

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2023



WACONIA PUBLIC SCHOOLS

Independent School District #110

512 Industrial Boulevard

Waconia, MN 55387

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2023

PREPARED BY

BUSINESS OFFICE STAFF

WACONIA, MINNESOTA

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INDEPENDENT SCHOOL DISTRICT NO. 110
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INTRODUCTORY SECTION

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
SCHOOL BOARD AND ADMINISTRATION
JUNE 30, 2023**

SCHOOL BOARD

NAME	TERM ON BOARD EXPIRES	BOARD POSITION
Dana Geller	12/31/24	Chairperson
Luke DeBoer	12/31/24	Vice-Chairperson/ Clerk
Alycia Myers	12/31/24	Treasurer
Melanie Hagen	12/31/26	Director
Kimberly Kelzer-Breeden	12/31/26	Director
Jesse Bergstrom	12/31/26	Director
Kelly Amott	12/31/26	Director

ADMINISTRATION

Brian Gersich	Superintendent
Ra Chhoth	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, 2023, 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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

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, 2023, 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, 2023, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2023, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the 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, 2023.

We also previously audited, in accordance with GAAS, the basic financial statements of the District as of and for the year ended June 30, 2022, (not presented herein), and have issued our report thereon dated December 2, 2022 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, 2022 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2022 basic financial statements. The information was subjected to the audit procedures applied in the audit of the 2022 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the 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, 2022.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory 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 2022 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated December 2, 2022. In our opinion the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent in all material respects with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2023, 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 8, 2023

REQUIRED SUPPLEMENTARY INFORMATION

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

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, 2023. Please read it in conjunction with the District's financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2022-2023 fiscal year include the following:

- Total General Fund revenues and other financing sources were \$53,186,429 as compared to \$52,327,293 of expenditures and other financing uses which caused fund balance to increase by \$859,136.
- Net position increased by \$10,452,866 due to changes in the liability related to pensions, an overall decrease in expenditures.

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, 2023**

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, 2023**

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 (\$19,720,801) on June 30, 2023. This was an increase of 34.6% from the prior year (see Table A-1). Net pension liability increased by approximately \$17,584,000 and OPEB liability increased by approximately \$562,000 all related to changes in the assumptions.

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

	Governmental Activities		Percentage
	2023	2022	Change
Assets			
Current and Other Assets	\$ 27,454,134	\$ 26,026,350	5.5 %
Capital Assets	124,952,387	129,577,887	(3.6)
Total Assets	152,406,521	155,604,237	(2.1)
Deferred Outflows of Resources	12,358,333	12,946,689	(4.5)
Liabilities			
Current Liabilities	14,511,848	14,130,656	2.7
Long-Term Liabilities	141,982,327	130,907,476	8.5
Total Liabilities	156,494,175	145,038,132	7.9
Deferred Inflows of Resources	27,991,480	53,686,461	(47.9)
Net Position			
Net Investment in Capital Assets	19,686,829	17,490,806	12.6
Restricted	6,295,222	4,591,269	37.1
Unrestricted	(45,702,852)	(52,255,742)	(12.5)
Total Net Position	\$ (19,720,801)	\$ (30,173,667)	34.6

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Changes in Net Position

The District's total revenues were \$69,136,910 for the year ended June 30, 2023. Property taxes and state formula aid accounted for 50,036,841 of total revenue for the year (see Figure A-1). Another 12,904,858 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 %
	2023	2022	Change
Revenues			
Program Revenues:			
Charges for Services	\$ 5,775,026	\$ 4,454,039	29.7 %
Operating Grants and Contributions	12,286,354	15,671,394	(21.6)
Capital Grants and Contributions	618,504	928,381	(33.4)
General Revenues:			
Property Taxes	18,796,724	18,362,173	2.4
Unrestricted State Aid	31,240,117	30,753,062	1.6
Investment Earnings	291,428	15,058	1835.4
Other	128,757	197,832	(34.9)
Total Revenues	69,136,910	70,381,939	(1.8)
Expenses			
Administration	1,242,947	1,596,647	(22.2)
District Support Services	2,063,656	1,743,587	18.4
Regular Instruction	23,281,034	27,148,601	(14.2)
Vocational Education Instruction	489,941	443,929	10.4
Special Education Instruction	9,507,273	10,582,603	(10.2)
Instructional Support Services	3,140,401	3,729,571	(15.8)
Pupil Support Services	4,303,148	4,203,711	2.4
Sites and Buildings	5,203,843	5,163,212	0.8
Fiscal and Other Fixed Cost Programs	286,089	276,717	3.4
Food Service	3,082,491	3,145,950	(2.0)
Community Service	3,104,624	3,019,391	2.8
Interest and Fiscal Charges on Long-Term Liabilities	2,978,597	2,320,893	28.3
Total Expenses	58,684,044	63,374,812	(7.4)
Change in Net Position	10,452,866	7,007,127	
Beginning Net Position, as Previously Reported	(30,173,667)	(36,928,990)	
Prior Period Restatement	-	(251,804)	
Beginning Net Position, as Restated	(30,173,667)	(37,180,794)	
Ending Net Position	\$ (19,720,801)	\$ (30,173,667)	

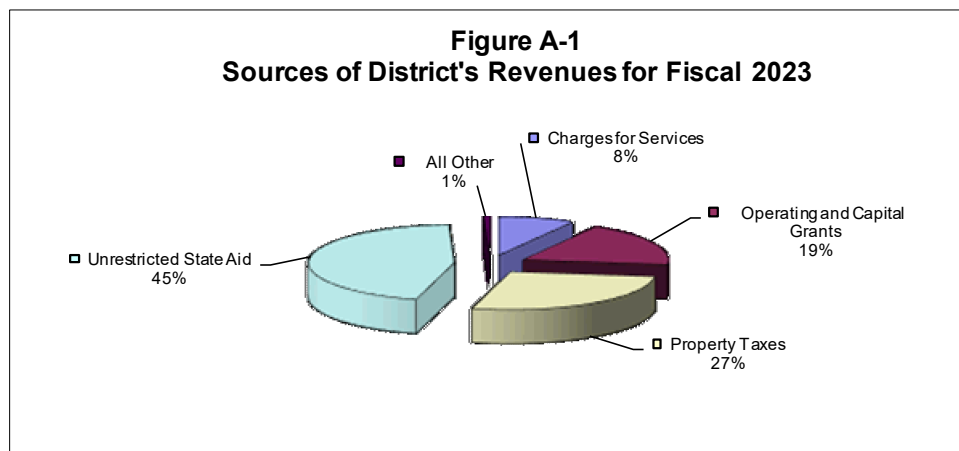
The total cost of all programs and services including interest and fiscal charges was \$58,684,044. Total revenues exceeded expenses by \$10,452,866. Charges for services increased due to an increase in community education activities. The decrease in expenses is due to moderate spending offset with an 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, 2023**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

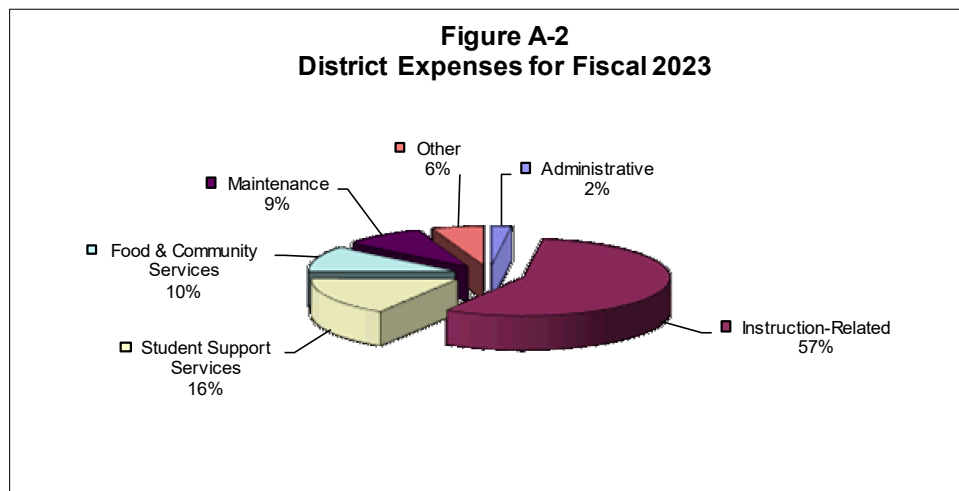
The total revenue for all governmental activities this year was \$69,136,910 as depicted in Figure A-1 below.

- Some of the revenue was paid by the users of the District's programs of 8%.
- The federal and state governments subsidized certain programs with grants and contributions of 19%.
- The remainder of the District's revenue came from the District taxpayers, 27%, and the taxpayers of our state, 45%, through unrestricted state aids.
- The remaining less than 1% is other revenue.



The total cost of all programs and services were \$58,684,044 as depicted in Figure A-2 below.

- Instruction Related Costs incur 57% of expenses.
- Student Support Services incur another 16% of expenses.
- Food Service and Community Services incur 10% of expenses.
- Maintenance costs incur 9% of expenses.
- Administrative costs account for 2% of expenses.
- The remaining 6% is other expenses.



**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

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
	2023	2022		2023	2022	
Administration	\$ 1,242,947	\$ 1,596,647	(22.2)%	\$ 1,231,672	\$ 1,609,046	(23.5)%
District Support Services	2,063,656	1,743,587	18.4	2,062,564	1,742,275	18.4
Regular Instruction	23,281,034	27,148,601	(14.2)	20,340,701	22,965,990	(11.4)
Vocational Education Instruction	489,941	443,929	10.4	475,109	432,163	9.9
Special Education Instruction	9,507,273	10,582,603	(10.2)	254,345	2,470,089	(89.7)
Instructional Support Services	3,140,401	3,729,571	(15.8)	2,841,242	3,653,663	(22.2)
Pupil Support Services	4,303,148	4,203,711	2.4	4,513,248	4,074,232	10.8
Sites and Buildings	5,203,843	5,163,212	0.8	4,716,540	4,347,770	8.5
Fiscal and Other Fixed						
Cost Programs	286,089	276,717	3.4	286,089	276,717	3.4
Food Service	3,082,491	3,145,950	(2.0)	448,637	(1,552,095)	(128.9)
Community Service	3,104,624	3,019,391	2.8	(144,584)	(19,745)	632.3
Interest and Fiscal Charges						
on Long-Term Liabilities	2,978,597	2,320,893	28.3	2,978,597	2,320,893	28.3
Total	<u>\$ 58,684,044</u>	<u>\$ 63,374,812</u>	(7.4)	<u>\$ 40,004,160</u>	<u>\$ 42,320,998</u>	(5.5)

The total cost of all governmental activities for the year ended June 30, 2023 was \$58,684,044.

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 \$2,497,522, which is \$1,213,375 more than last year's ending fund balance of \$1,284,147. 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, 2023**

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.

