

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2018**



**WACONIA PUBLIC SCHOOLS**

**Independent School District #110**

**512 Industrial Boulevard**

**Waconia, MN 55387**

**Prepared by**

**Business Office Staff**

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INDEPENDENT SCHOOL DISTRICT NO. 110  
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## **INTRODUCTORY SECTION**



November 28, 2018

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

## INTRODUCTION

The Comprehensive Annual Financial Report of Waconia Public Schools – Independent School District No. 110 (District) is submitted for the fiscal year (FY) ended June 30, 2018. The enclosed information is accurate in all material respects and reported in a manner that fairly presents the District's financial position and results of operations. The District Administration accepts full responsibility for the accuracy, completeness and fairness of this presentation.

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

Accounting principles generally accepted in the United States of America require management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A of the District can be found immediately following the report of the independent auditors.

## REPORT FORMAT

The comprehensive annual financial report is presented in three sections.

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

**CITIZENS OF INDEPENDENT SCHOOL DISTRICT 110 / WACONIA PUBLIC SCHOOLS  
MEMBERS OF THE BOARD OF EDUCATION  
EMPLOYEES OF THE DISTRICT**

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

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

## **REPORTING ENTITY AND ITS SERVICES**

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

The District, an outer ring Minneapolis suburban school district, serves a general population of approximately 20,764 and covers an area of about 99 square miles. The District owns and operates all of its facilities in the city of Waconia. The District has one high school, one middle school, one alternative school, three elementary schools, and one multi-purpose facility which serve over 4,000 students.

The Waconia Public Schools fall enrollment for FY 2017 was 4,039. Over the last five years, the District has experienced an increase in enrollment of 364 students or 9%. This trend is expected to continue for at least the next five years. More detailed enrollment information is included in the Financial Section in the MD&A.

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

## **ECONOMIC CONDITION AND OUTLOOK**

The District is situated primarily in Carver County with a small portion in south-western Hennepin County. The District has a current population of 20,764 as determined by the 2010 census compared with a population of 12,674 from the 2000 census. The school district grew from 2,895 students in the fall of 2007 to 4,039 in the fall of 2017 for a growth rate of 40%. That growth rate is expected to continue in the years to come.

**CITIZENS OF INDEPENDENT SCHOOL DISTRICT 110 / WACONIA PUBLIC SCHOOLS  
MEMBERS OF THE BOARD OF EDUCATION  
EMPLOYEES OF THE DISTRICT**

The District is located in an ideal area for growth in the western metropolitan area. Growth in the District is expected to continue at a similar pace over the next ten years. According to the City of Waconia's Land Use Activity and Development Report for 2017 a total of 71 new home units were built in 2017. By comparison, a total of 114 new home units were constructed in 2016 and a total of 100 new home units were constructed in 2015. There are a number of larger developments in various stages of the planning cycle with the city which could lead to a very rapid growth cycle. The potential to add over 1,000 housing units in the next five years is a very real possibility.

**FINANCIAL AND BUDGETARY CONTROL**

The District complies with the Uniform Financial Accounting and Reporting Standards (UFARS) for Minnesota schools. UFARS, established in 1976, dictates a modified accrual basis of accounting. An audited annual financial report is required to be provided to the Minnesota Department of Education by December 31, subsequent to the year end on June 30.

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

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

The budget process is comprised of five phases - planning, preparation, adoption, implementation, and evaluation. Planning and preparation for the FY 2018 budget began in December of 2016 with approval of the budget development plan and analysis of the student enrollment trend. The current enrollment status provided the data to update allocations for site non-payroll budgets. Expenditure estimates were updated both on a site basis and district-wide basis in the spring. An enrollment projection was developed in early April and provided the key data for the budget's revenue projection. The FY 2018 Budget was adopted in June of 2017 and implemented on July 1, 2017. The District completes a budget revision during the fiscal year normally in February and again in June.

To accurately track and report financial activities, with a focus on site responsibility, approximately 10,369 account codes have been defined in the District's chart of accounts.



**CITIZENS OF INDEPENDENT SCHOOL DISTRICT 110 / WACONIA PUBLIC SCHOOLS  
MEMBERS OF THE BOARD OF EDUCATION  
EMPLOYEES OF THE DISTRICT**

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

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

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

Unassigned fund balance is the single best measure of overall financial health. The unassigned fund balance was (1,803,304) as of June 30, 2018. 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% percent of its unreserved/undesignated operating expenditures.

District staff are currently working on creating a long term plan to correct the fund balance deficiency. That plan will be presented to the board by January 31, 2019 for approval.

District voters approved an operating levy of \$525 per student in the fall of 2018 which will take effect in the 2019-2020 school year. This increase in funding of approximately \$2.3 million per year will significantly assist the District as it begins to grow its fund balance to meet board policy requirements.

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

The District has received the Association of School Business Officials' Certificate of Excellence in Financial Reporting in FY 2011 through FY 2017. District staff is very proud to have achieved this national award for seven straight years.

**CITIZENS OF INDEPENDENT SCHOOL DISTRICT 110 / WACONIA PUBLIC SCHOOLS  
MEMBERS OF THE BOARD OF EDUCATION  
EMPLOYEES OF THE DISTRICT**

## **DISTRICT VISION, MISSION, AND GOALS**

**District 110 Vision:** Learning for life

**Our Mission:** Our mission is to engage students in broad and challenging learning experiences characterized by equity, opportunity, and high expectations.

We intentionally value...

- Respect
- Responsibility
- Service and Citizenship
- Global Perspective
- Creativity
- Critical Thinking
- Safety and Health
- Collaboration

### **Our Goals:**

**District Goal #1:** District 110 will provide comprehensive programs at all levels that are rigorous, relevant, engaging, and designed to prepare students for postsecondary options.

**District Goal #2:** District 110 will engage families and the community in supporting the learning and achievement of students.

**District Goal #3:** District 110 will develop master plans that promote a safe, efficient, and supportive learning environment for all.

### **Student Achievement**

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

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

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

**CITIZENS OF INDEPENDENT SCHOOL DISTRICT 110 / WACONIA PUBLIC SCHOOLS  
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The federal No Child Left Behind (NCLB) law requires schools to demonstrate that students are meeting Adequate Yearly Progress (AYP) goals. This progress is measured by the Minnesota Comprehensive Assessments (MCA). Each year the achievement bar is set higher for districts, leading to the goal of closing the achievement gap by 2018. For the 2016-17 school year, Waconia Public Schools made AYP in all measured areas including: proficiency, participation, attendance, and graduation rate. The District continues to operate all-day, everyday kindergarten for all students as a way to assist in closing the achievement gap early in a child's learning experience.

**Student Achievement Programs & Improvements:**

- Continue to offer all-day, everyday kindergarten to better serve the needs our young learners as well as to attempt to close the achievement gap early.
- Continue to use FAST testing in math and reading in grades 2-10 as a means of assessing student growth, as well as program and instructional quality.
- Maintain and update a comprehensive strategic work plan that addresses goals and objectives for all District sites.
- Expand foreign language opportunities for students in grades 1-12.
- Curriculum maps are developed according to the curriculum review cycle. They are available on the District website. This provides public awareness of curriculum content, assessment and implementation of standards.
- Continue to offer Project Lead The Way during the 2017-18 school year. Staff continues to be trained in this pre-engineering course of study.
- Maintain an active Curriculum Advisory Committee comprised of interested community members, parents and students.
- Provide Targeted Services summer and after-school programming for students needing academic and social development. Enrollment in the program is very strong.
- The District Site Council is involved in staff development activities and the funding of teacher-generated "Best Practices" initiatives.
- Gifted and Talented Education dollars are used for enrichment activities at the building level. This allows the District to provide additional opportunities for students needing acceleration and enrichments.
- Capitalize on volunteers, foundations, and the Parent-Teacher-Student-Association's willingness to bring value added opportunities to students via curriculum enhancements, student life enhancements, and hundreds of hours of assistance in the classroom.

**CITIZENS OF INDEPENDENT SCHOOL DISTRICT 110 / WACONIA PUBLIC SCHOOLS  
MEMBERS OF THE BOARD OF EDUCATION  
EMPLOYEES OF THE DISTRICT**

**BUILDING AGE**

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

**INDEPENDENT AUDIT**

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

**ACKNOWLEDGEMENTS**

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

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

Sincerely,



Patrick Devine  
Superintendent



Todd Swanson  
Director of Finance and Operations



The Certificate of Excellence in Financial Reporting  
is presented to

**Waconia Public Schools - ISD #110**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2017.**

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards.



A handwritten signature in black ink, reading 'Charles E. Peterson, Jr.'.

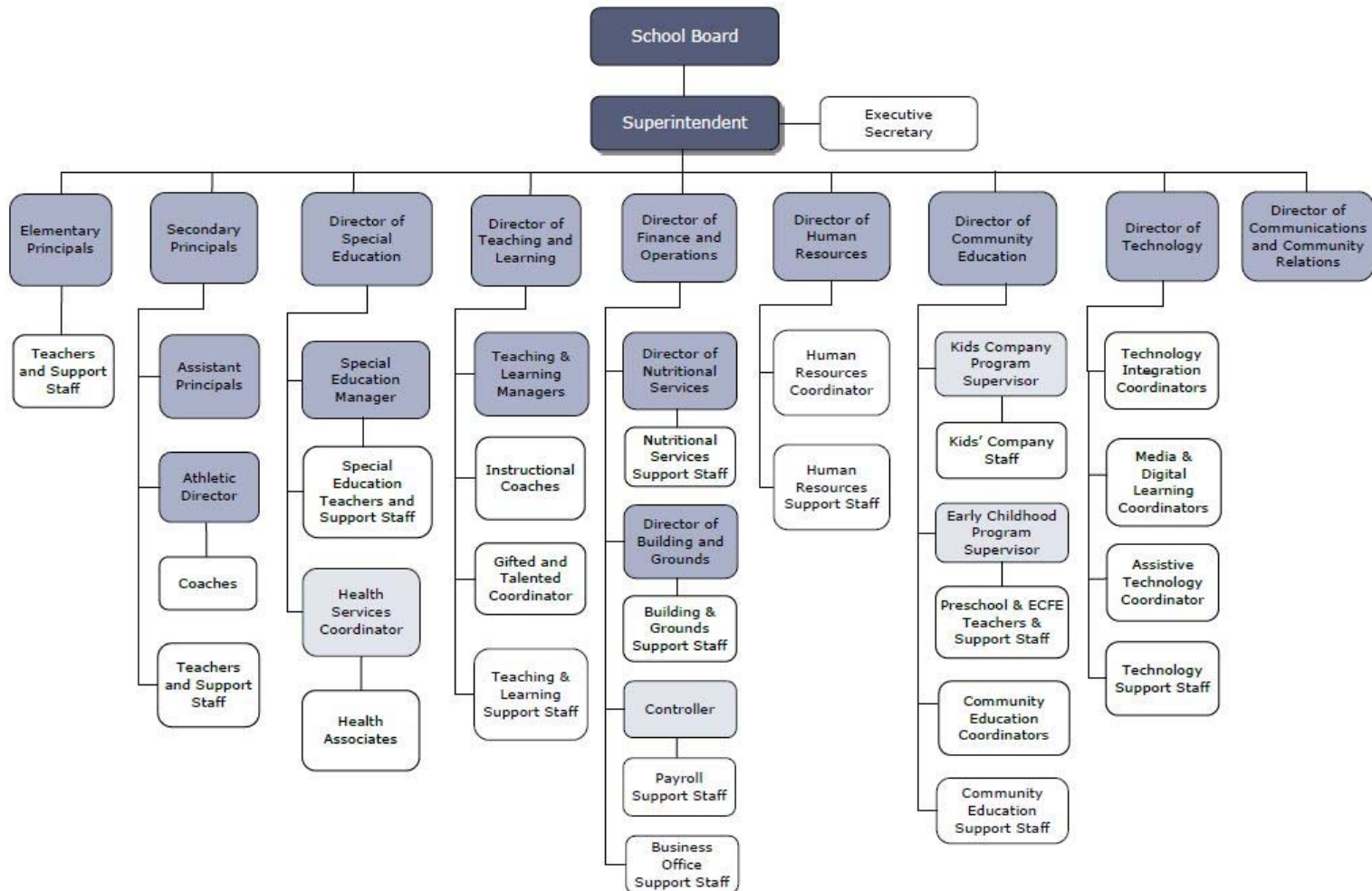
Charles E. Peterson, Jr., SFO, RSBA, MBA  
President

A handwritten signature in black ink, reading 'John D. Musso'.

John D. Musso, CAE  
Executive Director

**WACONIA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 110  
ORGANIZATIONAL CHART  
JUNE 30, 2018**

District 110 Organizational Chart



November 2018

**WACONIA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 110  
SCHOOL BOARD AND ADMINISTRATION  
JUNE 30, 2018**

**SCHOOL BOARD**

<b>NAME</b>	<b>TERM ON BOARD EXPIRES</b>	<b>BOARD POSITION</b>
Brian Rothstein	12/31/18	Chairperson
Tabitha Laumann	12/31/20	Vice-Chairperson
Mike Bullis	12/31/18	Director
Keith Griffin	12/31/18	Director
John Weinand	12/31/18	Director
Cathy Thom	12/31/20	Director
Dana Geller	12/31/20	Director

**ADMINISTRATION**

Patrick Devine	Superintendent
Todd Swanson	Director of Finance and Operations
Jessica Kilian	Clerk
District Offices:	Independent School District No. 110 Waconia Public Schools 512 Industrial Boulevard Waconia, MN 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 Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 110 (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows and respective budgetary comparisons for General Fund, Food Service Fund, and Community Service Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Report on Summarized Comparative Information***

We have previously audited the District's 2017 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and we expressed unmodified audit opinions on those audited financial statements in our report dated December 12, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

#### ***Required Supplementary Information***

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

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, individual fund financial statements, the Uniform Financial Accounting and Reporting Standards Compliance Table, and the statistical section as listed in the table of contents, are presented for purposes of additional analysis and are not required part of the basic financial statements.

The individual fund financial statements and the Uniform Financial Accounting and Reporting Standards Compliance Table are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2018, 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Austin, Minnesota  
November 28, 2018

## **REQUIRED SUPPLEMENTARY INFORMATION**

**WACONIA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 110  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018**

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, 2018. Please read it in conjunction with the District's financial statements, which immediately follows this section.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2017-2018 fiscal year include the following:

- Total General Fund revenues were \$39,980,479 as compared to \$44,190,308 of expenditures.
- Net position decreased by \$18,135,266 due to an increase in depreciation expense and an increase in the change in deferred inflows of resources related to pensions.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

**Government-Wide Statements**

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

**WACONIA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 110  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018**

**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 non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

- Governmental Activities – Most of the District's basic services are included here, such as regular and special education, transportation, administration, food services, and community education. 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, 2018**

**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 (\$38,251,304) on June 30, 2018. This was a decrease of 90.2% from the prior year (see Table A-1). Deferred outflows of resources decreased by approximately \$11,346,000, net pension liability decreased by approximately \$11,172,000, deferred inflows of resources increased by \$12,813,000, and OPEB liability increased by approximately \$575,000 all related to changes in the assumption.

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

	Governmental Activities		Percentage
	2018	2017	Change
Current and Other Assets	\$ 23,335,634	\$ 39,541,181	(41.0)%
Capital Assets	140,904,875	122,822,988	14.7
<b>Total Assets</b>	<b>164,240,509</b>	<b>162,364,169</b>	<b>1.2</b>
Deferred Outflows of Resources	45,852,114	57,197,742	(19.8)
Current Liabilities	13,588,529	15,342,122	(11.4)
Long-Term Liabilities	209,788,367	212,182,096	(1.1)
<b>Total Liabilities</b>	<b>223,376,896</b>	<b>227,524,218</b>	<b>(1.8)</b>
Deferred Inflows of Resources	24,967,031	12,153,731	105.4
Net Position:			
Net Investment in			
Capital Assets	9,332,523	5,807,583	60.7
Restricted	3,754,280	9,227,653	(59.3)
Unrestricted	(51,338,107)	(35,151,274)	46.0
<b>Total Net Position</b>	<b>\$ (38,251,304)</b>	<b>\$ (20,116,038)</b>	<b>90.2</b>

**WACONIA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 110  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)**

**Changes in Net Position**

The District's total revenues were \$53,187,537 for the year ended June 30, 2018. Property taxes and state formula aid accounted for 73% of total revenue for the year (see Figure A-1). Another 17% 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 %
	2018	2017	Change
<b>Revenues</b>			
<u>Program Revenues</u>			
Charges for Services	\$ 4,946,991	\$ 4,663,772	6.1 %
Operating Grants and Contributions	8,332,639	8,208,183	1.5
Capital Grants and Contributions	671,772	589,518	14.0
<u>General Revenues</u>			
Property Taxes	11,262,251	11,177,352	0.8
Unrestricted State Aid	27,613,061	28,649,861	(3.6)
Investment Earnings	233,724	304,783	(23.3)
Other	127,099	133,914	(5.1)
Total Revenues	<u>53,187,537</u>	<u>53,727,383</u>	(1.0)
<b>Expenses</b>			
Administration	1,939,952	1,852,247	4.7
District Support Services	2,046,209	1,758,135	16.4
Regular Instruction	33,078,753	32,057,885	3.2
Vocational Education Instruction	910,035	735,232	23.8
Special Education Instruction	11,130,575	9,590,186	16.1
Instructional Support Services	3,997,066	4,233,473	(5.6)
Pupil Support Services	4,042,178	3,848,279	5.0
Sites and Buildings	4,395,830	3,941,604	11.5
Fiscal and Other Fixed Cost Programs	102,927	94,107	9.4
Food Service	2,454,281	2,436,628	0.7
Community Service	3,448,464	3,144,737	9.7
Interest and Fiscal Charges on Long-Term			
Liabilities	<u>3,776,533</u>	<u>3,680,423</u>	2.6
Total Expenses	<u>71,322,803</u>	<u>67,372,936</u>	5.9
<b>Change in Net Position</b>	(18,135,266)	(13,645,553)	
Beginning Net Position	<u>(20,116,038)</u>	<u>(6,470,485)</u>	
Ending Net Position	<u>\$ (38,251,304)</u>	<u>\$ (20,116,038)</u>	

The total cost of all programs and services including interest and fiscal charges was \$71,322,803. Total expenses exceeded revenues by \$18,135,266. The large increase in expenses is due to the increase in depreciation expense, deferred inflow of resources related to pensions and an increase in personnel costs.

