<u>104,460,574</u>	<u>104,061,856</u>	<u>103,449,548</u>
<u><u>\$ 1,210,748,754</u></u>	<u><u>\$ 1,187,216,561</u></u>	<u><u>\$ 1,160,883,816</u></u>	<u><u>\$ 1,161,282,534</u></u>	<u><u>\$ 992,045,870</u></u>
3.84%	6.32%	8.26%	8.22%	9.44%

**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
2002	51,301	{a}	{a}	7,731	{b}
2003	51,301	{a}	{a}	7,638	{b}
2004	51,301	{a}	{a}	7,682	{b}
2005	51,480	{a}	{a}	7,613	{b}
2006	51,480	{a}	{a}	7,653	{b}
2007	51,480	{a}	{a}	7,701	{b}
2008	51,480	{a}	{a}	7,872	{b}
2009	51,480	{a}	{a}	8,118	{b}
2010	51,480	{a}	{a}	8,362	{b}
2011	39,984	{a}	{a}	8,588	{b}

Notes:

(1) Estimates from Metropolitan Council, except for 2011 which is per the U.S. Census.

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

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

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

Taxpayer	2011			2002		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
United Health Group	2,681	1	0.12 %			
Cargill, Inc.	2,200	2	0.10	2,000	2	0.12 %
Carlson companies	2,000	3	0.09	3,000	1	0.18
Micro-Tech, Inc.	2,000	4	0.09			
St. Jude Medical, Inc.	1,800	5	0.08			
SuperValue Stores, Inc.	1,500	6	0.06	700	10	0.04
Starkey Laboratories	1,325	7	0.06			-
Allina Health System/Medica	1,300	8	0.06	1,200	4	0.07
Advance Circuits	1,200	9	0.05	1,200	5	0.07
Emerson Process Mgmt-Rosemount, Inc.	1,100	10	0.05	425	14	0.03
Ingenix	1,100	11	0.05			-
C.H. Robinson	1,092	12	0.05			
ISD #276 Minnetonka Schools	1,050	13	0.05			
Deli Express	940	14	0.04			
GE Capital Fleet Services	900	15	0.04	900	8	0.06
HSBC Bank Nevada, N.A.	900	16	0.04			
Ridgedale Companies				1,445	3	0.09
ISD #272 Eden Prairie Schools				1,200	6	0.07
Data Card Corporation			-	1,014	7	0.06
MTS Systems Corporation			-	850	9	0.05
Eaton Corporation			-	642	11	0.04
American Family Insurance				470	12	0.03
Opportunity Partners, Inc.				430	13	0.03
Osmonics				425	15	0.03
TCF Financial Corp				400	16	0.02
Total	23,088		1.00 %	16,301		1.00 %

Source: District's Financial Advisor

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Elementary teachers (K-5)	174.42	172.60	174.03	169.49	170.49	182.97	204.64	221.60	245.75	254.80
Secondary teachers (6-12)	215.47	227.38	229.69	222.05	206.82	207.75	217.67	225.67	233.74	236.20
Special Education teachers	82.05	81.05	83.91	86.50	88.87	89.77	92.15	95.07	93.67	92.50
ECFE Teachers	6.63	6.63	6.45	7.01	6.21	7.06	7.66	8.10	10.26	9.00
Guidance counselors	10.00	10.00	10.00	9.50	9.00	15.00	14.00	14.00	14.00	14.00
Social Workers	9.00	9.25	8.75	8.70	7.20	7.20	6.85	7.65	8.00	8.00
Psychologists	3.30	3.30	3.00	2.50	2.60	3.00	3.00	3.00	3.00	3.00
Librarians	9.00	9.00	9.00	9.00	9.00	8.75	8.50	8.75	8.75	8.50
Total Teaching Staff	509.87	519.21	524.83	514.75	500.19	521.50	554.47	583.84	617.17	626.00
Instructional administrators	5.50	6.00	8.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00
Noninstructional administrators	21.35	22.00	23.50	25.75	21.00	22.00	23.00	23.00	23.00	24.00
Principals& Asst. Principals	15.00	15.00	16.00	15.40	15.40	14.50	14.00	14.00	14.00	13.00
Total Administration Staff	41.85	43.00	47.50	46.15	40.40	40.50	41.00	41.00	41.00	41.00
Non-licensed Support Staff	1.00	1.00	1.50	2.50	6.25	6.55	10.30	13.40	17.60	19.45
Paraprofessionals-instructional	86.21	81.16	89.38	104.89	101.82	105.44	104.85	124.13	124.56	124.43
Paraprofessionals-non-instructional	49.43	46.65	37.43	40.19	61.09	57.34	63.63	60.32	68.65	71.23
Clerical	51.11	55.95	50.64	58.73	60.30	62.27	62.70	65.43	66.26	66.60
Custodial	60.00	60.00	60.00	60.12	56.00	57.00	57.00	58.50	58.50	59.00
Service Worker -Technology Support	9.00	8.00	9.00	7.00	10.00	10.00	9.00	11.00	13.00	13.00
Service Worker - Food Service	47.83	47.08	46.75	47.67	48.25	46.42	46.81	47.83	47.92	47.92
Total Support Staff	304.58	299.84	294.70	321.10	343.71	345.02	354.28	380.61	396.49	401.63
	856.30	862.05	867.03	882.00	884.30	907.02	949.75	1,005.45	1,054.65	1,068.63

