

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2022



WACONIA PUBLIC SCHOOLS

Independent School District #110

512 Industrial Boulevard

Waconia, MN 55387



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ANNUAL COMPREHENSIVE FINANCIAL REPORT

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2022

PREPARED BY

BUSINESS OFFICE STAFF

WACONIA, MINNESOTA

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INDEPENDENT SCHOOL DISTRICT NO. 110
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INTRODUCTORY SECTION



December 2, 2022

To: Citizens of Independent School District 110 / Waconia Public Schools
Members of the Board of Education
Employees of the District

INTRODUCTION

The Annual Comprehensive Financial Report of Waconia Public Schools – Independent School District No. 110 (District) is submitted for the fiscal year (FY) ended June 30, 2022. The enclosed information is accurate in all material respects and reported in a manner that fairly presents the District's financial position and results of operations. The District Administration accepts full responsibility for the accuracy, completeness and fairness of this presentation.

This report is prepared in conformance with United States Generally Accepted Accounting Principles (GAAP). This report is also consistent with legal reporting requirements of the State of Minnesota. In addition to meeting legal requirements, this report is intended to present a comprehensive summary of significant financial data to meet the needs of citizens, taxpayers, employees, financial institutions, and the School Board.

Accounting principles generally accepted in the United States of America require management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (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.

REPORT FORMAT

The annual comprehensive financial report is presented in three sections.

Introductory Section - includes this letter of transmittal, an organization chart, and a list of School Board members and administrative personnel. The Introductory Section is not audited.

Financial Section - includes the independent auditors' report, Management's Discussion and Analysis (MD&A), basic financial statements, notes to the financial statements, required supplementary information, and supplementary information.

Statistical Section - includes selected financial, demographic, and economic information, generally presented on a multi-year comparative basis. The Statistical Section is not audited.

REPORTING ENTITY AND ITS SERVICES

Independent School District No. 110 also known as the Waconia Public Schools, is an instrumentality of the State of Minnesota established to function as an educational institution. The District is an independent entity governed by an elected seven member School Board. The School Board has the power and duty to set budgets, certify tax levies, issue debt, and perform other tasks necessary to the operation of the District. The District is subject to the oversight of the Minnesota Department of Education. The District does not have any component units.

The District, an outer ring Minneapolis suburban school district, serves a general population of approximately 22,738 and covers an area of about 99 square miles. The District owns and operates all of its facilities in the city of Waconia. The District has one high school, one middle school, one alternative school, three elementary schools, and one multi-purpose facility which serves nearly 4,000 students.

The Waconia Public Schools end of the year average daily membership for FY22 was 3,995. A slight increase of 7 ADMs compared to FY21 ADMs of 3,988. Over the last six years, the District has experienced growth years as well as declining enrollment years with the COVID-19 pandemic. Of note is the loss of 83 ADMs from FY20 to FY21. The District is monitoring current and future enrollment with planning for stagnant to low growth in the short term.

The District provides a full range of public education services appropriate to our students in grade levels ranging from pre-kindergarten through grade 12. These services include regular and enriched academic education, special education and career/vocational education. Food service and transportation are provided as supporting programs. The District's community education program includes Early Childhood and Family Education programs, Adult Basic Education programs, School Readiness, and a wide variety of classes for lifelong learning experiences for children and adults.

ECONOMIC CONDITION AND OUTLOOK

The District is situated primarily in Carver County with a small portion in south-western Hennepin County. The District has a current estimated population of 22,738 compared with a population of 20,764 as determined by the 2010 census compared with a population of 12,674 from the 2000 census. The school district grew from 3,575 students in FY 2013 to 3,995 in FY 2022 for a growth rate of 11.7%. The decline in enrollment in FY 2021 was mostly due to the COVID-19 pandemic. Enrollment in FY2023 has rebounded to 4,044 students as of October 1, 2022. The district is monitoring new housing developments to gauge if there will be any yields for ADM. Current forecast models are difficult to predict if housing enrollment will yield increasing enrollment. The declining birthrate, plus generational differences between millennials choosing to delay childbirth are to be a factor in the foreseeable future.

Though forecasted enrollment is difficult to predict, the district is located in an ideal area for growth in the western metropolitan area. Growth in the District is expected to continue at a similar pace over the next ten years. According to the City of Waconia's Land Use Activity and Development Report for 2020 a total of 43 new home units were built in 2020. By comparison, a total of 72 new home units were constructed in 2019 and a total of 67 new home units were constructed in 2018. There are a number of larger developments in various stages of the planning cycle with the city which could lead to a very rapid growth cycle. The potential to add over 1,500 housing units in the next five years is a very real possibility.

FINANCIAL 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. An audited annual financial report is required to be provided to the Minnesota Department of Education by December 31, subsequent to the year end on June 30.

The District has established and maintained internal controls designed to ensure that the assets of the District are protected from theft, misuse or losses. These controls are also designed to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) and Minnesota UFARS. The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived, and 2) the valuation of the costs and benefits requires estimates and judgments by management.

Minnesota school finance law requires that the budget fiscal year begin July 1 and end June 30. The District develops a General Fund Budget, Food Service Fund Budget, Community Service Fund Budget, Debt Service Budget and other necessary budgets on an annual basis.

The budget process is comprised of five phases - planning, preparation, adoption, implementation, and evaluation. Planning and preparation for the FY 2022 budget began in December of 2020 with approval of the budget development plan and analysis of the student enrollment trend. The current enrollment status provided the data to update allocations for site non-payroll budgets. Expenditure estimates were updated both on a site basis and district-wide basis in the spring. An enrollment projection was developed in early April 2021 and provided the key data for the budget's revenue projection. The FY 2022 Budget was adopted in June of 2021 and implemented on July 1, 2021. The District completes a budget revision during the fiscal year normally in February.

To accurately track and report financial activities, with a focus on site responsibility, over 10,000 account codes have been defined in the District's chart of accounts.

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

Fund Balance Policy #714: The School District will strive to maintain a minimum unassigned general fund balance of not less than 5% and not more than 25% of the General Fund Operating Budget. The policy created new fund balance classifications to allow for more useful fund balance reporting and for compliance with the reporting guidelines specified in Statement No. 54 of the Governmental Accounting Standards Board (GASB). The fund balance categories are nonspendable, restricted, committed, assigned, and unassigned.

Fund Balance Policy #701.1: Establishes procedures for the modification of the School Districts adopted revenue and expenditure budgets.

Unassigned fund balance is the single best measure of overall financial health. The unassigned fund balance was (\$5,027,452) as of June 30, 2022. This means, according to Minnesota Statutes, Section 123B.81, subdivision 2, the District is currently in Statutory Operating Debt (SOD). This occurred because the District is reporting a year-end Net Negative Unreserved General Fund Balance exceeding more than 2.5% of its unreserved/undesignated operating expenditures. The fund balance was (\$5,207,470) as of June 30, 2021 so the District has taken some initial steps towards both a positive unassigned fund balance and regaining a positive fund balance.

District staff along with the school board worked in collaboration with representatives of the state of Minnesota's Department of Education to put together a long-term plan to correct the fund balance deficiency. That plan was presented to the board at its January 31, 2022 meeting for approval.

District voters approved an operating levy of \$410 per student in the fall of 2020 which will take effect in the 2021-2022 school year. This increase in funding of approximately \$1.8 million per year will significantly assist the District as it begins to grow its fund balance to meet board policy requirements.

The District encourages constituents to look closely at the financial performance and management. The District welcomes the opportunity to be fully accountable to the School Board, Staff and Community.

The District has received the Association of School Business Officials' Certificate of Excellence in Financial Reporting in FY 2011 through FY 2021.

Waconia Public Schools Mission, Vision, Core Values, & Theory of Action

MISSION STATEMENT- Our Core Purpose

ISD 110 empowers students to explore their passions and create their success by providing opportunities for academic, social, and emotional growth.

VISION STATEMENT - What We Commit to Create

ISD 110 students will:

- ✓ **Achieve academic success** - through choice, rigor, and relevance
- ✓ **Be inspired** - to explore who they are and who they will become
- ✓ **Feel they belong** - in school and in the community – **WEareONE10!**

CORE VALUES - Drivers of Our Words and Actions

- ✓ **Respect**- We honor the perspectives of others and we own our individual actions.
- ✓ **Collaboration**- We work and learn together.
- ✓ **Inclusiveness**- We reach beyond ourselves to value and connect with others.
- ✓ **Empathy**- We respond to others with authentic care.
- ✓ **Resilience** - We work through challenges and setbacks with courage, persistence, and optimism.

THEORY OF ACTION - Our Commitment to Continuous Learning

If we ...

- ✓ **Believe** all students have the ability to learn and achieve to their potential, and
- ✓ **Create** an environment of safety and belonging, and
- ✓ **Respond** to our students' social, emotional, and academic needs, and
- ✓ **Build** trust and genuine partnerships with students, parents, and colleagues, and
- ✓ **Achieve** learning through high expectations, effective instruction, and established outcomes, and
- ✓ **Inspire and engage** students through a shared responsibility for learning, and
- ✓ **Commit** to continuous learning and improvement, **then students will ...**

EXPLORE THEIR PASSIONS AND CREATE THEIR SUCCESS!

Student Achievement

In order to have our mission become a reality, academic standards of the Waconia Public Schools are high. We use the Minnesota state standards in Mathematics, English Language Arts, Social Studies, Science and Art as the core of our curriculum. We use national or international standards in Business, Industrial Technology, Agriculture, World Languages, Health, Physical Education, and Music.

Teaching our students to become contributing members of our society is also a high priority. Students, teachers, and support staff participate in many community-building initiatives, such as service clubs and volunteer activities. Service learning is an integrated and important part of the education of all students.

Our high school offers Advanced Placement (AP) and College in the Schools (CIS) opportunities in numerous subject areas. All students in grades 2 – 8 take the FAST Bridge Learning exams three times a year in reading and mathematics. Growth is measured individually, as well as by classroom and district. Opportunities for remediation and acceleration are available. In addition to national standardized tests and state assessments, formative and summative assessments are an expectation for all classroom teachers and for all students.

Student Achievement Programs & Improvements:

- Continue to offer all-day, everyday kindergarten to better serve the needs of our young learners as well as to attempt to close the achievement gap early.
- Continue to use FAST testing in math and reading in grades 2-10 as a means of assessing student growth, as well as program and instructional quality.
- Maintain and update a comprehensive strategic work plan that addresses goals and objectives for all District sites.
- Expand foreign language opportunities for students in grades 1-12.
- Curriculum maps are developed according to the curriculum review cycle. They are available on the District website. This provides public awareness of curriculum content, assessment and implementation of standards.
- Maintain an active Curriculum Advisory Committee composed of interested community members, parents and students.
- Provide Targeted Services summer and after-school programming for students needing academic and social development. Enrollment in the program is very strong.
- The District Site Council is involved in staff development activities and the funding of teacher-generated “Best Practices” initiatives.
- Gifted and Talented Education dollars are used for enrichment activities at the building level. This allows the District to provide additional opportunities for students needing acceleration and enrichments.
- Capitalize on volunteers, foundations, and the Parent-Teacher-Student-Association’s willingness to bring value added opportunities to students via curriculum enhancements, student life enhancements, and hundreds of hours of assistance in the classroom.

BUILDING AGE

The District currently owns and operates seven major school facilities. Bayview Elementary was originally constructed in 1918, has a capacity for 640 students, and has undergone significant remodeling over the years with the most recent being a complete remodeling occurring in 2008. Southview Elementary was originally built in 1961, has a capacity for 650 students and underwent significant remodeling in 2008 as well. Laketown Elementary was added in the fall of 2016 as a third elementary school. Waconia Middle School was original built in 1994 as Waconia High School, with a capacity for 800 students, and was added on to in 2008 increasing its capacity to 1,066. It was then remodeled in 2017 to convert it into a middle school with a capacity for 1,082 students. Waconia High School was originally built in 2001 as a middle school, with a capacity for 800 students, and was added on to in 2008 increasing its capacity to 1,066. It was then significantly remodeled and added on to in 2017 increasing its capacity to 1,600 students. In addition, approximately 60 acres of land directly west of the new high school has been purchased and turned into athletic fields. District facilities are generally perceived as being in excellent condition.

INDEPENDENT AUDIT

District policy and state statutes require an annual financial audit by independent certified public accountants. The District engaged CliftonLarsonAllen LLP to conduct the annual audit. The District also engaged CliftonLarsonAllen LLP to perform the audit of its federal programs in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The District's federal programs are discussed in a report separate from the annual comprehensive financial report.

ACKNOWLEDGEMENTS

Preparation of this report could not have been accomplished without the efficient and dedicated services of the Business Office staff. We very much appreciate the hard work and expertise from our auditors, CliftonLarsonAllen LLP. Their work has been instrumental in the preparation of this document.

We would like to express our appreciation to the Board of Education for the interest and support in planning and conducting the operations of the District in a responsible and progressive manner.

Sincerely,



Brian Gersich
Superintendent



Ra Chhoth
Director of Finance and Operations



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Waconia Public Schools ISD 110

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

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



A handwritten signature in black ink, reading 'Will Sutter'.

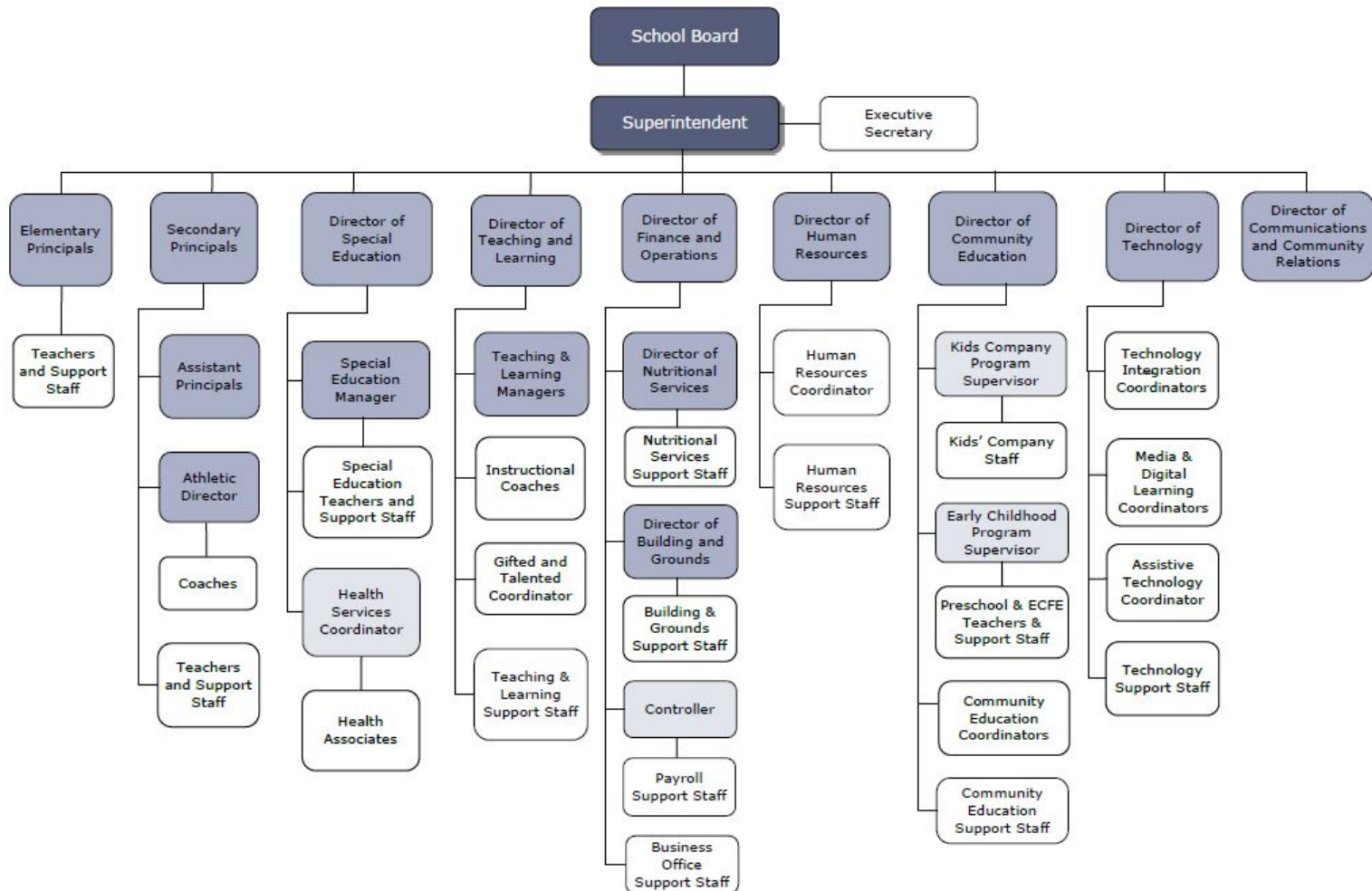
William A. Sutter
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
Executive Director

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
ORGANIZATIONAL CHART
JUNE 30, 2022**

District 110 Organizational Chart



**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
SCHOOL BOARD AND ADMINISTRATION
JUNE 30, 2022**

SCHOOL BOARD

NAME	TERM ON BOARD EXPIRES	BOARD POSITION
Dana Geller	12/31/24	Chairperson
Jackie Johnson	12/31/22	Vice-Chairperson/ Clerk
Mike Bullis	12/31/22	Director
Rachel Myers	12/31/22	Director
Brian Rothstein	12/31/22	Director
Luke DeBoer	12/31/24	Treasurer
Alycia Myers	12/31/24	Director

ADMINISTRATION

Pat Devine End 6/30/2022	Superintendent
Brian Gersich Start 7/1/2022	Superintendent
Todd Swanson End 4/1/2022	Director of Finance and Operations
Ra Chhoth Start 7/1/2022	Director of Finance and Operations
District Offices:	Independent School District No. 110 Waconia Public Schools 512 Industrial Boulevard Waconia, Minnesota 55387 952-442-0600

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Education
Independent School District No. 110
Waconia Public Schools
Waconia, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 110 (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 15 to the financial statements, net position and fund balance were restated for expenditures and revenues that were not properly reported in the prior year. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Revenues, Expenditures, and Change in Fund Balance – Budget and Actual – General Fund, Schedule of Revenues, Expenditures, and Change in Fund Balance – Budget and Actual – Food Service Fund, Schedule of Revenues, Expenditures, and Change in Fund Balance – Budget and Actual – Community Service Fund, the Schedule of Changes in the District's Net OPEB Liability and Related Ratios, the Schedule of Money Weighted Rate of Return on Plan Assets, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit for the year ended June 30, 2022 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual fund financial statements and schedules and the Uniform Financial Accounting and Reporting Standards Compliance Table for the year ended June 30, 2022 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2022 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the individual fund financial statements and schedules and the Uniform Financial Accounting and Reporting Standards Compliance table are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2022.

We also previously audited, in accordance with GAAS, the basic financial statements of the District as of and for the year ended June 30, 2021 (not presented herein), and have issued our report thereon dated December 3, 2021 which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. The individual fund financial statements and schedules for the year ended June 30, 2021 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2021 financial statements. The individual fund financial statements and schedules have been subjected to the auditor procedures applied in the audit of the 2021 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with GAAS.

In our opinion, the individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2021.

Other Information

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

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

Report on Summarized Comparative Information

We have previously audited the District's 2021 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated December 3, 2021. In our opinion the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent in all material respects with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2022, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Austin, Minnesota
December 2, 2022

REQUIRED SUPPLEMENTARY INFORMATION

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

This section of Waconia Schools – Independent School District 110's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022. Please read it in conjunction with the District's financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2021-2022 fiscal year include the following:

- Total General Fund revenues and other financing sources were \$52,622,878 as compared to \$51,903,439 of expenditures and other financing uses which caused fund balance to increase by \$719,439.
- Net position increased by \$6,755,323 (net of restatement) due to changes in the liability related to pensions.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, deferred inflows of resources 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.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-Wide Statements (Continued)

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

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

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

- Governmental Activities – Most of the District's basic services are included here, such as regular and special education, transportation, administration, food services, and community education. Property taxes and state aids finance most of these activities.

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 to explain the relationship or differences.
- Proprietary Funds – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements.
 - 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 one Internal Service Fund for self-insurance of dental benefits.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

- **Fiduciary Funds** – The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's combined net position was (\$30,173,667) on June 30, 2022. This was an increase of 18.3% from the prior year (see Table A-1). Net pension liability decreased by approximately (\$13,543,000) and OPEB liability decreased by approximately (\$388,000) all related to changes in the assumptions and the District reduced the short-term debt issued in the prior year.

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

	Governmental Activities		Percentage Change
	2022	2021	
Current and Other Assets	\$ 26,026,350	\$ 31,090,141	(16.3)%
Capital Assets	129,577,887	134,463,966	(3.6)
Total Assets	155,604,237	165,554,107	(6.0)
Deferred Outflows of Resources	12,946,689	15,456,096	(16.2)
Current Liabilities	14,130,656	22,155,713	(36.2)
Long-Term Liabilities	130,907,476	152,455,535	(14.1)
Total Liabilities	145,038,132	174,611,248	(16.9)
Deferred Inflows of Resources	53,686,461	43,327,945	23.9
Net Position:			
Net Investment in			
Capital Assets	17,490,806	15,005,980	16.6
Restricted	4,591,269	2,233,144	105.6
Unrestricted	(52,255,742)	(54,168,114)	(3.5)
Total Net Position	\$ (30,173,667)	\$ (36,928,990)	18.3

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Changes in Net Position

The District's total revenues were \$70,381,939 for the year ended June 30, 2022. Property taxes and state formula aid accounted for 70% of total revenue for the year (see Figure A-1). Another 24% came from operating and capital grants. The remainder came from charges for services, other general revenues combined with investment earnings, and program revenues.