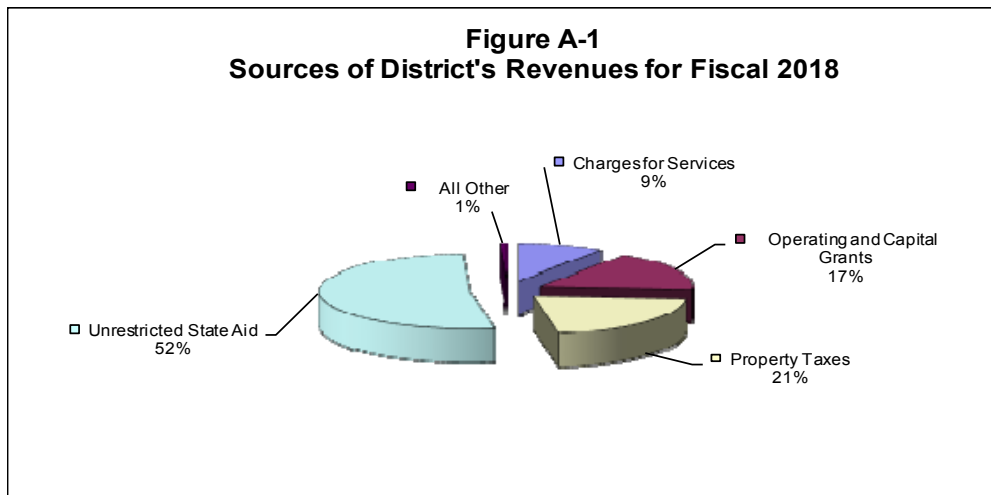


**WACONIA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 110  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)**

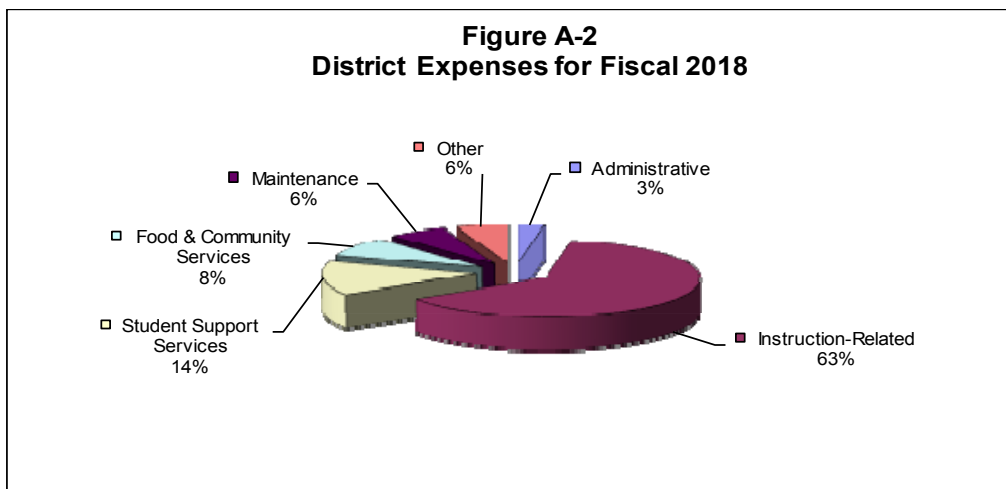
The total revenue for all governmental activities this year was \$53,187,537 as depicted in Figure A-1 below.

- Some of the revenue was paid by the users of the District's programs of 9%.
- The federal and state governments subsidized certain programs with grants and contributions of 17%.
- The remainder of the District's revenue came from the District taxpayers, 21%, and the taxpayers of our state, 52%, through unrestricted state aids.
- The remaining 1% is other revenue.



The total cost of all programs and services were \$71,322,803 as depicted in Figure A-2 below.

- Instruction Related Costs incur 63% of expenses.
- Student Support Services incur another 14% of expenses.
- Food Service and Community Services incur 8% of expenses.
- Maintenance costs incur 6% of expenses.
- Administrative costs account for 3% 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, 2018**

**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
	2018	2017		2018	2017	
Administration	\$ 1,939,952	\$ 1,852,247	4.7 %	\$ 1,939,952	\$ 1,852,247	4.7 %
District Support Services	2,046,209	1,758,135	16.4	1,897,268	1,639,723	15.7
Regular Instruction	33,078,753	32,057,885	3.2	30,400,438	28,965,494	5.0
Vocational Education Instruction	910,035	735,232	23.8	898,295	730,489	23.0
Special Education Instruction	11,130,575	9,590,186	16.1	5,665,805	4,604,162	23.1
Instructional Support Services	3,997,066	4,233,473	(5.6)	3,812,343	4,078,378	(6.5)
Pupil Support Services	4,042,178	3,848,279	5.0	3,929,052	3,723,460	5.5
Sites and Buildings	4,395,830	3,941,604	11.5	4,102,131	3,664,831	11.9
Fiscal and Other Fixed						
Cost Programs	102,927	94,107	9.4	102,927	94,107	9.4
Food Service	2,454,281	2,436,628	0.7	176,894	293,833	(39.8)
Community Service	3,448,464	3,144,737	9.7	669,763	584,316	14.6
Interest and Fiscal Charges						
on Long-Term Liabilities	3,776,533	3,680,423	2.6	3,776,533	3,680,423	2.6
Total	<u>\$ 71,322,803</u>	<u>\$ 67,372,936</u>	5.9	<u>\$ 57,371,401</u>	<u>\$ 53,911,463</u>	6.4

The total cost of all governmental activities for the year ended June 30, 2018 was \$71,322,803.

**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 \$3,566,317, which is \$14,502,746 less than last year's ending fund balance of \$18,069,063. Most of the decrease relates to an increase in spending on construction projects throughout 2018.

**WACONIA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 110  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018**

**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.

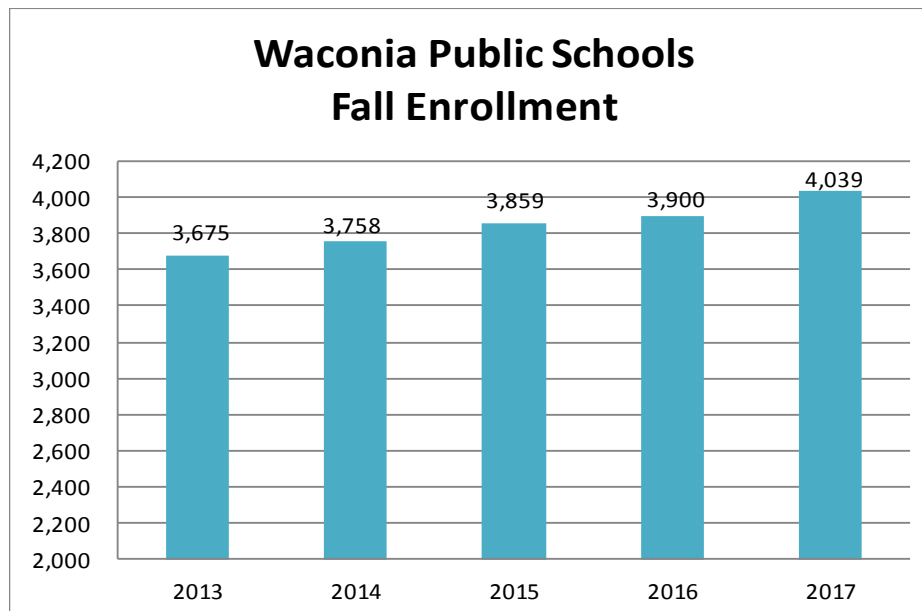
Approximately 97% of General Fund operational revenue is controlled by a complex set of state funding formulas resulting in the local school board having no meaningful authority to determine the level of resources. This includes special education state aid that is based upon a cost reimbursement model providing approximately 68% of personnel expenditures. Other state formulas then determine what portion of the revenue will be provided by property taxes and what portion will come from state aid.

**ENROLLMENT**

Enrollment is a critical factor in determining revenue with approximately 95% of General Fund revenue being determined by enrollment. The following chart shows that the number of students has increased by 10% over the last five years.

**Table A-4  
Five-Year Enrollment Trend**

Site	Grades	2013 Fall Enrollment	2014 Fall Enrollment	2015 Fall Enrollment	2016 Fall Enrollment	2017 Fall Enrollment
Southview	K-4	662	651	698	641	628
Bayview	K-4	722	763	752	619	611
Laketown	K-5	-	-	-	498	547
Middle School	5-8	1,136	1,175	1,181	870	926
Senior High	9-12	1,101	1,103	1,174	1,220	1,284
ALC	9-12	54	66	54	52	43
Totals		<u>3,675</u>	<u>3,758</u>	<u>3,859</u>	<u>3,900</u>	<u>4,039</u>



**WACONIA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 110  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018**

**GENERAL FUND (CONTINUED)**

Over the last five years, the District has experienced an increase in average daily membership of 364 students or 10%. It is anticipated that this trend will continue for the next five years.

The following schedule presents a summary of General Fund Revenues.

**Table A-5  
General Fund Revenues**

Fund	Year Ended		Change	
	June 30, 2018	June 30, 2017	Increase (Decrease)	Percent
Local Sources:				
Property Taxes	\$ 3,882,875	\$ 3,958,907	\$ (76,032)	(1.9)%
Earnings on Investments	36,335	36,832	(497)	(1.3)
Other	957,913	1,060,957	(103,044)	(9.7)
State Sources	34,182,303	34,032,404	149,899	0.4
Federal Sources	921,053	897,292	23,761	2.6
Total General Fund Revenue	<u>\$ 39,980,479</u>	<u>\$ 39,986,392</u>	<u>\$ (5,913)</u>	(0.0)

Total General Fund Revenue decreased by \$5,913 or 0% 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 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, 2018	June 30, 2017		
Salaries	\$ 26,738,119	\$ 24,910,691	\$ 1,827,428	7.3 %
Employee Benefits	9,111,958	8,612,166	499,792	5.8
Purchased Services	6,013,202	5,292,022	721,180	13.6
Supplies and Materials	1,774,445	1,704,938	69,507	4.1
Capital Expenditures	132,028	1,137,087	(1,005,059)	(88.4)
Other Expenditures	420,556	405,472	15,084	3.7
Total Expenditures	<u>\$ 44,190,308</u>	<u>\$ 42,062,376</u>	<u>\$ 2,127,932</u>	5.1

Total General Fund expenditures increased by \$2,127,932 or 5.1% from the previous year. Most of this increase was due to the hiring of staff to account for enrollment increases and salary increases for existing staff.

**WACONIA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 110  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018**

**GENERAL FUND (CONTINUED)**

Unassigned fund balance is the single best measure of overall financial health. The unassigned fund balance was (1,803,304) as of June 30, 2018. 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% percent of its unreserved/undesignated operating expenditures.

**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 \$1,994,388 less than expected primarily due to a decrease in revenue budgeted for students with special needs. This, combined with adjustments for lower than expected enrollment of general education students, resulted in a decrease in state aid.

The actual expenditures were \$661,508 more than budgeted primarily due to an increase in special education costs and an increase in personnel costs.

District staff are currently working on creating a long term plan to correct the fund balance deficiency. That plan will be presented to the board by January 31, 2019 for approval.

District voters approved an operating levy of \$525 per student in the fall of 2018 which will take effect in the 2019-2020 school year. This increase in funding of approximately \$2.3 million per year will significantly assist the District as it begins to grow its fund balance to meet board policy requirements.

**DEBT SERVICE FUNDS**

The Debt Service Fund revenues exceeded expenditures by \$140,619 in FY2018. The remaining fund balance of \$1,976,207 at June 30, 2018 is available for meeting future debt service obligations.

The OPEB Debt Service Fund had \$73,387 in fund balance at June 30, 2018. This fund was established to make the debt service payment related to the OPEB bonds.

**CAPITAL PROJECTS FUND**

The Capital Projects Fund expenditures exceeded revenues and other financing sources by \$10,280,436 in FY2018. This decrease is due to expenditures of the prior year's bonds that were issued. The remaining fund balance is a deficit \$126,014 at June 30, 2018.

**WACONIA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 110  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018**

**OTHER MAJOR FUNDS**

Expenditures exceeded revenues and other financing sources in Food Service Fund by \$93,659 and in the Community Education Fund revenues and other financing sources exceeded expenditures by \$5,675.

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 2018, the District had invested over \$188 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**

	2018	2017	Percentage Change
Land	\$ 5,524,742	\$ 5,524,742	-
Construction in Progress	-	37,729,466	(100.0)
Land Improvements	4,215,464	4,215,464	-
Buildings and Improvements	168,507,889	108,343,072	55.5
Equipment	9,272,141	9,046,152	2.5
Less: Accumulated Depreciation	(46,615,361)	(42,035,908)	10.9
Total	<u>\$ 140,904,875</u>	<u>\$ 122,822,988</u>	14.7

**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, 2018**

**CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)**

**Long-Term Liabilities**

At year-end, the District had \$132,011,035 in long-term debt, an increase of 7% from last year – as shown in Note 5 to financial statements. This is due to new issuance of debt.

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

	2018	2017	Percentage Change
General Obligation Bonds	\$ 123,675,000	\$ 114,455,000	8.1 %
Net Bond Premium and Discount	4,966,670	4,898,054	1.4
Certificates of Participation Payable	3,160,000	3,160,000	-
Obligations Under Capital Leases	209,365	389,863	(46.3)
Total	<u>\$ 132,011,035</u>	<u>\$ 122,902,917</u>	7.4
Long-Term Liabilities:			
Due within One Year	\$ 4,195,614	\$ 3,290,498	
Due in More than One Year	<u>127,815,421</u>	<u>119,612,419</u>	
Total	<u>\$ 132,011,035</u>	<u>\$ 122,902,917</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 currently settled with all of its bargaining units. The future revenues of the District and other Minnesota school districts will depend heavily on the future actions of the legislature. The rising costs of Special Education services coupled with a new funding formula adopted by the state that does not adequately address those rising costs is a significant factor in the long term financial health of the District. District staff will be working closely with State representatives in the coming months to address this issue.

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.

**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, 2018**  
**(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2017)**

	Governmental Activities	
	2018	2017
<b>ASSETS</b>		
Cash and Investments	\$ 13,103,980	\$ 29,151,778
Receivables:		
Property Taxes	6,441,772	6,069,032
Due From Other Governments	3,437,569	4,076,790
Other	142,587	121,558
Prepaid Items	54,604	100,831
Inventories	5,122	21,192
Due from Irrevocable OPEB Trust	150,000	-
Capital Assets:		
Land and Construction in Progress	5,524,742	43,254,208
Other Capital Assets, Net of Depreciation	135,380,133	79,568,780
Total Assets	164,240,509	162,364,169
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension Related	45,621,447	57,060,351
OPEB Related	121,489	13,730
Loss on Refunding	109,178	123,661
Total Deferred Outflows of Resources	45,852,114	57,197,742
<b>LIABILITIES</b>		
Salaries Payable	3,749,018	3,575,885
Accounts and Contracts Payable	3,165,689	5,999,620
Accrued Interest	1,752,247	1,670,500
Due to Other Governmental Units	88,447	138,652
Unearned Revenue:		
Local Sources	353,954	367,751
Long-Term Liabilities:		
Net Pension Liability	78,349,938	89,522,108
Net OPEB Liability	3,623,008	3,047,569
Portion Due Within One Year	4,479,174	3,589,714
Portion Due in More Than One Year	127,815,421	119,612,419
Total Liabilities	223,376,896	227,524,218
<b>DEFERRED INFLOWS OF RESOURCES</b>		
OPEB Related	98,817	-
Pension Related	12,844,690	1,213,540
Property Taxes Levied for Subsequent Year	12,023,524	10,940,191
Total Deferred Inflows of Resources	24,967,031	12,153,731
<b>NET POSITION</b>		
Net Investment in Capital Assets	9,332,523	5,807,583
Restricted for:		
Operating Capital Purposes	1,533,114	1,856,557
State-Mandated Restrictions	512,509	311,323
Food Service	790,375	884,034
Community Service	582,218	576,198
Debt Service	336,064	271,120
Capital Projects - Building Construction	-	5,328,421
Unrestricted	(51,338,107)	(35,151,274)
Total Net Position	\$ (38,251,304)	\$ (20,116,038)

See accompanying Notes to Basic Financial Statements.

**WACONIA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 110  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2018  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)**

		2018			2017	
Functions	Expenses	Program Revenues			Net (Expense)	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and	Revenue and
					Changes in	Changes in
					Net Position	Net Position
					Total	Total
					Governmental	Governmental
					Activities	Activities
<b>Governmental Activities</b>						
Administration	\$ 1,939,952	\$ -	\$ -	\$ -	\$ (1,939,952)	\$ (1,852,247)
District Support Services	2,046,209	-	142,888	6,053	(1,897,268)	(1,639,723)
Regular Instruction	33,078,753	521,472	1,768,357	388,486	(30,400,438)	(28,965,494)
Vocational Education Instruction	910,035	-	11,740	-	(898,295)	(730,489)
Special Education Instruction	11,130,575	127,050	5,330,287	7,433	(5,665,805)	(4,604,162)
Instructional Support Services	3,997,066	-	-	184,723	(3,812,343)	(4,078,378)
Pupil Support Services	4,042,178	-	113,126	-	(3,929,052)	(3,723,460)
Sites and Buildings	4,395,830	208,622	-	85,077	(4,102,131)	(3,664,831)
Fiscal and Other Fixed Cost Programs	102,927	-	-	-	(102,927)	(94,107)
Food Service	2,454,281	1,621,940	655,447	-	(176,894)	(293,833)
Community Service	3,448,464	2,467,907	310,794	-	(669,763)	(584,316)
Interest and Fiscal Charges on						
Long-Term Liabilities	3,776,533	-	-	-	(3,776,533)	(3,680,423)
Total School District	<u>\$ 71,322,803</u>	<u>\$ 4,946,991</u>	<u>\$ 8,332,639</u>	<u>\$ 671,772</u>	<u>(57,371,401)</u>	<u>(53,911,463)</u>
<b>General Revenues</b>						
Property Taxes Levied for:						
General Purposes					3,866,547	3,959,064
Community Service					251,468	247,167
Debt Service					7,144,236	6,971,121
State Aid Not Restricted to Specific Purposes					27,613,061	28,649,861
Earnings on Investments					233,724	304,783
Gain on Sale of Capital Assets					12,450	2,150
Miscellaneous					114,649	131,764
Total General Revenues					<u>39,236,135</u>	<u>40,265,910</u>
Change in Net Position					(18,135,266)	(13,645,553)
Net Position - Beginning of Year					(20,116,038)	(6,470,485)
Net Position - End of Year					<u>\$ (38,251,304)</u>	<u>\$ (20,116,038)</u>

See accompanying Notes to Basic Financial Statements.

