

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2019



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 14, 2019

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, 2019. 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 end of the year average daily membership for FY19 was 4,051. Over the last six years, the District has experienced an increase in enrollment of 352 students or 9.5%. This trend is expected to continue for at least the next six 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 3,064 students in the FY 2009 to 4,051 in the FY 2019 for a growth rate of 32% That growth rate is expected to continue in the years to come.

**CITIZENS OF INDEPENDENT SCHOOL DISTRICT 110 / WACONIA PUBLIC SCHOOLS
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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 2018 a total of 70 new home units were built in 2018. By comparison, a total of 71 new home units were constructed in 2017 and a total of 114 new home units were constructed in 2016. 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 2019 budget began in December of 2017 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 2019 Budget was adopted in June of 2018 and implemented on July 1, 2018. 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, over 10,000 account codes have been defined in the District's chart of accounts.

**CITIZENS OF INDEPENDENT SCHOOL DISTRICT 110 / WACONIA PUBLIC SCHOOLS
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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 (6,515,971) as of June 30, 2019. 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, 2020 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 2018. District staff is very proud to have achieved this national award for eight 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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EMPLOYEES OF THE DISTRICT**

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 2019. For the 2017-18 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 2018-19 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, 2018.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.

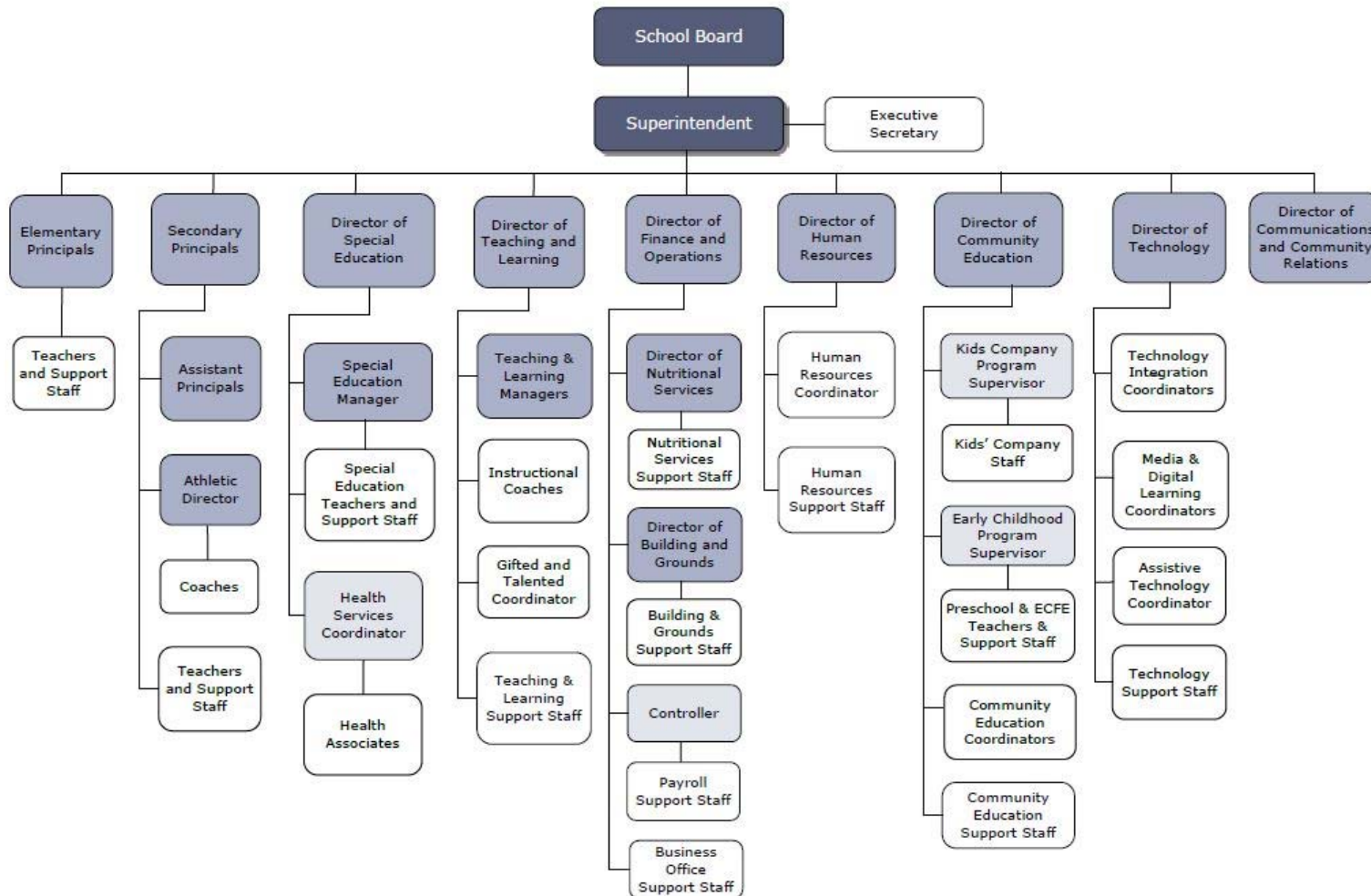


Tom Wohleber, CSRM
President

David J. Lewis
Executive Director

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
ORGANIZATIONAL CHART
JUNE 30, 2019**

District 110 Organizational Chart



**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
SCHOOL BOARD AND ADMINISTRATION
JUNE 30, 2019**

SCHOOL BOARD

NAME	TERM ON BOARD EXPIRES	BOARD POSITION
Dana Geller	12/31/20	Chairperson
Tabitha Laumann	12/31/20	Vice-Chairperson
Mike Bullis	12/31/22	Director
Rachel Myers	12/31/22	Director
John Weinand	12/31/22	Director
Cathy Thom	12/31/20	Director
Jackie Johnson	12/31/22	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, 2019, 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, 2019, 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.

Emphasis of a Matter Regarding Correction of an Error

As described in Note 16 to the financial statements, there is a prior period restatement of net position related to expenses that were not properly capitalized in the prior year. Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Report on Summarized Comparative Information