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

	Governmental Activities for the Fiscal Year Ended June 30,		Total %
	2022	2021	Change
Revenues			
<u>Program Revenues</u>			
Charges for Services	\$ 4,454,039	\$ 2,730,086	63.1 %
Operating Grants and Contributions	15,671,394	15,164,667	3.3
Capital Grants and Contributions	928,381	668,106	39.0
<u>General Revenues</u>			
Property Taxes	18,362,173	16,153,936	13.7
Unrestricted State Aid	30,753,062	29,806,650	3.2
Investment Earnings	15,058	63,554	(76.3)
Other	197,832	187,986	5.2
Total Revenues	<u>70,381,939</u>	<u>64,774,985</u>	8.7
Expenses			
Administration	1,596,647	1,718,787	(7.1)
District Support Services	1,743,587	2,115,275	(17.6)
Regular Instruction	27,148,601	28,790,957	(5.7)
Vocational Education Instruction	443,929	634,772	(30.1)
Special Education Instruction	10,582,603	10,680,519	(0.9)
Instructional Support Services	3,729,571	3,286,539	13.5
Pupil Support Services	4,203,711	3,910,399	7.5
Sites and Buildings	5,163,212	4,920,182	4.9
Fiscal and Other Fixed Cost Programs	276,717	257,708	7.4
Food Service	3,145,950	2,100,954	49.7
Community Service	3,019,391	2,835,711	6.5
Interest and Fiscal Charges on Long-Term Liabilities	2,320,893	3,407,140	(31.9)
Total Expenses	<u>63,374,812</u>	<u>64,658,943</u>	(2.0)
Change in Net Position	7,007,127	116,042	
Beginning Net Position, as Previously Reported	(36,928,990)	(37,045,032)	
Prior Period Restatement	(251,804)	-	
Beginning Net Position, as Restated	<u>(37,180,794)</u>	<u>(37,045,032)</u>	
Ending Net Position	<u>\$ (30,173,667)</u>	<u>\$ (36,928,990)</u>	

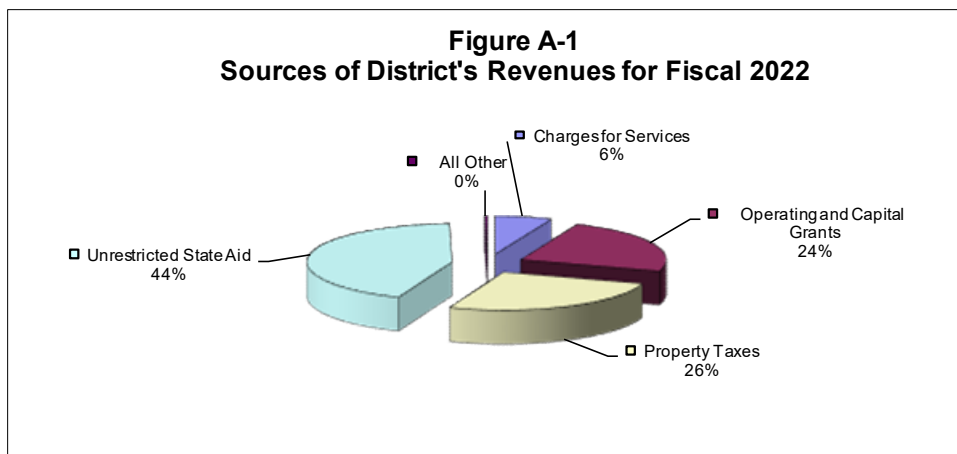
The total cost of all programs and services including interest and fiscal charges was \$63,374,812. Total revenues exceeded expenses by \$7,007,127. Charges for services increased due to an increase in community education activities. The decrease in expenses is due to moderate spending offset with an increase in spending of additional federal grants received.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

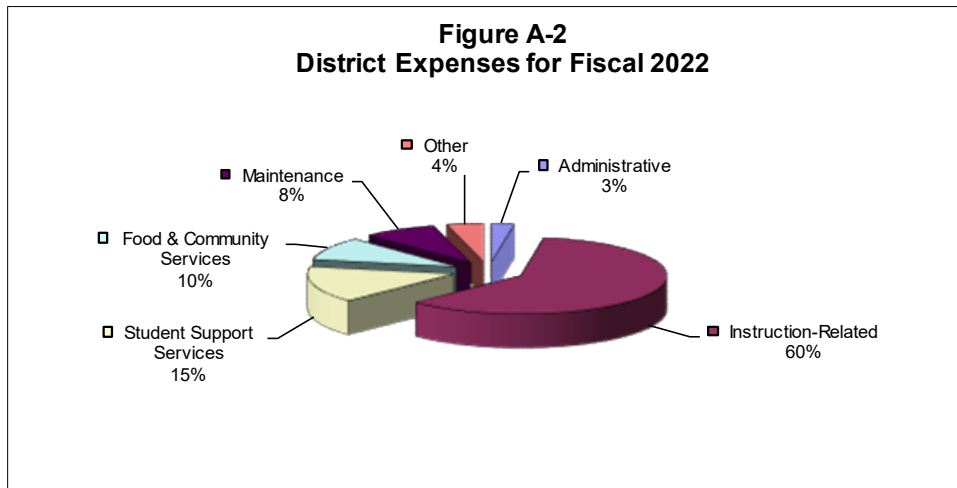
The total revenue for all governmental activities this year was \$70,381,939 as depicted in Figure A-1 below.

- Some of the revenue was paid by the users of the District's programs of 6%.
- The federal and state governments subsidized certain programs with grants and contributions of 23%.
- The remainder of the District's revenue came from the District taxpayers, 26%, and the taxpayers of our state, 44%, through unrestricted state aids.
- The remaining less than 1% is other revenue.



The total cost of all programs and services were \$63,374,812 as depicted in Figure A-2 below.

- Instruction Related Costs incur 60% of expenses.
- Student Support Services incur another 15% of expenses.
- Food Service and Community Services incur 10% of expenses.
- Maintenance costs incur 8% of expenses.
- Administrative costs account for 3% of expenses.
- The remaining 4% is other expenses.



**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Typically, the District does not include in an analysis of all governmental funds a breakout of expenses as depicted in Figure A-2. To do so distorts the latitude available to the District to allocate resources to instruction. All governmental funds include not only funds received for the general operation of the district, which are used for classroom instruction, but also includes resources from the entrepreneurial-type funds of Food Service and Community Education, and from resources for fiscal service transactions. 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 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 enhance instruction. The above graph, by pooling all expenses, implies that the District does have equal access to all funds to impact classroom instruction. In Minnesota, that is simply not an option.

The total cost of governmental activities, as well as the net cost of these activities, is represented in Table A-3. The net cost represents total cost less program revenues applicable to each category.

**Table A-3
Program Expenses and Net Cost of Services**

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2022	2021		2022	2021	
Administration	\$ 1,596,647	\$ 1,718,787	(7.1)%	\$ 1,609,046	\$ 1,704,306	(5.6)%
District Support Services	1,743,587	2,115,275	(17.6)	1,742,275	2,113,891	(17.6)
Regular Instruction	27,148,601	28,790,957	(5.7)	22,965,990	24,790,028	(7.4)
Vocational Education Instruction	443,929	634,772	(30.1)	432,163	622,475	(30.6)
Special Education Instruction	10,582,603	10,680,519	(0.9)	2,470,089	2,456,825	0.5
Instructional Support Services	3,729,571	3,286,539	13.5	3,653,663	3,200,830	14.1
Pupil Support Services	4,203,711	3,910,399	7.5	4,074,232	3,755,375	8.5
Sites and Buildings	5,163,212	4,920,182	4.9	4,347,770	4,330,552	0.4
Fiscal and Other Fixed Cost Programs	276,717	257,708	7.4	276,717	257,708	7.4
Food Service	3,145,950	2,100,954	49.7	(1,552,095)	(1,029,510)	50.8
Community Service	3,019,391	2,835,711	6.5	(19,745)	486,464	(104.1)
Interest and Fiscal Charges on Long-Term Liabilities	2,320,893	3,407,140	(31.9)	2,320,893	3,407,140	(31.9)
Total	<u>\$ 63,374,812</u>	<u>\$ 64,658,943</u>	(2.0)	<u>\$ 42,320,998</u>	<u>\$ 46,096,084</u>	(8.2)

The total cost of all governmental activities for the year ended June 30, 2022 was \$63,374,812.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,284,147, which is \$2,626,198, net of restatement, more than last year's ending fund balance of (\$1,342,051). The increase relates to the increase in state and federal sources of revenue while keeping expenditures consistent.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

GENERAL FUND

The General Fund includes the primary operations of the District in providing educational services to students from kindergarten through grade 12 including pupil transportation activities and capital outlay projects.

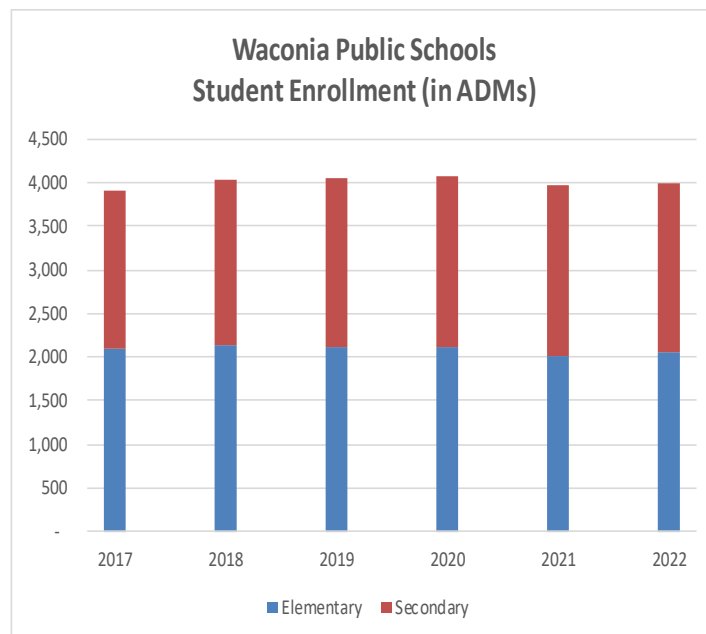
Approximately 97% of General Fund operational revenue is controlled by a complex set of state funding formulas resulting in the local school board having no meaningful authority to determine the level of resources. This includes special education state aid that is based upon a cost reimbursement model which used to provide approximately 68%, but which has dropped to provide less than 60% of personnel expenditures. Other state formulas then determine 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 determining revenue with approximately 95% of General Fund revenue being determined by enrollment. The following chart shows that the number of students has increased slightly through school year 2021-2022.

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

	2017	2018	2019	2020	2021	2022
Elementary	2,102	2,148	2,113	2,111	2,024	2,058
Secondary	1,797	1,891	1,938	1,959	1,948	1,937
Total Students for Aid	<u>3,899</u>	<u>4,039</u>	<u>4,051</u>	<u>4,070</u>	<u>3,972</u>	<u>3,995</u>
Percent Change	1.01%	3.59%	0.30%	0.47%	-2.42%	0.59%



**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

GENERAL FUND (CONTINUED)

Over the last six years, the District has experienced an increase in average daily membership of 44 students or 1.1%. The average daily membership increased during school year 2021-2022 and it is anticipated that the average daily membership will continue to increase for the next five years.

The following schedule presents a summary of General Fund Revenues.

**Table A-5
General Fund Revenues**

Fund	Year Ended		Change	
	June 30, 2022	June 30, 2021	Increase (Decrease)	Percent
Local Sources:				
Property Taxes	\$ 9,241,888	\$ 7,225,981	\$ 2,015,907	27.9 %
Earnings on Investments	(730)	60,057	(60,787)	(101.2)
Other	1,542,146	855,969	686,177	80.2
State Sources	39,356,445	38,867,353	489,092	1.3
Federal Sources	2,040,899	2,073,894	(32,995)	(1.6)
Total General Fund Revenue	<u>\$ 52,180,648</u>	<u>\$ 49,083,254</u>	<u>\$ 3,097,394</u>	6.3

Total General Fund Revenue increased by \$3,097,394 or 6.3% over the previous year. 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. Therefore, the mix of property tax and state aid can change significantly from year to year without any net change in total revenue. The state basic general education revenue formula per student increased compared to the prior year. State aid for special education increased compared to the prior year. However, Special Education funding is falling well short in recent years of the funding needed to cover the increases in costs in the program. The District's recent financial downturn can be traced back to the changes in Special Education funding at the state level in recent years. District officials have begun discussions with lawmakers to get adjustments made to the Special Education funding laws to help correct these funding deficiencies.

The following schedule presents a summary of General Fund Expenditures.

**Table A-6
General Fund Expenditures**

	Year Ended		Amount of Increase (Decrease)	Percent Increase (Decrease)
	June 30, 2022	June 30, 2021		
Salaries	\$ 28,891,219	\$ 27,577,386	\$ 1,313,833	4.8 %
Employee Benefits	11,190,355	10,680,704	509,651	4.8
Purchased Services	7,579,977	5,876,771	1,703,206	29.0
Supplies and Materials	2,375,075	1,976,683	398,392	20.2
Capital Expenditures	721,024	796,551	(75,527)	(9.5)
Other Expenditures	1,082,869	1,126,351	(43,482)	(3.9)
Total Expenditures	<u>\$ 51,840,519</u>	<u>\$ 48,034,446</u>	<u>\$ 3,806,073</u>	7.9

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

GENERAL FUND (CONTINUED)

Total General Fund expenditures increased by \$3,806,073 or 7.9% from the previous year. Most of this increase was due to an increase in purchased services, along with an increase in salaries.

The unassigned fund balance for the General Fund was (\$5,027,452) as of June 30, 2022. This means, according to Minnesota Statutes, Section 123B.81, subdivision 2, the District is currently in Statutory Operating Debt (SOD). This occurred because the District is reporting a year-end net negative unreserved General Fund fund balance exceeding more than 2.5% of its unreserved/undesignated operating expenditures. The unassigned fund balance was (\$5,027,452) as of June 30, 2022 as compared to an unassigned fund balance of (\$5,207,470) as of June 30, 2021. This means that the District has made some positive initial steps at reducing the negative fund balance on its way towards emerging from Statutory Operating Debt (SOD).

General Fund Budgetary Highlights

Following approval of the budget prior to the beginning of the fiscal year, the District revises the annual operating budget in mid-year. These budget amendments typically fall into two categories:

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

Actual revenues were \$241,790 more than expected primarily due to an increase in federal revenue, offset by lower than expected enrollment of general education students which resulted in a decrease in state aid. In addition, investment earnings were less than expected.

The actual expenditures were \$614,780 more than budgeted primarily due to an increase in special education instruction costs along with an increase in sites and building costs.

District staff works with the school board, along with representatives from the State of Minnesota in developing a long-term plan to correct its fund balance deficiency. That plan is updated and presented to the board for its approval by January 31st annually.

District voters approved an operating levy of \$410 per student in the fall of 2020 which took effect in the 2021-2022 school year. This increase in funding was noted in the current year.

DEBT SERVICE FUNDS

The Debt Service Fund revenues and other financing sources exceeded expenditures by \$271,323 in FY2022. The remaining fund balance of \$1,763,688 at June 30, 2022 is available for meeting future debt service obligations.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

OTHER MAJOR FUNDS

Revenue exceeded expenditures in Food Service Fund by \$1,531,537 and in the Community Education Fund revenues and other financing sources exceeded expenditures by \$355,703.

From the standpoint of maintaining current operating expenditures within the range of annual revenue and maintaining a sound fund balance, both the Community Service and Food Service Funds continue to operate on a sound financial basis.

INTERNAL SERVICE FUND

Proprietary funds such as the Internal Service Fund are reported using the economic resources measurement focus and the accrual basis of accounting.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2022, the District had invested over \$197 million in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices (see Table A-7). (More detailed information about capital assets can be found in Note 4 to the financial statements.)

**Table A-7
The District's Capital Assets**

	2022	2021	Percentage Change
Land	\$ 5,524,742	\$ 5,524,742	-
Right-to-Use Asset	117,600	-	100.0
Land Improvements	6,034,879	5,954,452	1.4
Buildings and Improvements	176,205,525	176,157,957	0.0
Equipment	9,464,422	9,582,805	(1.2)
Less: Accumulated Depreciation/Amortization	(67,769,281)	(62,755,990)	8.0
Total	<u>\$ 129,577,887</u>	<u>\$ 134,463,966</u>	(3.6)

Facilities – Next Five Years

The District has most recently finished construction of a new High School campus. This new campus will go a long way towards providing for the needs of the students attending the District well into the future. The District has also finished the remodeling of the old high school campus into a middle school campus which also has quite a bit of room for growth and is functioning very well for grades 6-8 utilizing the facility. The addition of the new Laketown Elementary School in the fall of 2016 gives the District three K-5 elementary schools. There is currently room for growth at all of our school campuses and the District is in a great position to handle any growth which may come its way in the near future.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Liabilities

At year-end, the District had approximately \$112,117,000 in long-term debt, a decrease of 6% from last year – as shown in Note 6 to financial statements. This is due to payments on long-term debt.

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

	2022	2021	Percentage Change
General Obligation Bonds	\$ 103,970,000	\$ 109,570,000	(5.1)%
Net Bond Premium and Discount	2,229,481	3,526,426	(36.8)
Certificates of Participation Payable	2,650,000	2,785,000	(4.8)
Finance Purchase Agreement	3,180,130	881,189	260.9
Lease Purchase Agreement	-	2,644,339	(100.0)
Lease Liability	87,501	-	N/A
Total	<u>\$ 112,117,112</u>	<u>\$ 119,406,954</u>	(6.1)
Long-Term Liabilities:			
Due within One Year	\$ 6,407,966	\$ 6,080,398	
Due in More than One Year	<u>105,709,146</u>	<u>113,326,556</u>	
Total	<u>\$ 112,117,112</u>	<u>\$ 119,406,954</u>	

FACTORS BEARING ON THE DISTRICT'S FUTURE

Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional program needs and increased costs due to inflation. The District will be in negotiations with all of its bargaining units in FY22-23. The future revenues of the District and other Minnesota school districts will depend heavily on the future actions of the legislature. The rising costs of Special Education services coupled with a new funding formula adopted by the state that does not adequately address those rising costs is a significant factor in the long term financial health of the District. The COVID-19 pandemic continues to have major impacts to many aspects of the District including instruction, enrollment, daily maintenance and operations, transportation services, food service programming, and community education programming. District staff will be working closely with State representatives in the coming months to address these issues.

The District will strive to maintain its long-standing commitment to academic excellence and educational opportunity for students within a framework of financial fiduciary responsibility.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Independent School District 110, 512 Industrial Boulevard, Waconia, Minnesota 55387.

BASIC FINANCIAL STATEMENTS

WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
STATEMENT OF NET POSITION
JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)

	Governmental Activities	
	2022	2021
ASSETS		
Cash and Investments	\$ 10,741,202	\$ 16,006,949
Receivables:		
Property Taxes	10,332,107	9,913,019
Due From Other Governments	4,531,834	4,853,500
Other	181,131	114,837
Prepaid Items	201,740	147,074
Inventories	38,336	54,762
Capital Assets:		
Land and Construction in Progress	5,524,742	5,524,742
Other Capital Assets, Net of Depreciation/Amortization	124,053,145	128,939,224
Total Assets	<u>155,604,237</u>	<u>165,554,107</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related	12,607,459	15,161,583
OPEB Related	309,199	228,784
Loss on Refunding	30,031	65,729
Total Deferred Outflows of Resources	<u>12,946,689</u>	<u>15,456,096</u>
LIABILITIES		
Short Term Indebtedness	-	7,000,000
Salaries Payable	4,207,911	3,687,384
Accounts and Contracts Payable	691,265	409,527
Accrued Interest	1,576,139	1,746,116
Due to Other Governmental Units	455,582	2,175,921
Unearned Revenue:		
Local Sources	489,266	690,775
Long-Term Liabilities:		
Net Pension Liability	20,124,370	33,666,944
Net OPEB Liability	5,073,960	5,462,035
Portion Due Within One Year	6,710,493	6,445,990
Portion Due in More Than One Year	105,709,146	113,326,556
Total Liabilities	<u>145,038,132</u>	<u>174,611,248</u>
DEFERRED INFLOWS OF RESOURCES		
Gain on Refunding	-	116,761
OPEB Related	1,301,427	593,401
Pension Related	33,771,967	24,556,449
Property Taxes Levied for Subsequent Year	18,613,067	18,061,334
Total Deferred Inflows of Resources	<u>53,686,461</u>	<u>43,327,945</u>
NET POSITION		
Net Investment in Capital Assets	17,490,806	15,005,980
Restricted for:		
Operating Capital Purposes	-	190,411
State-Mandated Restrictions	555,903	123,793
Food Service	3,052,448	1,520,911
Community Service	752,742	398,029
Debt Service	230,176	-
Unrestricted	(52,255,742)	(54,168,114)
Total Net Position	<u>\$ (30,173,667)</u>	<u>\$ (36,928,990)</u>

See accompanying Notes to Basic Financial Statements.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)**

		2022				2021	
Functions	Expenses	Program Revenues			Net (Expense)	Net (Expense)	
		Charges for Services	Operating	Capital	Revenue and	Revenue and	
			Grants and Contributions	Grants and Contributions	Changes in Net Position	Changes in Net Position	
					Total	Total	
					Governmental Activities	Governmental Activities	
Governmental Activities							
Administration	\$ 1,596,647	\$ -	\$ (12,399)	\$ -	\$ (1,609,046)	\$ (1,704,306)	
District Support Services	1,743,587	-	-	1,312	(1,742,275)	(2,113,891)	
Regular Instruction	27,148,601	871,404	3,080,387	230,820	(22,965,990)	(24,790,028)	
Vocational Education Instruction	443,929	-	11,766	-	(432,163)	(622,475)	
Special Education Instruction	10,582,603	279,082	7,833,432	-	(2,470,089)	(2,456,825)	
Instructional Support Services	3,729,571	-	-	75,908	(3,653,663)	(3,200,830)	
Pupil Support Services	4,203,711	-	129,479	-	(4,074,232)	(3,755,375)	
Sites and Buildings	5,163,212	195,101	-	620,341	(4,347,770)	(4,330,552)	
Fiscal and Other Fixed Cost Programs	276,717	-	-	-	(276,717)	(257,708)	
Food Service	3,145,950	431,782	4,266,263	-	1,552,095	1,029,510	
Community Service	3,019,391	2,676,670	362,466	-	19,745	(486,464)	
Interest and Fiscal Charges on Long-Term Liabilities	2,320,893	-	-	-	(2,320,893)	(3,407,140)	
Total School District	<u>\$ 63,374,812</u>	<u>\$ 4,454,039</u>	<u>\$ 15,671,394</u>	<u>\$ 928,381</u>	(42,320,998)	(46,096,084)	
General Revenues							
	Property Taxes Levied for:						
	General Purposes				9,251,656	7,213,033	
	Community Service				276,410	271,953	
	Debt Service				8,834,107	8,668,950	
	State Aid Not Restricted to Specific Purposes				30,753,062	29,806,650	
	Earnings on Investments				15,058	63,554	
	Miscellaneous				197,832	187,986	
	Total General Revenues				<u>49,328,125</u>	<u>46,212,126</u>	
	Change in Net Position				7,007,127	116,042	
	Net Position - Beginning of Year, as Previously Reported				(36,928,990)	(37,045,032)	
	Prior Period Restatement				(251,804)	-	
	Net Position - Beginning of Year, as Restated				<u>(37,180,794)</u>	<u>(37,045,032)</u>	
	Net Position - End of Year				<u>\$ (30,173,667)</u>	<u>\$ (36,928,990)</u>	

See accompanying Notes to Basic Financial Statements.

WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)

	Major		
	General	Food Service	Community Service
ASSETS			
Cash and Investments	\$ 830,809	\$ 2,623,007	\$ 1,171,911
Receivables:			
Current Property Taxes	5,066,420	-	157,354
Delinquent Property Taxes	33,703	-	1,321
Due from Other Minnesota School Districts	-	-	-
Due from Minnesota Department of Education	3,198,917	-	50,869
Due from Federal through Minnesota Department of Education	403,718	537,477	-
Due from Other Governmental Units	264,509	-	-
Other Receivables	72,475	1,996	106,660
Prepaid Items	188,139	8,104	5,497
Inventory	-	38,336	-
Total Assets	<u>\$ 10,058,690</u>	<u>\$ 3,208,920</u>	<u>\$ 1,493,612</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
Liabilities:			
Salaries Payable	\$ 4,056,336	\$ 52,621	\$ 98,954
Accounts and Contracts Payable	581,347	11,776	77,127
Due to Other Governmental Units	450,332	2,899	2,351
Accrued Interest Payable	-	-	-
Short Term Indebtedness	-	-	-
Unearned Revenue	133,678	89,176	266,412
Total Liabilities	<u>5,221,693</u>	<u>156,472</u>	<u>444,844</u>
Deferred Inflows of Resources:			
Property Taxes Levied for Subsequent Year	9,086,704	-	296,026
Unavailable Revenue - Delinquent Property Taxes	33,703	-	1,321
Total Deferred Inflows of Resources	<u>9,120,407</u>	<u>-</u>	<u>297,347</u>
Fund Balance:			
Nonspendable	188,139	46,440	5,497
Restricted for:			
Student Activities	249,481	-	-
Area Learning Center	-	-	-
Operating Capital	-	-	-
Safe Schools	32,536	-	-
Community Education Programs	-	-	497,048
Early Childhood and Family Educations Programs	-	-	87,456
School Readiness	-	-	106,031
Long-Term Facilities Maintenance	93,523	-	-
Medical Assistance	180,363	-	-
Other Purposes	-	3,006,008	55,389
Unassigned	(5,027,452)	-	-
Total Fund Balance	<u>(4,283,410)</u>	<u>3,052,448</u>	<u>751,421</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 10,058,690</u>	<u>\$ 3,208,920</u>	<u>\$ 1,493,612</u>

See accompanying Notes to Basic Financial Statements.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

Debt Service	Total Governmental Funds	
	2022	2021
\$ 5,886,999	\$ 10,512,726	\$ 15,748,520
5,030,682	10,254,456	9,785,587
42,627	77,651	127,432
-	-	9,730
76,344	3,326,130	3,873,071
-	941,195	893,460
-	264,509	77,239
-	181,131	114,857
-	201,740	147,054
-	38,336	54,762
<u>\$ 11,036,652</u>	<u>\$ 25,797,874</u>	<u>\$ 30,831,712</u>
\$ -	\$ 4,207,911	\$ 3,687,384
-	670,250	393,148
-	455,582	2,175,921
-	-	66,719
-	-	7,000,000
-	489,266	690,775
-	5,823,009	14,013,947
9,230,337	18,613,067	18,061,334
42,627	77,651	98,482
<u>9,272,964</u>	<u>18,690,718</u>	<u>18,159,816</u>
-	240,076	201,816
-	249,481	-
-	-	2,728
-	-	190,411
-	32,536	16,468
-	497,048	147,026
-	87,456	118,720
-	106,031	67,611
-	93,523	27,512
-	180,363	63,767
1,763,688	4,825,085	3,029,360
-	(5,027,452)	(5,207,470)
<u>1,763,688</u>	<u>1,284,147</u>	<u>(1,342,051)</u>
<u>\$ 11,036,652</u>	<u>\$ 25,797,874</u>	<u>\$ 30,831,712</u>

See accompanying Notes to Basic Financial Statements.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

	2022	2021
Total Fund Balance for Governmental Funds	\$ 1,284,147	\$ (1,342,051)
Total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	5,524,742	5,524,742
Right-to-Use Asset, Net of Accumulated Amortization	88,200	-
Land Improvements, Net of Accumulated Depreciation	2,244,489	2,360,759
Buildings and Improvements, Net of Accumulated Depreciation	120,635,981	125,359,347
Equipment, Net of Accumulated Depreciation	1,084,475	1,219,118
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 inflows of resources in the funds.	77,651	98,482
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(1,576,139)	(1,679,397)
The District's other post employment benefit (OPEB) liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:		
Net OPEB Liability	(5,073,960)	(5,462,035)
Deferred Inflows of Resources - OPEB Related	(1,301,427)	(593,401)
Deferred Outflows of Resources - OPEB Related	309,199	228,784
The District's net pension liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:		
Net Pension Liability	(20,124,370)	(33,666,944)
Deferred Inflows of Resources - Pension Related	(33,771,967)	(24,556,449)
Deferred Outflows of Resources - Pension Related	12,607,459	15,161,583
Internal service funds are used by management to charge the costs of dental insurance services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. Internal service fund net position at year-end is:	207,461	242,050
Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the Statement of Net Position. Balances at year-end are:		
Bonds Payable	(103,970,000)	(109,570,000)
Unamortized Premiums	(2,229,481)	(3,526,426)
Certificates of Participation Payable	(2,650,000)	(2,785,000)
Unamortized Deferred Loss on Refunding	30,031	65,729
Unamortized Deferred (Gain) on Refunding	-	(116,761)
Finance Purchase Agreements	(3,180,130)	(3,525,528)
Lease Liability	(87,501)	-
Compensated Absences Payable	(302,527)	(365,592)
Total Net Position of Governmental Activities	\$ (30,173,667)	\$ (36,928,990)

See accompanying Notes to Basic Financial Statements.

WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

	Major		
	General	Food Service	Community Service
REVENUES			
Local Sources:			
Property Taxes	\$ 9,241,888	\$ -	\$ 277,400
Earnings (Loss) on Investments	(730)	6,686	1,778
Other	1,542,146	431,782	2,678,701
State Sources	39,356,445	113,167	435,952
Federal Sources	2,040,899	4,153,096	-
Total Revenues	52,180,648	4,704,731	3,393,831
EXPENDITURES			
Current:			
Administration	1,512,446	-	-
District Support Services	1,795,676	-	-
Regular Instruction	23,040,409	-	-
Vocational Education Instruction	457,852	-	-
Special Education Instruction	10,734,570	-	-
Instructional Support Services	3,634,277	-	-
Pupil Support Services	4,273,134	-	-
Sites and Buildings	4,619,358	-	-
Fiscal and Other Fixed Cost Programs	263,547	-	-
Food Service	-	3,031,207	-
Community Service	-	-	3,053,060
Capital Outlay	721,024	141,987	36,912
Debt Service:			
Principal	505,546	-	4,951
Interest and Fiscal Charges	282,680	-	6,125
Total Expenditures	51,840,519	3,173,194	3,101,048
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	340,129	1,531,537	292,783
OTHER FINANCING SOURCES (USES)			
Insurance Recovery Proceeds	324,630	-	-
Issuance of Lease	117,600	-	-
Transfers In	-	-	62,920
Transfers Out	(62,920)	-	-
Total Other Financing Sources (Uses)	379,310	-	62,920
NET CHANGE IN FUND BALANCE	719,439	1,531,537	355,703
Fund Balance - Beginning of Year, as Previously Reported	(4,751,045)	1,520,911	395,718
Prior Period Restatement	(251,804)	-	-
Fund Balance - Beginning of Year, As Restated	(5,002,849)	1,520,911	395,718
FUND BALANCE - END OF YEAR	\$ (4,283,410)	\$ 3,052,448	\$ 751,421

See accompanying Notes to Basic Financial Statements.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)**

<u>Debt Service</u>	<u>Total Governmental Funds</u>	
	<u>2022</u>	<u>2021</u>
\$ 8,863,716	\$ 18,383,004	\$ 16,161,266
6,850	14,584	63,407
-	4,652,629	2,938,128
764,087	40,669,651	40,083,567
-	6,193,995	5,078,297
<u>9,634,653</u>	<u>69,913,863</u>	<u>64,324,665</u>
-	1,512,446	1,441,547
-	1,795,676	1,811,376
-	23,040,409	21,488,593
-	457,852	584,008
-	10,734,570	9,801,402
-	3,634,277	2,940,473
-	4,273,134	3,795,866
-	4,619,358	4,273,449
-	263,547	243,338
-	3,031,207	2,082,447
-	3,053,060	2,737,365
-	899,923	963,776
5,600,000	6,110,497	5,693,392
3,763,330	4,052,135	4,328,927
<u>9,363,330</u>	<u>67,478,091</u>	<u>62,185,959</u>
271,323	2,435,772	2,138,706
-	324,630	9,456
-	117,600	301,461
-	62,920	135,917
-	(62,920)	(135,917)
-	442,230	310,917
<u>271,323</u>	<u>2,878,002</u>	<u>2,449,623</u>
1,492,365	(1,342,051)	(3,791,674)
-	(251,804)	-
<u>1,492,365</u>	<u>(1,593,855)</u>	<u>(3,791,674)</u>
<u>\$ 1,763,688</u>	<u>\$ 1,284,147</u>	<u>\$ (1,342,051)</u>

See accompanying Notes to Basic Financial Statements.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)**

	2022	2021
Net Change in Fund Balance-Total Governmental Funds	\$ 2,878,002	\$ 2,449,623

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/amortization expense. This is the amount by which depreciation/amortization exceeded capital outlays in the current period.

Capital Outlays	395,712	444,391
Gain (Loss) on Disposal of Capital Assets	(12,065)	-
Depreciation/Amortization Expense	(5,269,726)	(5,381,531)

Some capital asset additions are financed through finance purchase agreements. In governmental funds, a finance purchase arrangement is considered a source of financing, but in the statement of net position, the obligation is reported as a liability. Repayment of the principal is an expenditure in the governmental funds, but repayment reduces the obligation in the statement of net position.

Other Financing Source - Finance Purchase Agreements	-	(301,461)
Principal Payments - Finance Purchase Agreements	345,398	378,392

The governmental funds report debt proceeds as financing sources, while repayment of debt principal is reported as an expenditure. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are amortized in the Statement of Activities. Interest is recognized as an expenditure in the governmental funds when it is due. 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 debt and related items is as follows:

Repayment of Bond Principal	5,600,000	5,185,000
Repayment of Certificate of Participation	135,000	130,000
Issuance of Lease	(117,600)	-
Repayment of Lease Liability Principal	30,099	-
Change in Accrued Interest Expense	103,258	77,876
Amortization of Bond Premium	1,296,945	576,035
Amortization of Loss on Refunding	(35,698)	(14,483)
Amortization of (Gain) on Refunding	116,761	49,163

See accompanying Notes to Basic Financial Statements.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)**

	<u>2022</u>	<u>2021</u>
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 unavailable in the funds.	\$ (20,831)	\$ (7,330)
Payment of OPEB benefits are recognized as expenditures at the fund level while the change in the Net OPEB obligation and the related deferred inflows and outflows of resources is recognized in the Statement of Activities.	(239,536)	(626,707)
Pension expenditures on the governmental funds are measured by current year employee contributions. Pension expenses on the Statement of Activities is measured by the change in Net Pension Liability and the related deferred inflows and outflows of resources.	1,772,932	(2,787,080)
In the Statement of Activities, certain operating expenses - 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).	63,065	(5,865)
Internal service funds are used by the District to charge the costs of employee dental benefits to individual funds. The change in net position of the internal service funds is reported with governmental activities.	(34,589)	(49,981)
Change in Net Position of Governmental Activities	<u><u>\$ 7,007,127</u></u>	<u><u>\$ 116,042</u></u>

See accompanying Notes to Basic Financial Statements.

WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
STATEMENT OF NET POSITION
PROPRIETARY FUND
INTERNAL SERVICE FUND
JUNE 30, 2022
 (WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)

	Governmental Activities - Internal Service Funds	
	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets:		
Cash and Investments	\$ 228,476	\$ 258,429
LIABILITIES		
Current Liabilities:		
Accounts Payable	<u>21,015</u>	<u>16,379</u>
NET POSITION		
Unrestricted	<u>\$ 207,461</u>	<u>\$ 242,050</u>

See accompanying Notes to Basic Financial Statements.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
PROPRIETARY FUND
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)**

	Governmental Activities - Internal Service Funds	
	2022	2021
OPERATING REVENUES		
Charges for Services	\$ 414,168	\$ 370,688
OPERATING EXPENSES		
Dental Insurance Claim Payments	449,231	420,816
OPERATING LOSS	(35,063)	(50,128)
NONOPERATING INCOME		
Earnings on Investments	474	147
CHANGE IN NET POSITION	(34,589)	(49,981)
Total Net Position - Beginning of Year	242,050	292,031
TOTAL NET POSITION - END OF YEAR	<u>\$ 207,461</u>	<u>\$ 242,050</u>

See accompanying Notes to Basic Financial Statements.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Interfund Services Provided	\$ 414,168	\$ 370,688
Payments for Medical Fees and Insurance Claims	(444,595)	(417,615)
Net Cash Used by Operating Activities	(30,427)	(46,927)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	474	147
NET DECREASE IN CASH AND CASH EQUIVALENTS	(29,953)	(46,780)
Cash and Cash Equivalents - Beginning of Year	258,429	305,209
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 228,476</u>	<u>\$ 258,429</u>
Displayed on Combining Statement of net Position as:		
Cash and Investments	<u>\$ 228,476</u>	<u>\$ 258,429</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Loss	\$ (35,063)	\$ (50,128)
Adjustments to Reconcile Operating Income to		
Net Cash Provided by Operating Activities:		
Increase (Decrease) in Accounts Payable	4,636	3,201
Net Cash Used by Operating Activities	<u>\$ (30,427)</u>	<u>\$ (46,927)</u>

See accompanying Notes to Basic Financial Statements.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022**

	Scholarship Custodial Fund	Irrevocable OPEB Trust
ASSETS		
Cash	\$ 26,497	\$ 6
Investments:		
Money Market		6,814
MN Trust Investment Shares Portfolio	-	75,951
Government and Municipal Securities	-	1,134,356
Nonnegotiable Certificate of Deposits	-	246,700
Interest Receivable	-	649
Total Assets	<u>26,497</u>	<u>1,464,476</u>
Accounts Payable	1,800	2,182
Total Liabilities	<u>1,800</u>	<u>2,182</u>
NET POSITION		
Restricted for Scholarships	24,697	-
Restricted for OPEB Benefits	-	1,462,294
Total Net Position	<u>\$ 24,697</u>	<u>\$ 1,462,294</u>

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2022**

	Scholarship Custodial Fund	Irrevocable OPEB Trust
ADDITIONS		
Employer Contributions	\$ -	\$ 133,345
Gifts and Donations	5,500	-
Investment Income:		
Net Increase (Decrease) in Fair Value of Investments	-	(56,939)
Interest and Dividends	47	2,963
Less Investment Expense	-	(250)
Net Investment Income/(Loss)	<u>47</u>	<u>(54,226)</u>
Total Additions	5,547	79,119
DEDUCTIONS		
OPEB Health Insurance Payments	-	363,345
Scholarships Awarded	7,950	-
Total Deductions	<u>7,950</u>	<u>365,527</u>
CHANGE IN NET POSITION	(2,403)	(286,408)
Net Position - Beginning of Year	<u>27,100</u>	<u>1,748,702</u>
NET POSITION - END OF YEAR	<u>\$ 24,697</u>	<u>\$ 1,462,294</u>

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Independent School District No. 110 (the District) 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. The GASB pronouncements are recognized as accounting principles generally accepted in the United States of America for state and local governments.

B. Financial Reporting Entity

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.

Accounting principles generally accepted in the United States of America (GAAP) require that the District's financial statements include all funds, account groups, departments, agencies, boards, commissions, and other organizations which are not legally separate 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. These financial statements include all funds of the District. There are no other entities for which the District is financially accountable.

Student activities of the District are under the School Board's control, therefore, activity is included within the General Fund.

C. Basic Financial Statement Presentation

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation (Continued)

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

The District applies restricted resources first when an expense is incurred for a purpose for which both restricted and unrestricted net position is 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: scholarship custodial fund and irrevocable OPEB 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 activities column when presented in the government-wide financial statements. The costs of these services are reported in the appropriate functional activity.

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

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.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

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 accounting principles generally accepted in the United States of America. 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 availability period 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.

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.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Major Governmental Funds (Continued)

Food Service Special Revenue Fund

The Food Service Fund is used to account for food service revenues and expenditures. Revenues consist of user fees, and state and federal reimbursements restricted for the Food Service Fund.

Community Service Special Revenue Fund

The Community Service Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, veterans, adult or early childhood programs, K-6 extended day programs or other similar services. Revenues consist of local property taxes, state tax credits, user fees, and state aids restricted for the Community Service Fund.

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.

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 dental insurance plan for its employees.

Fiduciary Funds

Scholarship Custodial Fund

The Scholarship Custodial Fund is used to account for money held by the District in a custodial capacity, where both the principal and interest may be spent.

Other Postemployment Benefits Irrevocable Trust Fund

The Other Postemployment Benefits Irrevocable Fund is used for reporting resources set aside and held in an irrevocable trust arrangement for postemployment benefits.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgeting

Budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America. Each June, the School Board adopts an annual budget for the following fiscal year for the General, Food Service, Community Service, and Debt Service Funds. The approved budget is published in summary form in the District's legal newspaper by October 1 of each year. 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.

F. Cash and Investments

Cash and investments consist of interest bearing accounts, certificates of deposit, government and municipal securities, money markets, and deposits in the Minnesota Trust Investment Shares Portfolio.

Cash balances from all funds, except the OPEB Irrevocable Trust Fund, 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.

G. Accounts Receivable

Represents amounts receivable from MDE and other governments 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 property taxes receivable.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Inventories

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

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Prepaid items are expensed during the periods benefitted. Prepaid items are recorded using the consumption method of accounting.

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 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 unavailable revenue (property taxes levied for subsequent year). The majority of District revenue in the General Fund (and to a lesser extent in the District's Community Service Special Revenue Fund) 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 the Debt Service Fund, all property taxes collected in a calendar year are recorded as revenue in the fiscal year which begins July 1 of that calendar year.

In accordance with state law, the current tax shift consists of an amount equal to 31% of the operating levy that was in place for the District's 2000 Pay 2001 levy, which is frozen at \$310,967. Certain other portions of the District's 2021 Pay 2022 levy, normally revenue for the 2022-2023 fiscal year, are also advance recognized at June 30, 2022, as required by state statute to match revenue with the same fiscal year as the related expenditures.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Property Taxes (Continued)

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is unavailable 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, 2022, are included in Property Taxes Levied for Subsequent Year to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

K. Capital Assets

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

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

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

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

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Leases (Continued)

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

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

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

The District accounts for contracts containing both lease and nonlease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and nonlease components, and it is impractical to estimate the price of such components, the District treats the components as a single lease unit.

M. Deferred Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period. The District will not recognize the related outflows until a future event occurs.

N. 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 amortized over the life of the bonds using the straight-line method, which approximates the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount.

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.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Accrued Employee Benefits

1. Compensated Absences

Vacation Pay and Sick Leave

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. These benefits are reported as liabilities in the government-wide financial statements and as expenditures when taken in the fund financial statements. At June 30, 2022, a liability for vacation pay totaling \$260,123 is recorded in the Statement of Net Position.

The District has a sick leave bank to which employees contribute earned sick leave. Participating employees use sick leave from this bank upon depletion of their own sick leave balances. At June 30, 2022, a liability for this sick leave bank of \$35,550 is recorded in the Statement of Net Position.

Severance Payable

Various bargaining groups, other than teachers, have contract language providing for severance benefits upon meeting the defined requirements. The amount paid varies based on years of service and is based on accumulated sick leave. The vested amount for all eligible employees at year-end totals \$6,854 and is recorded as a liability on the government-wide financial statements.

2. Other Postemployment Benefits

Under the terms of certain collectively bargained employment contracts, including the teachers' and administrators' contracts, the District is required to pay fixed amounts (generally \$350 per month) toward the health insurance premiums of retired employees until they reach specified age requirements such as Medicare eligibility.

For purposes of measuring the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position have been determined on the same basis as they are reported by the District. For this purpose, the District recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at amortized cost.

P. Deferred Inflows of Resources

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow or resources (revenue) until that time.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Pensions

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

R. Statement of Cash Flows

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments with an original maturity from the time of purchase by the District of three months or less to be cash equivalents.