**WACONIA PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. 110**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**  
**(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2017)**

		Major	
	General	Food Service	Community Service
<b>ASSETS</b>			
Cash and Investments	\$ 2,685,320	\$ 894,286	\$ 890,382
Receivables:			
Current Property Taxes	2,287,056	-	114,449
Delinquent Property Taxes	21,567	-	1,423
Due from Other Minnesota School Districts	8,313	-	-
Due from Minnesota Department of Education	3,191,426	-	33,382
Due from Federal through Minnesota Department of Education	-	-	-
Due from Other Governmental Units	188,760	-	217
Other Receivables	55,281	162	87,144
Due from Other Funds	150,000	-	-
Prepaid Items	51,369	-	3,235
Inventory	-	5,122	-
Total Assets	<u>\$ 8,639,092</u>	<u>\$ 899,570</u>	<u>\$ 1,130,232</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>			
Liabilities:			
Salaries Payable	\$ 3,585,433	\$ 64,809	\$ 98,776
Accounts and Contracts Payable	446,698	3,209	55,930
Due to Other Governmental Units	88,447	-	-
Due to Other Funds	-	781	-
Unearned Revenue	141,721	40,396	171,837
Total Liabilities	<u>4,262,299</u>	<u>109,195</u>	<u>326,543</u>
Deferred Inflows of Resources:			
Property Taxes Levied for Subsequent Year	4,103,235	-	221,471
Unavailable Revenue - Delinquent Property Taxes	1,991	-	1,423
Total Deferred Inflows of Resources	<u>4,105,226</u>	<u>-</u>	<u>222,894</u>
Fund Balance:			
Nonspendable	51,369	5,122	3,235
Restricted for:			
Staff Development	-	-	-
Health and Safety	(22,121)	-	-
Area Learning Center	-	-	-
Gifted and Talented	5,898	-	-
Basic Skills Programs	147	-	-
Operating Capital	1,533,114	-	-
Safe Schools	59,481	-	-
Community Education Programs	-	-	441,327
Early Childhood and Family Educations Programs	-	-	38,651
School Readiness	-	-	45,169
Projects Funded by COP	-	-	-
Long-Term Facilities Maintenance	357,322	-	-
Medical Assistance	89,661	-	-
Other Purposes	-	785,253	52,413
Assigned for:			
Assigned for Severance	-	-	-
Unassigned	(1,803,304)	-	-
Total Fund Balance	<u>271,567</u>	<u>790,375</u>	<u>580,795</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 8,639,092</u>	<u>\$ 899,570</u>	<u>\$ 1,130,232</u>

See accompanying Notes to Basic Financial Statements.

Capital Projects	Funds		Total Governmental Funds	
	Debt Service	OPEB Debt Service	2018	2017
\$ 2,523,243	\$ 5,513,484	\$ 240,897	\$ 12,747,612	\$ 28,734,738
-	3,799,102	179,458	6,380,065	5,968,885
-	36,800	1,917	61,707	100,147
-	-	-	8,313	53,757
-	15,177	294	3,240,279	3,548,258
-	-	-	-	227,851
-	-	-	188,977	246,924
-	-	-	142,587	121,558
781	-	-	150,781	12,577
-	-	-	54,604	100,831
-	-	-	5,122	21,192
<u>\$ 2,524,024</u>	<u>\$ 9,364,563</u>	<u>\$ 422,566</u>	<u>\$ 22,980,047</u>	<u>\$ 39,136,718</u>
\$ -	\$ -	\$ -	\$ 3,749,018	\$ 3,575,885
2,650,038	-	-	3,155,875	5,983,608
-	-	-	88,447	138,652
-	-	-	781	12,577
-	-	-	353,954	367,751
<u>2,650,038</u>	<u>-</u>	<u>-</u>	<u>7,348,075</u>	<u>10,078,473</u>
-	7,351,556	347,262	12,023,524	10,940,191
-	36,800	1,917	42,131	48,991
<u>-</u>	<u>7,388,356</u>	<u>349,179</u>	<u>12,065,655</u>	<u>10,989,182</u>
-	-	-	59,726	122,023
-	-	-	-	50,460
-	-	-	(22,121)	-
-	-	-	-	6,862
-	-	-	5,898	7,810
-	-	-	147	84,073
-	-	-	1,533,114	1,856,557
-	-	-	59,481	91,715
-	-	-	441,327	431,393
-	-	-	38,651	41,424
-	-	-	45,169	40,120
-	-	-	-	2,915,589
-	-	-	357,322	107,972
-	-	-	89,661	18,409
-	1,976,207	73,387	2,887,260	10,011,598
-	-	-	-	250,000
(126,014)	-	-	(1,929,318)	2,033,058
<u>(126,014)</u>	<u>1,976,207</u>	<u>73,387</u>	<u>3,566,317</u>	<u>18,069,063</u>
<u>\$ 2,524,024</u>	<u>\$ 9,364,563</u>	<u>\$ 422,566</u>	<u>\$ 22,980,047</u>	<u>\$ 39,136,718</u>

**WACONIA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 110  
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2018  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2017)**

	2018	2017
<b>Total Fund Balance for Governmental Funds</b>	<b>\$ 3,566,317</b>	<b>\$ 18,069,063</b>
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
Construction in Progress	-	37,729,466
Land Improvements, Net of Accumulated Depreciation	1,151,734	1,310,778
Buildings and Improvements, Net of Accumulated Depreciation	131,929,536	75,650,535
Equipment, Net of Accumulated Depreciation	2,298,863	2,607,467
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.		
	42,131	48,991
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		
	(1,752,247)	(1,670,500)
OPEB deferred outflows are reported only on the statement of net position.		
	121,489	13,730
OPEB deferred inflows are reported only on the statement of net position.		
	(98,817)	-
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	(78,349,938)	(89,522,108)
Deferred Inflows of Resources - Pension Related	(12,844,690)	(1,213,540)
Deferred Outflows of Resources - Pension Related	45,621,447	57,060,351
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:		
	346,554	401,028
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	(123,675,000)	(114,455,000)
Unamortized Premiums	(5,009,664)	(4,953,629)
Unamortized Discounts	42,994	55,575
Certificates of Participation Payable	(3,160,000)	(3,160,000)
Unamortized Deferred Gain on Refunding	109,178	123,661
Obligations Under Capital Leases	(32,642)	(90,529)
Net OPEB Liability	(3,623,008)	(3,047,569)
Obligations Under Lease Purchase Agreement	(176,723)	(299,334)
Compensated Absences Payable	(283,560)	(299,216)
<b>Total Net Position of Governmental Activities</b>	<b>\$ (38,251,304)</b>	<b>\$ (20,116,038)</b>

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, 2018**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)**

		Major	
	General	Food Service	Community Service
<b>REVENUES</b>			
Local Sources:			
Property Taxes	\$ 3,882,875	\$ -	\$ 251,123
Earnings on Investments	36,335	10,860	11,627
Other	957,913	1,622,440	2,468,847
State Sources	34,182,303	129,996	371,666
Federal Sources	921,053	525,451	-
Total Revenues	<u>39,980,479</u>	<u>2,288,747</u>	<u>3,103,263</u>
<b>EXPENDITURES</b>			
Current:			
Administration	1,303,289	-	-
District Support Services	1,925,605	-	-
Regular Instruction	20,802,447	-	-
Vocational Education Instruction	711,686	-	-
Special Education Instruction	8,527,165	-	-
Instructional Support Services	2,923,134	-	-
Pupil Support Services	3,719,856	-	-
Sites and Buildings	3,868,754	-	-
Fiscal and Other Fixed Cost Programs	102,927	-	-
Food Service	-	2,326,242	-
Community Service	-	-	3,151,633
Capital Outlay	132,028	56,164	5,616
Debt Service:			
Principal	166,908	-	13,590
Interest and Fiscal Charges	6,509	-	1,264
Bond Issuance Costs	-	-	-
Total Expenditures	<u>44,190,308</u>	<u>2,382,406</u>	<u>3,172,103</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(4,209,829)	(93,659)	(68,840)
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of Capital Assets	12,450	-	-
Issuance of Bonds	-	-	-
Issuance of Capital Lease	-	-	-
Bond Premium	-	-	-
Transfers In	-	-	74,515
Transfers Out	(74,515)	-	-
Total Other Financing Sources (Uses)	<u>(62,065)</u>	<u>-</u>	<u>74,515</u>
<b>NET CHANGE IN FUND BALANCE</b>	(4,271,894)	(93,659)	5,675
Fund Balance - Beginning of Year	<u>4,543,461</u>	<u>884,034</u>	<u>575,120</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 271,567</u>	<u>\$ 790,375</u>	<u>\$ 580,795</u>

See accompanying Notes to Basic Financial Statements.

Capital Projects	Funds		Total Governmental Funds	
	Debt Service	OPEB Debt Service	2018	2017
\$ -	\$ 6,792,909	\$ 342,204	\$ 11,269,111	\$ 11,177,391
119,100	47,809	2,593	228,324	302,534
15,000	-	-	5,064,200	4,815,133
-	149,127	1,002	34,834,094	34,654,150
-	-	-	1,446,504	1,422,817
<u>134,100</u>	<u>6,989,845</u>	<u>345,799</u>	<u>52,842,233</u>	<u>52,372,025</u>
-	-	-	1,303,289	1,239,950
-	-	-	1,925,605	1,770,509
-	-	-	20,802,447	19,844,921
-	-	-	711,686	562,394
-	-	-	8,527,165	7,633,556
-	-	-	2,923,134	2,715,986
-	-	-	3,719,856	3,488,037
-	-	-	3,868,754	3,794,790
-	-	-	102,927	94,107
-	-	-	2,326,242	2,238,850
-	-	-	3,151,633	2,860,741
23,220,925	-	-	23,414,733	38,753,620
-	2,800,000	310,000	3,290,498	2,930,067
-	3,954,641	38,850	4,001,264	3,997,347
84,922	94,585	-	179,507	137,322
<u>23,305,847</u>	<u>6,849,226</u>	<u>348,850</u>	<u>80,248,740</u>	<u>92,062,197</u>
(23,171,747)	140,619	(3,051)	(27,406,507)	(39,690,172)
-	-	-	12,450	2,150
12,330,000	-	-	12,330,000	8,565,000
-	-	-	-	399,154
561,311	-	-	561,311	374,220
-	-	-	74,515	-
-	-	-	(74,515)	-
<u>12,891,311</u>	<u>-</u>	<u>-</u>	<u>12,903,761</u>	<u>9,340,524</u>
(10,280,436)	140,619	(3,051)	(14,502,746)	(30,349,648)
10,154,422	1,835,588	76,438	18,069,063	48,418,711
<u>\$ (126,014)</u>	<u>\$ 1,976,207</u>	<u>\$ 73,387</u>	<u>\$ 3,566,317</u>	<u>\$ 18,069,063</u>

**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, 2018  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)**

	<u>2018</u>	<u>2017</u>
<b>Net Change in Fund Balance-Total Governmental Funds</b>	<b>\$ (14,502,746)</b>	<b>\$ (30,349,648)</b>

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital Outlays	22,661,340	38,015,172
Depreciation Expense	(4,579,453)	(3,801,963)

Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the Statement of Net Position, the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the Statement of Net Position.

Principal Payments - Capital Leases	152,671	155,067
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The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are amortized in the Statement of Activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the Statement of Activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

General Obligation Bond Proceeds	(12,330,000)	(5,405,000)
Certificate of Participation Payable Proceeds	-	(3,160,000)
Lease Purchase Proceeds	-	(399,154)
Bond Premium	(561,311)	(374,220)
Repayment of Bond Principal	3,110,000	2,775,000
Repayment of Lease Purchase Principal	27,827	-
Change in Accrued Interest Expense - General Obligation Bonds	(81,747)	5,733
Amortization of Bond Premium	505,276	468,659
Amortization of Bond Discount	(12,581)	(12,581)
Amortization of Gain (Loss) on Refunding	(14,483)	(14,483)

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, 2018  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)**

	<u>2018</u>	<u>2017</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.	\$ (6,860)	\$ (39)
Payment of OPEB benefits are recognized as expenditures at the fund level while the change in the Net OPEB obligation is recognized in the Statement of Net Position.	(566,497)	(444,729)
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.	(11,897,884)	(11,066,340)
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).	15,656	(59,609)
Internal service funds are used by the District to charge the costs of employee dental benefits to individual funds. The net revenue of the internal service funds is reported with governmental activities.	(54,474)	22,582
<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ (18,135,266)</u></u>	<u><u>\$ (13,645,553)</u></u>

See accompanying Notes to Basic Financial Statements.

**WACONIA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 110  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final	Amounts	
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 3,899,821	\$ 3,966,285	\$ 3,882,875	\$ (83,410)
Earnings on Investments	48,000	48,000	36,335	(11,665)
Other	875,230	1,032,776	957,913	(74,863)
State Sources	34,335,015	36,055,547	34,182,303	(1,873,244)
Federal Sources	859,519	872,259	921,053	48,794
Total Revenues	40,017,585	41,974,867	39,980,479	(1,994,388)
<b>EXPENDITURES</b>				
Current:				
Administration	1,327,849	1,320,919	1,303,289	(17,630)
District Support Services	1,832,787	1,811,251	1,925,605	114,354
Elementary and Secondary Regular Instruction	19,510,253	20,363,485	20,802,447	438,962
Vocational Education Instruction	530,537	650,524	711,686	61,162
Special Education Instruction	7,141,424	8,477,903	8,527,165	49,262
Instructional Support Services	2,854,751	2,908,288	2,923,134	14,846
Pupil Support Services	3,442,389	3,483,285	3,719,856	236,571
Sites and Buildings	3,790,730	3,659,081	3,868,754	209,673
Fiscal and Other Fixed Cost Programs	210,000	220,959	102,927	(118,032)
Capital Outlay	421,438	454,531	132,028	(322,503)
Debt Service:				
Principal	172,065	172,065	166,908	(5,157)
Interest and Fiscal Charges	6,509	6,509	6,509	-
Total Expenditures	41,240,732	43,528,800	44,190,308	661,508
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,223,147)	(1,553,933)	(4,209,829)	(2,655,896)
<b>OTHER FINANCING SOURCES</b>				
Sale of Capital Assets	2,000	2,000	12,450	10,450
Transfers Out	-	-	(74,515)	(74,515)
Total Other Financing Sources	2,000	2,000	(62,065)	(64,065)
Net Change in Fund Balance	<u>\$ (1,221,147)</u>	<u>\$ (1,551,933)</u>	(4,271,894)	<u>\$ (2,719,961)</u>
<b>FUND BALANCE</b>				
Beginning of Year			4,543,461	
End of Year			<u>\$ 271,567</u>	

See accompanying Notes to Basic Financial Statements.

**WACONIA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 110  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
FOOD SERVICE FUND  
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final	Amounts	
<b>REVENUES</b>				
Local Sources:				
Earnings on Investments	\$ 1,500	\$ 6,000	\$ 10,860	\$ 4,860
Other - Primarily Meal Sales	1,537,345	1,505,000	1,622,440	117,440
State Sources	117,500	132,250	129,996	(2,254)
Federal Sources	515,000	575,000	525,451	(49,549)
Total Revenues	<u>2,171,345</u>	<u>2,218,250</u>	<u>2,288,747</u>	<u>70,497</u>
<b>EXPENDITURES</b>				
Current:				
Food Service	2,265,433	2,268,829	2,326,242	57,413
Capital Outlay	89,615	67,000	56,164	(10,836)
Total Expenditures	<u>2,355,048</u>	<u>2,335,829</u>	<u>2,382,406</u>	<u>46,577</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (183,703)</u>	<u>\$ (117,579)</u>	(93,659)	<u>\$ 23,920</u>
<b>FUND BALANCE</b>				
Beginning of Year			<u>884,034</u>	
End of Year			<u>\$ 790,375</u>	

See accompanying Notes to Basic Financial Statements.

**WACONIA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 110  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
COMMUNITY SERVICE FUND  
YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final	Amounts	
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 255,834	\$ 255,834	\$ 251,123	\$ (4,711)
Earnings on Investments	1,200	1,200	11,627	10,427
Other - Primarily Tuition and Fees	2,232,350	2,299,250	2,468,847	169,597
State Sources	357,890	378,686	371,666	(7,020)
Total Revenues	2,847,274	2,934,970	3,103,263	168,293
<b>EXPENDITURES</b>				
Current:				
Community Service	2,790,505	2,908,704	3,151,633	242,929
Capital Outlay	13,900	20,340	5,616	(14,724)
Debt Service:				
Principal	13,528	13,528	13,590	62
Interest and Fiscal Charges	1,264	1,264	1,264	-
Total Expenditures	2,819,197	2,943,836	3,172,103	228,267
<b>OTHER FINANCING SOURCES</b>				
Transfer In	-	-	74,515	74,515
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 28,077</u>	<u>\$ (8,866)</u>	5,675	<u>\$ 14,541</u>
<b>FUND BALANCE</b>				
Beginning of Year			575,120	
End of Year			<u>\$ 580,795</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, 2018**  
 (WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2017)

	Governmental Activities - Internal Service Funds	
	2018	2017
<b>ASSETS</b>		
Current Assets:		
Cash and Investments	\$ 356,368	\$ 417,040
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	9,814	16,012
<b>NET POSITION</b>		
Unrestricted	\$ 346,554	\$ 401,028

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, 2018  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)**

	Governmental Activities - Internal Service Funds	
	2018	2017
<b>OPERATING REVENUES</b>		
Charges for Services	\$ 329,227	\$ 300,915
<b>OPERATING EXPENSES</b>		
Dental Insurance Claim Payments	<u>389,101</u>	<u>280,582</u>
<b>OPERATING INCOME</b>	(59,874)	20,333
<b>NONOPERATING INCOME</b>		
Earnings on Investments	<u>5,400</u>	<u>2,249</u>
<b>CHANGE IN NET POSITION</b>	(54,474)	22,582
Total Net Position - Beginning of Year	<u>401,028</u>	<u>378,446</u>
<b>TOTAL NET POSITION - END OF YEAR</b>	<u><u>\$ 346,554</u></u>	<u><u>\$ 401,028</u></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, 2018  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)**

	Governmental Activities - Internal Service Funds	
	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Interfund Services Provided	\$ 329,227	\$ 300,915
Payments for Dental Fees and Insurance Claims	(395,299)	(318,929)
Net Cash Used by Operating Activities	(66,072)	(18,014)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received	5,400	3,269
Net Decrease in Cash and Cash Equivalents	(60,672)	(14,745)
Cash and Cash Equivalents - Beginning of Year	417,040	431,785
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 356,368</u>	<u>\$ 417,040</u>
Displayed on Statements of Fund Net Position as Cash and Investments	<u>\$ 356,368</u>	<u>\$ 417,040</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating Income	\$ (59,874)	\$ 20,333
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Increase (Decrease) in Accounts Payable	(6,198)	6,286
Increase (Decrease) in Claims Payable	-	(44,633)
Total Adjustments	(6,198)	(38,347)
Net Cash Provided (Used) by Operating Activities	<u>\$ (66,072)</u>	<u>\$ (18,014)</u>

See accompanying Notes to Basic Financial Statements.

**WACONIA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 110  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2018**

	Private- Purpose Trust	Irrevocable OPEB Trust
<b>ASSETS</b>		
Cash	\$ 108,176	\$ 2,201,181
Government and Municipal Securities	-	257,911
Accounts Receivable	900	-
Interest Receivable	-	30,056
Total Assets	<u>109,076</u>	<u>2,489,148</u>
<b>LIABILITIES</b>		
Accounts Payable	5,471	-
Due to Primary Government	-	150,000
Total Liabilities	<u>5,471</u>	<u>150,000</u>
<b>NET POSITION</b>		
Restricted for Scholarships	103,605	-
Restricted for OPEB Benefits	-	2,339,148
Total Net Position	<u>\$ 103,605</u>	<u>\$ 2,339,148</u>

**WACONIA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 110  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2018**

	Private- Purpose Trust	Irrevocable OPEB Trust
<b>ADDITIONS</b>		
Employer Contributions	\$ -	\$ 66,893
Gifts and Donations	14,187	-
Investment Income:		
Net Increase (Decrease) in Fair Value of Investments	1,410	9,315
Interest and Dividends	-	39,197
Less Investment Expense	-	(250)
Net Investment Income	<u>1,410</u>	<u>48,262</u>
Total Additions	<u>15,597</u>	<u>115,155</u>
<b>DEDUCTIONS</b>		
OPEB Health Insurance Payments	-	216,893
Scholarships Awarded	15,411	-
Total Deductions	<u>15,411</u>	<u>216,893</u>
<b>CHANGE IN NET POSITION</b>	186	(101,738)
Net Position - Beginning of Year	<u>103,419</u>	<u>2,440,886</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 103,605</u>	<u>\$ 2,339,148</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, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The financial statements of Independent School District No. 110 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB pronouncements are recognized as accounting principles generally accepted in the United States of America for state and local governments.