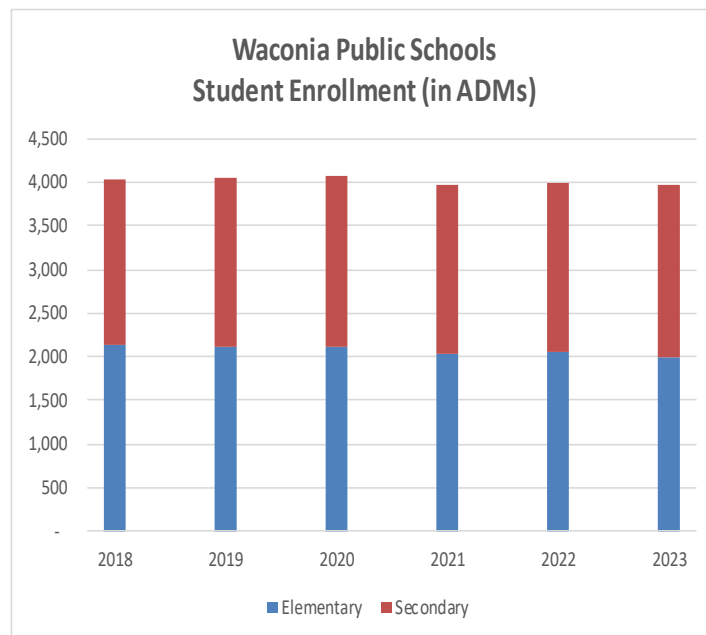
Approximately 97% of General Fund operational revenue is controlled by a complex set of state funding formulas resulting in the local school board having no meaningful authority to determine the level of resources. This includes special education state aid that is based upon a cost reimbursement model 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 decreased slightly through school year 2022-2023.

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

	2018	2019	2020	2021	2022	2023
Elementary	2,148	2,113	2,111	2,025	2,058	2,000
Secondary	1,891	1,938	1,959	1,947	1,937	1,977
Total Students for Aid	4,039	4,051	4,070	3,972	3,995	3,977
Percent Change	3.59%	0.30%	0.47%	-2.41%	0.58%	-0.45%



**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

GENERAL FUND (CONTINUED)

Over the last six years, the District has experienced a decrease in average daily membership of 62 students or 1.8%. The average daily membership decreased during school year 2022-2023 and it is anticipated that the average daily membership will increase in 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, 2023	June 30, 2022	Increase (Decrease)	Percent
Local Sources:				
Property Taxes	\$ 9,562,770	\$ 9,241,888	\$ 320,882	3.5 %
Earnings on Investments	-	(730)	730	(100.0)
Other	1,381,797	1,542,146	(160,349)	(10.4)
State Sources	40,808,105	39,356,445	1,451,660	3.7
Federal Sources	1,312,610	2,040,899	(728,289)	(35.7)
Total General Fund Revenue	<u>\$ 53,065,282</u>	<u>\$ 52,180,648</u>	<u>\$ 884,634</u>	1.7

Total General Fund Revenue increased by \$884,634 or 1.7% 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, 2023	June 30, 2022		
Salaries	\$ 30,105,406	\$ 28,891,219	\$ 1,214,187	4.2 %
Employee Benefits	11,428,694	11,190,355	238,339	2.1
Purchased Services	7,021,226	7,581,333	(560,107)	(7.4)
Supplies and Materials	2,109,431	2,375,075	(265,644)	(11.2)
Capital Expenditures	484,635	719,668	(235,033)	(32.7)
Other Expenditures	1,111,121	1,082,869	28,252	2.6
Total Expenditures	<u>\$ 52,260,513</u>	<u>\$ 51,840,519</u>	<u>\$ 419,994</u>	0.8

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

GENERAL FUND (CONTINUED)

Total General Fund expenditures increased by \$419,994 or 0.8% from the previous year. Most of this increase was due to an increase in salaries and employee benefits.

The unassigned fund balance for the General Fund was (\$6,096,743) as of June 30, 2023. 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 unassigned fund balance was (\$6,096,743) as of June 30, 2023 as compared to an unassigned fund balance of (\$5,027,452) as of June 30, 2022.

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 \$735,100 more than expected primarily due to an increase in federal and state revenue. In addition, investment earnings were more than expected.

The actual expenditures were \$1,384,640 less than budgeted primarily due to an increase in salaries and employee benefits.

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.

DEBT SERVICE FUNDS

The Debt Service Fund revenues exceeded expenditures by \$427,187 in FY2023. The remaining fund balance of \$2,190,875 at June 30, 2023 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, 2023**

OTHER MAJOR FUNDS

Expenditures exceeded revenue in Food Service Fund by \$685,081 and in the Community Education Fund revenues and other financing sources exceeded expenditures by \$612,133.

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 2023, the District had invested over \$198 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**

	2023	2022	Percentage Change
Land	\$ 5,524,742	\$ 5,524,742	-
Right-to-Use Asset	218,987	117,600	86.2
Land Improvements	6,034,879	6,034,879	-
Buildings and Improvements	176,251,626	176,205,525	0.0
Equipment	9,896,526	9,464,422	4.6
Less: Accumulated Depreciation/Amortization	(72,974,373)	(67,769,281)	7.7
Total	<u>\$ 124,952,387</u>	<u>\$ 129,577,887</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, 2023**

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Liabilities

At year-end, the District had approximately \$105,282,000 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**

	2023	2022	Percentage Change
General Obligation Bonds	\$ 98,090,000	\$ 103,970,000	(5.7)%
Net Bond Premium and Discount	1,720,802	2,229,481	(22.8)
Certificates of Participation Payable	2,510,000	2,650,000	(5.3)
Finance Purchase Agreement	2,820,872	3,180,130	(11.3)
Lease Liability	140,680	87,501	60.8
Total	<u>\$ 105,282,354</u>	<u>\$ 112,117,112</u>	(6.1)
Long-Term Liabilities:			
Due within One Year	\$ 6,644,011	\$ 6,407,966	
Due in More than One Year	98,638,343	105,709,146	
Total	<u>\$ 105,282,354</u>	<u>\$ 112,117,112</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 is in negotiations with all of its bargaining units in FY22-23. Increase labor costs, transportation costs will be significant on the district finances as it position to get itself out of Statutory Operating Debt.

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. Flat enrollment in the short term will be significant for Waconia Public Schools to balance limited resources with increase strain for instruction, daily maintenance and operations, transportation services, food service programming, and community education programming.

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, 2023**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
STATEMENT OF NET POSITION
JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)

	Governmental Activities	
	2023	2022
ASSETS		
Cash and Investments	\$ 12,089,381	\$ 10,741,202
Receivables:		
Property Taxes	10,165,678	10,332,107
Due From Other Governments	3,733,484	4,531,834
Other	141,137	181,131
Prepaid Items	982,591	201,740
Inventories	61,663	38,336
Due from Irrevocable OPEB Trust	280,200	-
Capital Assets:		
Land and Construction in Progress	5,524,742	5,524,742
Other Capital Assets, Net of Depreciation/Amortization	119,427,645	124,053,145
Total Assets	<u>152,406,521</u>	<u>155,604,237</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related	12,104,446	12,607,459
OPEB Related	237,091	309,199
Loss on Refunding	16,796	30,031
Total Deferred Outflows of Resources	<u>12,358,333</u>	<u>12,946,689</u>
LIABILITIES		
Salaries Payable	4,992,087	4,207,911
Accounts and Contracts Payable	441,169	691,265
Accrued Interest	1,470,885	1,576,139
Due to Other Governmental Units	153,613	455,582
Unearned Revenue:		
Local Sources	496,963	489,266
Long-Term Liabilities:		
Net Pension Liability	37,708,313	20,124,370
Net OPEB Liability	5,635,671	5,073,960
Portion Due Within One Year	6,957,131	6,710,493
Portion Due in More Than One Year	98,638,343	105,709,146
Total Liabilities	<u>156,494,175</u>	<u>145,038,132</u>
DEFERRED INFLOWS OF RESOURCES		
OPEB Related	1,070,688	1,301,427
Pension Related	8,243,087	33,771,967
Property Taxes Levied for Subsequent Year	18,677,705	18,613,067
Total Deferred Inflows of Resources	<u>27,991,480</u>	<u>53,686,461</u>
NET POSITION		
Net Investment in Capital Assets	19,686,829	17,490,806
Restricted for:		
State-Mandated Restrictions	1,786,505	555,903
Food Service	2,367,367	3,052,448
Community Service	1,365,331	752,742
Debt Service	776,019	230,176
Unrestricted	<u>(45,702,852)</u>	<u>(52,255,742)</u>
Total Net Position	<u>\$ (19,720,801)</u>	<u>\$ (30,173,667)</u>

See accompanying Notes to Basic Financial Statements.

WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

2023					2022
Functions	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
					Governmental Activities
Governmental Activities					
Administration	\$ 1,242,947	\$ -	\$ 11,275	\$ -	\$ (1,231,672)
District Support Services	2,063,656	-	-	1,092	(2,062,564)
Regular Instruction	23,281,034	879,309	1,823,117	237,907	(20,340,701)
Vocational Education Instruction	489,941	-	14,832	-	(475,109)
Special Education Instruction	9,507,273	200,798	9,052,130	-	(254,345)
Instructional Support Services	3,140,401	-	230,427	68,732	(2,841,242)
Pupil Support Services	4,303,148	-	(210,100)	-	(4,513,248)
Sites and Buildings	5,203,843	176,530	-	310,773	(4,716,540)
Fiscal and Other Fixed Cost Programs	286,089	-	-	-	(286,089)
Food Service	3,082,491	1,644,549	989,305	-	(448,637)
Community Service	3,104,624	2,873,840	375,368	-	144,584
Interest and Fiscal Charges on Long-Term Liabilities	2,978,597	-	-	-	(2,978,597)
Total Governmental Activities	\$ 58,684,044	\$ 5,775,026	\$ 12,286,354	\$ 618,504	(40,004,160)
GENERAL REVENUES					
Property Taxes Levied for:					
General Purposes					9,581,076
Community Service					294,572
Debt Service					8,921,076
State Aid Not Restricted to Specific Purposes					31,240,117
Earnings on Investments					291,428
Miscellaneous					128,757
Total General Revenues					50,457,026
CHANGE IN NET POSITION					10,452,866
Net Position - Beginning of Year, as Previously Reported					(30,173,667)
Prior Period Restatement					-
Net Position - Beginning of Year, as Restated					(30,173,667)
NET POSITION - END OF YEAR					\$ (19,720,801)

See accompanying Notes to Basic Financial Statements.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