S. Fund Balance

In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned, and unassigned fund balances. Nonspendable portions of fund balance related to prepaids and inventory. Restricted funds are constrained by outside parties (statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by a resolution approved by the Board of Education. The District currently does not report any committed fund balance. The Board of Education passed a resolution authorizing the Director of Finance and Operations the ability to assign fund balances and its intended uses. Unassigned fund balance is considered the remaining amounts, usually in the General Fund only. A negative unassigned fund balance may be reported in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned for those purposes.

In accordance with the District's fund balance policy, 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 fund balance is available, it is the District's policy to use committed first, then assigned and finally unassigned fund balance.

The District has a minimum fund balance policy, which identifies a minimum unassigned fund balance in the General Fund of no less than 5% and not more than 25% of the general fund operating budgeted expenditures.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Net Position

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

U. Summarized Comparative Information

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

V. Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The District adopted the requirements of the guidance effective July 1, 2021, and has applied the provisions of this standard to the beginning of the period of adoption.

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

A. Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following fund at June 30, 2022.

	Budget	Expenditures	Excess
General Fund	\$ 51,225,739	\$ 51,840,519	\$ 614,780
Special Revenue Funds:			
Community Service Fund	2,936,565	3,101,048	164,483

All related expenditures were approved by the District's Board.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY (CONTINUED)

B. Transfers in/Transfers Out

<u>Transfer Out:</u>	<u>Transfer In: Community Service Fund</u>
General Fund	\$ 62,920

The transfer from General Fund to the Community Service Fund is related to the expenditures associated with Special Education reimbursing pre-school for spots in the pre-school that are held for ECSE students.

C. Deficit Fund Balance

The General Fund had a deficit fund balance of \$4,283,410 as of the end of the year. This deficit will be eliminated through a budgeted decrease in expenditures.

NOTE 3 DEPOSITS AND INVESTMENTS

A. Deposits

The School District maintains a cash and investment pool that is available for use by all funds, except the OPEB Irrevocable Trust Fund. Each fund type's portion of this pool is displayed in the financial statements as "Cash and Investments." In accordance with Minnesota Statutes the School District maintains deposits at financial institutions which are authorized by the School District 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 specific deposit policy for custodial credit risk but rather 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 include: 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.

The District's deposits in banks at June 30, 2022 were entirely covered by federal depository insurance or by collateral in accordance with Minnesota Statutes.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

The District does not have an investment policy and invests its idle funds as authorized by Minnesota Statutes as follows:

- 1) Direct obligations or obligations guaranteed by the United States or its agencies
- 2) 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
- 3) General obligations rated "A" or better; revenue obligations rated "AA" or better
- 4) General obligations of the Minnesota Housing Finance Agency rate "A" or better
- 5) Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System
- 6) 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
- 7) 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
- 8) 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

In addition, investments held by the OPEB Irrevocable Trust Fund may be invested as authorized by Minnesota State Statute Section 356A.06, Subdivision 7.

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

	Amount
MN Trust Investment Shares Portfolio	\$ 8,254,191
Money Market	6,814
Government and Municipal Securities	766,601
Mutual Funds	367,755
Total	<u>\$ 9,395,361</u>

MN Trust is an external investment pool (Pool). The Pool is regulated by Minnesota statutes and is not registered with the Securities and Exchange Commission (SEC) as an investment company. The MN Trust Investment Series and Term Series is managed to maintain a dollar-weighted average portfolio maturity of no greater than 60 days and seeks to maintain a constant net asset value (NAV) per share of \$1.00. The Pool elects to measure its investments at amortized cost in accordance with accounting statements issued by the Governmental Accounting Standards Board. The MN Trust Term Series withdrawals requires a seven-day notice of redemption and would likely carry a penalty. The MN Trust Investment Series withdrawals may only be made on the third Wednesday of each month upon advance written notice, with no penalties assessed.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Investments Held with Broker –

Custodial Credit Risk –

For an investment, custodial risk is the risk that, in the event of failure of the counterparty, the 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 District's bond documents require insurance covering all balances held in each investment account.

Credit Risk –

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The following chart summarizes year-end ratings for the District's investments as rated by Moody's Investors Service:

Type	Credit Quality Rating	Amount
MN Trust Investment Shares Portfolio	AAAm	\$ 8,254,191
Money Market	Not Rated	6,814
Government and Municipal Securities	AAA	766,601
Mutual Funds	AAA	367,755
Total		<u>\$ 9,395,361</u>

Concentration of OPEB Trust Credit Risk –

The following is a list of investments under the OPEB Trust which individually comprise more than 5% of the OPEB Trust's fiduciary net position:

Type	Amount	Percentage
New York - SEC	\$ 464,125	32%
Vanguard TSM IDX ETF	357,226	24%
	<u>\$ 821,351</u>	

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

Total Deposits	\$ 2,836,165
Total Investments	9,395,361
Total	<u>\$ 12,231,526</u>
Statement of Net Position:	
Cash and Investments	\$ 10,741,202
Statement of Fiduciary Net Position:	
Trust Fund Cash and Investments	1,490,324
Total	<u>\$ 12,231,526</u>

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Fair Value Measurements (Continued)

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

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

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

- *Level 1* – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.
- *Level 2* – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.
- *Level 3* – Financial asset and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use a pricing the asset.

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

Type	Level 1	Level 2	Level 3	Total
Government and Municipal Securities	\$ -	\$ 766,601	\$ -	\$ 766,601
Mutual Funds/ETFs	-	367,755	-	367,755
Total	<u>\$ -</u>	<u>\$ 1,134,356</u>	<u>\$ -</u>	<u>\$ 1,134,356</u>
Investments Measured at Amortized Cost				8,261,005
Total Investments				<u>\$ 9,395,361</u>

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated/Amortized:				
Land	\$ 5,524,742	\$ -	\$ -	\$ 5,524,742
Capital Assets, Being Depreciated/Amortized:				
Right-to-Use Asset - Equipment	-	117,600	-	117,600
Land Improvements	5,954,452	80,427	-	6,034,879
Buildings and Improvements	176,157,957	47,568	-	176,205,525
Equipment	9,582,805	150,117	(268,500)	9,464,422
Total Capital Assets, Being Depreciated/Amortized	191,695,214	395,712	(268,500)	191,822,426
Accumulated Depreciation/Amortization for:				
Right-to-Use Asset - Equipment	-	(29,400)	-	(29,400)
Land Improvements	(3,593,693)	(196,697)	-	(3,790,390)
Buildings and Improvements	(50,798,610)	(4,770,934)	-	(55,569,544)
Equipment	(8,363,687)	(272,695)	256,435	(8,379,947)
Total Accumulated Depreciation/Amortization	(62,755,990)	(5,269,726)	256,435	(67,769,281)
Total Capital Assets, Being Depreciated/Amortized, Net	128,939,224	(4,874,014)	(12,065)	124,053,145
Governmental Activities Capital Assets, Net	<u>\$ 134,463,966</u>	<u>\$ (4,874,014)</u>	<u>\$ (12,065)</u>	<u>\$ 129,577,887</u>

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

Governmental Activities	
Administrative Services	\$ 145,846
District Support Services	75,594
Regular Instruction	4,604,482
Vocational Instruction	2,069
Community Education	9,319
Instructional Support	48,341
Food Service	31,639
Sites, Buildings, and Equipment	352,436
Total Depreciation/Amortization Expense, Governmental Activities	<u>\$ 5,269,726</u>

NOTE 5 AID ANTICIPATION CERTIFICATES

On January 25, 2022, the District Sold General Obligation Aid Anticipation Certificates, Series 2022A in the amount of \$3,000,000 at an interest rate of 0.32%. These Certificates matured May 31, 2022 and incurred interest expense of \$3,360.

	2021	Additions	Retirements	2022
2020A Aid Anticipation Certificate	\$ 7,000,000	\$ -	\$ 7,000,000	\$ -
2022A Aid Anticipation Certificate	-	3,000,000	3,000,000	-
	<u>\$ 7,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ -</u>

**WACONIA PUBLIC SCHOOLS
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JUNE 30, 2022**

NOTE 6 LONG-TERM LIABILITIES

The District has issued general obligation school building bonds 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	Final Maturity	Principal Outstanding	
				Due Within One Year	Total
5/1/2013	2.00% - 2.13%	\$ 1,435,000	2/1/2024	\$ 135,000	\$ 275,000
1/13/2015	3.00% - 5.00%	17,555,000	2/1/2026	3,150,000	12,200,000
2/18/2015	3.00% - 5.00%	75,000,000	2/1/2039	-	75,000,000
12/30/2015	2.50% - 4.00%	6,830,000	2/1/2025	1,155,000	3,540,000
9/29/2016	3.00% - 5.00%	5,405,000	2/1/2028	685,000	3,340,000
9/14/2017	2.00% - 3.00%	5,040,000	2/1/2033	315,000	3,885,000
9/14/2017	2.00% - 4.00%	7,290,000	2/1/2033	440,000	5,730,000
Total General Obligation Bonds				5,880,000	103,970,000
Bond Premium - Net				-	2,229,481
Certificates of Participation				140,000	2,650,000
Lease Liabilities				28,708	87,501
Finance Purchase Agreement				359,258	3,180,130
Compensated Absences Payable				302,527	302,527
Total				<u>\$ 6,710,493</u>	<u>\$ 112,419,639</u>

1. General Obligation Refunding Bonds

On January 13, 2015, the District issued \$17,555,000 of General Obligation School Building Refunding Bonds, Series 2015A to advance refund the General Obligation School Building Bonds, Series 2005A dated July 1, 2005.

On December 30, 2015, the District issued \$6,830,000 of General Obligation School Building Refunding Bonds, Series 2015C to advance refund the General Obligation School Building Bonds, Series 2006A dated April 26, 2006.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

A. Components of Long-Term Debt (Continued)

2. Finance Purchase Agreements

On December 1, 2018, the District entered into a \$923,000 finance purchase agreement for the acquisition and improvement of real property. Payments on the agreement are due annually and commenced February 2021.

On May 1, 2019, the District entered into a \$1,585,000 finance purchase agreement for the construction of a tennis court complex and outdoor ice rink. Payments on the agreement are due annually and commenced February 2021.

On August 1, 2018, the District entered into a \$500,000 finance purchase agreement for a scoreboard. Payments on the agreement are due annually and commenced August 2018.

On April 15, 2019, the District entered into a \$160,699 finance purchase agreement for copier equipment. Payments on the lease are due annually and commenced April 2019.

On May 15, 2020, the District entered into a \$844,931 finance purchase agreement for LED lighting. Payments on the agreement are due annually and commenced July 2020.

On July 15, 2020, the District entered into a \$44,665 finance purchase agreement for Drivers Ed Vehicle. Payments on the agreement are due annually and commenced July 2020.

3. Lease Liability

On July 7, 2021, the District entered into a \$117,600 lease liability agreement for Apple products and services. Payments on the agreement are due annually and commenced July 2021 with an interest rate of 1.59%.

B. Minimum Debt Payments

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

<u>Year Ending June 30.</u>	<u>General Obligation Bonds Payable</u>		<u>Finance Purchase Agreement</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 5,880,000	\$ 3,627,369	\$ 359,258	\$ 118,624
2024	6,090,000	3,396,494	364,400	105,907
2025	6,310,000	3,141,469	350,728	92,694
2026	5,650,000	2,889,969	273,637	81,771
2027	5,795,000	2,695,169	282,644	69,278
2028 - 2032	30,235,000	10,819,094	1,149,463	194,975
2033 - 2037	30,565,000	5,879,561	400,000	34,062
2036 - 2039	13,445,000	658,938	-	-
Total	<u>\$ 103,970,000</u>	<u>\$ 33,108,063</u>	<u>\$ 3,180,130</u>	<u>\$ 697,311</u>

**WACONIA PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

B. Minimum Debt Payments (Continued)

<u>Year Ending June 30.</u>	Certificates of Participation Payable		Lease Liability	
	Principal	Interest	Principal	Interest
2023	\$ 140,000	\$ 98,763	\$ 28,708	\$ 1,391
2024	140,000	94,563	29,164	935
2025	145,000	88,963	29,629	471
2026	155,000	83,163	-	-
2027	160,000	76,963	-	-
2028 - 2032	875,000	306,163	-	-
2033 - 2037	1,035,000	148,880	-	-
Total	<u>\$ 2,650,000</u>	<u>\$ 897,458</u>	<u>\$ 87,501</u>	<u>\$ 2,797</u>

C. Description of Long-Term Debt

Compensated Absences Payable

Compensated absences payable consists of unused vacation, sick leave bank and severance benefits payable to employees upon retirement. All benefits are paid by the General and Special Revenue Funds. Annual payments to retire the severance benefits liability have not been determined and will depend on actual employee turnover. Resources for the payment of compensated absences benefits payable included in long-term liabilities will be provided primarily by the General Fund.

Arbitrage Rebate Liability

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

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

D. Changes in Long-Term Debt

	June 30, 2021 as Restated	Net Additions	Retirements	June 30, 2022
Bonds Payable	\$ 109,570,000	\$ -	\$ 5,600,000	\$ 103,970,000
Bond Premium	3,526,426	-	1,296,945	2,229,481
Certificates of Participation				
Payable	2,785,000	-	135,000	2,650,000
Finance Purchase Agreement *	3,525,528	-	345,398	3,180,130
Lease Liability	-	117,600	30,099	87,501
Compensated Absences				
Payable	365,592	380,829	443,894	302,527
Total	<u>\$ 119,772,546</u>	<u>\$ 498,429</u>	<u>\$ 7,851,336</u>	<u>\$ 112,419,639</u>

*The beginning balance of the finance purchase agreement and lease liability was restated due to the implementation of GASB Statement No. 87.

**WACONIA PUBLIC SCHOOLS
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JUNE 30, 2022**

NOTE 7 RESTRICTED AND ASSIGNED FUND BALANCE

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. Any such "restrictions" which have an accumulated deficit rather than a positive balance at June 30 are reported as a deficit balance because there is specific revenue authority under state accounting guidelines which will be utilized to eliminate the deficit. A description of these "deficit balance restrictions" is included herein since the District has specific statutory authority to levy taxes for such deficits.

Certain portions of fund balance are assigned as determined by Director of Finance and Operations. The authority to assign fund balance was provided by the Board of Education to the Director of Finance and Operations.

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

A. Restricted for Safe Schools

Restricted for Safe Schools represents the unspent resources available from the safe schools levy.

B. Restricted for Community Education Programs

Restricted for Community Education Programs represents accumulated resources available to provide general community education programming.

C. Restricted for Early Childhood and Family Education Programs

Restricted for Early Childhood and Family Education Programs represents accumulated resources available to provide services for early childhood and family education programming.

**WACONIA PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 RESTRICTED AND ASSIGNED FUND BALANCE (CONTINUED)

D. Restricted for School Readiness

Restricted for School Readiness represents accumulated resources available to provide school readiness programming in accordance with funding made available for that purpose.

E. Restricted for Long-Term Facilities Maintenance (LTFM)

Represents available resources to be used for LTFM capital projects in accordance with the 10- year plan.

F. Restricted for Medical Assistance

Represents resources available to be used for medical assistance expenditures.

G. Restricted for Other Purposes

Restricted for Other Purposes represents amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation, such as building expenditures, community service, and debt payments.

Other Restricted:

Restricted for Food Service	\$ 3,006,008
Restricted for Community Service	55,389
Restricted for Debt Service	<u>1,763,688</u>
Total Other Restricted	<u><u>\$ 4,825,085</u></u>

NOTE 8 PENSION PLANS

A. Plan Description

1. General Employees Retirement Plan

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

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

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 PENSION PLANS (CONTINUED)

A. Plan Description (Continued)

2. Teachers Retirement Fund (TRA)

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

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

B. Benefits Provided

1. General Employees Plan Benefits

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

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

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

1. General Employees Plan Benefits (Continued)

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

2. TRA Benefits

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

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

Tier I Benefits

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

With these provisions:

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

**WACONIA PUBLIC SCHOOLS
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JUNE 30, 2022**

NOTE 8 PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

Or

Tier II Benefits

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

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

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

The benefit provisions stated apply to active plan participants. Vested, terminated employees who are entitled to benefits but not yet receiving them are bound by the provisions in effect at the time they last terminated their public service.

C. Contributions

1. General Employees Plan Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature. Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2022 and the District was required to contribute 7.50% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2022, were \$610,206. The District's contributions were equal to the required contributions as set by state statute.

**WACONIA PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 PENSION PLANS (CONTINUED)

C. Contributions (Continued)

2. TRA Contributions

Per *Minnesota Statutes*, Chapter 354 rates for the fiscal year for coordinated were 7.5% for the employee and 8.34% for the employer. Basic rates were 11.00% for the employee and 12.34% for the employer for the year ended June 30, 2022. The District's contributions to TRA for the plan's fiscal year ended June 30, 2022 were \$1,890,168. The District's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

1. General Employees Plan Pension Costs

At June 30, 2022, the District reported a liability of \$4,680,411 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million. The State of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the District totaled \$142,997, for a total net pension liability of \$4,823,408 associated with the District. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.1096% at the end of the measurement period and 0.1104% for the beginning of the period.

For the year ended June 30, 2022, the District recognized pension expense of \$39,275 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized an additional \$11,538 as expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the General Employees Fund.

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JUNE 30, 2022**

NOTE 8 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Plan Pension Costs (Continued)

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 28,755	\$ 143,234
Changes in Actuarial Assumptions	2,857,762	103,534
Net Difference Between Projected and Actual Earnings	-	4,053,434
Changes in Proportion	-	77,901
District Contributions Subsequent to the Measurement Date	610,206	-
Total	<u>\$ 3,496,723</u>	<u>\$ 4,378,103</u>

\$610,206 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expenses Amount</u>
2023	\$ (234,226)
2024	(103,154)
2025	(48,622)
2026	(1,105,584)

2. TRA Pension Costs

At June 30, 2022 the District reported a liability of \$15,443,959 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis, and Minneapolis School District. The District's proportionate share was 0.3529% at the end of the measurement period and 0.3661% at the beginning of the period.

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

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

Description	Amount
District's Proportionate Share of the TRA Net Pension Liability	\$ 15,443,959
State's Proportionate Share of TRA's Net Pension Liability Associated with the District	1,302,522
Total	<u>\$ 16,746,481</u>

For the year ended June 30, 2022, the District recognized pension expense of \$714,001. It also recognized (\$124,776) as an increase to pension expense and grant revenue for the support provided by direct aid.

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 418,289	\$ 437,447
Changes in Actuarial Assumptions	5,659,628	13,933,711
Net Difference Between Projected and Actual Investment Earnings	-	12,949,670
Changes in Proportion	1,142,651	2,073,036
District Contributions Subsequent to the Measurement Date	1,890,168	-
Total	<u>\$ 9,110,736</u>	<u>\$ 29,393,864</u>

\$1,890,168 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30.	Pension Expenses Amount
2023	\$ (10,104,821)
2024	(7,860,485)
2025	(2,259,106)
2026	(2,801,664)
2027	852,780

**WACONIA PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

3. Summary

The aggregate amount of net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense for the District's defined benefit pension plans are summarized below. These liabilities are typically liquidated by the individual activity in which the employee's costs are associated.

	General Employees Fund	Teachers Retirement Fund	Total
Net Pension Liability	\$ 4,680,411	\$ 15,443,959	\$ 20,124,370
Deferred Outflows of Resources	3,496,723	9,110,736	12,607,459
Deferred Inflows of Resources	4,378,103	29,393,864	33,771,967
Pension Expense	50,813	589,225	640,038

E. Long-Term Expected Return on Investment

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Totals	<u>100.0 %</u>	

The long-term expected rate of return on TRA pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocations and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 PENSION PLANS (CONTINUED)

E. Long-Term Expected Return on Investment (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	35.5 %	5.10 %
International Equity	17.5	5.30
Fixed Income	20.0	0.75
Private Markets	25.0	5.90
Cash	2.0	-
Totals	100.0 %	

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5% for PERA and 7.0% for TRA. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% for PERA and 7.0% for TRA was deemed to be within that range of reasonableness for financial reporting purposes.

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 29 years of service and 6.0% per year thereafter.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The tables are adjusted slightly to fit PERA's experience.

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

TRA pre-retirement mortality rates were based on the RP-2014 white collar employee table, male rates set back 5 years and female rates set back 7 years. Generational projection uses the MP-2015 scale. Post-retirement mortality rates were based on the RP-2014 white collar annuitant table, male rates set back 3 years and female rates set back 3 years, with further adjustments of the rates. Generational projection uses the MP-2015 scale. Post-disability mortality rates were based on the RP-2014 disabled retiree mortality table, without adjustment. TRA cost of living benefit increases 1.0% for January 2020 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

**WACONIA PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 PENSION PLANS (CONTINUED)

F. Actuarial Methods and Assumptions (Continued)

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

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

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

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation

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

- The investment return assumption was changed from 7.50% to 7.00%

G. Discount Rate

The discount rate used to measure the PERA General Employees Plan liability in 2021 was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate used to measure the TRA pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contribution will be made at the fiscal year 2021 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 PENSION PLANS (CONTINUED)

H. Pension Liability Sensitivity

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

Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
General Employees Plan Discount Rate	5.50%	6.50%	7.50%
District's Proportionate Share of the PERA Net Pension Liability	\$ 9,545,649	\$ 4,680,411	\$ 688,186
Teachers Retirement Fund Discount Rate	6.00%	7.00%	8.00%
District's Proportionate Share of the TRA Net Pension Liability	\$ 31,197,549	\$ 15,443,959	\$ 2,524,760

I. Pension Plan Fiduciary Net Position

Detailed information about General Employees Plan's fiduciary's net position is available in a separately-issued PERA financial report. That report may be obtained on the Internet at www.mnpera.org.

Detailed information about TRA's fiduciary net position is available in a separately-issued TRA financial report. That report can be obtained at www.MinnesotaTRA.org; by writing to TRA at 60 Empire Drive #400, St. Paul, Minnesota, 55103-2088; or by calling 651-296-2409 or 1-800-657-3669.