**B. Financial Reporting Entity**

The District is an instrumentality of the State of Minnesota established to function as an educational institution. The elected School Board (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

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

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

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

**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 fund. The Fiduciary Funds are only reported in the statements of Fiduciary Net Position at the fund financial statement level.

**WACONIA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 110  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

The District applies restricted resources first when an expense is incurred for 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: private purpose trust 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 column when presented in the government-wide financial statements. The costs of these services is reported in the appropriate functional activity.

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

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, 2018**

**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, 2018**

**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.

Capital Projects – Building Construction Fund

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

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and payment of, general long-term obligation bond principal, interest, and related costs.

Other Postemployment Benefits Debt Service Fund

The Other Postemployment Benefits (OPEB) Debt Service Fund is used to account for the accumulation of resources for, and payment of, OPEB 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*

Private Purpose Trust Fund

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

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, 2018**

**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 agency investments 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.

Investments are stated at their fair value as determined by quoted market prices, except for money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less which are recorded at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors.

**G. Accounts Receivable**

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

**WACONIA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 110  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Inventories**

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

**I. Prepaid Items**

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

**J. Property Taxes**

Property tax levies are established by the School Board in December each year and are certified to the County for collection the following calendar year. In Minnesota, counties act as collection agents for all property taxes and are responsible for spreading all levies over taxable property. Such taxes become a lien on January 1. Taxes are generally due on May 15 and October 15, and counties generally remit taxes to Districts at periodic intervals as they are collected. A portion of property taxes levied is paid through state credits which are included in revenue from state sources in the financial statements.

Generally, tax revenue is recognized in the fiscal year ending June 30, following the calendar year in which the tax levy is collectible, while the current calendar year tax levy is recorded as unavailable revenue (property taxes levied for subsequent year). The majority of District revenue in the General Fund (and to a lesser extent in the District's Community Service Special Revenue Fund) is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between taxes and state aids by the Legislature based on education funding priorities. Changes in this allocation are periodically accompanied by a change in property tax revenue recognition referred to as the "tax shift." In the Debt Service Fund, all property taxes collected in a calendar year are recorded as revenue in the fiscal year which begins July 1 of that calendar year.

In accordance with state law, the current tax shift consists of an amount equal to 31% of the operating levy that was in place for the District's 2000 Pay 2001 levy, which is frozen at \$310,967. Certain other portions of the District's 2017 Pay 2018 levy, normally revenue for the 2018-2019 fiscal year, are also advance recognized at June 30, 2018, 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, 2018**

**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, 2018, are included in Property Taxes Levied for Subsequent Year to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

**K. Capital Assets**

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

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

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

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

**L. Deferred Outflows of Resources**

In addition to assets, the statement of financial 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.

**M. Long-Term Obligations**

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



**WACONIA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 110  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. Long-Term Obligations (Continued)**

In the fund financial statements, governmental fund types recognize bond premiums and discounts, 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.

**N. 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, 2018, a liability for vacation pay totaling \$263,813 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, 2018, a liability for this sick leave bank of \$10,524 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 \$9,223 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 fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

**WACONIA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 110  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**O. 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.

**P. 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.

**Q. Statement of Cash Flows**

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

**R. Fund Balance**

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

In accordance with the District's fund balance policy, when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available; it is the District's policy to use restricted first, then unrestricted fund balance. When an expenditure is incurred for purposes for which committed, assigned and unassigned fund balance is available, it is the District's policy to use committed first, then assigned and finally unassigned fund balance.

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

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**S. 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, net of accumulation depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statement when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

**T. 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 government's financial statements for the year ended June 30, 2017 from which the summarized information was derived.

**NOTE 2 STEWARDSHIP AND ACCOUNTABILITY**

**A. Excess of Expenditures Over Budget**

Expenditures exceeded budgeted amounts in the following fund at June 30, 2018.

	Budget	Expenditures	Excess
General Fund	\$ 43,528,800	\$ 44,190,308	\$ 661,508
Special Revenue Funds			
Food Service Fund	2,335,829	2,382,406	46,577
Community Service Fund	2,943,836	3,172,103	228,267
Capital Projects Fund	20,227,805	23,305,847	3,078,042
Debt Service Fund	6,782,056	6,849,226	67,170

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

**B. Due to/from Other Funds**

	Due from Other Funds:	
Due to Other Funds:	Capital Projects	General Fund
Food Service	\$ 781	\$ -
OPEB Trust	-	150,000
Total	\$ 781	\$ 150,000

The amount due to the Food Service Fund from the Capital Projects Fund relates to a bill for food equipment that the Capital Projects owes Food Service. The amount due to the General Fund from the OPEB Trust Fund is the amount of the trust draw in the current year.

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**NOTE 2 STEWARDSHIP AND ACCOUNTABILITY (CONTINUED)**

**C. Transfers in/Transfers Out**

	Transfer In:
	Community Service Fund
Transfer Out:	
General Fund	\$ 74,515

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

**NOTE 3 DEPOSITS AND INVESTMENTS**

**A. Deposits**

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

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

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds. Authorized collateral include: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letter of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota Statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust departments of a commercial bank or other financial institution not owned or controlled by the depository.

The District's deposits in banks at June 30, 2018 were entirely covered by federal depository insurance or by collateral in accordance with Minnesota Statutes.

**WACONIA PUBLIC SCHOOLS  
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**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments**

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

- 1) Direct obligations or obligations guaranteed by the United States or its agencies
- 2) Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of thirteen months or less
- 3) General obligations rated "A" or better; revenue obligations rated "AA" or better
- 4) General obligations of the Minnesota Housing Finance Agency rate "A" or better
- 5) Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System
- 6) Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by a least two nationally recognized rating agencies, and maturing in 270 days or less
- 7) Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories
- 8) Repurchase or reverse purchase agreement and securities lending agreements financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers

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

**External Investment Pools -**

	<u>Amount</u>
MN Trust Shares Portfolio	\$ 7,131,214
MN Trust Term Series	<u>4,000,000</u>
Total	<u><u>\$ 11,131,214</u></u>

The MN Trust is a money market account that is valued at amortized cost with maturities of investments of one year or less.

**WACONIA PUBLIC SCHOOLS  
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JUNE 30, 2018**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

**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. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities to meet cash requirements for ongoing operations. 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 School District's investments by maturity:

Type	Total	6 Months or Less	7 to 12 Months	13 to 36 Months
MN Trust Investment Shares Portfolio	\$ 7,131,214	\$ 7,131,214	\$ -	\$ -
State and Local Obligations	257,911	-	-	257,911
MN Trust Term Series	4,000,000	4,000,000	-	-
Negotiable Certificates of Deposit	1,237,000	247,000	990,000	-
Total	<u>\$ 12,626,125</u>	<u>\$ 11,378,214</u>	<u>\$ 990,000</u>	<u>\$ 257,911</u>

***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. As of June 30, 2018, the investment balances were fully covered by insurance for each brokerage firm.

***Credit Risk –***

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

Type	Credit Quality Rating	Amount
MN Trust Investment Shares Portfolio	AAAm	\$ 7,131,214
State and Local Obligations	Aa2/AA+	257,911
MN Trust Term Series	Not Rated	4,000,000
Negotiable Certificates of Deposit	Not Rated	1,237,000
Total		<u>\$ 12,626,125</u>

**WACONIA PUBLIC SCHOOLS  
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**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

**Investments Held with Broker (Continued) –  
Credit Risk (Continued) –**

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

Total Deposits	\$ 3,045,123
MN Trust Shares Portfolio	7,131,214
MN Trust Term Series	4,000,000
State and Local Obligations	257,911
Negotiable Certificates of Deposit	1,237,000
Total	<u>\$ 15,671,248</u>
Statement of Net Position	
Cash and Investments	\$ 13,103,980
Agency and Trust Fund Cash and Investments	2,567,268
	<u>\$ 15,671,248</u>

**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.

**WACONIA PUBLIC SCHOOLS  
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JUNE 30, 2018**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**C. Fair Value Measurements (Continued)**

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 measured at fair value on a recurring basis:

Type	Level 1	Level 2	Level 3	Total
State and Local Obligations	\$ -	\$ 257,911	\$ -	\$ 257,911
Negotiable Certificates of Deposit	-	1,229,441	-	1,229,441
Total	\$ -	\$ 1,487,352	\$ -	\$ 1,487,352

**NOTE 4 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance as Restated	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 5,524,742	\$ -	\$ -	\$ 5,524,742
Construction in Progress	37,729,466	22,435,351	(60,164,817)	-
Total Capital Assets, Not Being Depreciated	43,254,208	22,435,351	(60,164,817)	5,524,742
Capital Assets, Being Depreciated:				
Land Improvements	4,215,464	-	-	4,215,464
Buildings and Improvements	108,343,072	60,164,817	-	168,507,889
Equipment	9,046,152	225,989	-	9,272,141
Total Capital Assets, Being Depreciated	121,604,688	60,390,806	-	181,995,494
Accumulated Depreciation for:				
Land Improvements	(2,904,686)	(159,044)	-	(3,063,730)
Buildings and Improvements	(32,692,537)	(3,885,816)	-	(36,578,353)
Equipment	(6,438,685)	(534,593)	-	(6,973,278)
Total Accumulated Depreciation	(42,035,908)	(4,579,453)	-	(46,615,361)
Total Capital Assets, Being Depreciated, Net	79,568,780	55,811,353	-	135,380,133
Governmental Activities Capital Assets, Net	\$ 122,822,988	\$ 78,246,704	\$ (60,164,817)	\$ 140,904,875



**WACONIA PUBLIC SCHOOLS  
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JUNE 30, 2018**

**NOTE 4 CAPITAL ASSETS (CONTINUED)**

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

<b>Governmental Activities</b>	
Administrative Services	\$ 146,517
District Support Services	18,270
Regular Instruction	4,093,399
Special Education	3,235
Vocational Instruction	27,418
Community Education	6,350
Instructional Support	49,785
Food Service	19,459
Sites, Buildings & Equipment	215,020
Total Depreciation Expense, Governmental Activities	<u><u>\$ 4,579,453</u></u>

**NOTE 5 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
12/23/2008	4.00% - 6.00%	\$ 2,695,000	2/1/2019	\$ 330,000	\$ 330,000
2/19/2009	2.25% - 4.13%	19,370,000	2/1/2022	1,900,000	7,240,000
5/1/2013	2.00% - 2.13%	1,435,000	2/1/2024	125,000	790,000
1/13/2015	3.00% - 5.00%	17,555,000	2/1/2026	510,000	17,030,000
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	2/1/2015	500,000	5,830,000
9/29/2016	3.00% - 5.00%	5,405,000	2/1/2037	-	5,125,000
9/14/2017	2.00% - 3.00%	5,040,000	2/1/2033	245,000	5,040,000
9/14/2017	2.00% - 4.00%	7,290,000	2/1/2033	310,000	7,290,000
Total General Obligation Bonds				3,920,000	123,675,000
Bond Premium - Net				-	5,009,664
Bond Discounts - Net				-	(42,994)
Certificates of Participation				120,000	3,160,000
Lease Purchase Obligations:					
Technology Lease				122,972	176,723
Copier Equipment				32,642	32,642
Total Leases Purchase Obligations				155,614	209,365
Lease Purchase Agreement				25,702	79,453
Compensated Absences Payable				283,560	283,560
Total				<u><u>\$ 4,479,174</u></u>	<u><u>\$ 132,294,595</u></u>

**WACONIA PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

**A. Components of Long-Term Debt (Continued)**

**1. General Obligation School Building Bonds**

On February 18, 2015, the District issued \$75,000,000 General Obligation School Bonds, Series 2015B. These bonds were issued to finance acquisition and betterment of school sites and facilities.

**2. General Obligation Capital Facilities Bonds**

On May 1, 2013, the District issued \$1,435,000 of General Obligation Capital Facilities Bonds, Series 2013A. These bonds were issued to finance acquisition and/or construction/improvement of capital facilities.

On September 29, 2016, the District issued \$5,405,000 General Obligation Facility Series 2016A. These bonds were issued for general maintenance projects.

On September 14, 2017, the District issued \$7,290,000 General Obligation Facilities Bonds, Series 2017C. These bonds were issued to finance construction/improvement of capital facilities.

**3. General Obligation Refunding Bonds**

On February 19, 2009, the District issued \$19,370,000 of General Obligation School Building Refunding Bonds, Series 2009A to refund in advance of their stated maturities the remaining maturities of the General Obligation School Building Bonds, Series 1998A and the General Obligation School Building Bonds, Series 1999A. The original issue dates of the bonds refunded were December 1, 1998 and April 1, 1999, respectively.

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.

**4. General Obligation Taxable OPEB Bonds**

On December 23, 2008, the District issued \$2,695,000 General Obligation Taxable OPEB Bonds, Series 2008A. These bonds were issued to finance future other postemployment payments.

Assets of the Debt Service Fund and the OPEB Debt Service Fund, together with scheduled future ad valorem tax levies are dedicated for the retirement of these bonds. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota Statute.

**WACONIA PUBLIC SCHOOLS  
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JUNE 30, 2018**

**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

**A. Components of Long-Term Debt (Continued)**

**5. General Obligation Tax Abatement Bonds**

On September 14, 2017, the District issued \$5,040,000 General Obligation Tax Abatement Bonds, Series 2017B. These bonds were issued to finance future tax abatement obligations.

**6. Certificates of Participation**

On June 29, 2017, the District issued \$3,160,000 Certificates of Participation, Series 2017A. This certificate was issued to finance acquisition and betterment of school sites and facilities.

**7. Capital Lease**

On July 1, 2014, the District entered into a lease for two vehicles. Payments on the lease are due annually and commenced July 2014. Capital assets relating to the lease had a cost of \$42,469, current year depreciation of \$2,832 and accumulated depreciation of \$8,494 at June 30, 2018.

On January 28, 2014, the District entered into a lease for copier equipment. Payments on the lease are due monthly and commenced February 2014. Capital assets relating to the lease had a cost of \$221,015, current year depreciation of \$44,203 and accumulated depreciation of \$151,027 at June 30, 2018.

On May 3, 2017, the District entered into a lease for Apple products and services. Payments on the lease are due annually and commenced July 2017. Capital assets relating to the lease had a cost of \$107,280, current year depreciation of \$21,456 at June 30, 2018.

On August 3, 2016, the District entered into a lease for computers and iPads. Payments on the lease are due annually and commenced August 2016. Capital assets relating to the lease had a cost of \$291,874, current year depreciation of \$58,375 at June 30, 2018.

**WACONIA PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 5 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:

Year Ending June 30,	General Obligation Bonds Payable	
	Principal	Interest
2019	\$ 4,040,000	\$ 4,131,051
2020	5,000,000	4,777,894
2021	5,385,000	4,734,475
2022	5,790,000	4,764,044
2023	6,020,000	4,451,419
2024 - 2028	30,545,000	18,072,819
2029 - 2033	31,735,000	10,790,043
2034 - 2038	31,490,000	5,799,618
2039	6,830,000	221,975
Total	<u>\$ 126,835,000</u>	<u>\$ 57,743,338</u>

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2018:

Capital Leases	
Year Ending June 30,	Amount
2019	\$ 163,528
2020	27,299
2021	27,274
Total Minimum Lease Payments	218,101
Less: Amounts Representing Interest	8,736
Present Value of Net Minimum Lease Payments	<u>\$ 209,365</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  
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**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

**C. Description of Long-Term Debt (Continued)**

Arbitrage Rebate Liability

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

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

**D. Changes in Long-Term Debt**

	June 30, 2017	Net Additions	Retirements	June 30, 2018
Bonds Payable	\$ 114,455,000	\$ 12,330,000	\$ 3,110,000	\$ 123,675,000
Bond Premium	4,953,629	561,311	505,276	5,009,664
Bond Discounts	(55,575)	-	(12,581)	(42,994)
Certificates of Participation				
Payable	3,160,000	-	-	3,160,000
Lease Purchase Obligations	282,583	-	180,498	102,085
Lease Purchase Agreement	107,280	-	-	107,280
Compensated Absences				
Payable	299,216	413,164	428,820	283,560
Total	<u>\$ 123,202,133</u>	<u>\$ 13,304,475</u>	<u>\$ 4,212,013</u>	<u>\$ 132,294,595</u>

**NOTE 6 RESTRICTED AND ASSIGNED FUND BALANCE**

Certain portions of fund balance are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities, or as required by other outside parties. Any such "restrictions" which have an accumulated deficit rather than a positive balance at June 30 are reported as a deficit balance because there is specific revenue authority under state accounting guidelines which will be utilized to eliminate the deficit. A description of these "deficit balance restrictions" is included herein since the District has specific statutory authority to levy taxes for such deficits.

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

**WACONIA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 110  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 6 RESTRICTED AND ASSIGNED FUND BALANCE (CONTINUED)**

Restricted and assigned fund balances at June 30, 2018 are as follows:

**A. Restricted for Health and Safety**

Restricted for Health and Safety represents available resources in the General Fund to be used for health and safety projects in accordance with an approved health and safety plan.

**B. Restricted for Gifted and Talented**

Restricted for Gifted and Talented represents available resources in the General Fund to be used for gifted and talented programs.

**C. Restricted for Basic Skills Program**

Restricted for the Basic Skills Program represents accumulated resources available to be used for the basic skills program.

**D. Restricted for Operating Capital**

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

**E. Restricted for Safe Schools**

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

**F. Restricted for Community Education Programs**

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

**G. Restricted for Early Childhood and Family Education Programs**

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

**WACONIA PUBLIC SCHOOLS  
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JUNE 30, 2018**

**NOTE 6 RESTRICTED AND ASSIGNED FUND BALANCE (CONTINUED)**

**H. 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.

**I. Restricted for Long-Term Facilities Maintenance (LTFM)**

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

**J. Restricted for Medical Assistance**

Represents resources available to be used for medical assistance expenditures.

**K. 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	\$ 785,253
Restricted for Community Service	52,413
Restricted for OPEB Debt Service	73,387
Restricted for Bond Payments	<u>1,976,207</u>
Total Other Restricted	<u><u>\$ 2,887,260</u></u>

**WACONIA PUBLIC SCHOOLS  
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JUNE 30, 2018**

**NOTE 7 PENSION PLANS**

**A. Plan Description**

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

**1. General Employees Retirement Plan (General Employees Plan)**

All full-time and certain part-time employees of the District other than teachers are covered by the General Employees Plan. The General Employees members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

**2. Teachers Retirement Fund (TRA)**

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

Teachers employed in Minnesota's public elementary and secondary schools, charter schools, and certain educational institutions maintained by the state (except those teachers employed by the city of St. Paul, and by the University of Minnesota system) are required to be TRA members. State university, community college, and technical college teachers first employed by the Minnesota State College and Universities (MnState) may elect TRA coverage within one year of eligible employment. Alternatively, these teachers may elect coverage through the Defined Contribution Retirement Plan (DCR) administered by MnState.