We have previously audited the District's 2018 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 November 28, 2018, prior to the identification of an error described in the "Emphasis of a Matter Regarding Correction of an Error" section above. Because the amounts relating to the correction of an error for capital assets for governmental activities as discussed in Note 16 to the financial statements and in the "Emphasis of a Matter Regarding Correction of an Error" section above, we express no opinion on the District's 2018 summarized comparative information presented herein.

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 parts 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.

We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the District's basic financial statements for the year ended June 30, 2018, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The individual fund financial statements for the year ended June 30, 2018, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the FY 2018 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 FY 2018 are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Austin, Minnesota
November 14, 2019

REQUIRED SUPPLEMENTARY INFORMATION

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

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, 2019. Please read it in conjunction with the District's financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2018-2019 fiscal year include the following:

- Total General Fund revenues were \$42,819,280 as compared to \$50,093,477 of expenditures.
- Net position, as restated, increased by \$3,830,423 due to changes in the liability related 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, 2019**

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, 2019**

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 (\$32,397,826) on June 30, 2019. This was an increase of 15.3% from the prior year (see Table A-1). Deferred outflows of resources decreased by approximately \$8,182,000, net pension liability decreased by approximately \$48,596,000, deferred inflows of resources increased by \$34,392,000, and OPEB liability increased by approximately \$783,000 all related to changes in the assumption.

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

	Governmental Activities		Percentage Change
	2019	2018	
Current and Other Assets	\$ 23,525,471	\$ 23,335,634	0.8 %
Capital Assets	143,183,800	140,904,875	1.6
Total Assets	<u>166,709,271</u>	<u>164,240,509</u>	1.5
Deferred Outflows of Resources	37,712,247	45,894,614	(17.8)
Current Liabilities	17,938,438	13,588,529	32.0
Long-Term Liabilities	159,522,234	209,830,867	(24.0)
Total Liabilities	<u>177,460,672</u>	<u>223,419,396</u>	(20.6)
Deferred Inflows of Resources	<u>59,358,672</u>	<u>24,967,031</u>	137.7
Net Position:			
Net Investment in			
Capital Assets	13,506,358	9,332,523	44.7
Restricted	2,324,638	3,754,280	(38.1)
Unrestricted	(48,228,822)	(51,338,107)	(6.1)
Total Net Position	<u>\$ (32,397,826)</u>	<u>\$ (38,251,304)</u>	(15.3)