	Major		
	General	Food Service	Community Service
ASSETS			
Cash and Investments	\$ 1,502,632	\$ 2,430,349	\$ 1,796,453
Receivables:			
Current Property Taxes	5,175,983	-	139,883
Delinquent Property Taxes	52,009	-	1,777
Due from Other Minnesota School Districts	3,716	-	-
Due from Minnesota Department of Education	3,420,140	-	53,010
Due from Federal through Minnesota Department of Education	59,564	-	6,875
Due from Other Governmental Units	110,900	-	-
Other Receivables	31,772	1,675	107,690
Due from Other Funds	280,200	-	-
Prepaid Items	885,964	33,062	63,565
Inventory	-	61,663	-
Total Assets	<u>\$ 11,522,880</u>	<u>\$ 2,526,749</u>	<u>\$ 2,169,253</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, RESOURCES, AND FUND BALANCE			
LIABILITIES			
Salaries Payable	\$ 4,822,086	\$ 80,224	\$ 89,777
Accounts and Contracts Payable	305,734	12,747	91,580
Due to Other Governmental Units	135,382	9,329	5,551
Unearned Revenue	91,414	57,082	348,467
Total Liabilities	<u>5,354,616</u>	<u>159,382</u>	<u>535,375</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Subsequent Year	9,540,529	-	268,547
Unavailable Revenue - Delinquent Property Taxes	52,009	-	1,777
Total Deferred Inflows of Resources	<u>9,592,538</u>	<u>-</u>	<u>270,324</u>
FUND BALANCE			
Nonspendable	885,964	94,725	63,565
Restricted for:			
Student Activities	343,063	-	-
Learning and Development	650,566	-	-
Gifted and Talented	44,742	-	-
Safe Schools	139,499	-	-
Community Education Programs	-	-	1,056,684
Early Childhood and Family Educations Programs	-	-	108,906
School Readiness	-	-	143,425
Long-Term Facilities Maintenance	260,612	-	-
Medical Assistance	348,023	-	-
Other Purposes	-	2,272,642	-
Unassigned	(6,096,743)	-	(9,026)
Total Fund Balance	<u>(3,424,274)</u>	<u>2,367,367</u>	<u>1,363,554</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 11,522,880</u>	<u>\$ 2,526,749</u>	<u>\$ 2,169,253</u>

See accompanying Notes to Basic Financial Statements.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

Debt Service	Total Governmental Funds	
	2023	2022
\$ 6,242,228	\$ 11,971,662	\$ 10,512,726
4,739,997	10,055,863	10,254,456
56,029	109,815	77,651
-	3,716	-
79,279	3,552,429	3,326,130
-	66,439	941,195
-	110,900	264,509
-	141,137	181,131
-	280,200	-
-	982,591	201,740
-	61,663	38,336
<u>\$ 11,117,533</u>	<u>\$ 27,336,415</u>	<u>\$ 25,797,874</u>
\$ -	\$ 4,992,087	\$ 4,207,911
2,000	412,061	670,250
-	150,262	455,582
-	496,963	489,266
<u>2,000</u>	<u>6,051,373</u>	<u>5,823,009</u>
8,868,629	18,677,705	18,613,067
56,029	109,815	77,651
<u>8,924,658</u>	<u>18,787,520</u>	<u>18,690,718</u>
-	1,044,254	240,076
-	343,063	249,481
-	650,566	-
-	44,742	-
-	139,499	32,536
-	1,056,684	497,048
-	108,906	87,456
-	143,425	106,031
-	260,612	93,523
-	348,023	180,363
2,190,875	4,463,517	4,825,085
-	(6,105,769)	(5,027,452)
<u>2,190,875</u>	<u>2,497,522</u>	<u>1,284,147</u>
<u>\$ 11,117,533</u>	<u>\$ 27,336,415</u>	<u>\$ 25,797,874</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, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

	2023	2022
Total Fund Balance for Governmental Funds	\$ 2,497,522	\$ 1,284,147
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	126,391	88,200
Land Improvements, Net of Accumulated Depreciation	2,081,393	2,244,489
Buildings and Improvements, Net of Accumulated Depreciation	115,903,908	120,635,981
Equipment, Net of Accumulated Depreciation	1,315,953	1,084,475
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.	109,815	77,651
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(1,470,885)	(1,576,139)
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	(5,635,671)	(5,073,960)
Deferred Inflows of Resources - OPEB Related	(1,070,688)	(1,301,427)
Deferred Outflows of Resources - OPEB Related	237,091	309,199
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	(37,708,313)	(20,124,370)
Deferred Inflows of Resources - Pension Related	(8,243,087)	(33,771,967)
Deferred Outflows of Resources - Pension Related	12,104,446	12,607,459
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:	85,260	207,461
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	(98,090,000)	(103,970,000)
Unamortized Premiums	(1,720,802)	(2,229,481)
Certificates of Participation Payable	(2,510,000)	(2,650,000)
Unamortized Deferred Loss on Refunding	16,796	30,031
Finance Purchase Agreements	(2,820,872)	(3,180,130)
Lease Liability	(140,680)	(87,501)
Compensated Absences Payable	(313,120)	(302,527)
Total Net Position of Governmental Activities	\$ (19,720,801)	\$ (30,173,667)

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, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

	Major		
	General	Food Service	Community Service
REVENUES			
Local Sources:			
Property Taxes	\$ 9,562,770	\$ -	\$ 294,116
Earnings (Loss) on Investments	-	92,742	52,917
Other	1,381,797	1,646,617	2,877,997
State Sources	40,808,105	99,100	464,665
Federal Sources	1,312,610	890,205	6,875
Total Revenues	53,065,282	2,728,664	3,696,570
EXPENDITURES			
Current:			
Administration	1,504,843	-	-
District Support Services	1,912,428	-	-
Regular Instruction	23,670,115	-	-
Vocational Education Instruction	564,802	-	-
Special Education Instruction	10,795,280	-	-
Instructional Support Services	3,305,891	-	-
Pupil Support Services	4,467,960	-	-
Sites and Buildings	4,464,565	-	-
Fiscal and Other Fixed Cost Programs	272,239	-	-
Food Service	-	2,944,141	-
Community Service	-	-	3,135,452
Capital Outlay	484,635	467,804	6,079
Debt Service:			
Principal	539,314	1,417	6,735
Interest and Fiscal Charges	278,441	383	2,951
Total Expenditures	52,260,513	3,413,745	3,151,217
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	804,769	(685,081)	545,353
OTHER FINANCING SOURCES (USES)			
Insurance Recovery Proceeds	19,760	-	-
Issuance of Lease	101,387	-	-
Transfers In	-	-	66,780
Transfers Out	(66,780)	-	-
Total Other Financing Sources (Uses)	54,367	-	66,780
NET CHANGE IN FUND BALANCE	859,136	(685,081)	612,133
Fund Balance - Beginning of Year, as Previously Reported	(4,283,410)	3,052,448	751,421
Prior Period Restatement	-	-	-
Fund Balance - Beginning of Year, As Restated	(4,283,410)	3,052,448	751,421
FUND BALANCE - END OF YEAR	\$ (3,424,274)	\$ 2,367,367	\$ 1,363,554

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, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)**

Debt Service	Total Governmental Funds	
	2023	2022
\$ 8,907,674	\$ 18,764,560	\$ 18,383,004
140,633	286,292	14,584
-	5,906,411	4,652,629
792,861	42,164,731	40,669,651
-	2,209,690	6,193,995
9,841,168	69,331,684	69,913,863
-	1,504,843	1,512,446
-	1,912,428	1,795,676
-	23,670,115	23,040,409
-	564,802	457,852
-	10,795,280	10,734,570
-	3,305,891	3,634,277
-	4,467,960	4,273,134
-	4,464,565	4,619,358
-	272,239	263,547
-	2,944,141	3,031,207
-	3,135,452	3,053,060
-	958,518	899,923
5,880,000	6,427,466	6,110,497
3,533,981	3,815,756	4,052,135
9,413,981	68,239,456	67,478,091
427,187	1,092,228	2,435,772
-	19,760	324,630
-	101,387	117,600
-	66,780	62,920
-	(66,780)	(62,920)
-	121,147	442,230
427,187	1,213,375	2,878,002
1,763,688	1,284,147	(1,342,051)
-	-	(251,804)
1,763,688	1,284,147	(1,593,855)
\$ 2,190,875	\$ 2,497,522	\$ 1,284,147

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, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)**

	2023	2022
Net Change in Fund Balance-Total Governmental Funds	\$ 1,213,375	\$ 2,878,002

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	579,592	395,712
Gain (Loss) on Disposal of Capital Assets	-	(12,065)
Depreciation/Amortization Expense	(5,205,092)	(5,269,726)

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.

Principal Payments - Finance Purchase Agreements	359,258	345,398
--	---------	---------

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	5,880,000	5,600,000
Repayment of Certificate of Participation	140,000	135,000
Issuance of Lease	(101,387)	(117,600)
Repayment of Lease Liability Principal	48,208	30,099
Change in Accrued Interest Expense	105,254	103,258
Amortization of Bond Premium	508,679	1,296,945
Amortization of Loss on Refunding	(13,235)	(35,698)
Amortization of (Gain) on Refunding	-	116,761

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, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)**

	<u>2023</u>	<u>2022</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.	\$ 32,164	\$ (20,831)
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.	(403,080)	(239,536)
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.	7,441,924	1,772,932
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).	(10,593)	63,065
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.	<u>(122,201)</u>	<u>(34,589)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 10,452,866</u></u>	<u><u>\$ 7,007,127</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, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

	Governmental Activities - Internal Service Funds	
	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets:		
Cash and Investments	\$ 117,719	\$ 228,476
LIABILITIES		
Current Liabilities:		
Accounts Payable	29,108	21,015
Due to Other School Districts	<u>3,351</u>	<u>-</u>
Total Liabilities	<u>32,459</u>	<u>21,015</u>
NET POSITION		
Unrestricted	<u>\$ 85,260</u>	<u>\$ 207,461</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, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)**

	Governmental Activities - Internal Service Funds	
	2023	2022
OPERATING REVENUES		
Charges for Services	\$ 457,960	\$ 414,168
OPERATING EXPENSES		
Dental Insurance Claim Payments	585,297	449,231
OPERATING LOSS	(127,337)	(35,063)
NONOPERATING INCOME		
Earnings on Investments	5,136	474
CHANGE IN NET POSITION	(122,201)	(34,589)
Total Net Position - Beginning of Year	207,461	242,050
TOTAL NET POSITION - END OF YEAR	<u>\$ 85,260</u>	<u>\$ 207,461</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, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Interfund Services Provided	\$ 457,960	\$ 414,168
Payments for Medical Fees and Insurance Claims	<u>(573,853)</u>	<u>(444,595)</u>
Net Cash Used by Operating Activities	(115,893)	(30,427)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	<u>5,136</u>	<u>474</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(110,757)	(29,953)
Cash and Cash Equivalents - Beginning of Year	<u>228,476</u>	<u>258,429</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 117,719</u></u>	<u><u>\$ 228,476</u></u>
Displayed on Combining Statement of Net Position as:		
Cash and Investments	<u><u>\$ 117,719</u></u>	<u><u>\$ 228,476</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$ (127,337)	\$ (35,063)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Increase (Decrease) in Accounts Payable	8,093	4,636
Increase (Decrease) in Due to Other School Districts	<u>3,351</u>	<u>-</u>
Total Adjustments	<u>11,444</u>	<u>4,636</u>
Net Cash Used by Operating Activities	<u><u>\$ (115,893)</u></u>	<u><u>\$ (30,427)</u></u>

See accompanying Notes to Basic Financial Statements.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023**