**B. Benefits Provided**

PERA and TRA provide retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature.

PERA: Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90% funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases.

TRA: Postretirement benefit increases are provided to eligible benefit recipients each January. The TRA increase is 2.0%. After the TRA funded ratio exceeds 90% for two consecutive years, the annual postretirement benefit will increase to 2.5%.



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**NOTE 7 PENSION PLANS (CONTINUED)**

**B. Benefits Provided (Continued)**

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

**1. General Employees Plan Benefits**

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 and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year 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.

**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 Statutes and vest after three years of service credit. The defined retirement benefits are based on a member's highest average salary for any five consecutive years of allowable service, age, and a formula multiplier based on years of credit at termination of service.

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

***Tier I Benefits***

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

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**NOTE 7 PENSION PLANS (CONTINUED)**

**B. Benefits Provided (Continued)**

**2. TRA Benefits (Continued)**

***Tier I Benefits (Continued)***

With these provisions:

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

or

***Tier II Benefits***

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

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

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

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**NOTE 7 PENSION PLANS (CONTINUED)**

**C. Contributions**

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

**1. General Employees Plan Contributions**

Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.5%, respectively, of their annual covered salary in calendar year 2018. The District was required to contribute 11.78% of pay for Basic Plan members and 7.5% for Coordinated Plan members. The District's contributions to the General Employees Plan for the Plan's fiscal year ended June 30, 2018, were \$568,203. The District's contributions were equal to the required contributions for each year as set by state statute.

**2. TRA Contributions**

Per *Minnesota Statutes*, Chapter 354 sets the contribution rates for employees and employers. Rates for the fiscal year were:

	Ending June 30, 2018	
	Employee	Employer
Basic	11.0%	11.5%
Coordinated	7.5%	7.5%

The District's contributions to TRA for the Plan's fiscal year ended June 30, 2018, were \$1,553,738. 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, 2018, the District reported a liability of \$6,926,568 for its proportionate share of the General Employees Plan's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$6 million to the fund in 2017. The State of Minnesota is considered a non-employer contributing District and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled \$87,118. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the District's proportion was .1085% which was an increase of .0071% from its proportion measured as of June 30, 2016.

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**NOTE 7 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

**1. General Employees Plan Pension Costs (Continued)**

For the year ended June 30, 2018, the District recognized pension expense of \$973,818 for its proportionate share of General Employees Plan's pension expense. In addition, the District recognized an additional \$2,516 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$6 million to the General Employees Fund.

At June 30, 2018, the District reported its proportionate share of General Employees Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 228,279	445,604
Changes in Actuarial Assumptions	1,149,960	694,389
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	299,550
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	399,400	68,984
District Contributions Subsequent to the Measurement Date	568,203	-
Total	<u>\$ 2,345,842</u>	<u>\$ 1,508,527</u>

\$568,203 reported as deferred outflows of resources related to pensions resulting from District contributions to General Employees Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to General Employees Plan pensions will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expenses Amount
2019	\$ 39,151
2020	546,921
2021	(22,940)
2022	(294,020)

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**NOTE 7 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

**2. TRA Pension Costs**

At June 30, 2018, the District reported a liability of \$71,423,370 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2017, 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 .3578% at the end of the measurement period and .3408% for the beginning of the period.

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

Description	Amount
District's Proportionate Share of the TRA Net Pension Liability	\$ 71,423,370
State's Proportionate Share of TRA's Net Pension Liability Associated with the District	6,904,490

For the year ended June 30, 2018, the District recognized pension expense of \$12,901,621. It also recognized \$132,419 as pension expense for the support provided by direct aid.

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**NOTE 7 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

**2. TRA Pension Costs (Continued)**

At June 30, 2018, the District reported its proportionate share of the TRA's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 537,841	501,547
Changes in Actuarial Assumptions	38,841,677	10,005,287
Net Difference Between Projected and Actual Investment Earnings	-	559,674
Changes in Proportion Differences Between Contributions and Made and the District's Proportionate Share of Contributions	2,342,349	269,655
District Contributions Subsequent to the Measurement Date	1,553,738	-
Total	<u>\$ 43,275,605</u>	<u>\$ 11,336,163</u>

\$1,553,738 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to TRA will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expenses Amount
2019	\$ 7,973,571
2020	9,164,883
2021	8,259,445
2022	6,834,187
2023	(1,846,382)

The District's total pension expense for all plans for the year ended June 30, 2018 was \$14,010,374 which includes \$134,935 for the support provided by direct aid.

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**NOTE 7 PENSION PLANS (CONTINUED)**

**E. Actuarial Assumptions**

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions:

Assumptions	GERF	TRA
Inflation	2.50% per Year	2.50% 2.85% for 10 years and 3.25%, thereafter
Active Member Payroll Growth	3.25% per Year	
Investment Rate of Return	7.50%	5.12%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP 2014 tables for the General Employees Plan for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases for retirees are assumed to be 1.0% per year for the General Employees Plan through 2044 and then 2.5% thereafter.

Actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2015.

The following changes in actuarial assumptions occurred in 2017 for PERA:

- 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 post-retirement 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.

The following changes in actuarial assumptions occurred in 2017 for TRA:

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

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**NOTE 7 PENSION PLANS (CONTINUED)**

**E. Actuarial Assumptions (Continued)**

The long-term expected rate of return on pension plan investments is now 7.5% for General Employees Fund and 5.12% for TRA. The State Board of Investment, which manages the investments of PERA and TRA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis 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 arithmetic 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	39 %	5.10 %
International Equity	19	5.30
Bonds	20	0.75
Alternative Assets	20	5.90
Cash	2	-
Totals	100 %	

**F. Discount Rate**

The discount rate used to measure the total General Employees Plan pension liability in 2017 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net 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 5.12%. This is an increase from the discount rate at the prior measurement date of 4.66%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal 2017 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 projected to be depleted in 2053 and, as a result, the Municipal Bond Index Rate was used in the determination of the Single Equivalent Interest Rate (SEIR). The long-term expected rate of return (7.5%) was applied to periods before 2052 and the Municipal Bond Index Rate of 3.01% was applied to periods on and after 2053 and the Municipal Bond Index Rate of 3.56% was applied to periods on and after 2053, resulting in a SEIR of 5.12%.



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**NOTE 7 PENSION PLANS (CONTINUED)**

**G. Pension Liability Sensitivity**

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

Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
General Employees Plan Discount Rate	6.50%	7.50%	8.50%
District's Proportionate Share of the GERS Net Pension Liability	\$ 10,743,622	\$ 6,926,568	\$ 3,801,616
TRA Discount Rate	4.12%	5.12%	6.12%
District's Proportionate Share of the TRA Net Pension Liability	\$ 94,265,086	\$ 71,423,370	\$ 52,165,025

**H. 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](http://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](http://www.MinnesotaTRA.org); by writing to TRA at 60 Empire Drive #400, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-2409 or 1-800-652-9026.

**NOTE 8 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 538 active participants and 39 retired participants along with 12 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 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. The District is assumed to make no future contributions to the trust. 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 2018, the District contributed \$66,893 to the plan.

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**NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)**

**C. Net OPEB Liability of the District**

The components of the net OPEB liability of the District at June 30, 2018, were as follows:

Total OPEB Liability	\$ 5,962,156
Plan Fiduciary Net Position	2,339,148
District's Net OPEB Liability	<u>\$ 3,623,008</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	39%

**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, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2017. Liabilities in this report were calculated as of the valuation date and rolled forward to the measurement date using standard actuarial roll-forward techniques.

The total OPEB liability was determined by an actuarial valuation as of July 1, 2017 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	3.00%
Investment Rate of Return	2.50%
	6.50% grading to 5.00% over 6 years
Health Care Trend Rates	years
Dental Trend Rates	4.00%

Mortality rates were based on the RP-2014 mortality tables with projected mortality improvements based on scale MP-2016, and other adjustments.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2016 to June 30, 2017.

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**NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)**

**D. Actuarial Methods and Assumptions (Continued)**

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

<b>Asset Class</b>	<b>Long-Term Expected Real Rate of Return</b>	<b>Long-Term Expected Nominal Rate of Return</b>
Domestic Equity	0.00%	0.00%
International Equity	0.00%	0.00%
Fixed Income	95.00%	2.50%
Real Estate and Alternatives	0.00%	0.00%
Cash and Equivalents	5.00%	1.50%
Net Assumed Investment Return (Weighted Avg, Rounded to 1/4%)		2.50%

The discount rate used to measure the total OPEB liability was 3.30%. 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 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%.

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**NOTE 8 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, 2017	\$ 5,488,455	\$ 2,440,886	\$ 3,047,569
Changes for the Year:			
Service Cost	499,655	-	499,655
Interest	188,177	-	188,177
Assumption Changes	(115,287)	-	(115,287)
Differences Between Expected and Actual Experience	118,049	(12,510)	130,559
Contributions-Employer	-	66,893	(66,893)
Net Investment income	-	60,772	(60,772)
Benefit Payments	(216,893)	(216,893)	-
Net Changes	473,701	(101,738)	575,439
Balances at June 30, 2018	\$ 5,962,156	\$ 2,339,148	\$ 3,623,008

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

	1% Decrease (2.30%)	Discount Rate (3.30%)	1% Increase (4.30%)
Net OPEB Liability	\$ 4,106,444	\$ 3,623,008	\$ 3,164,213

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

	Healthcare Cost		
	1% Decrease (Medical 5.50% decreasing to 4.00% over 6 years, Dental 3.00%)	Current Trend Rates (Medical 6.50% decreasing to 5.00% over 6 years, Dental 4.00%)	1% Increase (Medical 7.50% decreasing to 6.00% over 6 years, Dental 5.00%)
Net OPEB Liability	\$ 2,838,994	\$ 3,623,008	\$ 4,574,335

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**NOTE 8 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)**

**E. Changes in the Net OPEB Liability (Continued)**

For the year ended June 30, 2018, the District recognized OPEB expense of \$633,390. At June 30, 2018, 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	\$ 101,184	\$ -
Change of Assumptions	-	98,817
Net Difference Between Projected and Actual Investment Earnings	20,305	-
Total	<u>\$ 121,489</u>	<u>\$ 98,817</u>

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

Year Ending June 30,	Future Recognition
2019	\$ 6,330
2020	6,330
2021	6,328
2022	2,897
2023	395
Thereafter	392
	<u>\$ 22,672</u>

At June 30, 2018, there is a \$150,000 payable/ receivable between the District and the Trust.

**NOTE 9 FLEXIBLE BENEFIT PLAN**

The District has a flexible benefit plan which is classified as a "cafeteria plan" under Section 125 of the Internal Revenue Code. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pre-tax dollars withheld from payroll checks to the plan for health care and dependent care benefits.

Before the beginning of the plan year, which is January 1 to December 31, each participant designates a total amount of pre-tax dollars to be contributed to the plan during the year. At June 30, the District is contingently liable for claims against the total amount of participants' annual contributions to the plan, whether or not such contributions have been made.

Payments of insurance premiums (health and dental) are made by the District directly to the designated insurance companies. These payments are made on a monthly basis and are accounted for in the General Fund.

Amounts withheld for medical reimbursement and dependent care are deposited into a separate District checking account on a monthly basis. All assets of the plan are held in a separate bank account, administered by an employee of the District. Payments are made by the District to participating employees upon submitting a request for reimbursement of eligible expenses incurred by the participant.

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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 9 FLEXIBLE BENEFIT PLAN (CONTINUED)**

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

**NOTE 10 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 11 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.

**Outstanding Contracts**

The District had construction commitments in the amount of \$1,246,670 as of the end of the year.

**NOTE 12 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.

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.

**WACONIA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 110  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 12 DENTAL SELF-INSURANCE PLAN (CONTINUED)**

There were no liabilities in excess of claims paid at June 30, 2018. 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 \$356,368 in cash and investments at June 30, 2018 for payment of claims.

Changes in the balance of claim liabilities during fiscal year 2018 and 2017 were as follows:

	Year Ended	
	2018	2017
Beginning of Fiscal Year Liability - Beginning of Year	\$ 16,012	\$ 54,359
Current Year Claims, Changes in Estimates and Other Charges	389,101	280,582
Current Year Claims Paid, Including an Estimate of Claims Incurred but Not Reported (IBNR)	(395,299)	(318,929)
End of Fiscal Year Liability - End of Year	<u>\$ 9,814</u>	<u>\$ 16,012</u>

**NOTE 13 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.

**NOTE 14 SUBSEQUENT EVENTS**

The District entered into a government obligation contract in the amount of \$500,000 as of August 1, 2018 to finance the stadium project.

The District issued \$7,210,000 General Obligation School Building Refunding Bonds, Series 2018A on October 11, 2018 to refund the \$19,370,000 of General Obligation School Building Refunding Bonds, Series 2009A.

## **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  
JUNE 30, 2018**

	<u>2018</u>	<u>2017</u>
<b>Total OPEB Liability</b>		
Service Cost	\$ 499,655	\$ 413,072
Interest	188,177	173,853
Assumption Changes	(115,287)	-
Differences Between Expected and Actual Experience	118,049	-
Benefit Payments	(216,893)	(234,747)
<b>Net Change in Total OPEB Liability</b>	<u>473,701</u>	<u>352,178</u>
<b>Total OPEB Liability - Beginning</b>	5,488,455	5,136,277
<b>Total OPEB Liability - Ending (a)</b>	<u><u>\$ 5,962,156</u></u>	<u><u>\$ 5,488,455</u></u>
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 66,893	\$ 84,747
Net Investment Income	48,262	43,719
Benefit Payments	(216,893)	(234,747)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>(101,738)</u>	<u>(106,281)</u>
<b>Plan Fiduciary Net Position - Beginning</b>	2,440,886	2,547,167
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u><u>\$ 2,339,148</u></u>	<u><u>\$ 2,440,886</u></u>
<b>District's Net OPEB Liability - Ending (a) - (b)</b>	\$ 3,623,008	\$ 3,047,569
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	39.23%	44.47%
Covered Employee Payroll	\$ 26,804,709	\$ 22,691,454
District's Net OPEB Liability as a Percentage of Covered Employee Payroll	13.52%	13.43%

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

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

<u>Year</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
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 TEN YEARS**

	Measurement Date June 30, 2017	Measurement Date June 30, 2016	Measurement Date June 30, 2015	Measurement Date June 30, 2014
<b>PERA</b>				
District's Proportion of the Net Pension Liability	0.1085%	0.1014%	0.0987%	0.1038%
District's Proportionate Share of the Net Pension Liability	\$ 6,926,568	\$ 8,233,177	\$ 5,115,146	\$ 4,876,004
State's Proportionate Share of the Net Pension Liability Associated with District	87,118	107,503	-	-
Total District's and State's Proportionate Share of the Net Pension Liability	\$ 7,013,686	\$ 8,340,680	\$ 5,115,146	\$ 4,876,004
District's Covered Payroll	\$ 7,031,866	\$ 6,288,093	\$ 5,810,167	\$ 5,449,166
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	98.50%	130.93%	88.04%	89.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.90%	68.91%	78.20%	78.70%
<b>TRA</b>				
District's Proportion of the Net Pension Liability	0.3578%	0.3408%	0.3228%	0.3445%
District's Proportionate Share of the Net Pension Liability	\$ 71,423,370	\$ 81,288,931	\$ 19,968,372	\$ 15,874,310
State's Proportionate Share of the Net Pension Liability Associated with District	6,904,490	8,159,126	2,449,348	1,116,630
Total District's and State's Proportionate Share of the Net Pension Liability	\$ 78,327,860	\$ 89,448,057	\$ 22,417,720	\$ 16,990,940
District's Covered Payroll	\$ 21,137,307	\$ 17,834,400	\$ 16,526,173	\$ 15,726,289
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	337.90%	455.80%	120.83%	100.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	51.57%	44.88%	76.80%	81.50%

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

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

	2018	2017	2016	2015	2014
<b>PERA</b>					
Contractually Required Contribution	\$ 568,203	\$ 527,390	\$ 471,607	\$ 429,356	\$ 395,064
Contributions in Relation to the Contractually Required Contribution	(568,203)	(527,390)	(471,607)	(429,356)	(395,064)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 7,576,040	\$ 7,031,866	\$ 6,288,093	\$ 5,810,167	\$ 5,449,166
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.39%	7.25%
<b>TRA</b>					
Contractually Required Contribution	\$ 1,553,738	\$ 1,585,298	\$ 1,337,580	\$ 1,239,458	\$ 1,100,834
Contributions in Relation to the Contractually Required Contribution	(1,553,738)	(1,585,298)	(1,337,580)	(1,239,458)	(1,100,834)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 20,716,507	\$ 21,137,307	\$ 17,834,400	\$ 16,526,173	\$ 15,726,289
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.00%

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

## **SUPPLEMENTARY INFORMATION**

**WACONIA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 110  
GENERAL FUND  
BALANCE SHEET  
JUNE 30, 2018  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2017)**

	2018	2017
<b>ASSETS</b>		
Cash and Investments	\$ 2,685,320	\$ 5,859,181
Receivables:		
Current Taxes	2,287,056	2,009,994
Delinquent Taxes	21,567	35,682
Accounts Receivable	40,303	10,903
Due from Other Funds	150,000	11,796
Due from Other Minnesota School Districts	8,313	53,757
Due from Minnesota Department of Education	3,191,426	3,494,917
Due from Federal through the Minnesota Department of Education	-	227,851
Due from Other Governmental Units	188,760	246,924
Interest Receivable	14,978	14,121
Prepaid Items	51,369	92,523
Total Assets	<u>\$ 8,639,092</u>	<u>\$ 12,057,649</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>		
Liabilities:		
Salaries Payable	\$ 3,585,433	\$ 3,405,039
Accounts and Contracts Payable	446,698	322,387
Due to Other Minnesota School Districts	85,931	105,109
Due to Other Governmental Units	2,516	32,523
Unearned Revenue	141,721	148,922
Total Liabilities	<u>4,262,299</u>	<u>4,013,980</u>
Deferred Inflows of Resources:		
Property Taxes Levied for Subsequent Year	4,103,235	3,481,889
Unavailable Revenue - Delinquent Property Taxes	1,991	18,319
Total Deferred Inflows of Resources	<u>4,105,226</u>	<u>3,500,208</u>
Fund Balance:		
Nonspendable	51,369	92,523
Restricted for:		
Staff Development	-	50,460
Reserved for Health and Safety	(22,121)	-
Area Learning Center	-	6,862
Gifted and Talented	5,898	7,810
Basic Skills Programs	147	84,073
Operating Capital	1,533,114	1,856,557
Safe Schools	59,481	91,715
Long-Term Facilities Maintenance	357,322	51,994
Medical Assistance	89,661	18,409
Assigned for:		
Assigned for Severance	-	250,000
Unassigned	(1,803,304)	2,033,058
Total Fund Balance	<u>271,567</u>	<u>4,543,461</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 8,639,092</u>	<u>\$ 12,057,649</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, 2018**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)**