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN

A. Plan Description

The District operates and administers a single-employer defined benefit other postemployment benefit plan (the Plan) that provides health and dental insurance to retired and active eligible employees and their spouses through the District's health insurance plan. There are 551 active participants and 52 retired participants along with 21 retired spouses. Benefit and eligibility provisions are established through negotiations between the District and various unions representing the District's employees and are renegotiated each bargaining period. The Plan does not issue a publicly available financial report.

B. Funding Policy

The District has assets restricted for OPEB. These assets are in a qualified irrevocable trust which are included as a fiduciary fund in these financial statements. The District's investment policy is to follow state statutes as listed in Note 3. Benefit payments equal to the annual direct subsidy plus implicit subsidy are assumed to be made from the trust. Contribution requirements are also negotiated between the District and union representatives. The District contributes \$-0- to \$4,200 of the cost of current-year premiums for eligible retired plan members and their spouses. For fiscal year 2022, the District contributed \$-0- to the plan.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

C. Net OPEB Liability of the District

The components of the net OPEB liability of the District at June 30, 2022, were as follows:

Total OPEB Liability	\$ 6,536,254
Plan Fiduciary Net Position	1,462,294
District's Net OPEB Liability	<u>\$ 5,073,960</u>

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	22.37%
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D. Actuarial Methods and Assumptions

The long-term expected rate of return on OPEB plan investments that are expected to be used to finance the payments of benefits, to the extent that (1) the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and (2) OPEB plan assets are expected to be invested using a strategy to achieve that return, and a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale), to the extent that the conditions above are not met.

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

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

Inflation	2.50%
Salary Increases	Service Graded Table
Investment Rate of Return	4.20%
	6.50% grading to 5.00% over 6 years and then to 4.00% over the next 48 years
Health Care Trend Rates	4.00%
Dental Trend Rates	

Mortality rates were based on the Pub-2010 mortality tables with projected mortality improvements based on scale MP-2020, and other adjustments.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

D. Actuarial Methods and Assumptions (Continued)

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These asset class estimates are combined to produce the portfolio long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage (or target allocation), if available) and by adding expected inflation (2.50%).

Best estimates of geometric real and nominal rates of return for each major asset class included in the OPEB plan's assets allocation as of the measurement date are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Long-Term Expected Nominal Rate of Return
Domestic Equity	25.00%	5.00%
International Equity	0.00%	0.00%
Fixed Income	70.00%	4.00%
Real Estate and Alternatives	0.00%	0.00%
Cash and Equivalents	5.00%	3.00%
Net Assumed Investment Return (Weighted Avg, Rounded to 1/4%)	0.00%	0.00%

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was (3.2%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The discount rate used to measure the total OPEB liability was 3.8%. The projection of cash flows and OPEB trust assets used to determine the discount rate were based on recent employer contribution history and their stated funding policy. The OPEB trusts' long-term assumed investment return was used to discount projected benefit payments for as long as projected trust assets are available to fund OPEB payments. Once projected trust assets are exhausted, the municipal bond index rate was applied to the remaining expected benefit payments.

The expected employer asset return is based on the long-term expected return on short-term/cash equivalent assets using our capital market assumption model.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

D. Actuarial Methods and Assumptions (Continued)

Since the most recent GASB 74/75 valuation, the following changes have been made:

- The discount rate was changed from 2.10% to 3.80%.
- The expected long-term rate of return was changed from 2.00% to 4.20%.
- The inflation rate was changed from 2.00% to 2.50%.

E. Changes in the Net OPEB Liability

	Increase (Decrease)		Net OPEB Liability
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	(Asset) (a) - (b)
Balances at June 30, 2021	\$ 7,210,737	\$ 1,748,702	\$ 5,462,035
Changes for the Year:			-
Service Cost	468,016	-	468,016
Interest	155,433	-	155,433
Assumption Changes	(972,179)	-	(972,179)
Plan Changes	-	-	-
Differences Between Expected and Actual Experience	37,592	(129,603)	167,195
Contributions-Employer	-	133,345	(133,345)
Net Investment Income	-	73,445	(73,445)
Benefit Payments	(363,345)	(363,345)	-
Administrative Expense	-	(250)	250
Net Changes	(674,483)	(286,408)	(388,075)
Balances at June 30, 2022	\$ 6,536,254	\$ 1,462,294	\$ 5,073,960

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

	1% Decrease (2.80%)	Discount Rate (3.80%)	1% Increase (4.80%)
Net OPEB Liability	\$ 5,547,192	\$ 5,073,960	\$ 4,624,176

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower (Medical 5.50% decreased to 4.00%, Dental 3.00%) or 1% point higher (Medical 7.50% decreasing to 6.00%, Dental 5.00%) than the current healthcare cost trend rates:

	Healthcare Cost		
	1% Decrease (Medical 5.50% decreasing to 4.00% over 5 years, Dental 3.00%)	Current Trend Rates (Medical 6.50% decreasing to 5.00% over 5 years, Dental 4.00%)	1% Increase (Medical 7.50% decreasing to 6.00% over 5 years, Dental 5.00%)
Net OPEB Liability	\$ 4,274,167	\$ 5,073,960	\$ 6,037,850

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

E. Changes in the Net OPEB Liability (Continued)

For the year ended June 30, 2022, the District recognized OPEB expense of \$374,907. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Liability	\$ 65,945	\$ 324,484
Change of Assumptions	119,894	976,943
Net Difference Between Projected and Actual Investment Earnings	123,360	-
Total	<u>\$ 309,199</u>	<u>\$ 1,301,427</u>

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

<u>Year Ending June 30,</u>	<u>Future Recognition</u>
2023	\$ (179,876)
2024	(180,429)
2025	(181,886)
2026	(199,698)
2027	(116,824)
Thereafter	(133,515)
	<u>\$ (992,228)</u>

NOTE 10 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.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 FLEXIBLE BENEFIT PLAN (CONTINUED)

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.

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

NOTE 11 JOINTLY GOVERNED ORGANIZATION

The Carver-Scott Educational Cooperative (Organization) was established in 1976. The educational cooperative provides, by a cooperative effort, programming and services from prenatal care through adult education. The education cooperative has eight member districts. Each member district shares in the cost of the programming and other charges for services. The cooperative is able to recover the cost of its programming through the previously mentioned revenue sources. The jointly governed Organization's financial statements are audited and available for inspection.

NOTE 12 COMMITMENTS AND CONTINGENCIES

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.

NOTE 13 DENTAL SELF-INSURANCE PLAN

The District maintains an Internal Service Fund to account for and finance a self-insurance program for dental benefits. Accordingly, the District has not purchased outside insurance for the risks of losses to which it is exposed. Instead, the 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 dental expenses. Participants in the program make premium payments to the fund based on the insurance premium.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 13 DENTAL 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, 2022. 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 \$228,476 in cash and investments at June 30, 2022 for payment of claims.

Changes in the balance of claim liabilities during fiscal year 2022 and 2021 were as follows:

	Year Ended	
	2022	2021
Beginning of Fiscal Year Liability - Beginning of Year	\$ 16,379	\$ 13,178
Current Year Claims, Changes in Estimates and Other Charges	449,231	420,816
Current Year Claims Paid, Including an Estimate of Claims Incurred but Not Reported (IBNR)	<u>(444,595)</u>	<u>(417,615)</u>
End of Fiscal Year Liability - End of Year	<u>\$ 21,015</u>	<u>\$ 16,379</u>

NOTE 14 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 and workers compensation. The District is self-insured for employee related dental. The District is self-insured for property and casualty insurance through Minnesota Insurance Scholastic Trust.

There has been no significant reduction in insurance coverage from the previous year in any of the District's policies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 15 PRIOR PERIOD RESTATEMENT

There is a prior period restatement of net position and fund balance in the amount of \$(422,344) for the year ended June 30, 2021. This restatement is the result of the District improperly accounting for the payment of health benefits for retirees over the past five years. The District paid for the benefits, but the payments were charged against a liability rather than being reported as an expenditure.

There is also a prior period restatement of net position and fund balance in the amount of \$170,540 for the year ended June 30, 2021. This restatement is the result of the District improperly accounting for student activities. The District recoded the activity to unearned revenue instead of restricted fund balance and reporting the revenue in the year it was received.

	Governmental Activities
Net Position, June 30, 2021, as Previously Reported	\$ (36,928,990)
Prior Period Restatement - Health Benefits	(422,344)
Prior Period Restatement - Student Activities	170,540
Net Position, June 30, 2021, as Restated	<u>\$ (37,180,794)</u>
	General Fund
Fund Balance, June 30, 2021, as Previously Reported	\$ (4,751,045)
Prior Period Restatement - Health Benefits	(422,344)
Prior Period Restatement - Student Activities	170,540
Fund Balance, June 30, 2021, as Restated	<u>\$ (5,002,849)</u>

REQUIRED SUPPLEMENTARY INFORMATION

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Local Sources:				
Property Taxes	\$ 9,059,691	\$ 9,059,691	\$ 9,241,888	\$ 182,197
Earnings (Loss) on Investments	50,000	50,000	(730)	(50,730)
Other	1,042,600	1,300,266	1,542,146	241,880
State Sources	39,741,795	39,903,425	39,356,445	(546,980)
Federal Sources	418,801	1,625,476	2,040,899	415,423
Total Revenues	<u>50,312,887</u>	<u>51,938,858</u>	<u>52,180,648</u>	<u>241,790</u>
EXPENDITURES				
Current:				
Administration	1,435,887	1,457,522	1,512,446	54,924
District Support Services	1,837,710	1,860,449	1,795,676	(64,773)
Elementary and Secondary Regular Instruction	22,324,980	22,953,630	23,040,409	86,779
Vocational Education Instruction	550,674	544,745	457,852	(86,893)
Special Education Instruction	9,596,584	10,202,139	10,734,570	532,431
Instructional Support Services	2,924,757	3,689,542	3,634,277	(55,265)
Pupil Support Services	4,317,863	4,575,082	4,273,134	(301,948)
Sites and Buildings	3,865,745	4,274,445	4,619,358	344,913
Fiscal and Other Fixed Cost Programs	243,500	243,500	263,547	20,047
Capital Outlay	554,603	579,603	721,024	141,421
Debt Service:				
Principal	530,882	530,882	505,546	(25,336)
Interest and Fiscal Charges	289,200	314,200	282,680	(31,520)
Total Expenditures	<u>48,472,385</u>	<u>51,225,739</u>	<u>51,840,519</u>	<u>614,780</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	1,840,502	713,119	340,129	(372,990)
OTHER FINANCING SOURCES				
Capital Asset Proceeds	200	200	-	(200)
Insurance Recovery Proceeds	-	356,930	324,630	(32,300)
Issuance of Lease	-	-	117,600	117,600
Transfers Out	(62,000)	(62,000)	(62,920)	(920)
Total Other Financing Sources	<u>(61,800)</u>	<u>295,130</u>	<u>379,310</u>	<u>84,180</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,778,702</u>	<u>\$ 1,008,249</u>	719,439	<u>\$ (288,810)</u>
FUND BALANCE				
Beginning of Year, as Previously Reported			(4,751,045)	
Prior Period Restatement, See Note 15			(251,804)	
Fund Balance - Beginning of Year, As Restated			<u>(5,002,849)</u>	
End of Year			<u>\$ (4,283,410)</u>	

See accompanying Notes to Required Supplementary Information.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Local Sources:				
Earnings on Investments	\$ 10,000	\$ 1,000	\$ 6,686	\$ 5,686
Other - Primarily Meal Sales	155,000	190,000	431,782	241,782
State Sources	-	32,500	113,167	80,667
Federal Sources	3,318,750	3,009,000	4,153,096	1,144,096
Total Revenues	<u>3,483,750</u>	<u>3,232,500</u>	<u>4,704,731</u>	<u>1,472,231</u>
EXPENDITURES				
Current:				
Food Service	2,605,120	2,662,124	3,031,207	369,083
Capital Outlay	487,500	532,500	141,987	(390,513)
Total Expenditures	<u>3,092,620</u>	<u>3,194,624</u>	<u>3,173,194</u>	<u>(21,430)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 391,130</u>	<u>\$ 37,876</u>	1,531,537	<u>\$ 1,493,661</u>
FUND BALANCE				
Beginning of Year			<u>1,520,911</u>	
End of Year			<u>\$ 3,052,448</u>	

See accompanying Notes to Required Supplementary Information.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
COMMUNITY SERVICE FUND
YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Local Sources:				
Property Taxes	\$ 277,869	\$ 277,869	\$ 277,400	\$ (469)
Earnings on Investments	10,000	10,000	1,778	(8,222)
Other - Primarily Tuition and Fees	2,364,500	2,359,500	2,678,701	319,201
State Sources	430,958	430,958	435,952	4,994
Total Revenues	<u>3,083,327</u>	<u>3,078,327</u>	<u>3,393,831</u>	<u>315,504</u>
EXPENDITURES				
Current:				
Community Service	2,881,975	2,895,875	3,053,060	157,185
Capital Outlay	8,000	28,000	36,912	8,912
Debt Service:				
Principal	3,000	11,210	4,951	(6,259)
Interest and Fiscal Charges	-	1,480	6,125	4,645
Total Expenditures	<u>2,892,975</u>	<u>2,936,565</u>	<u>3,101,048</u>	<u>164,483</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	190,352	141,762	292,783	151,021
OTHER FINANCING SOURCES				
Transfer In	<u>62,000</u>	<u>62,000</u>	<u>62,920</u>	<u>920</u>
NET CHANGE IN FUND BALANCE	<u>\$ 252,352</u>	<u>\$ 203,762</u>	355,703	<u>\$ 151,941</u>
FUND BALANCE				
Beginning of Year			<u>395,718</u>	
End of Year			<u>\$ 751,421</u>	

See accompanying Notes to Required Supplementary Information.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
YEAR ENDED JUNE 30, 2022**

	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service Cost	\$ 468,016	\$ 608,276	\$ 565,542	\$ 531,265	\$ 499,655	\$ 413,072
Interest	155,433	169,696	216,868	210,296	188,177	173,853
Assumption Changes	(972,179)	116,822	(193,743)	85,058	(115,287)	-
Plan Changes	-	-	272,742	-	-	-
Differences Between Expected and Actual Experience	37,592	-	(567,850)	-	118,049	-
Benefit Payments	(363,345)	(291,176)	(231,614)	(243,601)	(216,893)	(234,747)
Net Change in Total OPEB Liability	(674,483)	603,618	61,945	583,018	473,701	352,178
Total OPEB Liability - Beginning	7,210,737	6,607,119	6,545,174	5,962,156	5,488,455	5,136,277
Total OPEB Liability - Ending (a)	\$ 6,536,254	\$ 7,210,737	\$ 6,607,119	\$ 6,545,174	\$ 5,962,156	\$ 5,488,455
 Plan Fiduciary Net Position						
Contributions - Employer	\$ 133,345	\$ -	\$ -	\$ -	\$ 66,893	\$ 84,747
Net Investment Income	73,445	39,751	37,490	46,783	48,262	43,719
Employer Contributions	-	41,176	42,594	-	-	-
Differences Between Expected and Actual Experience	(129,603)	(28,354)	-	(2,744)	-	-
Benefit Payments	(363,345)	(291,176)	(231,614)	(243,601)	(216,893)	(234,747)
Administrative Expenses	(250)	(250)	(251)	(250)	-	-
Net Change in Plan Fiduciary Net Position	(286,408)	(238,853)	(151,781)	(199,812)	(101,738)	(106,281)
Plan Fiduciary Net Position - Beginning	1,748,702	1,987,555	2,139,336	2,339,148	2,440,886	2,547,167
Plan Fiduciary Net Position - Ending (b)	\$ 1,462,294	\$ 1,748,702	\$ 1,987,555	\$ 2,139,336	\$ 2,339,148	\$ 2,440,886
 District's Net OPEB Liability - Ending (a) - (b)	\$ 5,073,960	\$ 5,462,035	\$ 4,619,564	\$ 4,405,838	\$ 3,623,008	\$ 3,047,569
 Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	22.37%	24.25%	30.08%	32.69%	39.23%	44.47%
 Covered Employee Payroll	\$ 31,743,341	\$ 29,150,902	\$ 28,301,847	\$ 27,608,850	\$ 26,804,709	\$ 22,691,454
 District's Net OPEB Liability as a Percentage of Covered Employee Payroll	15.98%	18.74%	16.32%	15.96%	13.52%	13.43%

The District implemented GASB Statement Nos 74 and 75 in fiscal year 2017, and the above table will be expanded to 10 years of information as the information becomes available.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF MONEY WEIGHTED RATE OF RETURN ON PLAN ASSETS
LAST SIX YEARS**

Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2022	-3.20%
2021	0.60%
2020	1.80%
2019	2.00%
2018	2.00%
2017	1.70%

The District implemented GASB Statement Nos 74 and 75 in fiscal year 2017, and the above table will be expanded to 10 years of information as the information becomes available.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
LAST EIGHT MEASUREMENT DATES**

	Measurement Date June 30, 2021	Measurement Date June 30, 2020	Measurement Date June 30, 2019
PERA			
District's Proportion of the Net Pension Liability	0.1096%	0.1104%	0.1117%
District's Proportionate Share of the Net Pension Liability	\$ 4,680,411	\$ 6,618,985	\$ 6,175,643
State's Proportionate Share of the Net Pension Liability Associated with District	142,997	204,098	191,992
Pension Liability	\$ 4,823,408	\$ 6,823,083	\$ 6,367,635
District's Covered Payroll	\$ 7,894,920	\$ 7,894,467	\$ 7,911,760
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	59.28%	83.84%	78.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.00%	79.06%	80.20%
TRA			
District's Proportion of the Net Pension Liability	0.3529%	0.3661%	0.3792%
District's Proportionate Share of the Net Pension Liability	\$ 15,443,959	\$ 27,047,959	\$ 24,170,288
State's Proportionate Share of the Net Pension Liability Associated with District	1,302,522	2,266,697	2,138,997
Total District's and State's Proportionate Share of the Net Pension Liability	\$ 16,746,481	\$ 29,314,656	\$ 26,309,285
District's Covered Payroll	\$ 20,812,927	\$ 21,359,861	\$ 21,699,857
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	74.20%	126.63%	111.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.63%	75.48%	78.07%

Note: Information is presented prospectively and an accumulation of 10 years will be provided.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY (CONTINUED)
LAST EIGHT MEASUREMENT DATES**

Measurement Date June 30, 2018	Measurement Date June 30, 2017	Measurement Date June 30, 2016	Measurement Date June 30, 2015	Measurement Date June 30, 2014
0.1117%	0.1085%	0.1014%	0.0987%	0.1038%
\$ 6,196,658	\$ 6,926,568	\$ 8,233,177	\$ 5,115,146	\$ 4,876,004
203,325	87,118	107,503	-	-
\$ 6,399,983	\$ 7,013,686	\$ 8,340,680	\$ 5,115,146	\$ 4,876,004
\$ 7,576,040	\$ 7,031,866	\$ 6,288,093	\$ 5,810,167	\$ 5,449,166
81.79%	98.50%	130.93%	88.04%	89.48%
79.53%	75.90%	68.91%	78.20%	78.70%
0.3751%	0.3578%	0.3408%	0.3228%	0.3445%
\$ 23,556,918	\$ 71,423,370	\$ 81,288,931	\$ 19,968,372	\$ 15,874,310
2,213,237	6,904,490	8,159,126	2,449,348	1,116,630
\$ 25,770,155	\$ 78,327,860	\$ 89,448,057	\$ 22,417,720	\$ 16,990,940
\$ 20,716,507	\$ 21,137,307	\$ 17,834,400	\$ 16,526,173	\$ 15,726,289
113.71%	337.90%	455.80%	120.83%	100.94%
78.07%	51.57%	44.88%	76.80%	81.50%

See accompanying Notes to Required Supplementary Information.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
LAST NINE FISCAL YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
PERA			
Contractually Required Contribution	\$ 610,206	\$ 592,119	\$ 592,085
Contributions in Relation to the Contractually Required Contribution	<u>(610,206)</u>	<u>(592,119)</u>	<u>(592,085)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 8,136,080	\$ 7,894,920	\$ 7,894,467
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%
TRA			
Contractually Required Contribution	\$ 1,890,168	\$ 1,692,091	\$ 1,691,701
Contributions in Relation to the Contractually Required Contribution	<u>(1,890,168)</u>	<u>(1,692,091)</u>	<u>(1,691,701)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 22,663,885	\$ 20,812,927	\$ 21,359,861
Contributions as a Percentage of Covered Payroll	8.34%	8.13%	7.92%

Note: Information is presented prospectively and an accumulation of 10 years will be provided.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT CONTRIBUTIONS (CONTINUED)
LAST NINE FISCAL YEARS**

2019	2018	2017	2016	2015	2014
\$ 593,382	\$ 568,203	\$ 527,390	\$ 471,607	\$ 429,356	\$ 395,064
(593,382)	(568,203)	(527,390)	(471,607)	(429,356)	(395,064)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,911,760	\$ 7,576,040	\$ 7,031,866	\$ 6,288,093	\$ 5,810,167	\$ 5,449,166
7.50%	7.50%	7.50%	7.50%	7.39%	7.25%
\$ 1,673,059	\$ 1,553,738	\$ 1,585,298	\$ 1,337,580	\$ 1,239,458	\$ 1,100,834
(1,673,059)	(1,553,738)	(1,585,298)	(1,337,580)	(1,239,458)	(1,100,834)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 21,699,857	\$ 20,716,507	\$ 21,137,307	\$ 17,834,400	\$ 16,526,173	\$ 15,726,289
7.71%	7.50%	7.50%	7.50%	7.50%	7.00%

See accompanying Notes to Required Supplementary Information.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022**

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISION, ACTUARIAL METHODS, AND ASSUMPTIONS

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

2021

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020

Changes in Actuarial Assumptions

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

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022**

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISION, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2020 (Continued)

Changes in Plan Provisions

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

2019

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.0% to 3.0%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.0%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.0% per year with a provision to increase to 2.5% upon attainment of 90.0% funding ratio to 50.0% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.50%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022**

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISION, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2017

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16.0 million in 2017 and 2018, and \$6.0 million thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21.0 million to \$31.0 million in calendar years 2019 to 2031. The state's contribution changed from \$16.0 million to \$6.0 million in calendar years 2019 to 2031.