	Scholarship Custodial Fund	Irrevocable OPEB Trust
ASSETS		
Cash	\$ 20,198	\$ -
Investments:		
MN Trust Investment Shares Portfolio	-	368,478
Government and Municipal Securities	-	910,662
Nonnegotiable Certificate of Deposits	-	246,700
Interest Receivable	-	1,415
Total Assets	<u>20,198</u>	<u>1,527,255</u>
LIABILITIES		
Accounts Payable	-	184
Due to Primary Government	<u>-</u>	<u>280,200</u>
Total Liabilities	<u>-</u>	<u>280,384</u>
NET POSITION		
Restricted for Scholarships	20,198	-
Restricted for OPEB Benefits	<u>-</u>	<u>1,246,871</u>
Total Net Position	<u><u>\$ 20,198</u></u>	<u><u>\$ 1,246,871</u></u>

See accompanying Notes to Basic Financial Statements.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2023**

	Scholarship Custodial Fund	Irrevocable OPEB Trust
ADDITIONS		
Employer Contributions	\$ -	\$ 79,601
Gifts and Donations	7,945	-
Investment Income:		
Net Increase in Fair Value of Investments	-	43,114
Interest and Dividends	-	19,731
Less Investment Expense	-	(250)
Net Investment Income	<u>-</u>	<u>62,595</u>
 Total Additions	 7,945	 142,196
DEDUCTIONS		
OPEB Health Insurance Payments	-	355,601
Administrative Expenses	-	2,018
Scholarships Awarded	<u>12,444</u>	<u>-</u>
Total Deductions	<u>12,444</u>	<u>357,619</u>
 CHANGE IN NET POSITION	 (4,499)	 (215,423)
 Net Position - Beginning of Year	 <u>24,697</u>	 <u>1,462,294</u>
 NET POSITION - END OF YEAR	 <u><u>\$ 20,198</u></u>	 <u><u>\$ 1,246,871</u></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, 2023**

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 (the 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, 2023**

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, 2023**

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, 2023**

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, 2023**

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, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Inventories

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

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Prepaid items are expensed 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 2022 Pay 2023 levy, normally revenue for the 2023-2024 fiscal year, are also advance recognized at June 30, 2023, 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, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Property Taxes (Continued)

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is 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, 2023, 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, 5 to 15 years for equipment, and 1 to 3 years for the right-to-use assets.

Capital assets not being depreciated include land.

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, 2023**

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, 2023**

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, 2023, a liability for vacation pay totaling \$284,518 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, 2023, a liability for this sick leave bank of \$20,664 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 \$7,938 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, 2023**

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.

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

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

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.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Fund Balance (Continued)

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.

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, 2022, from which the summarized information was derived.

V. Adoption of New Accounting Standards

In May 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

The District adopted the requirements of the guidance effective July 1, 2022, and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this standard did not result in any material agreements being identified.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

A. Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following fund at June 30, 2023.

	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Special Revenue Funds:			
Food Service Fund	\$ 3,300,837	\$ 3,413,745	\$ 112,908

All related expenditures were approved by the District's Board and funded by existing fund balance.

B. Transfers in/Transfers Out

<u>Transfer Out</u>	<u>Transfer In: Community Service Fund</u>
General Fund	\$ 66,780

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 \$3,424,274 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.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

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, 2023 were entirely covered by federal depository insurance or by collateral in accordance with Minnesota Statutes.

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.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

At June 30, 2023 the District's investment balances were as follows:

	Amount
MN Trust Investment Shares Portfolio	\$ 10,331,765
Money Market	1,856
Government and Municipal Securities	468,750
Mutual Funds	440,052
Total	<u>\$ 11,242,423</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.

Investments Held with Broker

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District's investment policy states the District shall manage investments in a manner to attain market rate of return through various economic and budgetary cycles, while preserving and protecting the capital in the investment portfolio and taking into account constraints on risk and cash flow requirements. The District's investment policy also includes structuring the investment portfolio so that funds are available to meet immediate payment requirements. Information about the sensitivity of the fair values of the District's investments to market interest rate risk fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

Type	Total	6 Months or Less	7 to 12 Months	13 to 36 Months	More than 36 Months
MN Trust Investment Shares Portfolio	\$ 10,331,765	\$ 10,331,765	\$ -	\$ -	\$ -
Money Market	1,856	1,856	-	-	-
Government and Municipal Securities	468,750	468,750	-	-	-
Mutual Funds	440,052	440,052	-	-	-
Total	<u>\$ 11,242,423</u>	<u>\$ 11,242,423</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Investments Held with Broker (Continued)

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	Not Rated	\$ 10,331,765
Money Market	AAA	1,856
Government and Municipal Securities	AA	468,750
Mutual Funds	Not Rated	440,052
Total		<u>\$ 11,242,423</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	\$ 468,750	38 %
Vanguard TSM IDX ETF	389,896	31
	<u>\$ 858,646</u>	

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

Total Deposits	\$ 2,392,996
Total Investments	11,242,423
Total	<u>\$ 13,635,419</u>
Statement of Net Position:	
Cash and Investments	\$ 12,089,381
Statement of Fiduciary Net Position:	
Trust Fund Cash and Investments	1,546,038
Total	<u>\$ 13,635,419</u>

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Fair Value Measurements

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

The District follows an accounting standard 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	\$ -	\$ 468,750	\$ -	\$ 468,750
Mutual Funds	-	440,052	-	440,052
Total	<u>\$ -</u>	<u>\$ 908,802</u>	<u>\$ -</u>	<u>908,802</u>
Investments Measured at Amortized Cost				10,333,621
Total Investments				<u>\$ 11,242,423</u>

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 4 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 5,524,742	\$ -	\$ -	\$ 5,524,742
Capital Assets, Being Depreciated:				
Land Improvements	6,034,879	-	-	6,034,879
Buildings and Improvements	176,205,525	46,101	-	176,251,626
Equipment	9,464,422	432,104	-	9,896,526
Total Capital Assets, Being Depreciated	191,704,826	478,205	-	192,183,031
Accumulated Depreciation for:				
Land Improvements	(3,790,390)	(163,096)	-	(3,953,486)
Buildings and Improvements	(55,569,544)	(4,778,174)	-	(60,347,718)
Equipment	(8,379,947)	(200,626)	-	(8,580,573)
Total Accumulated Depreciation	(67,739,881)	(5,141,896)	-	(72,881,777)
Total Capital Assets, Being Depreciated, Net	123,964,945	(4,663,691)	-	119,301,254
Right-to-Use Assets:				
Equipment	117,600	101,387	-	218,987
Less Accumulated Amortization for:				
Equipment	(29,400)	(63,196)	-	(92,596)
Total Right-to-Use Assets, Net	88,200	38,191	-	126,391
Governmental Activities Capital Assets, Net	<u>\$ 129,577,887</u>	<u>\$ (4,625,500)</u>	<u>\$ -</u>	<u>\$ 124,952,387</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	4,515,431
Vocational Instruction	2,069
Community Education	9,319
Instructional Support	53,975
Food Service	47,437
Sites, Buildings, and Equipment	355,421
Total Depreciation/Amortization Expense - Governmental Activities	<u>\$ 5,205,092</u>

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 AID ANTICIPATION CERTIFICATES

On January 23, 2023, the District sold General Obligation Aid Anticipation Certificates, Series 2023A in the amount of \$3,000,000 at an interest rate of 3.35%. These Certificates matured May 31, 2023 and incurred interest expense of \$35,175.

	2022	Additions	Retirements	2023
2023A Aid Anticipation Certificate	\$ -	\$ 3,000,000	\$ 3,000,000	\$ -

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	\$ 140,000	\$ 140,000
1/13/2015	3.00% - 5.00%	17,555,000	2/1/2026	3,305,000	9,050,000
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	1,185,000	2,385,000
9/29/2016	3.00% - 5.00%	5,405,000	2/1/2028	680,000	2,655,000
9/14/2017	2.00% - 3.00%	5,040,000	2/1/2033	320,000	3,570,000
9/14/2017	2.00% - 4.00%	7,290,000	2/1/2033	460,000	5,290,000
Total General Obligation Bonds				6,090,000	98,090,000
Bond Premium - Net				-	1,720,802
Certificates of Participation				140,000	2,510,000
Lease Liabilities				49,611	140,680
Finance Purchase Agreement				364,400	2,820,872
Compensated Absences Payable				313,120	313,120
Total				\$ 6,957,131	\$ 105,595,474

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

A. Components of Long-Term Debt (Continued)

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.

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%.

On July 15, 2022, the District entered into a \$101,387 lease liability agreement for Apple products and services. Payments on the agreement are due annually and commenced July 2022 with an interest rate of 4.75%.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

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>
2024	\$ 6,090,000	\$ 3,301,931	\$ 364,400	\$ 105,619
2025	6,310,000	3,052,506	350,728	92,223
2026	5,650,000	2,806,806	273,637	78,974
2027	5,795,000	2,618,206	282,644	69,278
2028	5,935,000	2,455,956	292,699	59,250
2029 - 2033	30,835,000	9,608,881	984,764	152,525
2034 - 2039	30,645,000	4,615,738	272,000	17,262
2039	6,830,000	221,975	-	-
Total	<u>\$ 98,090,000</u>	<u>\$ 28,681,999</u>	<u>\$ 2,820,872</u>	<u>\$ 575,131</u>

<u>Year Ending June 30,</u>	<u>Certificates of Participation Payable</u>		<u>Lease Liability</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 140,000	\$ 94,563	\$ 49,611	\$ 3,780
2025	145,000	88,963	51,069	2,323
2026	155,000	83,163	40,000	471
2027	160,000	76,963	-	-
2028	165,000	71,763	-	-
2029 - 2033	900,000	279,130	-	-
2034 - 2037	845,000	104,150	-	-
Total	<u>\$ 2,510,000</u>	<u>\$ 798,695</u>	<u>\$ 140,680</u>	<u>\$ 6,574</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.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt (Continued)

Arbitrage Rebate Liability

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

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

D. Changes in Long-Term Debt

	June 30, 2022	Net Additions	Retirements	June 30, 2023
Bonds Payable	\$ 103,970,000	\$ -	\$ 5,880,000	\$ 98,090,000
Bond Premium	2,229,481	-	508,679	1,720,802
Certificates of Participation				
Payable	2,650,000	-	140,000	2,510,000
Finance Purchase Agreement	3,180,130	-	359,258	2,820,872
Lease Liability	87,501	101,387	48,208	140,680
Compensated Absences				
Payable	302,527	421,351	410,758	313,120
Total	<u>\$ 112,419,639</u>	<u>\$ 522,738</u>	<u>\$ 7,346,903</u>	<u>\$ 105,595,474</u>

NOTE 7 RESTRICTED 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.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 RESTRICTED AND ASSIGNED FUND BALANCE (CONTINUED)

Restricted and assigned fund balances at June 30, 2023 are as follows:

A. Restricted for Student Activities

Represents available resources to be used for extracurricular activity funds raised by students.

B. Restricted for Learning and Development

Represents available resources dedicated exclusively for staff development in accordance with state statute.

C. Restricted for Gifted and Talented

Represents available resources from general education aid revenue for gifted and talented program.