	2018			2017
	Final	Actual	Over (Under) Final	Actual
	Budget	Amounts	Budget	Amounts
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 3,966,285	\$ 3,882,875	\$ (83,410)	\$ 3,958,907
Earnings on Investments	48,000	36,335	(11,665)	36,832
Other	1,032,776	957,913	(74,863)	1,060,957
State Sources	36,055,547	34,182,303	(1,873,244)	34,032,404
Federal Sources	872,259	921,053	48,794	897,292
Total Revenues	41,974,867	39,980,479	(1,994,388)	39,986,392
<b>EXPENDITURES</b>				
Current:				
Administration:				
Salaries	917,077	911,065	(6,012)	851,020
Employee Benefits	290,853	300,444	9,591	288,043
Purchased Services	39,640	35,415	(4,225)	36,582
Supplies and Materials	38,989	23,749	(15,240)	32,387
Other Expenditures	34,360	32,616	(1,744)	31,918
Total Administration	1,320,919	1,303,289	(17,630)	1,239,950
District Support Services:				
Salaries	1,092,435	1,100,323	7,888	1,018,110
Employee Benefits	372,886	391,893	19,007	394,061
Purchased Services	286,130	369,252	83,122	238,565
Supplies and Materials	51,475	50,431	(1,044)	101,710
Capital Expenditures	8,000	2,853	(5,147)	10,815
Other Expenditures	8,325	13,706	5,381	18,063
Total District Support Services	1,819,251	1,928,458	109,207	1,781,324
Elementary and Secondary				
Regular Instruction:				
Salaries	14,475,064	14,562,494	87,430	13,857,913
Employee Benefits	4,399,839	4,550,146	150,307	4,427,163
Purchased Services	640,689	809,266	168,577	782,408
Supplies and Materials	731,940	757,608	25,668	663,707
Capital Expenditures	69,143	65,441	(3,702)	344,333
Other Expenditures	115,953	122,933	6,980	113,730
Total Elementary and Secondary Regular Instruction	20,432,628	20,867,888	435,260	20,189,254

**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, 2018**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)**

	2018			2017
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>EXPENDITURES (Continued)</b>				
Current (Continued):				
Vocational Education Instruction:				
Salaries	\$ 406,780	\$ 400,637	\$ (6,143)	\$ 318,514
Employee Benefits	129,452	128,282	(1,170)	107,012
Purchased Services	72,650	145,022	72,372	101,970
Supplies and Materials	36,555	34,308	(2,247)	32,821
Other Expenditures	5,087	3,437	(1,650)	2,077
Total Vocational Education Instruction	650,524	711,686	61,162	562,394
Special Education Instruction:				
Salaries	5,848,799	5,894,312	45,513	5,287,882
Employee Benefits	2,297,127	2,316,554	19,427	2,068,134
Purchased Services	169,324	207,945	38,621	162,161
Supplies and Materials	112,053	100,836	(11,217)	77,374
Capital Expenditures	13,290	763	(12,527)	17,863
Other Expenditures	50,600	7,518	(43,082)	20,142
Total Special Education Instruction	8,491,193	8,527,928	36,735	7,633,556
Instructional Support Services:				
Salaries	1,757,573	1,795,447	37,874	1,678,789
Employee Benefits	629,170	646,029	16,859	589,361
Purchased Services	270,650	245,568	(25,082)	185,022
Supplies and Materials	238,703	227,294	(11,409)	233,273
Capital Expenditures	87,898	43,670	(44,228)	154,664
Other Expenditures	12,192	8,796	(3,396)	8,620
Total Instructional Support Services	2,996,186	2,966,804	(29,382)	2,849,729
Pupil Support Services:				
Salaries	758,657	775,180	16,523	693,041
Employee Benefits	299,135	296,297	(2,838)	276,809
Purchased Services	2,373,935	2,594,531	220,596	2,466,861
Supplies and Materials	46,538	49,838	3,300	47,235
Capital Expenditures	8,500	7,053	(1,447)	-
Other Expenditures	5,020	4,010	(1,010)	4,091
Total Pupil Support Services	3,491,785	3,726,909	235,124	3,488,037



**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, 2018**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)**

	2018			2017
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>EXPENDITURES (Continued)</b>				
Current (Continued):				
Sites and Buildings:				
Salaries	\$ 1,294,572	\$ 1,298,661	\$ 4,089	\$ 1,205,422
Employee Benefits	468,234	482,313	14,079	461,583
Purchased Services	1,370,825	1,503,276	132,451	1,222,990
Supplies and Materials	471,050	530,381	59,331	516,431
Capital Expenditures	267,700	12,248	(255,452)	610,768
Other Expenditures	54,400	54,123	(277)	59,699
Total Sites and Buildings	3,926,781	3,881,002	(45,779)	4,076,893
Fiscal and Other Fixed Cost Programs:				
Employee Benefits	220,959	-	(220,959)	-
Purchased Services	-	102,927	102,927	94,107
Total Fiscal and Other Fixed Costs Programs	220,959	102,927	(118,032)	94,107
Debt Service:				
Principal	172,065	166,908	(5,157)	141,478
Interest and Fiscal Charges	6,509	6,509	-	5,654
Total Debt Service	178,574	173,417	(5,157)	147,132
Total Expenditures	43,528,800	44,190,308	661,508	42,062,376
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,553,933)	(4,209,829)	(2,655,896)	(2,075,984)
<b>OTHER FINANCING SOURCES</b>				
Sale of Capital Assets	2,000	12,450	10,450	2,150
Capital Lease Proceeds	-	-	-	399,154
Transfers Out	-	(74,515)	(74,515)	-
Total Other Financing Sources	2,000	(62,065)	(64,065)	401,304
Net Change in Fund Balance	<u>\$ (1,551,933)</u>	(4,271,894)	<u>\$ (2,719,961)</u>	(1,674,680)
<b>FUND BALANCE</b>				
Beginning of Year		4,543,461		6,218,141
End of Year		<u>\$ 271,567</u>		<u>\$ 4,543,461</u>

**WACONIA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 110  
FOOD SERVICE SPECIAL REVENUE FUND  
BALANCE SHEET  
JUNE 30, 2018  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2017)**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and Investments	\$ 894,286	\$ 960,213
Receivables:		
Accounts Receivable	162	1,046
Inventory	5,122	21,192
Prepaid Items	<u>-</u>	<u>1,635</u>
Total Assets	<u><u>\$ 899,570</u></u>	<u><u>\$ 984,086</u></u>
 <b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Salaries Payable	\$ 64,809	\$ 61,165
Accounts and Contracts Payable	3,209	2,123
Due to Other Funds	781	781
Unearned Revenue	<u>40,396</u>	<u>35,983</u>
Total Liabilities	109,195	100,052
Fund Balance:		
Nonspendable	5,122	22,827
Restricted for Food Service	<u>785,253</u>	<u>861,207</u>
Total Fund Balance	<u>790,375</u>	<u>884,034</u>
Total Liabilities and Fund Balance	<u><u>\$ 899,570</u></u>	<u><u>\$ 984,086</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, 2018**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)**

	2018			2017
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>REVENUES</b>				
Local Sources:				
Earnings on Investments	\$ 6,000	\$ 10,860	\$ 4,860	\$ 5,980
Other - Primarily Meal Sales	1,505,000	1,622,440	117,440	1,496,562
State Sources	132,250	129,996	(2,254)	120,708
Federal Sources	575,000	525,451	(49,549)	525,525
Total Revenues	<u>2,218,250</u>	<u>2,288,747</u>	<u>70,497</u>	<u>2,148,775</u>
<b>EXPENDITURES</b>				
Current:				
Salaries	728,810	771,464	42,654	722,813
Employee Benefits	363,994	357,262	(6,732)	347,814
Purchased Services	138,525	146,504	7,979	162,873
Supplies and Materials	1,036,250	1,050,351	14,101	1,004,143
Other Expenditures	1,250	661	(589)	1,207
Capital Outlay	67,000	56,164	(10,836)	117,622
Total Expenditures	<u>2,335,829</u>	<u>2,382,406</u>	<u>46,577</u>	<u>2,356,472</u>
Net Change in Fund Balance	<u>\$ (117,579)</u>	<u>(93,659)</u>	<u>\$ 23,920</u>	<u>(207,697)</u>
<b>FUND BALANCE</b>				
Beginning of Year		<u>884,034</u>		<u>1,091,731</u>
End of Year		<u>\$ 790,375</u>		<u>\$ 884,034</u>

**WACONIA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 110  
COMMUNITY SERVICE SPECIAL REVENUE FUND  
BALANCE SHEET  
JUNE 30, 2018  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2017)**

	2018	2017
<b>ASSETS</b>		
Cash and Investments	\$ 890,382	\$ 971,210
Receivables:		
Current Taxes	114,449	134,600
Delinquent Taxes	1,423	2,262
Accounts Receivable	87,144	36,496
Due from Minnesota Department of Education	33,382	35,741
Due from Other Governmental Units	217	-
Prepaid Items	3,235	6,673
Total Assets	<u>\$ 1,130,232</u>	<u>\$ 1,186,982</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>		
Liabilities:		
Salaries Payable	\$ 98,776	\$ 109,681
Accounts and Contracts Payable	55,930	63,661
Due to Other Governmental Units	-	1,020
Unearned Revenue	171,837	182,846
Total Liabilities	<u>326,543</u>	<u>357,208</u>
Deferred Inflows of Resources:		
Property Taxes Levied for Subsequent Year	221,471	253,576
Unavailable Revenue - Delinquent Taxes	1,423	1,078
Total Deferred Inflows of Resources	<u>222,894</u>	<u>254,654</u>
Fund Balance:		
Nonspendable	3,235	6,673
Restricted for Community Education Programs	441,327	431,393
Restricted for Early Childhood and Family Education Programs	38,651	41,424
Restricted for School Readiness	45,169	40,120
Restricted for Community Service	52,413	55,510
Total Fund Balance	<u>580,795</u>	<u>575,120</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 <u>\$ 1,130,232</u>	 <u>\$ 1,186,982</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, 2018**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)**

	2018		2017	
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 255,834	\$ 251,123	\$ (4,711)	\$ 247,376
Earnings on Investments	1,200	11,627	10,427	5,489
Other - Primarily Tuition and Fees	2,299,250	2,468,847	169,597	2,253,114
State Sources	378,686	371,666	(7,020)	374,386
Total Revenues	2,934,970	3,103,263	168,293	2,880,365
<b>EXPENDITURES</b>				
Current:				
Salaries	1,648,007	1,793,807	145,800	1,604,707
Employee Benefits	483,416	532,608	49,192	497,171
Purchased Services	491,461	565,759	74,298	502,542
Supplies and Materials	285,020	255,581	(29,439)	255,883
Other Expenditures	800	3,878	3,078	438
Capital Outlay	20,340	5,616	(14,724)	15,523
Debt Service:				
Principal	13,528	13,590	62	13,589
Interest and Fiscal Charges	1,264	1,264	-	1,264
Total Expenditures	2,943,836	3,172,103	228,267	2,891,117
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,866)	(68,840)	(59,974)	(10,752)
<b>OTHER FINANCING SOURCES</b>				
Transfer in	-	74,515	74,515	-
Net Change in Fund Balance	\$ (8,866)	5,675	\$ 14,541	(10,752)
<b>FUND BALANCE</b>				
Beginning of Year		575,120		585,872
End of Year		\$ 580,795		\$ 575,120

**WACONIA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 110  
CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND  
BALANCE SHEET  
JUNE 30, 2018  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2017)**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and Investments	\$ 2,523,243	\$ 15,701,882
Other Receivables		
Accounts and Interest Receivable	-	58,992
Due from Other Funds	781	781
Total Assets	<u>\$ 2,524,024</u>	<u>\$ 15,761,655</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts and Contracts Payable	\$ 2,650,038	\$ 5,595,437
Due to Other Funds	-	11,796
Total Liabilities	<u>2,650,038</u>	<u>5,607,233</u>
Fund Balance		
Restricted for Projects Funded by COP	-	2,915,589
Restricted for Construction	-	7,182,855
Restricted for Long-Term Facilities Maintenance	-	55,978
Unassigned Fund Balance	(126,014)	-
Total Fund Balance	<u>(126,014)</u>	<u>10,154,422</u>
Total Fund Liabilities and Fund Balance	<u>\$ 2,524,024</u>	<u>\$ 15,761,655</u>

**WACONIA PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. 110**  
**CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2018**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)**

	2018			2017
	Final Budgeted Amounts	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>REVENUES</b>				
Local Sources:				
Earnings on Investments	\$ 210,000	\$ 119,100	\$ (90,900)	\$ 234,597
Other	-	15,000	15,000	4,500
Total Revenues	210,000	134,100	(75,900)	239,097
<b>EXPENDITURES</b>				
Current:				
Salaries	-	78,860	78,860	77,000
Employee Benefits	-	11,789	11,789	11,550
Purchased Services	534,335	540,644	6,309	3,531,650
Supplies and Materials	1,000	743	(257)	581
Sights and Buildings	2,921,639	2,960,999	39,360	4,816,902
Debt Service:				
Principal	-	-	-	1,719,395
Bond Issuance Costs	-	84,922	84,922	88,367
Capital Outlay	16,770,831	19,627,890	2,857,059	27,692,403
Total Expenditures	20,227,805	23,305,847	3,078,042	37,937,848
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,017,805.00)	(23,171,747.00)	(3,153,942.00)	(37,698,751.00)
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of Bonds	12,600,000	12,330,000	(270,000)	8,497,830
Bond Premium	-	561,311	561,311	374,220
Total Other Financing Sources	12,600,000	12,891,311	291,311	8,872,050
Net Change in Fund Balance	\$ (7,417,805)	(10,280,436)	\$ (2,862,631)	(28,826,701)
Beginning of Year		10,154,422		38,981,123
End of Year		\$ (126,014)		\$ 10,154,422

**WACONIA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 110  
DEBT SERVICE FUND  
BALANCE SHEET  
JUNE 30, 2018  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2017)**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and Investments	\$ 5,513,484	\$ 5,007,540
Receivables:		
Current Taxes	3,799,102	3,640,898
Delinquent Taxes	36,800	59,132
Due from Minnesota Department of Education	15,177	15,331
Total Assets	<u>\$ 9,364,563</u>	<u>\$ 8,722,901</u>
 <b>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
Deferred Inflows of Resources:		
Property Taxes Levied for Subsequent Year	\$ 7,351,556	\$ 6,859,226
Unavailable Revenue - Delinquent Taxes	36,800	28,087
Total Deferred Inflows of Resources	<u>7,388,356</u>	<u>6,887,313</u>
 Fund Balance:		
Restricted for Debt Service	<u>1,976,207</u>	<u>1,835,588</u>
 Total Deferred Inflows of Resources and Fund Balance	<u>\$ 9,364,563</u>	<u>\$ 8,722,901</u>



**WACONIA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 110  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2018  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)**

	2018			2017
	Final Budgeted Amounts	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>REVENUES</b>				
Local Sources:				
Property Tax	\$ 6,800,872	\$ 6,792,909	\$ (7,963)	\$ 6,636,179
Earnings on Investments	6,325	47,809	41,484	18,515
State Sources	154,567	149,127	(5,440)	121,315
Total Revenues	6,961,764	6,989,845	28,081	6,776,009
<b>EXPENDITURES</b>				
Debt Service:				
Bond Principal	2,800,000	2,800,000	-	2,480,000
Bond Interest	3,982,056	3,954,641	(27,415)	3,935,803
Bond Issuance Costs	-	94,585	94,585	48,955
Total Expenditures	6,782,056	6,849,226	67,170	6,464,758
Excess (Deficiency) of Revenues Over (Under) Expenditures	179,708	140,619	(39,089)	311,251
<b>OTHER FINANCING SOURCES</b>				
Issuance of Refunding Bonds	-	-	-	67,170
Net Change in Fund Balance	<u>\$ 179,708</u>	140,619	<u>\$ (39,089)</u>	378,421
Fund Balance - Beginning of Year		<u>1,835,588</u>		<u>1,457,167</u>
<b>FUND BALANCE - END OF YEAR</b>		<u>\$ 1,976,207</u>		<u>\$ 1,835,588</u>

**WACONIA PUBLIC SCHOOLS**  
**INDEPENDENT SCHOOL DISTRICT NO. 110**  
**UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS**  
**COMPLIANCE TABLE**  
**JUNE 30, 2018**

**01 GENERAL FUND**

	Audit	UFARS	Difference
Total Revenues	\$ 39,980,479	\$ 39,980,478	\$ 1
Total Expenditures	\$ 44,190,308	\$ 44,190,311	\$ (3)
<i>Nonspendable:</i>			
460 Nonspendable	\$ 51,369	\$ 51,369	\$ -
<i>Restricted:</i>			
403 Staff Development	\$ -	\$ -	\$ -
405 Deferred Maintenance	\$ -	\$ -	\$ -
406 Health & Safety	\$ (22,121)	\$ (22,121)	\$ -
407 Capital Project Levy	\$ -	\$ -	\$ -
408 Cooperative Rev.	\$ -	\$ -	\$ -
414 Operating Debt	\$ -	\$ -	\$ -
416 Levy Reduction	\$ -	\$ -	\$ -
423 Certain Teacher Programs	\$ -	\$ -	\$ -
424 Operating Capital	\$ 1,533,114	\$ 1,533,114	\$ -
426 \$25 Taconite	\$ -	\$ -	\$ -
427 Disabled Accessibility	\$ -	\$ -	\$ -
428 Learning & Development	\$ -	\$ -	\$ -
434 Area Learning Center	\$ -	\$ -	\$ -
435 Contracted Alt. Programs	\$ -	\$ -	\$ -
436 St. Approved Alt. Prog.	\$ -	\$ -	\$ -
438 Gifted & Talented	\$ 5,898	\$ 5,898	\$ -
441 Basic Skills	\$ 147	\$ 147	\$ -
445 Career and Tech. Programs	\$ -	\$ -	\$ -
446 First Grade Preparedness	\$ -	\$ -	\$ -
449 Safe Schools Levy	\$ 59,481	\$ 59,481	\$ -
450 Pre-Kindergarten	\$ -	\$ -	\$ -
451 QZAB Payments	\$ -	\$ -	\$ -
452 OPEB Liab Not In Trust	\$ -	\$ -	\$ -
453 Unfunded Sev & Retirement Levy	\$ -	\$ -	\$ -
464 Other Purposes	\$ -	\$ -	\$ -
467 LTFM	\$ 357,322	\$ 357,322	\$ -
472 Medical Assistance	\$ 89,661	\$ 89,661	\$ -
<i>Committed:</i>			
418 Committed for Severance	\$ -	\$ -	\$ -
461 Committed	\$ -	\$ -	\$ -
<i>Assigned:</i>			
462 Assigned	\$ -	\$ -	\$ -
<i>Unassigned:</i>			
422 Unassigned	\$ (1,803,304)	\$ (1,803,307)	\$ 3