2016

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022**

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISION, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

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

2021

Changes in Actuarial Assumptions

- The investment return assumption was changed from 7.50% to 7.00%

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020

Changes in Actuarial Assumptions

- Assumed termination rates were changed to more closely reflect actual experience.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back 5 years and female rates set back 7 years.
- Generational projection uses the MP-2015 scale. Assumed form of annuity election proportions were changed to more closely reflect actual experience for female retirees.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018

Changes in Actuarial Assumptions

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

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022**

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISION, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2018 (Continued)

Changes in Plan Provisions

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

2017

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016

Changes in Actuarial Assumptions

- The cost of living adjustment was not assumed to increase (it remained at 2.0% for all future years).

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022**

NOTE 1 CHANGES IN SIGNIFICANT PENSION PLAN PROVISION, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2016 (Continued)

Changes in Actuarial Assumptions (Continued)

- The price inflation assumption was lowered from 3.0% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes at some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back six years, and female rates set back five years. Generational projection uses the MP-2015 scale.
- The postretirement mortality assumption was changed to the RP-2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
- The post-disability mortality assumption was changed to the RP-2014 disabled retiree mortality table, without adjustments.
- Separate retirement assumptions for members hired before or after July 1, 1989 were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional forms of payment at retirement were made.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2014

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022**

NOTE 2 CHANGES IN SIGNIFICANT OTHER POSTEMPLOYMENT BENEFIT PLAN PROVISION, ACTUARIAL METHODS, AND ASSUMPTIONS

2022

- The discount rate was changed from 2.10% to 3.80%.
- The expected long-term rate of return was changed from 2.00% to 4.20%.
- The inflation rate was changed from 2.00% to 2.50%.

2021

- The discount rate was changed from 2.40% to 2.10%.

2020

- An early retirement incentive for teachers were added.
- The health care trend rates, mortality tables, and salary increase rates were updated.
- The discount rate was changed from 3.1% to 2.4%.

2019

- The expected long-term investment return was changed from 2.50% to 2.00%.
- The discount rate was changed from 3.30% to 3.10%.

2018

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality table was updated from RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale.
- The expected long-term investment return was changed from 2.40% to 2.50%.
- The discount rate was changed from 3.20% to 3.30%.

NOTE 3 COMPLIANCE - BUDGET

The budget and the actual amounts are both prepared on the modified accrual basis of accounting in accordance with GAAP.

In the following funds, expenditures exceeded the appropriations during the year ended June 30, 2022:

	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund	\$ 51,225,739	\$ 51,840,519	\$ 614,780
Special Revenue Funds:			
Community Service Fund	2,936,565	3,101,048	164,483

The overages above were considered by District management to be the result of necessary expenditures critical to operations.

SUPPLEMENTARY INFORMATION

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
GENERAL FUND
BALANCE SHEET
JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

	2022	2021
ASSETS		
Cash and Investments	\$ 830,809	\$ 6,479,498
Receivables:		
Current Taxes	5,066,420	4,754,370
Delinquent Taxes	33,703	52,885
Accounts Receivable	72,475	25,628
Due from Other Minnesota School Districts	-	9,730
Due from Minnesota Department of Education	3,198,917	3,752,736
Due from Federal through the Minnesota Department of Education	403,718	338,480
Due from Other Governmental Units	264,509	77,239
Interest Receivable	-	20
Prepaid Items	188,139	142,221
Total Assets	<u>\$ 10,058,690</u>	<u>\$ 15,632,807</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Salaries Payable	\$ 4,056,336	\$ 3,539,496
Accounts and Contracts Payable	581,347	270,111
Due to Other Minnesota School Districts	446,311	439,767
Interest Payable	-	66,719
Due to Other Governmental Units	4,021	6,288
Short Term Indebtedness	-	7,000,000
Unearned Revenue	133,678	387,654
Total Liabilities	<u>5,221,693</u>	<u>11,710,035</u>
Deferred Inflows of Resources:		
Property Taxes Levied for Subsequent Year	9,086,704	8,649,882
Unavailable Revenue - Delinquent Property Taxes	33,703	23,935
Total Deferred Inflows of Resources	<u>9,120,407</u>	<u>8,673,817</u>
Fund Balance:		
Nonspendable	188,139	142,221
Restricted for:		
Student Activities	249,481	-
Area Learning Center	-	2,728
Operating Capital	-	190,411
Other	-	13,318
Safe Schools	32,536	16,468
Long-Term Facilities Maintenance	93,523	27,512
Medical Assistance	180,363	63,767
Unassigned	(5,027,452)	(5,207,470)
Total Fund Balance	<u>(4,283,410)</u>	<u>(4,751,045)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 10,058,690</u>	<u>\$ 15,632,807</u>

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)**

	2022			2021
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 9,059,691	\$ 9,241,888	\$ 182,197	\$ 7,225,981
Earnings on Investments	50,000	(730)	(50,730)	60,057
Other	1,300,266	1,542,146	241,880	855,969
State Sources	39,903,425	39,356,445	(546,980)	38,867,353
Federal Sources	1,625,476	2,040,899	415,423	2,073,894
Total Revenues	51,938,858	52,180,648	241,790	49,083,254
EXPENDITURES				
Current:				
Administration:				
Salaries	966,120	958,977	(7,143)	980,047
Employee Benefits	367,215	373,761	6,546	370,091
Purchased Services	50,984	119,288	68,304	40,671
Supplies and Materials	37,291	31,103	(6,188)	14,850
Capital Expenditures	-	-	-	964
Other Expenditures	35,912	29,317	(6,595)	35,888
Total Administration	1,457,522	1,512,446	54,924	1,442,511
District Support Services:				
Salaries	1,107,627	1,024,038	(83,589)	1,067,230
Employee Benefits	430,587	453,791	23,204	425,013
Purchased Services	245,900	254,294	8,394	247,740
Supplies and Materials	58,010	48,887	(9,123)	62,379
Capital Expenditures	3,530	117,600	114,070	-
Other Expenditures	18,325	14,666	(3,659)	9,014
Total District Support Services	1,863,979	1,913,276	49,297	1,811,376
Elementary and Secondary Regular Instruction:				
Salaries	15,651,558	15,533,304	(118,254)	14,920,645
Employee Benefits	5,397,705	5,491,543	93,838	5,302,852
Purchased Services	910,905	1,274,406	363,501	645,277
Supplies and Materials	845,525	619,453	(226,072)	489,032
Capital Expenditures	140,287	179,717	39,430	65,576
Other Expenditures	147,937	121,703	(26,234)	130,787
Total Elementary and Secondary Regular Instruction	23,093,917	23,220,126	126,209	21,554,169

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)**

	2022			2021
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
EXPENDITURES (Continued)				
Current (Continued):				
Vocational Education Instruction:				
Salaries	\$ 284,190	\$ 253,860	\$ (30,330)	\$ 315,576
Employee Benefits	99,400	85,742	(13,658)	118,508
Purchased Services	130,200	85,239	(44,961)	123,379
Supplies and Materials	30,955	32,992	2,037	26,545
Other Expenditures	-	19	19	-
Total Vocational Education Instruction	544,745	457,852	(86,893)	584,008
Special Education Instruction:				
Salaries	7,037,174	6,995,561	(41,613)	6,362,905
Employee Benefits	2,879,286	3,095,237	215,951	2,847,500
Purchased Services	189,711	569,942	380,231	538,495
Supplies and Materials	90,368	67,426	(22,942)	50,386
Capital Expenditures	11,367	1,093	(10,274)	9,231
Other Expenditures	5,600	6,404	804	2,116
Total Special Education Instruction	10,213,506	10,735,663	522,157	9,810,633
Instructional Support Services:				
Salaries	1,754,691	1,825,315	70,624	1,598,475
Employee Benefits	734,309	738,311	4,002	681,515
Purchased Services	382,757	309,073	(73,684)	243,983
Supplies and Materials	801,971	760,186	(41,785)	408,723
Capital Expenditures	173,970	140,497	(33,473)	129,662
Other Expenditures	15,814	1,392	(14,422)	7,777
Total Instructional Support Services	3,863,512	3,774,774	(88,738)	3,070,135
Pupil Support Services:				
Salaries	1,056,901	867,582	(189,319)	865,863
Employee Benefits	447,512	363,567	(83,945)	332,204
Purchased Services	2,896,539	2,985,218	88,679	2,558,721
Supplies and Materials	169,400	53,077	(116,323)	34,734
Capital Expenditures	5,000	-	(5,000)	219
Other Expenditures	4,730	3,690	(1,040)	4,344
Total Pupil Support Services	4,580,082	4,273,134	(306,948)	3,796,085

WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

	2022			2021
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
EXPENDITURES (Continued)				
Current (Continued):				
Sites and Buildings:				
Salaries	\$ 1,439,322	\$ 1,432,582	\$ (6,740)	\$ 1,466,645
Employee Benefits	595,337	588,403	(6,934)	603,021
Purchased Services	1,555,789	1,736,470	180,681	1,233,811
Supplies and Materials	588,000	761,951	173,951	890,034
Capital Expenditures	245,449	282,117	36,668	592,255
Other Expenditures	95,997	99,952	3,955	79,938
Total Sites and Buildings	<u>4,519,894</u>	<u>4,901,475</u>	<u>381,581</u>	<u>4,865,704</u>
Fiscal and Other Fixed Cost Programs:				
Purchased Services	243,500	246,047	2,547	243,338
Other Expenditures	-	17,500	17,500	-
Total Fiscal and Other Fixed Costs Programs	<u>243,500</u>	<u>263,547</u>	<u>20,047</u>	<u>243,338</u>
Debt Service:				
Principal	530,882	505,546	(25,336)	498,257
Interest and Fiscal Charges	314,200	282,680	(31,520)	358,230
Total Debt Service	<u>845,082</u>	<u>788,226</u>	<u>(56,856)</u>	<u>856,487</u>
Total Expenditures	<u>51,225,739</u>	<u>51,840,519</u>	<u>614,780</u>	<u>48,034,446</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	713,119	340,129	(372,990)	1,048,808
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	200	-	(200)	-
Insurance Recovery Proceeds	356,930	324,630	(32,300)	9,456
Loan Redemption	-	-	-	256,796
Issuance of Lease	-	117,600	117,600	-
Transfers Out	(62,000)	(62,920)	(920)	(61,960)
Total Other Financing Sources	<u>295,130</u>	<u>379,310</u>	<u>84,180</u>	<u>204,292</u>
Net Change in Fund Balance	<u>\$ 1,008,249</u>	719,439	<u>\$ (288,810)</u>	1,253,100
FUND BALANCE				
Beginning of Year, as Previously Reported		(4,751,045)		(6,004,145)
Prior Period Restatement, See Note 15		(251,804)		
Fund Balance - Beginning of Year, As Restated		<u>(5,002,849)</u>		<u>(6,004,145)</u>
End of Year		<u>\$ (4,283,410)</u>		<u>\$ (4,751,045)</u>

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
FOOD SERVICE SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and Investments	\$ 2,623,007	\$ 2,855,586
Receivables:		
Accounts Receivable	1,996	893
Due from Minnesota Department of Education	-	4,615
Due from Federal through the Minnesota Department of Education	537,477	554,980
Inventory	38,336	54,762
Prepaid Items	<u>8,104</u>	<u>2,630</u>
 Total Assets	 <u><u>\$ 3,208,920</u></u>	 <u><u>\$ 3,473,466</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Salaries Payable	\$ 52,621	\$ 56,362
Accounts and Contracts Payable	11,776	54,433
Due to Other Governmental Unit	2,899	1,727,074
Unearned Revenue	<u>89,176</u>	<u>114,686</u>
Total Liabilities	156,472	1,952,555
 Fund Balance:		
Nonspendable	46,440	57,392
Restricted for Food Service	<u>3,006,008</u>	<u>1,463,519</u>
Total Fund Balance	<u><u>3,052,448</u></u>	<u><u>1,520,911</u></u>
 Total Liabilities and Fund Balance	 <u><u>\$ 3,208,920</u></u>	 <u><u>\$ 3,473,466</u></u>

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
FOOD SERVICE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)**

	2022			2021
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Earnings on Investments	\$ 1,000	\$ 6,686	\$ 5,686	\$ 778
Other - Primarily Meal Sales	190,000	431,782	241,782	152,824
State Sources	32,500	113,167	80,667	58,467
Federal Sources	3,009,000	4,153,096	1,144,096	2,919,173
Total Revenues	3,232,500	4,704,731	1,472,231	3,131,242
EXPENDITURES				
Current:				
Salaries	836,271	1,065,958	229,687	771,120
Employee Benefits	440,353	522,455	82,102	433,542
Purchased Services	117,500	153,424	35,924	88,581
Supplies and Materials	1,265,500	1,288,416	22,916	788,903
Other Expenditures	2,500	954	(1,546)	301
Capital Outlay	532,500	141,987	(390,513)	112,940
Total Expenditures	3,194,624	3,173,194	(21,430)	2,195,387
Net Change in Fund Balance	\$ 37,876	1,531,537	\$ 1,493,661	935,855
FUND BALANCE				
Beginning of Year		1,520,911		585,056
End of Year		\$ 3,052,448		\$ 1,520,911

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
COMMUNITY SERVICE SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

	2022	2021
ASSETS		
Cash and Investments	\$ 1,171,911	\$ 746,192
Receivables:		
Current Taxes	157,354	144,974
Delinquent Taxes	1,321	2,311
Accounts Receivable	106,660	88,316
Due from Minnesota Department of Education	50,869	43,260
Prepaid Items	5,497	2,203
	<hr/>	<hr/>
Total Assets	\$ 1,493,612	\$ 1,027,256
	<hr/>	<hr/>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Salaries Payable	\$ 98,954	\$ 91,526
Accounts and Contracts Payable	77,127	68,604
Due to Other Governmental Units	2,351	2,792
Unearned Revenue	266,412	188,435
Total Liabilities	<hr/> 444,844	<hr/> 351,357
Deferred Inflows of Resources:		
Property Taxes Levied for Subsequent Year	296,026	277,870
Unavailable Revenue - Delinquent Taxes	1,321	2,311
Total Deferred Inflows of Resources	<hr/> 297,347	<hr/> 280,181
Fund Balance:		
Nonspendable	5,497	2,203
Restricted for Community Education Programs	497,048	147,026
Restricted for Early Childhood and Family Education Programs	87,456	118,720
Restricted for School Readiness	106,031	67,611
Restricted for Community Service	55,389	60,158
Total Fund Balance	<hr/> 751,421	<hr/> 395,718
	<hr/>	<hr/>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 1,493,612	\$ 1,027,256
	<hr/>	<hr/>

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
COMMUNITY SERVICE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)**

	2022			2021
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 277,869	\$ 277,400	\$ (469)	\$ 271,708
Earnings on Investments	10,000	1,778	(8,222)	302
Other - Primarily Tuition and Fees	2,359,500	2,678,701	319,201	1,905,303
State Sources	430,958	435,952	4,994	433,148
Federal Sources	-	-	-	85,230
Total Revenues	3,078,327	3,393,831	315,504	2,695,691
EXPENDITURES				
Current:				
Salaries	1,684,858	1,766,164	81,306	1,639,175
Employee Benefits	550,219	605,853	55,634	536,871
Purchased Services	432,125	482,407	50,282	412,420
Supplies and Materials	224,373	193,380	(30,993)	145,405
Other Expenditures	4,300	5,256	956	3,494
Capital Outlay	28,000	36,912	8,912	52,929
Debt Service:				
Principal	11,210	4,951	(6,259)	10,135
Interest and Fiscal Charges	1,480	6,125	4,645	940
Total Expenditures	2,936,565	3,101,048	164,483	2,801,369
Excess (Deficiency) of Revenues Over (Under) Expenditures	141,762	292,783	151,021	(105,678)
OTHER FINANCING SOURCES				
Issuance of Finance Purchase Agreement	-	-	-	44,665
Transfer in	62,000	62,920	920	61,960
Net Change in Fund Balance	\$ 203,762	355,703	\$ 151,941	947
FUND BALANCE				
Beginning of Year		395,718		394,771
End of Year		\$ 751,421		\$ 395,718

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
DEBT SERVICE FUND
BALANCE SHEET
JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and Investments	\$ 5,886,999	\$ 5,667,244
Receivables:		
Current Taxes	5,030,682	4,886,243
Delinquent Taxes	42,627	72,236
Due from Minnesota Department of Education	<u>76,344</u>	<u>72,460</u>
Total Assets	<u><u>\$ 11,036,652</u></u>	<u><u>\$ 10,698,183</u></u>
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Deferred Inflows of Resources:		
Property Taxes Levied for Subsequent Year	\$ 9,230,337	\$ 9,133,582
Unavailable Revenue - Delinquent Taxes	<u>42,627</u>	<u>72,236</u>
Total Deferred Inflows of Resources	9,272,964	9,205,818
Fund Balance:		
Restricted for Debt Service	<u>1,763,688</u>	<u>1,492,365</u>
Total Deferred Inflows of Resources and Fund Balance	<u><u>\$ 11,036,652</u></u>	<u><u>\$ 10,698,183</u></u>

WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL JUNE 30, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2021)

	2022		2021	
	Final Budgeted Amounts	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Tax	\$ 9,103,582	\$ 8,863,716	\$ (239,866)	\$ 8,663,364
Earnings on Investments	30,000	6,850	(23,150)	2,234
State Sources	437,265	764,087	326,822	724,599
Total Revenues	9,570,847	9,634,653	63,806	9,390,197
EXPENDITURES				
Debt Service:				
Bond Principal	5,515,000	5,600,000	85,000	5,185,000
Bond Interest	3,889,619	3,763,330	(126,289)	3,969,757
Total Expenditures	9,404,619	9,363,330	(41,289)	9,154,757
Excess (Deficiency) of Revenues Over (Under) Expenditures	166,228	271,323	105,095	235,440
OTHER FINANCING SOURCES				
Transfers In	-	-	-	73,957
Total Other Financing Sources	-	-	-	73,957
NET CHANGE IN FUND BALANCE	<u>\$ 166,228</u>	<u>271,323</u>	<u>\$ 105,095</u>	<u>309,397</u>
Fund Balance - Beginning of Year		<u>1,492,365</u>		<u>1,182,968</u>
FUND BALANCE - END OF YEAR		<u>\$ 1,763,688</u>		<u>\$ 1,492,365</u>

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
YEAR ENDED JUNE 30, 2022**

01 GENERAL FUND	Audit	UFARS	Difference
Total Revenues	\$ 52,180,648	\$ 52,180,650	\$ (2)
Total Expenditures	\$ 51,840,519	\$ 51,840,519	\$ -
<i>Nonspendable:</i>			
460 Nonspendable	\$ 188,139	\$ 188,139	\$ -
<i>Restricted:</i>			
401 Student Activities	\$ 249,481	\$ 249,481	\$ -
403 Staff Development	\$ -	\$ -	\$ -
405 Deferred Maintenance	\$ -	\$ -	\$ -
406 Health & Safety	\$ -	\$ -	\$ -
407 Capital Project Levy	\$ -	\$ -	\$ -
414 Operating Debt	\$ -	\$ -	\$ -
416 Levy Reduction	\$ -	\$ -	\$ -
423 Certain Teacher Programs	\$ -	\$ -	\$ -
424 Operating Capital	\$ -	\$ -	\$ -
426 \$25 Taconite	\$ -	\$ -	\$ -
427 Disabled Accessibility	\$ -	\$ -	\$ -
428 Learning & Development	\$ -	\$ -	\$ -
434 Area Learning Center	\$ -	\$ -	\$ -
435 Contracted Alt. Programs	\$ -	\$ -	\$ -
436 St. Approved Alt. Prog.	\$ -	\$ -	\$ -
438 Gifted & Talented	\$ -	\$ -	\$ -
441 Basic Skills	\$ -	\$ -	\$ -
445 Career and Tech. Programs	\$ -	\$ -	\$ -
446 First Grade Preparedness	\$ -	\$ -	\$ -
449 Safe Schools Levy	\$ 32,536	\$ 32,536	\$ -
450 Pre-Kindergarten	\$ -	\$ -	\$ -
451 QZAB Payments	\$ -	\$ -	\$ -
452 OPEB Liab Not In Trust	\$ -	\$ -	\$ -
453 Unfunded Sev & Retirement Levy	\$ -	\$ -	\$ -
464 Other Purposes	\$ -	\$ -	\$ -
467 LTFM	\$ 93,523	\$ 93,523	\$ -
472 Medical Assistance	\$ 180,363	\$ 180,363	\$ -
<i>Committed:</i>			
418 Committed for Severance	\$ -	\$ -	\$ -
461 Committed	\$ -	\$ -	\$ -
<i>Assigned:</i>			
462 Assigned	\$ -	\$ -	\$ -
<i>Unassigned:</i>			
422 Unassigned	\$ (5,027,452)	\$ (5,027,451)	\$ (1)
02 FOOD SERVICE			
Total Revenues	\$ 4,704,731	\$ 4,704,730	\$ 1
Total Expenditures	\$ 3,173,194	\$ 3,173,194	\$ -
<i>Nonspendable:</i>			
460 Nonspendable	\$ 46,440	\$ 46,440	\$ -
<i>Restricted:</i>			
452 OPEB Liability Not In Trust	\$ -	\$ -	\$ -
464 Other Purposes	\$ 3,006,008	\$ 3,006,008	\$ -
<i>Unassigned:</i>			
463 Unassigned	\$ -	\$ -	\$ -
04 COMMUNITY SERVICE			
Total Revenues	\$ 3,393,831	\$ 3,393,831	\$ -
Total Expenditures	\$ 3,101,048	\$ 3,101,049	\$ (1)
<i>Nonspendable:</i>			
460 Nonspendable	\$ 5,497	\$ 5,497	\$ -
<i>Restricted:</i>			
426 \$25 Taconite	\$ -	\$ -	\$ -
431 Community Education	\$ 497,048	\$ 497,048	\$ -
432 E.C.F.E.	\$ 87,456	\$ 87,456	\$ -
444 School Readiness	\$ 106,031	\$ 106,031	\$ -
447 Adult Basic Education	\$ -	\$ -	\$ -
452 OPEB Liability Not In Trust	\$ -	\$ -	\$ -
464 Other Purposes	\$ 55,389	\$ 55,390	\$ (1)
<i>Unassigned:</i>			
463 Unassigned	\$ -	\$ -	\$ -