D. Restricted for Safe Schools

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

E. Restricted for Community Education Programs

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

F. 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.

G. 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.

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

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

I. Restricted for Medical Assistance

Represents resources available to be used for medical assistance expenditures.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
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JUNE 30, 2023**

NOTE 7 RESTRICTED AND ASSIGNED FUND BALANCE (CONTINUED)

J. 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	\$ 2,272,642
Restricted for Debt Service	2,190,875
Total Other Restricted	<u>\$ 4,463,517</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 (IRC).

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

2. Teachers Retirement Fund (TRA)

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

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

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JUNE 30, 2023**

NOTE 8 PENSION PLANS (CONTINUED)

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.

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.

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JUNE 30, 2023**

NOTE 8 PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

Tier I Benefits

Tier I	Step Rate Formula	Percentage
Basic	First 10 Years of Service	2.2% per Year
	All Years After	2.7% per Year
Coordinated	First 10 Years of Service are up to July 1, 2006	1.2% per Year
	First 10 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).

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 is applied. For years of service July 1, 2006 and after, a level formula of 1.9% per year for coordinated members and 2.7% per year for Basic members applies. Beginning July 1, 2015, the early retirement reduction factors are based on rates established under Minnesota 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 benefit calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66.

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

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JUNE 30, 2023**

NOTE 8 PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

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 2023 and the District was required to contribute 7.50% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2023, were \$607,571. The District's contributions were equal to the required contributions as set by state statute.

2. TRA Contributions

Per *Minnesota Statutes*, Chapter 354 rates for the fiscal year 2023 for coordinated were 7.5% for the employee and 8.55% for the employer. Basic rates were 11.00% for the employee and 12.55% for the employer. The District's contributions to TRA for the plan's fiscal year ended June 30, 2023 were \$2,032,972. 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, 2023, the District reported a liability of \$8,601,156 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 \$252,197, for a total net pension liability of \$8,853,353 associated with the District. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's 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, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.1086% at the end of the measurement period and 0.1096% for the beginning of the period.

**WACONIA PUBLIC SCHOOLS
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JUNE 30, 2023**

NOTE 8 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Plan Pension Costs (Continued)

For the year ended June 30, 2023, the District recognized pension expense of \$1,085,774 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized an additional \$37,684 as expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the General Employees Fund.

At June 30, 2023, the District reported its proportionate share of 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	\$ 71,844	\$ 91,881
Changes in Actuarial Assumptions	1,946,598	34,983
Net Difference Between Projected and Actual		
Earnings	149,191	-
Changes in Proportion	-	86,734
District Contributions Subsequent to the		
Measurement Date	607,571	-
Total	<u>\$ 2,775,204</u>	<u>\$ 213,598</u>

\$607,571 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, 2024. 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
2024	\$ 704,983
2025	759,206
2026	(288,001)
2027	777,847

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

NOTE 8 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs

At June 30, 2023 the District reported a liability of \$29,107,157 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis, and Minneapolis School District. The District's proportionate share was 0.3635% at the end of the measurement period and 0.3529% 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:

Description	Amount
District's Proportionate Share of the TRA Net Pension Liability	\$ 29,107,157
State's Proportionate Share of TRA's Net Pension Liability Associated with the District	2,158,554
Total	<u>\$ 31,265,711</u>

For the year ended June 30, 2023, the District recognized pension expense of \$(5,892,970). It also recognized \$(612,039) as a decrease to pension expense and grant revenue for the support provided by direct aid.

At June 30, 2023, 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	\$ 425,752	\$ 255,727
Changes in Actuarial Assumptions	4,662,892	6,159,647
Net Difference Between Projected and Actual Investment Earnings	813,069	-
Changes in Proportion	1,394,557	1,614,115
District Contributions Subsequent to the Measurement Date	2,032,972	-
Total	<u>\$ 9,329,242</u>	<u>\$ 8,029,489</u>

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

NOTE 8 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

\$2,032,972 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, 2024. 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>
2024	\$ (5,230,332)
2025	549,727
2026	(7,180)
2027	3,750,376
2028	204,190

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.

	<u>General Employees Fund</u>	<u>Teachers Retirement Fund</u>	<u>Total</u>
Net Pension Liability	\$ 8,601,156	\$ 29,107,157	\$ 37,708,313
Deferred Outflows of Resources	2,775,204	9,329,242	12,104,446
Deferred Inflows of Resources	213,598	8,029,489	8,243,087
Pension Expense	1,123,458	(6,505,009)	(5,381,551)

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 8 PENSION PLANS (CONTINUED)

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
Total	100.0 %	

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:

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	100.0 %	

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 8 PENSION PLANS (CONTINUED)

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5% for PERA and 7.0% 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 27 years of service.

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 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 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

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.

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

NOTE 8 PENSION PLANS (CONTINUED)

F. Actuarial Methods and Assumptions (Continued)

The following changes in actuarial assumptions for PERA occurred in 2022:

Changes in Actuarial Assumptions

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

G. Discount Rate

The discount rate used to measure the PERA General Employees Plan liability in 2022 was 6.50%. There was no change since the prior measurement data. 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%. There was no change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contribution will be made at the fiscal year 2022 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

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 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	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	\$ 13,585,976	\$ 8,601,156	\$ 4,512,834
Teachers Retirement Fund Discount Rate	6.00%	7.00%	8.00%
District's Proportionate share of the TRA Net Pension Liability	\$ 45,885,848	\$ 29,107,157	\$ 15,353,862

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 8 PENSION PLANS (CONTINUED)

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 2023, the District contributed \$-0- to the plan.

C. Net OPEB Liability of the District

The components of the net OPEB liability of the District at June 30, 2023 were as follows:

Total OPEB Liability	\$ 6,882,542
Plan Fiduciary Net Position	<u>1,246,871</u>
District's Net OPEB Liability	<u><u>\$ 5,635,671</u></u>

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.12%
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**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

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, 2023, 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, and rolled forward to a measurement date of June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% (2.00% at the Prior Measurement Date)
Salary Increases	Service Graded Table
Investment Rate of Return	5.20%
Health Care Trend Rates	6.25% Grading to 5.00% Over 5 Years and Then to 4.00% Over the Next 48 Years
Dental Trend Rates	4.00%

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

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%).

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

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

D. Actuarial Methods and Assumptions (Continued)

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 %	6.00 %
Fixed Income	70.00	5.00
Cash and Equivalents	5.00	4.00

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 4.20%. 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 3.90%. 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.

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

- The discount rate was changed from 3.80% to 3.90%.
- The long-term expected investment return was changed from 4.20% to 5.20%.

**WACONIA PUBLIC SCHOOLS
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NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

E. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2022	\$ 6,536,254	\$ 1,462,294	\$ 5,073,960
Changes for the Year:			-
Service Cost	474,745	-	474,745
Interest	259,843	-	259,843
Assumption Changes	(38,983)	-	(38,983)
Plan Changes	-	-	-
Differences Between Expected and Actual Experience	-	(15,212)	15,212
Contributions - Employer	-	73,317	(73,317)
Net Investment income	-	76,039	(76,039)
Benefit Payments	(349,317)	(349,317)	-
Administrative Expense	-	(250)	250
Net Changes	346,288	(215,423)	561,711
Balances at June 30, 2023	<u>\$ 6,882,542</u>	<u>\$ 1,246,871</u>	<u>\$ 5,635,671</u>

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 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
Net OPEB Liability	\$ 6,130,515	\$ 5,635,671	\$ 5,160,598

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-percentage-point lower (Medical 5.25% decreased to 4.00%, Dental 3.00%) or 1-percentage-point higher (Medical 7.25% decreasing to 6.00%, Dental 5.00%) than the current healthcare cost trend rates:

	Healthcare Cost		
	1% Decrease (Medical 5.25% Decreasing to 4.00% Over 5 Years, Dental 3.00%)	Current Trend Rates (Medical 6.25% Decreasing to 5.00 Over 5 Years, Dental 4.00%)	1% Increase (Medical 7.25% Decreasing to 6.00% Over 5 Years Dental 5.00%)
Net OPEB Liability	\$ 4,731,702	\$ 5,635,671	\$ 6,723,488

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

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

E. Changes in the Net OPEB Liability (Continued)

For the year ended June 30, 2023, the District recognized OPEB expense of \$476,397. At June 30, 2023, 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	\$ 43,709	\$ 243,362
Change of Assumptions	91,053	827,326
Difference Between Projected and Actual Investment Earnings	102,329	-
Total	<u>\$ 237,091</u>	<u>\$ 1,070,688</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>	Future Recognition
2024	\$ (182,955)
2025	(184,412)
2026	(202,224)
2027	(119,353)
2028	(139,084)
Thereafter	(5,569)
Total	<u>\$ (833,597)</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 IRC. 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, 2023**

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, 2023**

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, 2023. 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 \$117,719 in cash and investments at June 30, 2023 for payment of claims.

Changes in the balance of claim liabilities during fiscal years 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Beginning of Fiscal Year Liability - Beginning of Year	\$ 21,015	\$ 16,379
Current Year Claims, Changes in Estimates and Other Charges	585,297	449,231
Current Year Claims Paid, Including an Estimate of Claims Incurred but Not Reported (IBNR)	<u>(573,853)</u>	<u>(444,595)</u>
End of Fiscal Year Liability - End of Year	<u><u>\$ 32,459</u></u>	<u><u>\$ 21,015</u></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.

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, 2023**

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Property Taxes	\$ 9,622,244	\$ 9,684,690	\$ 9,562,770	\$ (121,920)
Earnings (Loss) on Investments	50,000	50,000	-	(50,000)
Other	1,106,510	1,270,953	1,381,797	110,844
State Sources	41,108,662	40,283,292	40,808,105	524,813
Federal Sources	825,241	1,041,247	1,312,610	271,363
Total Revenues	<u>52,712,657</u>	<u>52,330,182</u>	<u>53,065,282</u>	<u>735,100</u>
EXPENDITURES				
Current:				
Administration	1,479,002	1,807,516	1,504,843	(302,673)
District Support Services	1,880,927	2,103,308	1,912,428	(190,880)
Elementary and Secondary Regular Instruction	23,414,242	23,350,055	23,670,115	320,060
Vocational Education Instruction	552,670	552,670	564,802	12,132
Special Education Instruction	10,984,127	10,964,499	10,795,280	(169,219)
Instructional Support Services	3,360,761	3,585,673	3,305,891	(279,782)
Pupil Support Services	4,303,269	4,957,027	4,467,960	(489,067)
Sites and Buildings	3,956,994	4,422,375	4,464,565	42,190
Fiscal and Other Fixed Cost Programs	243,500	495,000	272,239	(222,761)
Capital Outlay	572,114	548,204	484,635	(63,569)
Debt Service:				
Principal	540,882	592,893	539,314	(53,579)
Interest and Fiscal Charges	314,200	265,933	278,441	12,508
Total Expenditures	<u>51,602,688</u>	<u>53,645,153</u>	<u>52,260,513</u>	<u>(1,384,640)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,109,969	(1,314,971)	804,769	2,119,740
OTHER FINANCING SOURCES				
Insurance Recovery Proceeds	-	-	19,760	19,760
Issuance of Lease	-	-	101,387	101,387
Transfers Out	(62,000)	(63,000)	(66,780)	(3,780)
Total Other Financing Sources	<u>(62,000)</u>	<u>(63,000)</u>	<u>54,367</u>	<u>117,367</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,047,969</u>	<u>\$ (1,377,971)</u>	859,136	<u>\$ 2,237,107</u>
FUND BALANCE				
Beginning of Year			(4,283,410)	
End of Year			<u>\$ (3,424,274)</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, 2023**