**02 FOOD SERVICE**

Total Revenues	\$ 2,288,747	\$ 2,288,747	\$ -
Total Expenditures	\$ 2,382,406	\$ 2,382,406	\$ -
<i>Nonspendable:</i>			
460 Nonspendable	\$ 5,122	\$ 5,122	\$ -
<i>Restricted:</i>			
452 OPEB Liability Not In Trust	\$ -	\$ -	\$ -
464 Other Purposes	\$ 785,253	\$ 785,252	\$ 1
<i>Unassigned:</i>			
463 Unassigned	\$ -	\$ -	\$ -

**04 COMMUNITY SERVICE**

Total Revenues	\$ 3,103,263	\$ 3,103,261	\$ 2
Total Expenditures	\$ 3,172,103	\$ 3,172,100	\$ 3
<i>Nonspendable:</i>			
460 Nonspendable	\$ 3,235	\$ 3,235	\$ -
<i>Restricted:</i>			
426 \$25 Taconite	\$ -	\$ -	\$ -
431 Community Education	\$ 441,327	\$ 441,327	\$ -
432 E.C.F.E.	\$ 38,651	\$ 38,651	\$ -
444 School Readiness	\$ 45,169	\$ 45,169	\$ -
447 Adult Basic Education	\$ -	\$ -	\$ -
452 OPEB Liability Not In Trust	\$ -	\$ -	\$ -
464 Other Purposes	\$ 52,413	\$ 52,414	\$ (1)
<i>Unassigned:</i>			
463 Unassigned	\$ -	\$ -	\$ -

**06 BUILDING CONSTRUCTION**

	Audit	UFARS	Difference
Total Revenues	\$ 134,100	\$ 134,099	\$ 1
Total Expenditures	\$ 23,220,925	\$ 23,220,924	\$ 1
<i>Nonspendable:</i>			
460 Nonspendable	\$ -	\$ -	\$ -
<i>Restricted:</i>			
407 Capital Projects Levy	\$ -	\$ -	\$ -
409 Alternative Fac. Program	\$ -	\$ -	\$ -
413 Project Funded by COP	\$ -	\$ -	\$ -
467 LTFM	\$ (126,014)	\$ (126,014)	\$ -
464 Other Purposes	\$ -	\$ -	\$ -
<i>Unassigned:</i>			
463 Unassigned	\$ -	\$ -	\$ -

**07 DEBT SERVICE**

Total Revenues	\$ 6,989,845	\$ 6,989,846	\$ (1)
Total Expenditures	\$ 6,849,226	\$ 6,849,226	\$ -
<i>Restricted/Reserved:</i>			
425 Bond Refundings	\$ -	\$ -	\$ -
451 QZAB Payments	\$ -	\$ -	\$ -
464 Other Purposes	\$ 1,976,207	\$ 1,976,207	\$ -
<i>Unassigned:</i>			
463 Unassigned	\$ -	\$ -	\$ -

**08 TRUST**

Total Revenues	\$ 15,597	\$ 15,597	\$ -
Total Expenditures	\$ 15,411	\$ 15,411	\$ -
<i>Unassigned:</i>			
422 Unassigned	\$ 103,605	\$ 103,605	\$ -

**09 AGENCY**

<i>Unassigned: Should Always Be -0-</i>			
422 Unassigned	\$ -	\$ -	\$ -

**20 INTERNAL SERVICE**

Total Revenues	\$ 334,627	\$ 334,627	\$ -
Total Expenditures	\$ 389,101	\$ 389,101	\$ -
<i>Unassigned:</i>			
422 Unassigned	\$ 346,554	\$ 346,554	\$ -

**25 OPEB REVOCABLE TRUST**

Total Revenues	\$ -	\$ -	\$ -
Total Expenditures	\$ -	\$ -	\$ -
<i>Unassigned:</i>			
422 Unassigned	\$ -	\$ -	\$ -

**45 OPEB IRREVOCABLE TRUST**

Total Revenues	\$ 115,155	\$ 115,155	\$ -
Total Expenditures	\$ 216,893	\$ 216,893	\$ -
<i>Unassigned:</i>			
422 Unassigned	\$ 2,339,148	\$ 2,339,148	\$ -

**47 OPEB DEBT SERVICE**

Total Revenues	\$ 345,799	\$ 345,799	\$ -
Total Expenditures	\$ 348,850	\$ 348,850	\$ -
<i>Restricted:</i>			
464 Other Purposes	\$ 73,387	\$ 73,387	\$ -
<i>Unassigned:</i>			
463 Unassigned	\$ -	\$ -	\$ -

## **STATISTICAL SECTION**



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

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the School District's financial information and well-being have changed over time.</i>	87
Revenue Capacity <i>These schedules contain information to help the reader assess the School District's most significant local revenue source, the property tax.</i>	90
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.</i>	94
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District's financial activities take place.</i>	97
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.</i>	100

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Net Investment in										
Capital Assets	\$ 9,457,304	\$ 8,510,582	\$ 8,199,555	\$ 8,822,026	\$ 10,007,409	\$ 11,389,031	\$ 11,321,128	\$ 11,479,331	\$ 5,807,583	\$ 9,332,523
Restricted	2,383,073	2,617,630	3,467,301	3,953,961	4,093,260	4,328,408	4,204,312	4,285,034	9,227,653	3,754,280
Unrestricted	1,740,099	3,943,852	5,977,880	6,266,080	5,998,858	4,637,153	(18,140,747)	(18,469,465)	(35,151,274)	(51,338,107)
Total Net Position	\$ 13,580,476	\$ 15,072,064	\$ 17,644,736	\$ 19,042,067	\$ 20,099,527	\$ 20,354,592	\$ (2,615,307)	\$ (2,705,100)	\$ (20,116,038)	\$ (38,251,304)

Source: District Financial Records

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities:										
Administration	\$ 1,013,146	\$ 1,190,533	\$ 1,100,028	\$ 1,105,937	\$ 1,185,292	\$ 1,579,237	\$ 1,256,052	\$ 1,350,014	\$ 1,852,247	\$ 1,939,952
District Support Services	768,150	595,052	870,878	939,357	1,047,117	1,440,407	1,398,057	1,660,958	1,758,135	2,046,209
Regular Instruction	13,256,827	14,442,221	15,371,902	16,503,443	17,594,355	19,036,578	20,273,422	21,900,480	32,057,885	33,078,753
Vocational Education Instruction	338,286	265,653	270,848	346,349	413,364	408,882	362,110	417,813	735,232	910,035
Special Education Instruction	4,303,015	4,232,136	4,389,411	4,882,438	5,056,191	5,606,463	5,836,488	6,795,348	9,590,186	11,130,575
Instructional Support Services	2,049,819	2,032,352	1,846,279	2,225,156	2,859,057	2,567,694	2,495,627	3,712,399	4,233,473	3,997,066
Pupil Support Services	2,075,816	2,236,582	2,573,202	2,884,822	2,839,968	2,944,890	3,050,299	3,263,934	3,848,279	4,042,178
Sites and Buildings	5,517,414	3,736,195	3,031,451	3,106,461	3,353,103	3,516,280	3,671,230	2,520,701	3,941,604	4,395,830
Fiscal and Other Fixed Cost Programs	87,015	94,822	192,066	70,967	87,149	89,735	93,455	89,127	94,107	102,927
Food Service	1,377,462	1,443,286	1,442,769	1,596,415	1,668,132	1,817,156	1,807,800	1,973,210	2,436,628	2,454,281
Community Service	2,034,796	2,165,587	2,205,171	2,326,715	2,429,624	2,719,357	2,639,812	2,726,005	3,144,737	3,448,464
Interest and Fiscal Charges on										
Long-Term Liabilities	3,018,574	2,605,855	2,330,186	2,256,513	2,198,818	2,207,947	4,335,993	4,046,110	3,680,423	3,776,533
Total Governmental Activities Expenses	\$ 35,840,320	\$ 35,040,274	\$ 35,624,191	\$ 38,244,573	\$ 40,732,170	\$ 43,934,626	\$ 47,220,345	\$ 50,456,099	\$ 67,372,936	\$ 71,322,803
Program Revenues										
Governmental Activities										
Charges for Services:										
Food Service	\$ 1,149,717	\$ 1,136,786	\$ 1,183,612	\$ 1,189,315	\$ 1,281,673	\$ 1,352,011	\$ 1,393,706	\$ 1,415,847	\$ 1,496,562	\$ 1,621,940
Community Service	1,647,476	1,701,356	1,798,990	1,979,716	2,004,843	2,270,370	1,971,744	2,075,431	2,253,114	2,467,907
Other	525,890	727,976	615,187	674,943	739,164	762,736	800,970	862,260	914,096	857,144
Operating Grants and Contributions	5,253,750	6,245,203	5,498,633	4,939,508	6,075,020	6,216,007	7,102,480	7,922,878	8,208,183	8,332,639
Capital Grants and Contributions	398,071	221,898	250,639	297,358	376,121	413,101	585,575	577,212	589,518	671,772
Total Program Revenues - Governmental Activities	\$ 8,974,904	\$ 10,033,219	\$ 9,347,061	\$ 9,080,840	\$ 10,476,821	\$ 11,014,225	\$ 11,854,475	\$ 12,853,628	\$ 13,461,473	\$ 13,951,402
Net (Expense) Revenue - Governmental Activities	\$ (26,865,416)	\$ (25,007,055)	\$ (26,277,130)	\$ (29,163,733)	\$ (30,255,349)	\$ (32,920,401)	\$ (35,365,870)	\$ (37,602,471)	\$ (53,911,463)	\$ (57,371,401)
General Revenues										
Governmental Activities										
Property Taxes:										
General Purposes	\$ 4,662,360	\$ 4,102,229	\$ 6,229,595	\$ 4,498,275	\$ 4,414,769	\$ 2,726,754	\$ 4,112,294	\$ 3,887,676	\$ 3,959,064	\$ 3,866,547
Community Service	172,676	251,672	389,064	277,905	287,475	151,055	261,112	269,568	247,167	251,468
Debt Service	4,749,102	4,721,700	4,864,402	5,129,084	5,540,861	5,744,570	6,038,486	6,839,549	6,971,121	7,144,236
Unrestricted Grants and Contributions	17,603,564	17,002,869	17,254,595	20,541,626	20,950,725	24,248,424	24,551,090	26,062,381	28,649,861	27,613,061
Unrestricted Investment Earnings	181,056	42,674	9,063	9,920	15,896	21,596	45,007	263,181	304,783	233,724
Gain on Sale of Capital Assets	-	-	-	3,300	-	-	-	2,800	2,150	12,450
Miscellaneous	114,730	377,499	103,083	100,954	103,083	283,067	123,958	187,523	131,764	114,649
Total General Revenues - Governmental Activities	\$ 27,483,488	\$ 26,498,643	\$ 28,849,802	\$ 30,561,064	\$ 31,312,809	\$ 33,175,466	\$ 35,131,947	\$ 37,512,678	\$ 40,265,910	\$ 39,236,135
Change in Net Position	\$ 618,072	\$ 1,491,588	\$ 2,572,672	\$ 1,397,331	\$ 1,057,460	\$ 255,065	\$ (233,923)	\$ (89,793)	\$ (13,645,553)	\$ (18,135,266)
Net Position - Beginning of Year	12,962,404	13,580,476	15,072,064	17,644,736	19,042,067	20,099,527	20,354,592	(2,615,307)	(2,705,100)	(20,116,038)
Prior Period Restatement	-	-	-	-	-	-	-	-	(1,111,887)	-
Change in Accounting Principle	-	-	-	-	-	-	(22,735,976)	-	(2,653,498)	-
Net Position - End of Year	\$ 13,580,476	\$ 15,072,064	\$ 17,644,736	\$ 19,042,067	\$ 20,099,527	\$ 20,354,592	\$ (2,615,307)	\$ (2,705,100)	\$ (20,116,038)	\$ (38,251,304)

Source: District Financial Records

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Fund</b>										
Nonspendable	\$ 26,101	\$ 13,524	\$ 10,892	\$ 11,462	\$ 7,411	\$ 30,797	\$ 29,399	\$ 21,030	\$ 92,523	\$ 51,369
Restricted	1,830,569	1,957,960	2,392,450	2,396,543	2,173,758	2,371,508	2,553,214	2,374,590	2,167,880	2,023,502
Assigned	-	-	1,076,930	1,076,930	1,025,180	678,866	626,930	453,109	250,000	-
Unassigned	2,102,073	3,677,589	4,594,704	4,807,434	4,504,155	3,785,963	3,683,372	3,369,412	2,033,058	(1,803,304)
Total General Fund	3,958,743	5,649,073	8,074,976	8,292,369	7,710,504	6,867,134	6,892,915	6,218,141	4,543,461	271,567
<b>All Other Governmental Funds</b>										
Nonspendable	27,323	19,907	12,928	72,251	65,833	72,828	37,272	41,854	29,500	8,357
Restricted For:										
Food Service Fund	380,394	484,701	669,659	724,002	831,220	920,715	1,033,440	1,065,404	861,207	785,253
Community Service Fund	122,672	126,122	217,678	418,366	533,101	602,181	615,885	570,345	568,447	577,560
Capital Projects Fund	1,815,033	906,382	-	-	353,591	22,306	68,507,316	41,094,378	10,154,422	-
Debt Service Fund	929,182	979,615	989,488	1,036,200	1,166,346	1,032,370	1,139,801	1,457,167	1,835,588	1,976,207
OPEB Debt Service Fund	30,630	24,653	48,714	64,072	77,432	78,279	83,570	84,677	76,438	73,387
Unassigned	-	-	-	-	-	-	-	(1,001,368)	-	(126,014)
Total Other Funds	3,305,234	2,541,380	1,938,467	2,314,891	3,027,523	2,728,679	71,417,284	43,312,457	13,525,602	3,294,750
Total All Funds	\$ 7,263,977	\$ 8,190,453	\$ 10,013,443	\$ 10,607,260	\$ 10,738,027	\$ 9,595,813	\$ 78,310,199	\$ 49,530,598	\$ 18,069,063	\$ 3,566,317

Note: The District implemented GASB Statement 54 in 2011. Fund Balance descriptions and amounts have been restated for the current and prior years to comply with the new standards.

Source: District Financial Records

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Local Sources:										
Property Taxes	\$ 9,449,363	\$ 9,004,160	\$ 11,535,689	\$ 9,908,566	\$ 10,272,700	\$ 8,707,235	\$ 10,436,307	\$ 11,016,257	\$ 11,177,391	\$ 11,269,111
Earnings on Investments	177,797	41,593	8,869	9,700	15,582	21,182	44,555	261,954	302,534	228,324
Other	3,443,655	3,657,116	3,701,574	3,950,052	4,155,371	4,696,441	4,304,684	4,546,702	4,815,133	5,064,200
State Sources	22,123,180	20,601,863	21,030,054	24,549,861	26,204,247	29,689,450	30,991,185	32,885,187	34,654,150	34,834,094
Federal Sources	943,645	2,968,917	1,973,111	1,228,631	1,166,407	1,156,870	936,799	1,391,504	1,422,817	1,446,504
Total Revenues	36,137,640	36,273,649	38,249,297	39,646,810	41,814,307	44,271,178	46,713,530	50,101,604	52,372,025	52,842,233
<b>Expenditures</b>										
Current:										
Administration	977,759	1,072,698	979,092	993,502	1,035,149	1,092,204	1,130,873	1,197,254	1,239,950	1,303,289
District Support Services	869,058	699,621	859,786	906,629	1,005,467	1,371,248	1,426,491	1,556,443	1,770,509	1,925,605
Regular Instruction	13,014,070	11,846,171	12,563,078	13,799,078	14,904,458	16,141,927	17,431,103	18,652,690	19,844,921	20,802,447
Vocational Education Instruction	220,392	263,599	263,981	351,926	411,202	401,909	350,479	407,835	562,394	711,686
Special Education Instruction	4,804,400	4,228,025	4,381,756	4,898,550	5,048,730	5,577,461	5,726,449	6,639,325	7,633,556	8,527,165
Instructional Support Services	2,049,732	1,658,657	1,746,635	1,899,754	2,003,611	2,096,528	2,346,130	2,494,787	2,715,986	2,923,134
Pupil Support Services	2,119,741	2,254,087	2,559,808	2,874,658	2,836,515	2,940,686	3,050,469	3,223,789	3,488,037	3,719,856
Sites and Buildings	2,952,020	2,509,660	2,404,040	2,429,479	3,063,647	3,184,939	3,143,645	3,290,769	3,794,790	3,868,754
Fiscal and Other Fixed Cost Programs	167,194	94,822	70,677	70,967	87,149	89,735	93,455	89,127	94,107	102,927
Food Service	1,457,120	1,396,674	1,413,208	1,520,520	1,631,378	1,769,267	1,799,296	1,916,419	2,238,850	2,326,242
Community Service	2,200,044	2,153,525	2,184,509	2,297,532	2,394,753	2,697,221	2,524,264	2,686,815	2,860,741	3,151,633
Capital Outlay	3,063,361	2,405,364	1,584,512	1,419,387	3,447,552	2,055,557	7,252,922	27,943,691	38,753,620	23,414,733
Debt Service:										
Principal	1,256,425	2,450,488	2,811,727	3,186,567	3,654,532	4,316,620	4,464,683	4,805,808	2,930,067	3,290,498
Interest and Fiscal Charges	3,073,613	2,672,045	2,639,590	2,407,744	2,331,607	2,249,541	4,195,008	4,396,256	3,997,347	4,001,264
Bond Issuance Costs	-	-	-	-	-	-	294,269	48,955	137,322	179,507
Total Expenditures	38,224,929	35,705,436	36,462,399	39,056,293	43,855,750	45,984,843	55,229,536	79,349,963	92,062,197	80,248,740
Excess (Deficiency) of Revenues Over Expenditures	(2,087,289)	568,213	1,786,898	590,517	(2,041,443)	(1,713,665)	(8,516,006)	(29,248,359)	(39,690,172)	(27,406,507)
<b>Other Financing Sources (Uses)</b>										
Sale of Equipment Proceeds	-	2,597	1,856	3,300	-	6,381	2,839	2,800	2,150	12,450
Sale of Real Property Proceeds	-	200	-	-	-	-	-	-	-	-
Insurance Recovery Proceeds	-	185,691	-	-	4,604	2,955	-	-	-	-
Issuance of Bonds	22,269,165	-	4,105,000	-	1,435,000	-	75,000,000	-	8,565,000	12,330,000
Issuance of Refunding Bonds	-	-	-	-	-	-	17,555,000	6,830,000	-	-
Issuance of Capital Lease	(20,200,000)	169,775	-	-	698,428	221,015	42,462	-	399,154	-
Bond Premium	-	-	169,236	-	34,178	341,100	4,915,091	595,958	374,220	561,311
Payment to Refunded Bond Escrow Agent	-	-	(4,240,000)	-	-	-	(20,285,000)	(6,960,000)	-	-
Transfers In	30,630	-	-	-	32,889	-	22,316	-	-	74,515
Transfers Out	(30,630)	-	-	-	(32,889)	-	(22,316)	-	-	(74,515)
Total Other Financials Sources (Uses)	2,069,165	358,263	36,092	3,300	2,172,210	571,451	77,230,392	468,758	9,340,524	12,903,761
Net Change in Fund Balances	(18,124)	926,476	1,822,990	593,817	130,767	(1,142,214)	68,714,386	(28,779,601)	(30,349,648)	(14,502,746)
Fund Balance - Beginning of Year	7,282,101	7,263,977	8,190,453	10,013,443	10,607,260	10,738,027	9,595,813	78,310,199	49,530,598	18,069,063
Prior Period Restatement	-	-	-	-	-	-	-	-	(1,111,887)	-
Fund Balance - Beginning of Year, As Restated	7,282,101	7,263,977	8,190,453	10,013,443	10,607,260	10,738,027	9,595,813	78,310,199	48,418,711	18,069,063
<b>Fund Balance - End of Year</b>	<b>\$ 7,263,977</b>	<b>\$ 8,190,453</b>	<b>\$ 10,013,443</b>	<b>\$ 10,607,260</b>	<b>\$ 10,738,027</b>	<b>\$ 9,595,813</b>	<b>\$ 78,310,199</b>	<b>\$ 49,530,598</b>	<b>\$ 18,069,063</b>	<b>\$ 3,566,317</b>
Debt Service as a Percentage of Noncapital Expenditures	15.4%	14.1%	15.4%	15.4%	15.6%	14.9%	16.4%	17.9%	13.0%	12.8%