06 BUILDING CONSTRUCTION	Audit	UFARS	Difference
Total Revenues	\$ -	\$ -	\$ -
Total Expenditures	\$ -	\$ -	\$ -
<i>Nonspendable:</i>			
460 Nonspendable	\$ -	\$ -	\$ -
<i>Restricted:</i>			
407 Capital Projects Levy	\$ -	\$ -	\$ -
409 Alternative Fac. Program	\$ -	\$ -	\$ -
413 Project Funded by COP	\$ -	\$ -	\$ -
467 LTFM	\$ -	\$ -	\$ -
464 Other Purposes	\$ -	\$ -	\$ -
<i>Unassigned:</i>			
463 Unassigned	\$ -	\$ -	\$ -
07 DEBT SERVICE			
Total Revenues	\$ 9,634,653	\$ 9,634,655	\$ (2)
Total Expenditures	\$ 9,363,330	\$ 9,363,331	\$ (1)
<i>Restricted/Reserved:</i>			
425 Bond Refundings	\$ -	\$ -	\$ -
451 QZAB Payments	\$ -	\$ -	\$ -
464 Other Purposes	\$ 1,763,688	\$ 1,763,688	\$ -
<i>Unassigned:</i>			
463 Unassigned	\$ -	\$ -	\$ -
08 TRUST			
Total Revenues	\$ 5,547	\$ 5,547	\$ -
Total Expenditures	\$ 7,950	\$ 7,950	\$ -
<i>Unassigned:</i>			
422 Unassigned	\$ 24,697	\$ 24,698	\$ (1)
09 AGENCY			
<i>Unassigned: Should Always Be -0-</i>			
422 Unassigned	\$ -	\$ -	\$ -
20 INTERNAL SERVICE			
Total Revenues	\$ 414,642	\$ 414,642	\$ -
Total Expenditures	\$ 449,231	\$ 449,231	\$ -
<i>Unassigned:</i>			
422 Unassigned	\$ 207,461	\$ 207,461	\$ -
25 OPEB REVOCABLE TRUST			
Total Revenues	\$ -	\$ -	\$ -
Total Expenditures	\$ -	\$ -	\$ -
<i>Unassigned:</i>			
422 Unassigned	\$ -	\$ -	\$ -
45 OPEB IRREVOCABLE TRUST			
Total Revenues	\$ 79,369	\$ 79,369	\$ -
Total Expenditures	\$ 365,777	\$ 365,777	\$ -
<i>Unassigned:</i>			
422 Unassigned	\$ 1,462,294	\$ 1,462,294	\$ -
47 OPEB DEBT SERVICE			
Total Revenues	\$ -	\$ -	\$ -
Total Expenditures	\$ -	\$ -	\$ -
<i>Restricted:</i>			
464 Other Purposes	\$ -	\$ -	\$ -
<i>Unassigned:</i>			
463 Unassigned	\$ -	\$ -	\$ -

STATISTICAL SECTION



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

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Financial Trends <i>These schedules contain trend information to help the reader understand how the School District's financial information and well-being have changed over time.</i>	96
Revenue Capacity <i>These schedules contain information to help the reader assess the School District's most significant local revenue source, the property tax.</i>	100
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.</i>	103
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District's financial activities take place.</i>	108
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**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
Net Investment in										
Capital Assets	\$ 10,007,409	\$ 11,389,031	\$ 11,321,128	\$ 11,479,331	\$ 5,807,583	\$ 9,332,523	\$ 13,506,358	\$ 13,856,029	\$ 15,005,980	\$ 17,490,806
Restricted	4,093,260	4,328,408	4,204,312	4,285,034	9,227,653	3,754,280	2,324,638	1,196,338	2,233,144	4,591,269
Unrestricted	5,998,858	4,637,153	(18,140,747)	(18,469,465)	(35,151,274)	(51,338,107)	(48,228,822)	(52,097,399)	(54,168,114)	(52,255,742)
Total Net Position	<u>\$ 20,099,527</u>	<u>\$ 20,354,592</u>	<u>\$ (2,615,307)</u>	<u>\$ (2,705,100)</u>	<u>\$ (20,116,038)</u>	<u>\$ (38,251,304)</u>	<u>\$ (32,397,826)</u>	<u>\$ (37,045,032)</u>	<u>\$ (36,928,990)</u>	<u>\$ (30,173,667)</u>

Source: District Financial Records

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental Activities:										
Administration	\$ 1,185,292	\$ 1,579,237	\$ 1,256,052	\$ 1,350,014	\$ 1,852,247	\$ 1,939,952	\$ 1,088,388	\$ 1,727,419	\$ 1,718,787	\$ 1,596,647
District Support Services	1,047,117	1,440,407	1,398,057	1,660,958	1,758,135	2,046,209	2,027,108	1,978,334	2,115,275	1,743,587
Regular Instruction	17,594,355	19,036,578	20,273,422	21,900,480	32,057,885	33,078,753	20,240,223	28,868,573	28,790,957	27,148,601
Vocational Education Instruction	413,364	408,882	362,110	417,813	735,232	910,035	388,526	732,344	634,772	443,929
Special Education Instruction	5,056,191	5,606,463	5,836,488	6,795,348	9,590,186	11,130,575	7,324,225	10,279,492	10,680,519	10,582,603
Instructional Support Services	2,859,057	2,567,694	2,495,627	3,712,399	4,233,473	3,997,066	1,782,424	3,261,940	3,286,539	3,729,571
Pupil Support Services	2,839,968	2,944,890	3,050,299	3,263,934	3,848,279	4,042,178	3,965,866	4,276,406	3,910,399	4,203,711
Sites and Buildings	3,353,103	3,516,280	3,671,230	2,520,701	3,941,604	4,395,830	4,573,584	5,152,061	4,920,182	5,163,212
Fiscal and Other Fixed Cost Programs	87,149	89,735	93,455	89,127	94,107	102,927	108,415	95,320	257,708	276,717
Food Service	1,668,132	1,817,156	1,807,800	1,973,210	2,436,628	2,454,281	2,403,003	2,315,111	2,100,954	3,145,950
Community Service	2,429,624	2,719,357	2,639,812	2,726,005	3,144,737	3,448,464	3,117,378	3,088,355	2,835,711	3,019,391
Interest and Fiscal Charges on										
Long-Term Liabilities	2,198,818	2,207,947	4,335,993	4,046,110	3,680,423	3,776,533	4,675,200	3,830,421	3,407,140	2,320,893
Total Governmental Activities Expenses	<u>\$ 40,732,170</u>	<u>\$ 43,934,626</u>	<u>\$ 47,220,345</u>	<u>\$ 50,456,099</u>	<u>\$ 67,372,936</u>	<u>\$ 71,322,803</u>	<u>\$ 51,694,340</u>	<u>\$ 65,605,776</u>	<u>\$ 64,658,943</u>	<u>\$ 63,374,812</u>
Program Revenues										
Governmental Activities										
Charges for Services:										
Food Service	\$ 1,281,673	\$ 1,352,011	\$ 1,393,706	\$ 1,415,847	\$ 1,496,562	\$ 1,621,940	\$ 1,691,815	\$ 1,240,881	\$ 152,824	\$ 431,782
Community Service	2,004,843	2,270,370	1,971,744	2,075,431	2,253,114	2,467,907	2,602,932	2,021,364	1,904,923	2,676,670
Other	739,164	762,736	800,970	862,260	914,096	857,144	1,146,296	817,794	672,339	1,345,587
Operating Grants and Contributions	6,075,020	6,216,007	7,102,480	7,922,878	8,208,183	8,332,639	7,952,867	10,744,917	15,164,667	15,671,394
Capital Grants and Contributions	376,121	413,101	585,575	577,212	589,518	671,772	705,430	871,774	668,106	928,381
Total Program Revenues - Governmental Activities	<u>\$ 10,476,821</u>	<u>\$ 11,014,225</u>	<u>\$ 11,854,475</u>	<u>\$ 12,853,628</u>	<u>\$ 13,461,473</u>	<u>\$ 13,951,402</u>	<u>\$ 14,099,340</u>	<u>\$ 15,696,730</u>	<u>\$ 18,562,859</u>	<u>\$ 21,053,814</u>
Net (Expense) Revenue - Governmental Activities	<u>\$ (30,255,349)</u>	<u>\$ (32,920,401)</u>	<u>\$ (35,365,870)</u>	<u>\$ (37,602,471)</u>	<u>\$ (53,911,463)</u>	<u>\$ (57,371,401)</u>	<u>\$ (37,595,000)</u>	<u>\$ (49,909,046)</u>	<u>\$ (46,096,084)</u>	<u>\$ (42,320,998)</u>
General Revenues										
Governmental Activities										
Property Taxes:										
General Purposes	\$ 4,414,769	\$ 2,726,754	\$ 4,112,294	\$ 3,887,676	\$ 3,959,064	\$ 3,866,547	\$ 4,657,153	\$ 6,874,968	\$ 7,213,033	\$ 9,251,656
Community Service	287,475	151,055	261,112	269,568	247,167	251,468	219,673	232,533	271,953	276,410
Debt Service	5,540,861	5,744,570	6,038,486	6,839,549	6,971,121	7,144,236	7,394,571	8,282,591	8,668,950	8,834,107
Unrestricted Grants and Contributions	20,950,725	24,248,424	24,551,090	26,062,381	28,649,861	27,613,061	28,968,648	29,522,767	29,806,650	30,753,062
Unrestricted Investment Earnings	15,896	21,596	45,007	263,181	304,783	233,724	136,444	157,250	63,554	15,058
Gain on Sale of Capital Assets	-	-	-	2,800	2,150	12,450	3,604	200	-	-
Miscellaneous	103,083	283,067	123,958	187,523	131,764	114,649	45,330	191,531	187,986	197,832
Total General Revenues - Governmental Activities	<u>\$ 31,312,809</u>	<u>\$ 33,175,466</u>	<u>\$ 35,131,947</u>	<u>\$ 37,512,678</u>	<u>\$ 40,265,910</u>	<u>\$ 39,236,135</u>	<u>\$ 41,425,423</u>	<u>\$ 45,261,840</u>	<u>\$ 46,212,126</u>	<u>\$ 49,328,125</u>
Change in Net Position	\$ 1,057,460	\$ 255,065	\$ (233,923)	\$ (89,793)	\$ (13,645,553)	\$ (18,135,266)	\$ 3,830,423	\$ (4,647,206)	\$ 116,042	\$ 7,007,127
Net Position - Beginning of Year	19,042,067	20,099,527	20,354,592	(2,615,307)	(2,705,100)	(20,116,038)	(38,251,304)	(32,397,826)	(37,045,032)	(36,928,990)
Prior Period Restatement	-	-	-	-	(1,111,887)	-	2,023,055	-	-	(251,804)
Change in Accounting Principle	-	-	(22,735,976)	-	(2,653,498)	-	-	-	-	-
Net Position - End of Year	<u>\$ 20,099,527</u>	<u>\$ 20,354,592</u>	<u>\$ (2,615,307)</u>	<u>\$ (2,705,100)</u>	<u>\$ (20,116,038)</u>	<u>\$ (38,251,304)</u>	<u>\$ (32,397,826)</u>	<u>\$ (37,045,032)</u>	<u>\$ (36,928,990)</u>	<u>\$ (30,173,667)</u>

Source: District Financial Records

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	\$ 7,411	\$ 30,797	\$ 29,399	\$ 21,030	\$ 92,523	\$ 51,369	\$ 90,882	\$ 40,035	\$ 142,221	\$ 188,139
Restricted	2,173,758	2,371,508	2,553,214	2,374,590	2,167,880	2,023,502	26,616	214,445	314,204	306,422
Assigned	1,025,180	678,866	626,930	453,109	250,000	-	-	-	-	-
Unassigned	4,504,155	3,785,963	3,683,372	3,369,412	2,033,058	(1,803,304)	(6,526,446)	(6,258,625)	(5,207,470)	(5,027,452)
Total General Fund	<u>7,710,504</u>	<u>6,867,134</u>	<u>6,892,915</u>	<u>6,218,141</u>	<u>4,543,461</u>	<u>271,567</u>	<u>(6,408,948)</u>	<u>(6,004,145)</u>	<u>(4,751,045)</u>	<u>(4,532,891)</u>
All Other Governmental Funds										
Nonspendable	65,833	72,828	37,272	41,854	29,500	8,357	24,544	54,208	59,595	51,937
Restricted For:										
Food Service Fund	831,220	920,715	1,033,440	1,065,404	861,207	785,253	753,863	531,348	1,463,519	3,006,008
Community Service Fund	533,101	602,181	615,885	570,345	568,447	577,560	599,700	394,271	393,515	745,924
Capital Projects Fund	353,591	22,306	68,507,316	41,094,378	10,154,422	-	896,039	-	-	-
Debt Service Fund	1,166,346	1,032,370	1,139,801	1,457,167	1,835,588	1,976,207	1,477,123	1,182,968	1,492,365	1,763,688
OPEB Debt Service Fund	77,432	78,279	83,570	84,677	76,438	73,387	72,851	73,708	-	-
Unassigned	-	-	-	(1,001,368)	-	(126,014)	-	(24,032)	-	-
Total Other Funds	<u>3,027,523</u>	<u>2,728,679</u>	<u>71,417,284</u>	<u>43,312,457</u>	<u>13,525,602</u>	<u>3,294,750</u>	<u>3,824,120</u>	<u>2,212,471</u>	<u>3,408,994</u>	<u>5,567,557</u>
Total All Funds	<u>\$ 10,738,027</u>	<u>\$ 9,595,813</u>	<u>\$ 78,310,199</u>	<u>\$ 49,530,598</u>	<u>\$ 18,069,063</u>	<u>\$ 3,566,317</u>	<u>\$ (2,584,828)</u>	<u>\$ (3,791,674)</u>	<u>\$ (1,342,051)</u>	<u>\$ 1,034,666</u>

Source: District Financial Records

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Local Sources:										
Property Taxes	\$ 10,272,700	\$ 8,707,235	\$ 10,436,307	\$ 11,016,257	\$ 11,177,391	\$ 11,269,111	\$ 12,219,836	\$ 15,377,972	\$ 16,161,266	\$ 18,383,004
Earnings on Investments	15,582	21,182	44,555	261,954	302,534	228,324	129,831	153,371	63,407	14,584
Other	4,155,371	4,696,441	4,304,684	4,546,702	4,815,133	5,064,200	5,498,498	4,459,502	2,938,128	4,652,629
State Sources	26,204,247	29,689,450	30,991,185	32,885,187	34,654,150	34,834,094	37,144,877	38,906,212	40,083,567	40,669,651
Federal Sources	1,166,407	1,156,870	936,799	1,391,504	1,422,817	1,446,504	1,427,188	1,624,712	5,078,297	6,193,995
Total Revenues	<u>41,814,307</u>	<u>44,271,178</u>	<u>46,713,530</u>	<u>50,101,604</u>	<u>52,372,025</u>	<u>52,842,233</u>	<u>56,420,230</u>	<u>60,521,769</u>	<u>64,324,665</u>	<u>69,913,863</u>
Expenditures										
Current:										
Administration	1,035,149	1,092,204	1,130,873	1,197,254	1,239,950	1,303,289	1,358,490	1,401,450	1,441,547	1,512,446
District Support Services	1,005,467	1,371,248	1,426,491	1,556,443	1,770,509	1,925,605	1,983,132	1,839,197	1,811,376	1,795,676
Regular Instruction	14,904,458	16,141,927	17,431,103	18,652,690	19,844,921	20,802,447	21,752,173	21,084,273	21,488,593	23,040,409
Vocational Education Instruction	411,202	401,909	350,479	407,835	562,394	711,686	588,221	668,291	584,008	457,852
Special Education Instruction	5,048,730	5,577,461	5,726,449	6,639,325	7,633,556	8,527,165	9,129,068	9,102,769	9,801,402	10,734,570
Instructional Support Services	2,003,611	2,096,528	2,346,130	2,494,787	2,715,986	2,923,134	2,933,530	2,823,710	2,940,473	3,634,277
Pupil Support Services	2,836,515	2,940,686	3,050,469	3,223,789	3,488,037	3,719,856	4,203,476	4,084,113	3,795,866	4,273,134
Sites and Buildings	3,063,647	3,184,939	3,143,645	3,290,769	3,794,790	3,868,754	4,157,649	3,778,256	4,273,449	4,619,358
Fiscal and Other Fixed Cost Programs	87,149	89,735	93,455	89,127	94,107	102,927	108,415	128,183	243,338	263,547
Food Service	1,631,378	1,769,267	1,799,296	1,916,419	2,238,850	2,326,242	2,384,528	2,291,668	2,082,447	3,031,207
Community Service	2,394,753	2,697,221	2,524,264	2,686,815	2,860,741	3,151,633	3,286,611	2,938,839	2,737,365	3,053,060
Capital Outlay	3,447,552	2,055,557	7,252,922	27,943,691	38,753,620	23,414,733	5,020,346	2,593,006	963,776	899,923
Debt Service:										
Principal	3,654,532	4,316,620	4,464,683	4,805,808	2,930,067	3,290,498	4,355,897	5,037,844	5,693,392	6,110,497
Interest and Fiscal Charges	2,331,607	2,249,541	4,195,008	4,396,256	3,997,347	4,001,264	4,557,799	4,550,597	4,328,927	4,052,135
Bond Issuance Costs	-	-	294,269	48,955	137,322	179,507	94,585	-	-	-
Total Expenditures	<u>43,855,750</u>	<u>45,984,843</u>	<u>55,229,536</u>	<u>79,349,963</u>	<u>92,062,197</u>	<u>80,248,740</u>	<u>65,913,920</u>	<u>62,322,196</u>	<u>62,185,959</u>	<u>67,478,091</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,041,443)	(1,713,665)	(8,516,006)	(29,248,359)	(39,690,172)	(27,406,507)	(9,493,690)	(1,800,427)	2,138,706	2,435,772
Other Financing Sources (Uses)										
Sale of Equipment Proceeds	-	6,381	2,839	2,800	2,150	12,450	3,604	200	-	-
Sale of Real Property Proceeds	-	-	-	-	-	-	-	-	-	-
Insurance Recovery Proceeds	4,604	2,955	-	-	-	-	-	5,245	9,456	324,630
Issuance of Bonds	1,435,000	-	75,000,000	-	8,565,000	12,330,000	7,105,000	-	-	-
Issuance of Refunding Bonds	-	-	17,555,000	6,830,000	-	-	-	-	-	-
Issuance of Capital Lease	698,428	221,015	42,462	-	399,154	-	160,699	588,136	301,461	-
Issuance of Lease	-	-	-	-	-	-	-	-	-	117,600
Lease Purchase Agreement Proceeds	-	-	-	-	-	-	3,008,000	-	-	-
Bond Premium	34,178	341,100	4,915,091	595,958	374,220	561,311	305,242	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	(20,285,000)	(6,960,000)	-	-	(7,240,000)	-	-	-
Transfers In	32,889	-	22,316	-	-	74,515	70,621	62,578	135,917	62,920
Transfers Out	(32,889)	-	(22,316)	-	-	(74,515)	(70,621)	(62,578)	(135,917)	(62,920)
Total Other Financials Sources (Uses)	<u>2,172,210</u>	<u>571,451</u>	<u>77,230,392</u>	<u>468,758</u>	<u>9,340,524</u>	<u>12,903,761</u>	<u>3,342,545</u>	<u>593,581</u>	<u>310,917</u>	<u>442,230</u>
Net Change in Fund Balances	130,767	(1,142,214)	68,714,386	(28,779,601)	(30,349,648)	(14,502,746)	(6,151,145)	(1,206,846)	2,449,623	2,878,002
Fund Balance - Beginning of Year	10,607,260	10,738,027	9,595,813	78,310,199	49,530,598	18,069,063	3,566,317	(2,584,828)	(3,791,674)	(1,342,051)
Prior Period Restatement	-	-	-	-	(1,111,887)	-	-	-	-	(251,804)
Fund Balance - Beginning of Year, As Restated	<u>10,607,260</u>	<u>10,738,027</u>	<u>9,595,813</u>	<u>78,310,199</u>	<u>48,418,711</u>	<u>18,069,063</u>	<u>3,566,317</u>	<u>(2,584,828)</u>	<u>(3,791,674)</u>	<u>(1,593,855)</u>
Fund Balance - End of Year	<u>\$ 10,738,027</u>	<u>\$ 9,595,813</u>	<u>\$ 78,310,199</u>	<u>\$ 49,530,598</u>	<u>\$ 18,069,063</u>	<u>\$ 3,566,317</u>	<u>\$ (2,584,828)</u>	<u>\$ (3,791,674)</u>	<u>\$ (1,342,051)</u>	<u>\$ 1,284,147</u>
Debt Service as a Percentage of Noncapital Expenditures	15.6%	14.9%	16.4%	17.9%	13.0%	12.8%	14.8%	15.8%	16.5%	15.1%

Source: District Financial Records

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Payable Year	Tax Capacity Valuation						Referendum Taxable Market Value	Tax Capacity as a Percentage of Market Value	Total Direct Tax Rate
	Agricultural Property	Non Agricultural Property	Personal Property	Tax Increment Property	Fiscal Disparities Program	Total Taxable			
2013	\$ 1,842,076	\$ 17,964,750	\$ 367,764	\$ (107,544)	\$ 374,330	\$ 20,441,376	\$ 1,707,374,400	1.20 %	38.50 %
2014	2,095,462	18,389,803	375,380	(228,320)	387,952	21,020,277	1,782,697,550	1.18	36.31
2015	2,196,803	20,653,626	419,878	(254,853)	430,858	23,446,312	2,005,291,250	1.17	35.25
2016	2,176,839	22,153,658	477,026	(281,244)	419,288	24,945,567	2,144,821,250	1.16	33.23
2017	2,189,162	23,061,834	559,156	(299,378)	600,524	26,111,298	2,223,889,450	1.17	31.24
2018	2,227,680	24,792,705	618,412	(279,894)	612,250	27,971,153	2,382,642,150	1.17	33.49
2019	2,218,418	26,420,240	634,578	(288,407)	790,768	29,775,597	2,523,728,850	1.18	33.80
2020	2,257,364	29,102,807	605,778	(323,813)	971,797	32,613,933	2,751,255,700	1.19	33.80
2021	2,268,096	30,447,378	648,520	(176,681)	922,915	34,110,228	2,863,100,800	1.19	32.37
2022	2,363,718	31,897,747	576,846	(177,980)	1,040,968	35,701,299	2,995,167,800	1.19	31.26

Source: State of Minnesota School Tax Report, Carver County Auditor

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2022-2022</u>
GOVERNMENTAL UNIT										
ISD No. 110 (Waconia)	38.504%	36.307%	35.252%	33.233%	31.235%	33.492%	33.800%	32.269%	32.367%	31.257%
ISD No. 110 (Waconia) Referendum Value	0.160	0.137	0.124	0.125	0.126	0.119	0.206	0.189	0.244	0.238
Overlapping Governments:										
Carver County	46.115	45.211	40.488	38.880	38.851	37.436	36.488	35.179	34.634	34.170
Hennepin County	49.461	49.959	46.398	45.356	44.087	42.808	41.861	41.084	38.210	38.535
City of Waconia	49.433	49.423	48.780	49.267	52.805	52.836	52.500	46.713	46.140	46.157
City of Minnetrista	29.551	29.761	28.448	28.792	26.590	25.742	24.915	24.735	23.681	23.097
City of St. Bonifacius	35.166	30.637	30.478	28.973	27.163	26.784	27.260	24.981	25.526	27.225
City of New Germany (Rural)	-	-	18.275	38.663	34.773	33.654	32.164	37.518	35.590	33.840
City of New Germany (Urban)	76.455	118.059	73.636	111.294	99.887	98.750	97.651	95.862	93.705	91.074
Benton Township	14.346	12.786	12.621	12.279	11.419	13.191	12.809	14.184	15.821	15.603
Laketown Township	18.765	18.120	16.803	16.144	16.057	15.546	14.684	14.140	13.430	13.432
Waconia Township	9.736	9.096	8.361	8.060	12.277	11.546	10.705	11.766	11.011	11.568
Carver County CDA	1.799	1.759	1.589	1.701	1.731	1.640	1.626	1.598	1.664	1.635
Carver County Rail Authority	0.121	0.114	0.097	0.110	0.105	0.114	0.104	0.101	0.099	0.109
Carver County WMO	1.019	1.016	0.891	0.912	0.919	0.967	0.927	0.893	0.875	0.859
Metropolitan Mosquito	0.556	0.563	0.492	0.478	0.473	0.446	0.423	0.395	0.382	0.364
Metropolitan Council	0.997	1.048	0.947	0.914	0.877	0.827	0.650	0.590	0.628	0.637

The state information for 2012-2022 is unavailable.