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Earnings on Investments	\$ 1,000	\$ 6,700	\$ 92,742	\$ 86,042
Other - Primarily Meal Sales	1,682,750	427,750	1,646,617	1,218,867
State Sources	115,500	63,500	99,100	35,600
Federal Sources	571,000	4,217,000	890,205	(3,326,795)
Total Revenues	<u>2,370,250</u>	<u>4,714,950</u>	<u>2,728,664</u>	<u>(1,986,286)</u>
EXPENDITURES				
Current:				
Food Service	2,467,391	3,089,837	2,944,141	(145,696)
Capital Outlay	25,000	211,000	467,804	256,804
Debt Service:				
Principal	-	-	1,417	1,417
Interest and Fiscal Charges	-	-	383	383
Total Expenditures	<u>2,492,391</u>	<u>3,300,837</u>	<u>3,413,745</u>	<u>112,908</u>
NET CHANGE IN FUND BALANCE	<u>\$ (122,141)</u>	<u>\$ 1,414,113</u>	<u>(685,081)</u>	<u>\$ (2,099,194)</u>
FUND BALANCE				
Beginning of Year			<u>3,052,448</u>	
End of Year			<u>\$ 2,367,367</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, 2023**

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Property Taxes	\$ 295,768	\$ 296,828	\$ 294,116	\$ (2,712)
Earnings on Investments	10,000	2,000	52,917	50,917
Other - Primarily Tuition and Fees	2,368,500	2,767,842	2,877,997	110,155
State Sources	422,665	439,932	464,665	24,733
Federal Sources	-	-	6,875	6,875
Total Revenues	3,096,933	3,506,602	3,696,570	189,968
EXPENDITURES				
Current:				
Community Service	2,946,436	3,208,857	3,135,452	(73,405)
Capital Outlay	26,000	40,300	6,079	(34,221)
Debt Service:				
Principal	11,210	9,200	6,735	(2,465)
Interest and Fiscal Charges	1,480	1,400	2,951	1,551
Total Expenditures	2,985,126	3,259,757	3,151,217	(108,540)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	111,807	246,845	545,353	298,508
OTHER FINANCING SOURCES				
Transfer In	62,000	63,000	66,780	3,780
NET CHANGE IN FUND BALANCE	\$ 173,807	\$ 309,845	612,133	\$ 302,288
FUND BALANCE				
Beginning of Year			751,421	
End of Year			\$ 1,363,554	

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, 2023**

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:							
Service Cost	\$ 474,745	\$ 468,016	\$ 608,276	\$ 565,542	\$ 531,265	\$ 499,655	\$ 413,072
Interest	259,843	155,433	169,696	216,868	210,296	188,177	173,853
Assumption Changes	(38,983)	(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	(349,317)	(363,345)	(291,176)	(231,614)	(243,601)	(216,893)	(234,747)
Net Change in Total OPEB Liability	<u>346,288</u>	<u>(674,483)</u>	<u>603,618</u>	<u>61,945</u>	<u>583,018</u>	<u>473,701</u>	<u>352,178</u>
Total OPEB Liability - Beginning	<u>6,536,254</u>	<u>7,210,737</u>	<u>6,607,119</u>	<u>6,545,174</u>	<u>5,962,156</u>	<u>5,488,455</u>	<u>5,136,277</u>
Total OPEB Liability - Ending (a)	6,882,542	6,536,254	7,210,737	6,607,119	6,545,174	5,962,156	5,488,455
Plan Fiduciary Net Position:							
Contributions - Employer	73,317	133,345	-	-	-	66,893	84,747
Net Investment Income	76,039	73,445	39,751	37,490	46,783	48,262	43,719
Employer Contributions	-	-	41,176	42,594	-	-	-
Differences Between Expected and Actual Experience	(15,212)	(129,603)	(28,354)	-	(2,744)	-	-
Benefit Payments	(349,317)	(363,345)	(291,176)	(231,614)	(243,601)	(216,893)	(234,747)
Administrative Expenses	(250)	(250)	(250)	(251)	(250)	-	-
Net Change in Plan Fiduciary Net Position	<u>(215,423)</u>	<u>(286,408)</u>	<u>(238,853)</u>	<u>(151,781)</u>	<u>(199,812)</u>	<u>(101,738)</u>	<u>(106,281)</u>
Plan Fiduciary Net Position - Beginning	<u>1,462,294</u>	<u>1,748,702</u>	<u>1,987,555</u>	<u>2,139,336</u>	<u>2,339,148</u>	<u>2,440,886</u>	<u>2,547,167</u>
Plan Fiduciary Net Position - Ending (b)	<u>1,246,871</u>	<u>1,462,294</u>	<u>1,748,702</u>	<u>1,987,555</u>	<u>2,139,336</u>	<u>2,339,148</u>	<u>2,440,886</u>
District's Net OPEB Liability - Ending (a) - (b)	<u>\$ 5,635,671</u>	<u>\$ 5,073,960</u>	<u>\$ 5,462,035</u>	<u>\$ 4,619,564</u>	<u>\$ 4,405,838</u>	<u>\$ 3,623,008</u>	<u>\$ 3,047,569</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.12%	22.37%	24.25%	30.08%	32.69%	39.23%	44.47%
Covered Employee Payroll	\$ 29,858,010	\$ 28,988,359	\$ 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	18.87%	17.50%	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.

See accompanying Notes to Required Supplementary Information.

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

<u>Year</u>	<u>Annual Money- Weighted Rate of Return, Net of Investment Expense</u>
2023	4.20%
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 NINE MEASUREMENT DATES**

	Measurement Date June 30, 2022	Measurement Date June 30, 2021	Measurement Date June 30, 2020
<u>PERA</u>			
District's Proportion of the Net Pension Liability	0.1086%	0.1096%	0.1104%
District's Proportionate Share of the Net Pension Liability	\$ 8,601,156	\$ 4,680,411	\$ 6,618,985
State's Proportionate Share of the Net Pension Liability Associated with District	252,197	142,997	204,098
Total District's and State's Proportionate Share of the Net Pension Liability	<u>\$ 8,853,353</u>	<u>\$ 4,823,408</u>	<u>\$ 6,823,083</u>
District's Covered Payroll	\$ 8,136,080	\$ 7,894,920	\$ 7,894,467
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	105.72%	59.28%	83.84%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.70%	87.00%	79.06%
<u>TRA</u>			
District's Proportion of the Net Pension Liability	0.3635%	0.3529%	0.3661%
District's Proportionate Share of the Net Pension Liability	\$ 29,107,157	\$ 15,443,959	\$ 27,047,959
State's Proportionate Share of the Net Pension Liability Associated with District	2,158,554	1,302,522	2,266,697
Total District's and State's Proportionate Share of the Net Pension Liability	<u>\$ 31,265,711</u>	<u>\$ 16,746,481</u>	<u>\$ 29,314,656</u>
District's Covered Payroll	\$ 22,663,885	\$ 20,812,927	\$ 21,359,861
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	128.43%	74.20%	126.63%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.17%	86.63%	75.48%

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

See accompanying Notes to Required Supplementary Information.

**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 NINE MEASUREMENT DATES**

Measurement Date June 30, 2019	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%	0.1117%	0.1085%	0.1014%	0.0987%	0.1038%
\$ 6,175,643	\$ 6,196,658	\$ 6,926,568	\$ 8,233,177	\$ 5,115,146	\$ 4,876,004
191,992	203,325	87,118	107,503	-	-
<u>\$ 6,367,635</u>	<u>\$ 6,399,983</u>	<u>\$ 7,013,686</u>	<u>\$ 8,340,680</u>	<u>\$ 5,115,146</u>	<u>\$ 4,876,004</u>
\$ 7,911,760	\$ 7,576,040	\$ 7,031,866	\$ 6,288,093	\$ 5,810,167	\$ 5,449,166
78.06%	81.79%	98.50%	130.93%	88.04%	89.48%
80.20%	79.53%	75.90%	68.91%	78.20%	78.70%
0.3792%	0.3751%	0.3578%	0.3408%	0.3228%	0.3445%
\$ 24,170,288	\$ 23,556,918	\$ 71,423,370	\$ 81,288,931	\$ 19,968,372	\$ 15,874,310
2,138,997	2,213,237	6,904,490	8,159,126	2,449,348	1,116,630
<u>\$ 26,309,285</u>	<u>\$ 25,770,155</u>	<u>\$ 78,327,860</u>	<u>\$ 89,448,057</u>	<u>\$ 22,417,720</u>	<u>\$ 16,990,940</u>
\$ 21,699,857	\$ 20,716,507	\$ 21,137,307	\$ 17,834,400	\$ 16,526,173	\$ 15,726,289
111.38%	113.71%	337.90%	455.80%	120.83%	100.94%
78.07%	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 TEN FISCAL YEARS**

	2023	2022	2021	2020
<u>PERA</u>				
Contractually Required Contribution	\$ 607,571	\$ 610,206	\$ 592,119	\$ 592,085
Contributions in Relation to the Contractually Required Contribution	(607,571)	(610,206)	(592,119)	(592,085)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 8,100,947	\$ 8,136,080	\$ 7,894,920	\$ 7,894,467
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%
<u>TRA</u>				
Contractually Required Contribution	\$ 2,032,972	\$ 1,890,168	\$ 1,692,091	\$ 1,691,701
Contributions in Relation to the Contractually Required Contribution	(2,032,972)	(1,890,168)	(1,692,091)	(1,691,701)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 23,777,450	\$ 22,663,885	\$ 20,812,927	\$ 21,359,861
Contributions as a Percentage of Covered Payroll	8.55%	8.34%	8.13%	7.92%

See accompanying Notes to Required Supplementary Information.

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

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 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
JUNE 30, 2023**

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:

2022

Changes in Actuarial Assumptions

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

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.

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.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

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

2020 (Continued)

Changes in Actuarial Assumptions (Continued)

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

Changes in Plan Provisions

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

2019

Changes 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
JUNE 30, 2023**

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.

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
JUNE 30, 2023**

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:

2022

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

2021

Changes in Actuarial Assumptions

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

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 five years and female rates set back seven 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.

2019

Changes in Actuarial Assumptions

- 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
JUNE 30, 2023**

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.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

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

2016

Changes in Actuarial Assumptions

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

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.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

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

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.

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

2023

- The discount rate was changed from 3.80% to 3.90%.
- The long-term expected investment return was changed from 4.20% to 5.20%.