Source: District Financial Records



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

Payable Year	Tax Capacity Valuation					Referendum Taxable Market Value	Tax Capacity as a Percentage of Market Value	Total Direct Tax Rate
	Agricultural Property	Non Agricultural Property	Personal Property	Tax Increment Property	Total Taxable			
2009	\$ 1,995,920	\$ 22,316,319	\$ 244,160	\$ (123,944)	\$ 24,432,455	\$ 2,018,349,325	1.19 %	26.52 %
2010	2,060,850	22,636,200	254,733	(170,058)	24,781,725	2,019,714,550	1.21	26.94
2011	1,809,232	21,051,341	289,194	(157,379)	22,992,388	1,894,037,350	1.23	31.14
2012	1,707,109	19,565,682	341,130	(123,976)	21,489,945	1,845,055,600	1.21	34.38
2013	1,842,076	17,964,750	367,764	(107,544)	20,067,046	1,707,374,400	1.16	38.50
2014	2,095,462	18,777,755	375,380	(228,320)	21,020,277	1,782,697,550	1.18	36.31
2015	2,196,803	20,653,626	419,878	(254,853)	23,015,454	2,005,291,250	1.15	35.25
2016	2,176,839	22,153,658	477,026	(281,244)	24,526,279	2,144,821,250	1.14	33.23
2017	2,189,162	23,061,834	559,156	(299,378)	25,510,774	2,223,889,450	1.15	31.24
2018	2,227,680	24,792,705	618,412	(279,894)	27,358,903	2,382,642,150	1.15	33.49

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

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

Taxpayer	2018 Net Tax Capacity	Rank	% of Total Net Tax Capacity \$ 27,638,797	2009 Net Tax Capacity	Rank	% of Total Net Tax Capacity \$ 23,143,527
Ridgeview Real Estate LLC	\$ 365,020	1	1.32 %	\$ -		
Xcel Energy	321,890	2	1.16	-		
Great River Energy	299,740	3	1.08	-		
Ilex Group, Inc.	270,176	4	0.98	-		
Centerpoint Energy Minnegasco	243,574	5	0.88	-		
Elkay Wood Products Company	169,708	6	0.61	-		
Target Corporation	158,084	7	0.57	-		
Northern Natural Gas, Co.	127,886	8	0.46	-		
Lakeview Clinic Building, Corp.	126,886	9	0.46	-		
Health Care Reit, Inc.	91,848	10	0.33	-		
Medallion Cabinetry Inc.	-			232,842	1	1.01 %
Plowshares Development LLC	-			191,700	2	0.83
Great River Energy	-			178,048	3	0.77
Jerry's Enterprises Inc.	-			123,240	4	0.53
Mattamy Partnership	-			113,820	5	0.49
D R Horton Inc	-			113,744	6	0.49
Excel Energy	-			106,649	7	0.46
Legacy Holdings	-			80,602	8	0.35
Lakeview Clinic Bldg. Corp.	-			79,699	9	0.34
MMC Property	-			73,848	10	0.32
Total	<u>\$ 2,174,812</u>		7.85 %	<u>\$ 1,294,192</u>		5.59 %

Source: Carver County Auditor

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

For Taxes Collectible	Net Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount (1)	% of Levy		Amount	% of Levy
2009	\$ 9,266,821	\$ 9,011,865	97.2	\$ 238,310	\$ 9,250,175	99.8%
2010	9,495,827	9,281,762	97.7	217,366	9,499,128	100.0%
2011	10,529,915	10,423,711	99.0	149,641	10,529,915	100.0%
2012	10,112,742	10,014,047	99.0	92,779	10,106,825	99.9%
2013	10,631,233	10,555,589	99.3	72,040	10,627,629	100.0%
2014	10,428,870	10,366,167	99.4	42,459	10,408,626	99.8%
2015	11,029,353	10,966,161	99.4	53,714	11,019,875	99.9%
2016	11,261,392	11,163,182	99.1	75,875	11,239,057	99.8%
2017	11,266,658	11,221,635	99.6	-	11,221,635	99.6%
2018	12,423,204	6,289,329	50.6	-	6,289,329	50.6%

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

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

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

**Legal Debt Margin Calculation for Fiscal Year 2017**

Assessed Value	\$ 2,840,326,047
Debt Limit (15% of assessed value)	426,048,907
Debt applicable to limit	126,475,000
Legal debt margin	<u><u>\$ 299,573,907</u></u>

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 331,322,010	\$ 336,179,250	\$ 302,040,377	\$ 293,841,863	\$ 274,035,443	\$ 291,879,427	\$ 328,612,012	\$ 350,190,195	\$ 409,711,495	\$ 426,048,907
Total Debt Applicable to the Limit	60,885,000	58,525,000	55,710,000	52,680,000	50,725,000	46,785,000	114,875,000	111,825,000	124,265,000	126,475,000
Legal Debt Margin	<u>\$ 270,437,010</u>	<u>\$ 277,654,250</u>	<u>\$ 246,330,377</u>	<u>\$ 241,161,863</u>	<u>\$ 223,310,443</u>	<u>\$ 245,094,427</u>	<u>\$ 213,737,012</u>	<u>\$ 238,365,195</u>	<u>\$ 285,446,495</u>	<u>\$ 299,573,907</u>
Total Debt Applicable to the Limit as a % of Debt Limit	18.38%	17.41%	18.44%	17.93%	18.51%	16.03%	34.96%	31.93%	30.33%	29.69%

Note: Under state finance law, the District's outstanding general obligation debt should not exceed 15 percent of total market value. The percentages listed above represent the percentage of the legal debt limit used. Anything over 100% would indicate that the district was exceeding the debt limit.

Source: District Financial Records and Minnesota Department of Education

**WACONIA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 110  
OUTSTANDING DEBT BY TYPE  
GENERAL OBLIGATION BONDS**

Fiscal Year	Bonded Debt	Capital Lease	Aid & Tax Anticipation Certificates	Resources Restricted for Repayment	Total Primary Government	Referendum Taxable Market Value	% of Personal Income	Outstanding Debt per Capita
2009	\$ 60,885,000	\$ 1,863,421	\$ -	\$ (929,182)	\$ 61,819,239	\$ 2,018,349,325	3.1 %	\$ 3,213.00
2010	58,525,000	1,942,708	-	(979,615)	59,488,093	2,019,714,550	2.9	3,092.00
2011	55,710,000	1,810,981	-	(989,488)	56,531,493	1,894,037,350	3.0	2,938.00
2012	52,680,000	1,654,414	-	(1,036,200)	53,298,214	1,845,055,600	2.9	2,770.00
2013	50,725,000	2,088,310	-	(1,166,346)	51,646,964	1,707,374,400	3.0	2,684.00
2014	46,785,000	2,273,805	-	(1,032,370)	48,026,435	1,782,697,550	2.7	2,496.00
2015	114,875,000	2,031,584	-	(1,139,801)	115,766,783	2,005,291,250	5.8	5,575.00
2016	111,825,000	145,776	-	(1,457,167)	110,513,609	2,144,821,250	5.2	5,322.00
2017	114,455,000	3,549,863	-	(1,835,588)	116,169,275	2,223,889,450	5.2	5,595.00
2018	123,675,000	3,369,365	-	(1,976,207)	125,068,158	2,382,642,150	5.2	6,023.00

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

Source: District Records

**WACONIA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 110  
COMPUTATION OF DIRECT AND OVERLAPPING BOND DEBT  
GENERAL OBLIGATION BONDS**

	2017-2018 Adjusted Taxable Net Tax Capacity	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
<b>Overlapping:</b>				
Carver County	\$ 142,864,272	\$ 30,602,000	16.042%	\$ 4,909,203
Hennepin County	1,838,226,093	1,025,550,000	0.275%	2,819,237
Cities:				
Minnetrista	17,364,791	14,962,000	14.856%	2,222,695
New Germany	372,227	1,815,000	100.000%	1,815,000
St. Bonifacius	2,473,001	2,090,000	100.000%	2,090,000
Victoria	14,880,642	19,960,000	7.090%	1,415,104
Waconia	14,888,812	25,385,000	100.000%	25,385,000
Metropolitan Council	3,971,779,581	147,660,000	0.577%	851,998
Three Rivers Park District	1,304,690,419	53,355,000	0.387%	206,644
Total Overlapping				<u>41,714,881</u>
<b>Direct:</b>				
Waconia ISD No. 110	27,358,903	123,645,000	100.000%	<u>123,645,000</u>
Total Direct and Overlapping Bonded Debt:				<u><u>\$ 165,359,881</u></u>

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

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the District. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

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

Fiscal Year	Carver County			
	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2009	90,242	\$ 4,460,096,000	\$ 49,424	8.0
2010	91,399	4,691,577,000	51,331	6.8
2011	92,804	5,108,292,000	55,044	5.4
2012	93,859	5,499,669,000	58,595	5.2
2013	95,610	5,610,153,000	58,677	4.3
2014	97,343	6,038,631,000	62,035	2.9
2015	98,596	6,359,013,000	64,496	2.8
2016	100,327	6,577,482,000	65,560	2.9
2017	102,119	6,911,379,000	67,680	2.6
2018	N.A.	N.A.	N.A.	1.9

N.A. - Not Available

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

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

Taxpayer	Type of Business/Product	2018			2009		
		Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Ridgeview Medical Center	Hospital and Medical Clinics	1,573	1	16.48 %	1,250	1	14.12
I.S.D. No. 110 (Waconia)	Elementary and Secondary Education	512	2	5.36 %	334	3	3.77
Medallion Cabinetry, Inc.	Wooden Kitchen and Vanity Cabinets	500	3	5.24 %	575	2	6.50
Mackenthun's Fine Foods	Retail Grocery Store	220	4	2.30 %	208	4	2.35
Crown College	Education	214	5	2.24 %	170	8	1.92
Physicians Service Network	Offices of Physicians	200	6	2.10 %			
Target	Department Store	200	7	2.10 %	175	7	1.98
Ridgeview Home Support Service	Home Health Care Services	175	8	1.83 %	180	6	2.03
Good Samaritan Society, Waconia	Nursing Home	170	9	1.78 %	210	5	2.37
Lakeview Clinic Ltd.	Offices of Physicians	122	10	1.28 %	120	7	1.36
Ridgeview Rehab Specialties	Home Health Care Services	120	11	1.26 %	35	12	0.40
UFC Farm Supply	General Merchandise - Retail	120	12	1.26 %	100	9	1.13
Auburn Homes Assisted Living	Home Health Care Services	100	13	1.05 %			
Waconia Manufacturing, Inc.	Machine Tools, Metal Cutting Types	100	14	1.05 %	100	10	1.13
Milltronics Manufacturing Co.	Machine Tools, Metal Cutting Types	100	15	1.05 %	90	11	1.02
Total Employees		<u>4,426</u>		46.38 %	<u>3,547</u>		40.08 %

Source: District Financial Advisor, Reference USA



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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instruction										
Teachers	200.3	216.6	217.6	227.1	233.24	248.36	250.23	272.62	289.4	289.75
Support										
Principals/Directors	15	15.5	16	17.56	18	18	18	19	20	21
Secretary/Clerical	9.5	9.5	9.5	10.69	11.21	11.69	12	12	14	13
Confidential	4	4.3	5	5	5	5	5	6	5	5
ParaEducators	65.2	63.2	68.2	75.35	83.39	83.42	101.88	101.88	113.63	114.81
Food Service	11.1	11	12	15	18	18.1	19.14	19.14	24.86	27
Custodians	22.2	22.2	22.8	23.02	23.75	24.4	25	25	29	33.97
Community Education	6.5	6.5	6.5	6.5	6.5	7.5	7.5	7.5	8.5	8
Total Support	133.5	132.2	140	153.12	165.85	168.11	188.52	190.52	214.99	222.78
Total	333.8	348.8	357.6	380.22	399.09	416.47	438.75	463.14	504.39	512.53

Source: District Records

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

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	% of Students Receiving Free or Reduced-Price Meals	Student Attendance Percentage
2009	3,025	\$ 30,649,793 (1)	\$ 10,132	3.71	200	15.13	8.33	96.29
2010	3,177	29,952,230	9,428	(6.95)	217	14.64	10.23	95.97
2011	3,313	30,425,669	9,184	(2.59)	218	15.20	12.16	95.70
2012	3,418	33,800,752	9,889	7.68	227	15.06	11.64	96.30
2013	3,559	37,270,770	10,472	5.90	233	15.27	11.98	95.70
2014	3,681	39,681,068	10,780	2.94	248	14.84	12.32	96.10
2015	3,758	40,437,678	10,760	(0.18)	250	15.03	12.60	95.50
2016	3,859	43,631,445	11,306	5.07	273	14.14	12.57	96.38
2017	3,883	47,309,965	12,184	7.76	289	13.44	11.46	96.55
2018	4,014	49,819,332	12,411	1.87	290	13.84	11.24	95.50

Source: District Records and Minnesota Department of Education

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

(1) Excludes expenditure related to transfer of bond proceeds to OPEB for Irrevocable Trust

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

Fiscal Year	Minimum Salary	Maximum Salary
2009	\$ 34,341	\$ 69,413
2010	34,684	70,107
2011	35,819	70,808
2012	36,177	73,125
2013	36,901	74,588
2014	37,455	78,652
2015	38,017	79,831
2016	38,777	81,746
2017	39,553	83,381
2018	40,443	85,669

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

Source: District Financial Records

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

School	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Bayview Elementary (1918, 1936, 1955, 1961, 1969, 2008)										
Square Feet	90,919	90,919	90,919	90,919	90,919	90,919	90,919	90,919	90,919	94,500
Capacity	640	640	640	640	640	640	640	640	640	700
Enrollment	573	601	658	687	687	687	687	687	687	615
Acres	30	30	30	30	30	30	30	30	30	30
Laketown Elementary (2017)										
Square Feet									85,000	86,000
Capacity									600	600
Enrollment									503	546
Acres									59	59
Southview Elementary (1961, 1969, 2008)										
Square Feet	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,500
Capacity	650	650	650	650	650	650	650	650	650	650
Enrollment	584	633	650	636	636	636	636	636	636	628
Acres	7	7	7	7	7	7	7	7	7	7
Waconia Middle School (1994, 2017)										
Square Feet	244,000	244,000	244,000	244,000	244,000	244,000	244,000	244,000	244,000	235,000
Capacity	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,082
Enrollment	942	961	968	1,053	1,053	1,053	1,053	1,053	1,053	923
Acres	30	30	30	30	30	30	30	30	30	30
Waconia High School (2001, 2004, 2017)										
Square Feet	232,000	232,000	232,000	232,000	232,000	232,000	232,000	232,000	232,000	395,000
Capacity	1,082	1,082	1,082	1,082	1,082	1,082	1,082	1,082	1,082	1,600
Enrollment	926	982	1,037	1,043	1,043	1,043	1,043	1,043	1,043	1,262
Acres	57	57	57	57	57	57	57	57	57	115
Waconia Learning Center (2018)										
Square Feet										11,000
Capacity										100
Enrollment										38
Acres										5
Educational Service Center (2015)										
Square Feet								42,400	42,400	42,400
Capacity								120	120	120
Enrollment								120	120	120

**WACONIA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 110  
SCHEDULE OF INSURANCE COVERAGE  
YEAR ENDED JUNE 30, 2018**

Insurable Risk	Insured through Agent and Insurance Company or Risk Pool	Policy Period	Coverage Limits	Deductible
Blanket Real and Personal Property	Minnesota Insurance Scholastic Trust	7/1/17 to 6/30/18	Varies by Class of Property	\$5,000
Inland Marine	Minnesota Insurance Scholastic Trust	7/1/17 to 6/30/18	Varies by Class of Property	\$5,000
Crime	Minnesota Insurance Scholastic Trust	7/1/17 to 6/30/18	\$50,000 / \$1,000,000 Excess	\$2,500
General Liability	Minnesota Insurance Scholastic Trust	7/1/17 to 6/30/18	Each Occ. - \$2,000,000 Annual Agg. - \$4,000,000	\$1,000/ea.
School Leaders	Minnesota Insurance Scholastic Trust	7/1/17 to 6/30/18	Each Wrongful Act - \$2,000,000 Aggregate - \$4,000,000	NA
Automobile	Minnesota Insurance Scholastic Trust	7/1/17 to 6/30/18	Uninsured - \$1,000,000 Underinsured - \$1,000,000	\$1,000
Workers Compensation	SFM Mutual Insurance Companies	7/1/17 to 6/30/18	Disease - \$500,000 Disease - \$500,000/ee Accident - \$500,000/ee	NA
Excess Liability	Minnesota Insurance Scholastic Trust	7/1/17 to 6/30/18	Each Occurrence - \$2,000,000	NA

NA - Not Applicable

Source: District Records



**CORRECTIVE ACTION PLAN  
YEAR ENDED JUNE 30, 2018**

Waconia ISD #110 respectfully submits the following corrective action plan for the year ended June 30, 2018.

Audit period: July 1, 2017 – June 30, 2018

The findings from the June 30, 2018 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

**FINDINGS – FINANCIAL STATEMENT AUDIT**

**2018-001 Timely Updates to Payroll Files**

Recommendation: We recommend that District management develop internal control policies to ensure proper input of approved employee hourly rates into Skyward.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: District management will review all approved wages in the system to determine that all employees are being paid the proper hourly amount.

Name of the contact person responsible for corrective action: Todd Swanson, Director of Finance and Operations

Planned completion date for corrective action plan: June 30, 2019.

**FINDINGS – FEDERAL AWARD FINDINGS**

None noted

WACONIA ISD #110



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2017

Waconia ISD #110 respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2017.

Audit period: July 1, 2016 – June 30, 2017

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS - FINANCIAL STATEMENT

Prior Year Reference Number: 2017-001

Condition: The District does not have a control in place to verify contracts payable has been properly booked.

Status: Corrective action was taken.

If involved agencies have any questions regarding this plan, please call Todd Swanson at 952-442-0602

Sincerely yours,

Todd Swanson, Director of Finance and Operations  
Waconia ISD #110