Source: Carver & Hennepin Counties

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
TEN LARGEST TAXPAYERS – CARVER COUNTY
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2022 Net Tax Capacity	Rank	Percent of Total Net Tax Capacity		2012* Net Tax Capacity	Rank	Percent of Total Net Tax Capacity	
			\$	35,701,299			\$	18,402,862
Ridgeview Real Estate LLC	\$ 335,514	1		0.94 %	\$ -			
Great River Energy	272,140	2		0.76	-			
Centerpoint Energy Minnegasco	258,692	3		0.72	-			
Northern States Power Co.	240,508	4		0.67	-			
JE Waconia 2018 LLC	221,226	5		0.62	-			
ACPI Wood Products LLC	180,708	6		0.51	-			
Target Corporation	161,302	7		0.45	-			
Lakeview Clinic Building, Corp.	143,766	8		0.40	-			
Northern Natural Gas Co.	129,939	9		0.36	-			
Auburn Meadows LLC	119,357	10		0.33	-			
Great River Energy	-				221,206	1		1.20 %
Target Corporation	-				204,462	2		1.11
Ridgeview Real Estate LLC	-				155,350	3		0.84
Jerry's Enterprises Inc.	-				139,912	4		0.76
Northern States Power Co.	-				128,642	5		0.70
Elkay Wood Products Company	-				121,272	6		0.66
Lakeview Clinic Bldg. Corp.	-				113,684	7		0.62
Centerpoint Energy Minnegasco	-				87,014	8		0.47
Northern Natural Gas Company	-				83,844	9		0.46
MMC Property LLC	-				76,860	10		0.42
Total	<u>\$ 2,063,152</u>			5.78 %	<u>\$ 1,332,246</u>			7.24 %

* Most current information available.

Source: Carver and Hennepin County Auditors

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

For Taxes Collectible	Net Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount (1)	Percent of Levy		Amount	Percent of Levy
2013	\$ 10,631,233	\$ 10,555,589	99.3	\$ 75,144	\$ 10,630,733	100.0%
2014	10,428,870	10,366,167	99.4	42,871	10,409,038	99.8%
2015	11,029,353	10,966,161	99.4	65,407	11,031,568	100.0%
2016	11,261,392	11,163,182	99.1	70,625	11,233,807	99.8%
2017	11,266,658	11,221,635	99.6	38,544	11,260,179	99.9%
2018	12,423,204	12,273,021	98.8	99,988	12,373,009	99.6%
2019	15,553,559	15,493,781	99.6	34,163	15,527,944	99.8%
2020	16,033,667	15,970,982	99.6	62,685	16,033,667	100.0%
2021	18,254,942	9,487,487	52.0	8,767,455	18,254,942	100.0%
2022	19,089,482	13,653,313	71.5	-	13,653,313	71.5%

(1) Notes: Includes abatements and any property tax credits paid through state aids included in the collections.

Source: State of Minnesota School Taxes Receivable Report, Carver and Hennepin County Auditor

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

Legal Debt Margin Calculation for Fiscal Year 2022

Estimated Market Value	\$ 2,995,167,800
Debt Limit (15% of Estimated Market Value)	449,275,170
Debt applicable to limit	<u>103,970,000</u>
Legal debt margin	<u>\$ 345,305,170</u>

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt Limit	\$ 274,035,443	\$ 291,879,427	\$ 328,612,012	\$ 350,190,195	\$ 409,711,495	\$ 426,048,907	\$ 469,562,961	\$ 460,952,970	\$ 461,357,276	\$ 449,275,170
Total Debt Applicable to the Limit	<u>50,725,000</u>	<u>46,785,000</u>	<u>114,875,000</u>	<u>111,825,000</u>	<u>124,265,000</u>	<u>126,475,000</u>	<u>119,550,000</u>	<u>114,755,000</u>	<u>105,375,000</u>	<u>103,970,000</u>
Legal Debt Margin	<u>\$ 223,310,443</u>	<u>\$ 245,094,427</u>	<u>\$ 213,737,012</u>	<u>\$ 238,365,195</u>	<u>\$ 285,446,495</u>	<u>\$ 299,573,907</u>	<u>\$ 350,012,961</u>	<u>\$ 346,197,970</u>	<u>\$ 355,982,276</u>	<u>\$ 345,305,170</u>
Total Debt Applicable to the Limit as a % of Debt Limit	18.51%	16.03%	34.96%	31.93%	30.33%	29.69%	25.46%	24.90%	22.84%	23.14%

Note: Minnesota Statutes, Section 475.53, subdivision 4, presently limits the "net debt" of a school district to 15% of its actual market value. The actual market value of property within a district on which its debt limit is based, is (a) the value certified by the county auditors, or (b) this value divided by the ratio certified by the commissioner of revenue, whichever results in a higher value. The percentages listed above represent the percentage of the legal debt limit used. Anything over 100% would indicate that the

Source: District Financial Records and Minnesota Department of Education

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS**

Fiscal Year	Bonded Debt	Certificates of Participation	Finance Purchase Obligations	Lease Purchase Obligations	Lease Liability	Total Primary Government	Estimated Population	Net Bonded Debt Per Capita	Percent of Personal Income
2013	\$ 51,188,853	\$ -	\$ 22,629	\$ 2,065,681	\$ -	\$ 53,277,163	19,242	2,769	0.9
2014	47,171,975	-	224,917	2,048,888	-	49,445,780	19,242	2,570	0.8
2015	119,633,209	-	113,682	1,917,902	-	121,664,793	20,764	5,859	1.9
2016	116,804,912	-	145,776	-	-	116,950,688	20,764	5,632	1.8
2017	119,353,054	3,160,000	389,863	-	-	122,902,917	20,764	5,919	1.8
2018	128,684,170	3,160,000	209,365	-	-	132,053,535	21,750	6,071	1.8
2019	124,228,496	3,040,000	205,454	2,926,713	-	130,400,663	22,738	5,735	1.7
2020	118,857,461	2,915,000	738,019	2,864,440	-	125,374,920	22,738	5,514	1.6
2021	109,570,000	2,785,000	881,189	3,107,145	-	116,343,334	22,738	5,117	N/A
2022	103,970,000	2,650,000	3,180,130 *	- *	87,501	109,887,631	23,000	4,778	N/A

Note 1: Details regarding the District's current outstanding debt can be found in the notes to the basic financial statements.

*Differences for Finance Purchase Obligations and Lease Purchase Obligations is due to the implementation of GASB 87.

Source: District Records

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN YEARS**

Fiscal Year	Bonded Debt	Resources Restricted for Repayment	Net Bonded Debt	Tax Capacity	Percentage of Estimated Actual Taxable Value of Property	Estimated Population	Net Bonded Debt Per Capita
2013	\$ 50,725,000	\$ (1,166,346)	\$ 49,558,654	\$ 1,707,374,400	2.90	19,242	2,576
2014	46,785,000	(1,032,370)	45,752,630	1,782,697,550	2.57	19,242	2,378
2015	114,875,000	(1,139,801)	113,735,199	2,005,291,250	5.67	20,764	5,478
2016	111,825,000	(1,457,167)	110,367,833	2,144,821,250	5.15	20,764	5,315
2017	114,455,000	(1,835,588)	112,619,412	2,223,889,450	5.06	20,764	5,424
2018	128,684,170	(1,976,207)	126,707,963	2,382,642,150	5.32	21,750	5,826
2019	124,228,496	(1,477,123)	122,751,373	2,523,728,850	4.86	22,738	5,399
2020	118,857,461	(1,182,968)	117,674,493	2,751,255,700	4.28	22,738	5,175
2021	109,570,000	(1,492,365)	108,077,635	2,863,100,800	3.77	22,738	4,753
2022	103,970,000	(1,763,688)	102,206,312	2,995,167,800	3.41	23,000	4,444

Note 1: Details regarding the District's current outstanding debt can be found in the notes to the basic financial statements.

Source: District Records

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
COMPUTATION OF DIRECT AND OVERLAPPING BOND DEBT
JUNE 30, 2022**

	2021-2022 Adjusted Taxable Net Tax Capacity	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping:				
Carver County	\$ 182,902,799	\$ 17,548,000	16.12%	\$ 2,828,738
Hennepin County	2,336,109,435	1,027,985,000	0.27%	2,737,524
Cities:				
Minnetrista	23,257,045	7,005,000	13.67%	957,584
New Germany	492,933	1,185,000	100.00%	1,185,000
St. Bonifacius	3,044,339	905,000	100.00%	905,000
Victoria	21,266,954	17,865,000	6.57%	1,173,731
Waconia	19,553,887	39,415,000	100.00%	39,415,000
Laketown Township	3,987,509	850,000	69.85%	593,725
Waconia Township	2,966,411	165,000	92.63%	152,840
Metropolitan Transit	-	-	0.00%	-
Metropolitan Council	5,197,211,231	218,520,000	0.69%	1,507,788
Three Rivers Park District	1,631,831,661	53,865,000	0.38%	204,687
Hennepin County Regional Railroad Authority	-	-	0.00%	-
Total Overlapping				<u>51,661,616</u>
Direct:				
Waconia ISD No. 110	35,701,299	103,970,000	100.00%	<u>103,970,000</u>
Total Direct and Overlapping Bonded Debt:				<u><u>\$ 155,631,616</u></u>

Sources: Taxable value data used to estimate applicable percentages and Debt outstanding data provided by the District's financial advisor, Ehlers.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Carver County			
	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2013	95,610	\$ 5,610,153,000	\$ 58,677	4.3 %
2014	97,343	6,038,631,000	62,035	2.9
2015	98,596	6,359,013,000	64,496	2.8
2016	100,327	6,577,482,000	65,560	2.9
2017	102,119	6,911,379,000	67,680	2.6
2018	103,551	7,388,388,000	71,350	1.9
2019	105,089	7,673,914,047	73,023	2.4
2020	107,179	8,070,573,665	75,300	4.5
2021	108,201	N.A.	N.A.	2.3
2022	108,626	N.A.	N.A.	2.7

N.A. - Not Available

Source: Bureau of Economic Analysis - U. S. Department of Commerce
Bureau of Labor Statistics - U.S. Department of Labor
United States Census Bureau
Minnesota Department of Employment and Economic Development

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO**

Taxpayer	Type of Business/Product	2022			2012*		
		Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Ridgeview Medical Center	Hospital and Medical Clinics	1,500	1	12.92 %	1,500	1	17.07 %
Storm Aviation, Inc.	Aircraft Dealer	1,001	2	8.62			
I.S.D. No. 110 (Waconia)	Elementary and Secondary Education	515	3	4.44	377	3	4.29
Medallion Cabinetry, Inc.	Wooden Kitchen and Vanity Cabinets	500	4	4.31	575	2	6.55
ACPI Wood Products, LLC	Kitchen Cabinets	350	5	3.02			
Yorktown Cabinetry	Cabinet Manufacturer	250	6	2.15	220	4	2.50
Mackenthun's Fine Foods	Retail Grocery Store	200	7	1.72			
Physicians Service Network	Offices of Physicians	200	8	1.72	175	6	1.99
Ridgeview Home Support Service	Home Health Care Services	175	9	1.51			
Waconia Good Samaritan Center	Non-Profit Social Advocacy Organization	170	10	1.46	150	7	1.71
Crown College	Education	160	11	1.38	220	5	2.50
Waconia Police Department	Police Department	155	12	1.34	120	9	1.37
Target	Department Store	150	13	1.29	120	8	1.37
Good Samaritan Society, Waconia	Nursing Home	130	14	1.12			
Lakeview Clinic Ltd.	Offices of Physicians	120	15	1.03			
Ridgeview Rehab Specialties	Home Health Care Services	120	16	1.03	100	10	1.14
Total Employees		<u>5,696</u>		49.10 %	<u>3,557</u>		40.47 %

* Most current information available.

Source: District Financial Advisor, Reference USA

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
FULL-TIME EQUIVALENT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Instruction										
Teachers	233.24	248.36	250.23	272.62	289.4	289.75	289.32	287.01	286.63	288.01
Support										
Principals/Directors	18.00	18.00	18.00	19.00	20.00	21.00	21.00	21.00	21.00	22.00
Secretary/Clerical	11.21	11.69	12.00	12.00	14.00	13.00	13.00	13.00	13.00	13.00
Confidential	5.00	5.00	5.00	6.00	5.00	5.00	5.00	4.17	4.00	3.00
ParaEducators	83.39	83.42	101.88	101.88	113.63	114.81	118.86	117.61	124.26	119.61
Food Service	18.00	18.10	19.14	19.14	24.86	27.00	30.00	25.00	25.00	35.58
Custodians	23.75	24.40	25.00	25.00	29.00	33.97	33.75	28.00	31.97	35.24
Community Education	6.50	7.50	7.50	7.50	8.50	8.00	9.00	9.00	9.00	10.00
Total Support	165.85	168.11	188.52	190.52	214.99	222.78	230.61	217.78	228.23	238.43
Total	399.09	416.47	438.75	463.14	504.39	512.53	519.93	504.79	514.86	526.44

Source: District Records

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil- Teacher Ratio</u>	<u>Percent of Students Receiving Free or Reduced Priced Meals</u>	<u>Student Attendance Percentage</u>
2013	3,575	\$ 37,270,770	\$ 10,425	5.90 %	233	15.34 %	11.98%	95.70 %
2014	3,699	39,681,068	10,728	2.94	248	14.92	12.32	96.10
2015	3,759	40,437,678	10,758	(0.18)	250	15.04	12.60	95.50
2016	3,860	43,631,445	11,303	5.07	273	14.14	12.57	96.38
2017	3,899	47,309,965	12,134	7.76	289	13.49	11.46	96.55
2018	4,039	49,819,332	12,335	1.87	290	13.93	11.17	95.50
2019	4,051	55,801,111	13,775	10.80	289	14.02	11.40	95.70
2020	4,071	51,425,846	12,632	(8.15)	287	14.18	9.06	96.26
2021	3,988	51,154,140	12,827	4.91	287	13.90	5.75	93.40
2022	3,995	57,997,162	14,517	13.17	287	13.92	12.50	95.67

Source: District Records and Minnesota Department of Education

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

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
TEACHER SALARIES
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Minimum Salary</u>	<u>Maximum Salary</u>
2013	\$ 36,901	\$ 74,588
2014	37,455	78,652
2015	38,017	79,831
2016	38,777	81,746
2017	39,553	83,381
2018	40,443	85,669
2019	41,353	87,597
2020	41,560	88,247
2021	41,768	88,688
2022	42,603	90,642

Note: Amounts do not include fringe benefits such as pension, health insurance, disability, and etc.

Source: District Financial Records

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
SCHOOL BUILDING INFORMATION – OWNED BUILDINGS
LAST TEN FISCAL YEARS**

School	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Bayview Elementary (1918, 1936, 1955, 1961, 1969, 2008)										
Square Feet	90,919	90,919	90,919	90,919	90,919	94,500	94,500	94,500	94,500	94,500
Capacity	700	700	700	700	700	700	700	700	700	700
Enrollment	694	723	763	752	619	628	606	577	551	551
Acres	30	30	30	30	30	30	30	30	30	30
Laketown Elementary (2017)										
Square Feet					85,000	86,000	86,000	86,000	86,000	86,000
Capacity					600	600	600	600	600	600
Enrollment					503	564	582	583	517	517
Acres					59	59	59	59	59	59
Southview Elementary (1961, 1969, 2008)										
Square Feet	85,000	85,000	85,000	85,000	85,000	85,500	85,500	85,500	85,500	85,500
Capacity	650	650	650	650	650	650	670	670	670	670
Enrollment	638	662	651	698	646	628	638	610	632	632
Acres	7	7	7	7	7	7	7	7	7	7
Waconia Middle School (1994, 2017)										
Square Feet	244,000	244,000	244,000	244,000	244,000	235,000	235,000	235,000	235,000	235,000
Capacity	1,066	1,066	1,066	1,066	1,066	1,082	1,082	1,082	1,082	1,082
Enrollment	1,099	1,136	1,176	1,181	877	956	986	956	928	928
Acres	30	30	30	30	30	30	30	30	30	30
Waconia High School (2001, 2004, 2017)										
Square Feet	232,000	232,000	232,000	232,000	232,000	395,000	395,000	395,000	395,000	395,000
Capacity	1,082	1,082	1,082	1,082	1,082	1,600	1,600	1,600	1,600	1,600
Enrollment	1,076	1,101	1,103	1,156	1,198	1,307	1,333	1,281	1,234	1,234
Acres	57	57	57	57	57	115	115	115	115	115
Waconia Learning Center (2018)										
Square Feet						11,000	11,000	11,000	11,000	11,000
Capacity						100	100	100	100	100
Enrollment						45	62	59	52	52
Acres						5	5	5	5	5
Educational Service Center (2015)										
Square Feet				42,400	42,400	42,400	42,400	42,400	42,400	42,400
Capacity				120	120	120	120	120	120	120
Enrollment				120	120	120	120	120	120	120
Acres				2	2	2	2	2	2	2

Note: Bayview Elementary School Capacity numbers prior to 2006 are estimates for the School portion of the building. Prior to 2006, the building was partially used for Community Education and other administrative functions. In addition, portions of the building were not available for student use due to their condition.

In 2018 the District turned the middle school into a high school. The existing high school was then turned into a grades 6-8 from grades 5-8 middle school.

Source: District Records

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
SCHEDULE OF INSURANCE COVERAGE
YEAR ENDED JUNE 30, 2022**

Insurable Risk	Insured through Agent and Insurance Company or Risk Pool	Policy Period	Coverage Limits	Deductible
Blanket Real and Personal Property	Minnesota Insurance Scholastic Trust	7/1/21 to 6/30/22	Varies by Class of Property	\$5,000
Inland Marine	Minnesota Insurance Scholastic Trust	7/1/21 to 6/30/22	Varies by Class of Property	\$5,000
Crime	Minnesota Insurance Scholastic Trust	7/1/21 to 6/30/22	\$50,000 / \$1,000,000 Excess	\$2,500
General Liability	Minnesota Insurance Scholastic Trust	7/1/21 to 6/30/22	Each Occ. - \$2,000,000 Annual Agg. - \$4,000,000	\$1,000/ea.
School Leaders	Minnesota Insurance Scholastic Trust	7/1/21 to 6/30/22	Each Wrongful Act - \$4,000,000 Aggregate - \$8,000,000	NA
Automobile	Minnesota Insurance Scholastic Trust	7/1/21 to 6/30/22	Uninsured - \$1,000,000 Underinsured - \$1,000,000	\$1,000/ea.
Workers Compensation	SFM Mutual Insurance Companies	7/1/21 to 6/30/22	Disease - \$500,000 Disease - \$500,000/ee Accident - \$500,000/ee	NA
Excess Liability	Minnesota Insurance Scholastic Trust	7/1/21 to 6/30/22	Each Occurrence - \$4,000,000	NA

NA - Not Applicable

Source: District Records