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%.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

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, 2023:

	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Special Revenue Funds:			
Food Service Fund	\$ 3,300,837	\$ 3,413,745	\$ 112,908

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, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and Investments	\$ 1,502,632	\$ 830,809
Receivables:		
Current Taxes	5,175,983	5,066,420
Delinquent Taxes	52,009	33,703
Accounts Receivable	31,772	72,475
Due from Other Funds	280,200	-
Due from Other Minnesota School Districts	3,716	-
Due from Minnesota Department of Education	3,420,140	3,198,917
Due from Federal through the Minnesota Department of Education	59,564	403,718
Due from Other Governmental Units	110,900	264,509
Prepaid Items	<u>885,964</u>	<u>188,139</u>
Total Assets	<u><u>\$ 11,522,880</u></u>	<u><u>\$ 10,058,690</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
LIABILITIES		
Salaries Payable	\$ 4,822,086	\$ 4,056,336
Accounts and Contracts Payable	305,734	581,347
Due to Other Minnesota School Districts	114,633	446,311
Due to Other Governmental Units	20,749	4,021
Unearned Revenue	<u>91,414</u>	<u>133,678</u>
Total Liabilities	5,354,616	5,221,693
DEFERRED INFLOWS OF RESOURCES		
Property Taxes Levied for Subsequent Year	9,540,529	9,086,704
Unavailable Revenue - Delinquent Property Taxes	<u>52,009</u>	<u>33,703</u>
Total Deferred Inflows of Resources	9,592,538	9,120,407
FUND BALANCE		
Nonspendable	885,964	188,139
Restricted for:		
Student Activities	343,063	249,481
Learning and Development	650,566	-
Gifted and Talented	44,742	-
Safe Schools	139,499	32,536
Long-Term Facilities Maintenance	260,612	93,523
Medical Assistance	348,023	180,363
Unassigned	<u>(6,096,743)</u>	<u>(5,027,452)</u>
Total Fund Balance	<u><u>(3,424,274)</u></u>	<u><u>(4,283,410)</u></u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u><u>\$ 11,522,880</u></u>	<u><u>\$ 10,058,690</u></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, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

	2023		2022	
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 9,684,690	\$ 9,562,770	\$ (121,920)	\$ 9,241,888
Earnings on Investments	50,000	-	(50,000)	(730)
Other	1,270,953	1,381,797	110,844	1,542,146
State Sources	40,283,292	40,808,105	524,813	39,356,445
Federal Sources	1,041,247	1,312,610	271,363	2,040,899
Total Revenues	52,330,182	53,065,282	735,100	52,180,648
EXPENDITURES				
Current:				
Administration:				
Salaries	1,022,979	995,988	(26,991)	958,977
Employee Benefits	662,873	370,315	(292,558)	373,761
Purchased Services	30,505	71,955	41,450	119,288
Supplies and Materials	46,537	31,900	(14,637)	31,103
Other Expenditures	44,622	34,685	(9,937)	29,317
Total Administration	1,807,516	1,504,843	(302,673)	1,512,446
District Support Services:				
Salaries	1,154,911	1,147,074	(7,837)	1,024,038
Employee Benefits	615,030	426,660	(188,370)	453,791
Purchased Services	246,237	256,002	9,765	254,294
Supplies and Materials	69,805	77,653	7,848	48,887
Capital Expenditures	1,500	-	(1,500)	117,600
Other Expenditures	17,325	5,039	(12,286)	14,666
Total District Support Services	2,104,808	1,912,428	(192,380)	1,913,276
Elementary and Secondary Regular Instruction:				
Salaries	15,922,338	16,045,431	123,093	15,533,304
Employee Benefits	5,445,164	5,544,235	99,071	5,491,543
Purchased Services	926,569	1,149,982	223,413	1,274,406
Supplies and Materials	932,151	797,176	(134,975)	619,453
Capital Expenditures	119,337	75,400	(43,937)	179,717
Other Expenditures	123,833	133,291	9,458	121,703
Total Elementary and Secondary Regular Instruction	23,469,392	23,745,515	276,123	23,220,126

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, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

	2023		2022	
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
EXPENDITURES (Continued)				
Current (Continued):				
Vocational Education Instruction:				
Salaries	\$ 294,136	\$ 308,772	\$ 14,636	\$ 253,860
Employee Benefits	99,879	107,972	8,093	85,742
Purchased Services	127,700	119,068	(8,632)	85,239
Supplies and Materials	30,955	28,990	(1,965)	32,992
Other Expenditures	-	-	-	19
Total Vocational Education Instruction	552,670	564,802	12,132	457,852
Special Education Instruction:				
Salaries	7,474,346	7,227,229	(247,117)	6,995,561
Employee Benefits	2,971,655	3,228,535	256,880	3,095,237
Purchased Services	369,567	263,670	(105,897)	569,942
Supplies and Materials	143,331	62,604	(80,727)	67,426
Capital Expenditures	11,367	922	(10,445)	1,093
Other Expenditures	5,600	13,242	7,642	6,404
Total Special Education Instruction	10,975,866	10,796,202	(179,664)	10,735,663
Instructional Support Services:				
Salaries	2,009,699	1,987,813	(21,886)	1,825,315
Employee Benefits	902,776	817,188	(85,588)	738,311
Purchased Services	382,053	238,617	(143,436)	309,073
Supplies and Materials	288,525	259,706	(28,819)	760,186
Capital Expenditures	150,000	221,070	71,070	140,497
Other Expenditures	2,620	2,567	(53)	1,392
Total Instructional Support Services	3,735,673	3,526,961	(208,712)	3,774,774
Pupil Support Services:				
Salaries	954,262	909,963	(44,299)	867,582
Employee Benefits	321,714	352,641	30,927	363,567
Purchased Services	3,617,635	3,128,709	(488,926)	2,985,218
Supplies and Materials	59,304	71,828	12,524	53,077
Capital Expenditures	3,500	1,555	(1,945)	-
Other Expenditures	4,112	4,819	707	3,690
Total Pupil Support Services	4,960,527	4,469,515	(491,012)	4,273,134

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, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

	2023			2022
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
EXPENDITURES (Continued)				
Current (Continued):				
Sites and Buildings:				
Salaries	\$ 1,483,567	\$ 1,483,136	\$ (431)	\$ 1,432,582
Employee Benefits	839,197	581,148	(258,049)	588,403
Purchased Services	1,421,182	1,520,984	99,802	1,736,470
Supplies and Materials	576,780	779,574	202,794	761,951
Capital Expenditures	262,500	185,688	(76,812)	282,117
Other Expenditures	101,649	99,723	(1,926)	99,952
Total Sites and Buildings	4,684,875	4,650,253	(34,622)	4,901,475
Fiscal and Other Fixed Cost Programs:				
Purchased Services	280,000	272,239	(7,761)	246,047
Other Expenditures	-	-	-	17,500
Total Fiscal and Other Fixed Costs Programs	495,000	272,239	(222,761)	263,547
Debt Service:				
Principal	592,893	539,314	(53,579)	505,546
Interest and Fiscal Charges	265,933	278,441	12,508	282,680
Total Debt Service	858,826	817,755	(41,071)	788,226
Total Expenditures	53,645,153	52,260,513	(1,384,640)	51,840,519
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,314,971)	804,769	2,119,740	340,129
OTHER FINANCING SOURCES (USES)				
Insurance Recovery Proceeds	-	19,760	19,760	324,630
Loan Redemption	-	-	-	117,600
Issuance of Lease	-	101,387	101,387	-
Transfers Out	(63,000)	(66,780)	(3,780)	(62,920)
Total Other Financing Sources	(63,000)	54,367	117,367	379,310
NET CHANGE IN FUND BALANCE	<u>\$ (1,377,971)</u>	859,136	<u>\$ 2,237,107</u>	719,439
FUND BALANCE				
Beginning of Year, as Previously Reported		(4,283,410)		(4,751,045)
Prior Period Restatement, See Note 15		-		(251,804)
Fund Balance - Beginning of Year, As Restated		<u>(4,283,410)</u>		<u>(5,002,849)</u>
End of Year		<u>\$ (3,424,274)</u>		<u>\$ (4,283,410)</u>

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
FOOD SERVICE SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and Investments	\$ 2,430,349	\$ 2,623,007
Receivables:		
Accounts Receivable	1,675	1,996
Due from Federal through the Minnesota Department of Education	-	537,477
Inventory	61,663	38,336
Prepaid Items	<u>33,062</u>	<u>8,104</u>
Total Assets	<u><u>\$ 2,526,749</u></u>	<u><u>\$ 3,208,920</u></u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Salaries Payable	\$ 80,224	\$ 52,621
Accounts and Contracts Payable	12,747	11,776
Due to Other Governmental Unit	9,329	2,899
Unearned Revenue	<u>57,082</u>	<u>89,176</u>
Total Liabilities	159,382	156,472
FUND BALANCE		
Nonspendable	94,725	46,440
Restricted for Food Service	<u>2,272,642</u>	<u>3,006,008</u>
Total Fund Balance	<u><u>2,367,367</u></u>	<u><u>3,052,448</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 2,526,749</u></u>	<u><u>\$ 3,208,920</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, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)**

	2023		2022	
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Earnings on Investments	\$ 6,700	\$ 92,742	\$ 86,042	\$ 6,686
Other - Primarily Meal Sales	427,750	1,646,617	1,218,867	431,782
State Sources	63,500	99,100	35,600	113,167
Federal Sources	4,217,000	890,205	(3,326,795)	4,153,096
Total Revenues	4,714,950	2,728,664	(1,986,286)	4,704,731
EXPENDITURES				
Current:				
Salaries	1,109,187	940,770	(168,417)	1,065,958
Employee Benefits	528,950	494,682	(34,268)	522,455
Purchased Services	159,600	259,881	100,281	153,424
Supplies and Materials	1,290,600	1,247,704	(42,896)	1,288,416
Other Expenditures	1,500	1,104	(396)	954
Capital Outlay	211,000	467,804	256,804	141,987
Debt Service:				
Principal	-	1,417	1,417	-
Interest and Fiscal Charges	-	383	383	-
Total Expenditures	3,300,837	3,413,745	112,908	3,173,194
NET CHANGE IN FUND BALANCE	<u>\$ 1,414,113</u>	<u>(685,081)</u>	<u>\$ (2,099,194)</u>	<u>1,531,537</u>
FUND BALANCE				
Beginning of Year		3,052,448		1,520,911
End of Year		<u>\$ 2,367,367</u>		<u>\$ 3,052,448</u>

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
COMMUNITY SERVICE SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and Investments	\$ 1,796,453	\$ 1,171,911
Receivables:		
Current Taxes	139,883	157,354
Delinquent Taxes	1,777	1,321
Accounts Receivable	107,690	106,660
Due from Minnesota Department of Education	53,010	50,869
Due from Federal Government through the Minnesota Department of Education	6,875	-
Prepaid Items	<u>63,565</u>	<u>5,497</u>
Total Assets	<u><u>\$ 2,169,253</u></u>	<u><u>\$ 1,493,612</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
LIABILITIES		
Salaries Payable	\$ 89,777	\$ 98,954
Accounts and Contracts Payable	91,580	77,127
Due to Other Governmental Units	5,551	2,351
Unearned Revenue	<u>348,467</u>	<u>266,412</u>
Total Liabilities	535,375	444,844
DEFERRED INFLOWS OF RESOURCES		
Property Taxes Levied for Subsequent Year	268,547	296,026
Unavailable Revenue - Delinquent Taxes	<u>1,777</u>	<u>1,321</u>
Total Deferred Inflows of Resources	270,324	297,347
FUND BALANCE		
Nonspendable	63,565	5,497
Restricted for Community Education Programs	1,056,684	497,048
Restricted for Early Childhood and Family Education Programs	108,906	87,456
Restricted for School Readiness	143,425	106,031
Restricted for Community Service	-	55,389
Unassigned	<u>(9,026)</u>	<u>-</u>
Total Fund Balance	<u><u>1,363,554</u></u>	<u><u>751,421</u></u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u><u>\$ 2,169,253</u></u>	<u><u>\$ 1,493,612</u></u>