Source: District Records

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

Fiscal Year	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals	Student Attendance Percentage
2002	7,731	\$ 69,374,971	\$ 8,974	0.73%	503	15.4	3.60%	93.17
2003	7,638	72,738,774	9,523	4.85%	513	14.9	3.94%	94.65
2004	7,682	75,127,694	9,780	3.28%	518	14.8	4.33%	95.44
2005	7,613	74,951,652	9,845	-0.23%	508	15.0	4.82%	94.79
2006	7,653	76,154,358	9,951	1.60%	494	15.5	5.93%	95.24
2007	7,701	82,527,768	10,717	8.37%	514	15.0	5.70%	95.38
2008	7,872	86,790,112	11,025	5.16%	547	14.4	5.75%	95.29
2009	8,118	90,738,819 {1}	11,177	4.55%	576	14.1	6.85%	95.53
2010	8,362	95,814,813	11,458	5.59%	607	13.8	6.65%	94.96
2011	8,588	99,675,302	11,606	4.03%	617	13.9	8.72%	94.93

Source: Nonfinancial and financial information from district records.

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

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

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

School	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Elementary										
Clear Springs										
Square feet	75,166	75,166	75,166	75,166	75,166	75,166	75,166	83,434	83,434	101,427
Capacity	680	680	680	680	680	680	680	700	700	700
Enrollment	617	592	560	528	507	492	500	540	581	615
Deephaven										
Square feet	71,735	71,735	71,735	71,735	71,735	71,735	71,735	74,579	74,579	81,500
Capacity	600	600	600	600	600	600	600	625	625	625
Enrollment	567	523	542	542	505	477	485	508	513	561
Excelsior										
Square feet	109,810	109,810	109,810	109,810	109,810	109,810	109,810	115,610	115,610	128,344
Capacity	600	600	600	600	600	600	600	750	750	750
Enrollment	581	561	538	533	539	561	598	653	721	771
Groveland										
Square feet	82,349	82,349	82,349	82,349	82,349	82,349	82,349	88,151	88,151	99,691
Capacity	600	600	600	600	600	600	600	700	700	700
Enrollment	491	464	433	441	438	447	479	510	567	619
Minnewashta										
Square feet	92,475	92,475	92,475	92,475	92,475	92,475	92,475	110,873	110,873	110,873
Capacity	700	700	700	700	700	700	700	775	775	775
Enrollment	701	668	665	641	639	666	690	719	760	817
Scenic Heights										
Square feet	76,300	76,300	76,300	76,300	76,300	76,300	76,300	86,710	86,710	86,710
Capacity	600	600	600	600	600	600	600	700	700	700
Enrollment	490	497	505	521	519	502	540	528	571	586
Middle										
Middle School East										
Square feet	184,940	184,940	184,940	184,940	184,940	184,940	184,940	197,370	197,370	216,535
Capacity	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Enrollment	889	928	908	877	898	880	924	913	913	935
Middle School West										
Square feet	183,900	183,900	183,900	183,900	183,900	183,900	183,900	186,200	186,200	207,648
Capacity	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Enrollment	976	1,019	1,022	1,010	988	949	917	919	908	884
High										
Minnnetonka High School										
Square feet	540,481	540,481	540,481	540,481	540,481	540,481	540,481	575,043	575,043	575,043
Capacity	2,500	2,500	2,500	2,500	2,500	2,500	2,500	3,100	3,100	3,100
Enrollment	2,419	2,386	2,509	2,520	2,620	2,727	2,739	2,828	2,828	2,800
Other										
Deephaven Education Center										
Square feet	60,925	60,925	60,925	60,925	60,925	60,925	60,925	79,925	79,925	79,925
District Service Center										
Square feet	24,110	24,110	24,110	24,110	24,110	24,110	24,110	24,110	24,110	24,110
Warehouse and Technology Center										
Square feet	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000

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)**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>Schools</u>										
Elementary										
Buildings	6	6	6	6	6	6	6	6	6	6
Square feet	507,835	507,835	507,835	507,835	507,835	507,835	507,835	559,357	559,357	608,545
Capacity	3,780	3,780	3,780	3,780	3,780	3,780	3,780	4,250	4,250	4,250
Enrollment	3,447	3,305	3,243	3,206	3,147	3,145	3,292	3,458	3,713	3,969
Middle										
Buildings	2	2	2	2	2	2	2	2	2	2
Square feet	368,840	368,840	368,840	368,840	368,840	368,840	368,840	383,570	383,570	424,183
Capacity	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Enrollment	1,865	1,947	1,930	1,887	1,886	1,829	1,841	1,832	1,821	1,819
High										
Buildings	1	1	1	1	1	1	1	1	1	1
Square feet	540,481	540,481	540,481	540,481	540,481	540,481	540,481	575,043	575,043	575,043
Capacity	2,500	2,500	2,500	2,500	2,500	2,500	2,500	3,100	3,100	3,100
Enrollment	2,419	2,386	2,509	2,520	2,620	2,727	2,739	2,828	2,828	2,800
Other										
Buildings	2	2	2	2	2	2	2	2	2	2
Square feet	68,925	68,925	68,925	68,925	68,925	68,925	68,925	87,925	87,925	87,925
<u>Administrative</u>										
Buildings	1	1	1	1	1	1	1	1	1	1
Square feet ^a	24,110	24,110	24,110	24,110	24,110	24,110	24,110	24,110	24,110	24,110
<u>Athletics</u>										
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

Source: District records.

Notes:

Capacity is based on 25 students per classroom grades K-12, allowing space for special education programs and English language learner programs. The list does not include the Pagel Activity Center which is located on the High School site but is currently owned and operated by the Minnetonka Youth Hockey Association (MYHA). When the MYHA retires the debt incurred to build the arena the facility will be turned over to the District. This Facility was built in 2000.