**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, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)**

	2023		2022	
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 296,828	\$ 294,116	\$ (2,712)	\$ 277,400
Earnings on Investments	2,000	52,917	50,917	1,778
Other - Primarily Tuition and Fees	2,767,842	2,877,997	110,155	2,678,701
State Sources	439,932	464,665	24,733	435,952
Federal Sources	-	6,875	6,875	-
Total Revenues	<u>3,506,602</u>	<u>3,696,570</u>	<u>189,968</u>	<u>3,393,831</u>
EXPENDITURES				
Current:				
Salaries	1,825,032	1,705,070	(119,962)	1,766,164
Employee Benefits	632,455	534,337	(98,118)	605,853
Purchased Services	539,030	682,903	143,873	482,407
Supplies and Materials	206,090	206,533	443	193,380
Other Expenditures	6,250	6,609	359	5,256
Capital Outlay	40,300	6,079	(34,221)	36,912
Debt Service:				
Principal	9,200	6,735	(2,465)	4,951
Interest and Fiscal Charges	1,400	2,951	1,551	6,125
Total Expenditures	<u>3,259,757</u>	<u>3,151,217</u>	<u>(108,540)</u>	<u>3,101,048</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	246,845	545,353	298,508	292,783
OTHER FINANCING SOURCES				
Transfer in	<u>63,000</u>	<u>66,780</u>	<u>3,780</u>	<u>62,920</u>
NET CHANGE IN FUND BALANCE	<u>\$ 309,845</u>	612,133	<u>\$ 302,288</u>	355,703
FUND BALANCE				
Beginning of Year		<u>751,421</u>		<u>395,718</u>
End of Year		<u>\$ 1,363,554</u>		<u>\$ 751,421</u>

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
DEBT SERVICE FUND
BALANCE SHEET
JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and Investments	\$ 6,242,228	\$ 5,886,999
Receivables:		
Current Taxes	4,739,997	5,030,682
Delinquent Taxes	56,029	42,627
Due from Minnesota Department of Education	<u>79,279</u>	<u>76,344</u>
Total Assets	<u>\$ 11,117,533</u>	<u>\$ 11,036,652</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
LIABILITIES		
Accounts and Contracts Payable	\$ 2,000	\$ -
DEFERRED INFLOWS OF RESOURCES		
Property Taxes Levied for Subsequent Year	8,868,629	9,230,337
Unavailable Revenue - Delinquent Taxes	<u>56,029</u>	<u>42,627</u>
Total Deferred Inflows of Resources	8,924,658	9,272,964
FUND BALANCE		
Restricted for Debt Service	<u>2,190,875</u>	<u>1,763,688</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 11,117,533</u>	<u>\$ 11,036,652</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, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)**

	2023		2022	
	Final Budgeted Amounts	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Tax	\$ 8,921,516	\$ 8,907,674	\$ (13,842)	\$ 8,863,716
Earnings on Investments	10,000	140,633	130,633	6,850
State Sources	793,007	792,861	(146)	764,087
Total Revenues	9,724,523	9,841,168	116,645	9,634,653
EXPENDITURES				
Debt Service:				
Bond Principal	5,880,000	5,880,000	-	5,600,000
Bond Interest	3,647,369	3,533,981	(113,388)	3,763,330
Total Expenditures	9,527,369	9,413,981	(113,388)	9,363,330
NET CHANGE IN FUND BALANCE	<u>\$ 197,154</u>	427,187	<u>\$ 230,033</u>	271,323
Fund Balance - Beginning of Year		<u>1,763,688</u>		<u>1,492,365</u>
FUND BALANCE - END OF YEAR		<u>\$ 2,190,875</u>		<u>\$ 1,763,688</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, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

01 GENERAL FUND	Audit	UFARS	Difference	06 BUILDING CONSTRUCTION	Audit	UFARS	Difference
Total Revenues	\$ 53,065,282	\$ 53,065,284	\$ (2)	Total Revenues	\$ -	\$ -	\$ -
Total Expenditures	\$ 52,260,513	\$ 52,260,515	\$ (2)	Total Expenditures	\$ -	\$ -	\$ -
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
460 Nonspendable	\$ 885,964	\$ 885,964	\$ -	460 Nonspendable	\$ -	\$ -	\$ -
<i>Restricted:</i>				<i>Restricted:</i>			
401 Student Activities	\$ 343,063	\$ 343,063	\$ -	407 Capital Projects Levy	\$ -	\$ -	\$ -
403 Staff Development	\$ -	\$ -	\$ -	409 Alternative Fac. Program	\$ -	\$ -	\$ -
405 Deferred Maintenance	\$ -	\$ -	\$ -	413 Project Funded by COP	\$ -	\$ -	\$ -
406 Health & Safety	\$ -	\$ -	\$ -	467 LTFM	\$ -	\$ -	\$ -
407 Capital Project Levy	\$ -	\$ -	\$ -	464 Other Purposes	\$ -	\$ -	\$ -
414 Operating Debt	\$ -	\$ -	\$ -	<i>Unassigned:</i>			
416 Levy Reduction	\$ -	\$ -	\$ -	463 Unassigned	\$ -	\$ -	\$ -
423 Certain Teacher Programs	\$ -	\$ -	\$ -				
424 Operating Capital	\$ -	\$ -	\$ -	07 DEBT SERVICE			
426 \$25 Taconite	\$ -	\$ -	\$ -	Total Revenues	\$ 9,841,168	\$ 9,841,168	\$ -
427 Disabled Accessibility	\$ -	\$ -	\$ -	Total Expenditures	\$ 9,413,981	\$ 9,413,981	\$ -
428 Learning & Development	\$ 650,566	\$ 650,567	\$ (1)	<i>Restricted/Reserved:</i>			
434 Area Learning Center	\$ -	\$ -	\$ -	425 Bond Refundings	\$ -	\$ -	\$ -
435 Contracted Alt. Programs	\$ -	\$ -	\$ -	451 QZAB Payments	\$ -	\$ -	\$ -
436 St. Approved Alt. Prog.	\$ -	\$ -	\$ -	464 Other Purposes	\$ 2,190,875	\$ 2,190,875	\$ -
438 Gifted & Talented	\$ 44,742	\$ 44,742	\$ -	<i>Unassigned:</i>			
441 Basic Skills	\$ -	\$ -	\$ -	463 Unassigned	\$ -	\$ -	\$ -
445 Career and Tech. Programs	\$ -	\$ -	\$ -				
446 First Grade Preparedness	\$ -	\$ -	\$ -	08 TRUST			
449 Safe Schools Levy	\$ 139,499	\$ 139,499	\$ -	Total Revenues	\$ 7,945	\$ 7,944	\$ 1
450 Pre-Kindergarten	\$ -	\$ -	\$ -	Total Expenditures	\$ 12,444	\$ 12,444	\$ -
451 QZAB Payments	\$ -	\$ -	\$ -	<i>Unassigned:</i>			
452 OPEB Liab Not In Trust	\$ -	\$ -	\$ -	4.02 Scholarships	\$ 20,198	\$ 20,198	\$ -
453 Unfunded Sev & Retirement Levy	\$ -	\$ -	\$ -				
464 Other Purposes	\$ -	\$ -	\$ -	09 AGENCY			
467 LTFM	\$ 260,612	\$ 260,613	\$ (1)	<i>Unassigned: Should Always Be -0-</i>			
472 Medical Assistance	\$ 348,023	\$ 348,023	\$ -	422 Unassigned	\$ -	\$ -	\$ -
<i>Committed:</i>							
418 Committed for Severance	\$ -	\$ -	\$ -	20 INTERNAL SERVICE			
461 Committed	\$ -	\$ -	\$ -	Total Revenues	\$ 463,096	\$ 463,096	\$ -
<i>Assigned:</i>				Total Expenditures	\$ 585,297	\$ 585,297	\$ -
462 Assigned	\$ -	\$ -	\$ -	<i>Unassigned:</i>			
<i>Unassigned:</i>				422 Unassigned	\$ 85,260	\$ 85,260	\$ -
422 Unassigned	\$ (6,096,743)	\$ (6,096,744)	\$ 1				
02 FOOD SERVICE				25 OPEB REVOCABLE TRUST			
Total Revenues	\$ 2,728,664	\$ 2,728,664	\$ -	Total Revenues	\$ -	\$ -	\$ -
Total Expenditures	\$ 3,413,745	\$ 3,413,744	\$ 1	Total Expenditures	\$ -	\$ -	\$ -
<i>Nonspendable:</i>				<i>Unassigned:</i>			
460 Nonspendable	\$ 94,725	\$ 94,725	\$ -	422 Unassigned	\$ -	\$ -	\$ -
<i>Restricted:</i>							
452 OPEB Liability Not In Trust	\$ -	\$ -	\$ -	45 OPEB IRREVOCABLE TRUST			
464 Other Purposes	\$ 2,272,642	\$ 2,272,643	\$ (1)	Total Revenues	\$ 142,446	\$ 142,446	\$ -
<i>Unassigned:</i>				Total Expenditures	\$ 357,869	\$ 357,869	\$ -
463 Unassigned	\$ -	\$ -	\$ -	<i>Unassigned:</i>			
				422 Unassigned	\$ 1,246,871	\$ 1,246,871	\$ -
04 COMMUNITY SERVICE							
Total Revenues	\$ 3,696,570	\$ 3,696,569	\$ 1	47 OPEB DEBT SERVICE			
Total Expenditures	\$ 3,151,217	\$ 3,151,216	\$ 1	Total Revenues	\$ -	\$ -	\$ -
<i>Nonspendable:</i>				Total Expenditures	\$ -	\$ -	\$ -
460 Nonspendable	\$ 63,565	\$ 63,565	\$ -	<i>Restricted:</i>			
<i>Restricted:</i>				464 Other Purposes	\$ -	\$ -	\$ -
426 \$25 Taconite	\$ -	\$ -	\$ -	<i>Unassigned:</i>			
431 Community Education	\$ 1,056,684	\$ 1,056,684	\$ -	463 Unassigned	\$ -	\$ -	\$ -
432 E.C.F.E.	\$ 108,906	\$ 108,906	\$ -				
444 School Readiness	\$ 143,425	\$ 143,425	\$ -				
447 Adult Basic Education	\$ -	\$ -	\$ -				
452 OPEB Liability Not In Trust	\$ -	\$ -	\$ -				
464 Other Purposes	\$ -	\$ -	\$ -				
<i>Unassigned:</i>							
463 Unassigned	\$ (9,026)	\$ (9,025)	\$ (1)				