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Changes in Net Position

The District's total revenues were \$55,524,763 for the year ended June 30, 2019. Property taxes and state formula aid accounted for 74% of total revenue for the year (see Figure A-1). Another 16% 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 % Change
	2019	2018	
Revenues			
<u>Program Revenues</u>			
Charges for Services	\$ 5,441,043	\$ 4,946,991	10.0 %
Operating Grants and Contributions	7,952,867	8,332,639	(4.6)
Capital Grants and Contributions	705,430	671,772	5.0
<u>General Revenues</u>			
Property Taxes	12,271,397	11,262,251	9.0
Unrestricted State Aid	28,968,648	27,613,061	4.9
Investment Earnings	136,444	233,724	(41.6)
Other	48,934	127,099	(61.5)
Total Revenues	<u>55,524,763</u>	<u>53,187,537</u>	4.4
Expenses			
Administration	1,088,388	1,939,952	(43.9)
District Support Services	2,027,108	2,046,209	(0.9)
Regular Instruction	20,240,223	33,078,753	(38.8)
Vocational Education Instruction	388,526	910,035	(57.3)
Special Education Instruction	7,324,225	11,130,575	(34.2)
Instructional Support Services	1,782,424	3,997,066	(55.4)
Pupil Support Services	3,965,866	4,042,178	(1.9)
Sites and Buildings	4,573,584	4,395,830	4.0
Fiscal and Other Fixed Cost Programs	108,415	102,927	5.3
Food Service	2,403,003	2,454,281	(2.1)
Community Service	3,117,378	3,448,464	(9.6)
Interest and Fiscal Charges on Long-Term Liabilities	4,675,200	3,776,533	23.8
Total Expenses	<u>51,694,340</u>	<u>71,322,803</u>	(27.5)
Change in Net Position			
Beginning Net Position	3,830,423	(18,135,266)	
Prior Period Restatement	(38,251,304)	(20,116,038)	
Beginning Net Position, as Restated	<u>2,023,055</u>	<u>-</u>	
Ending Net Position	<u>\$ (32,397,826)</u>	<u>\$ (38,251,304)</u>	

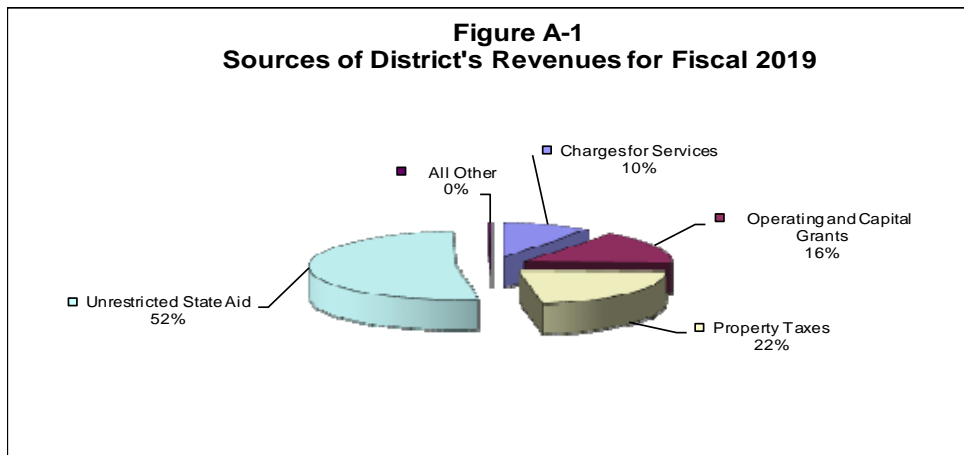
The total cost of all programs and services including interest and fiscal charges was \$51,694,340. Total revenue exceeded expenses by \$3,830,423. The large decrease in expenses is due to the change in the net pension liability and the change in funding.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

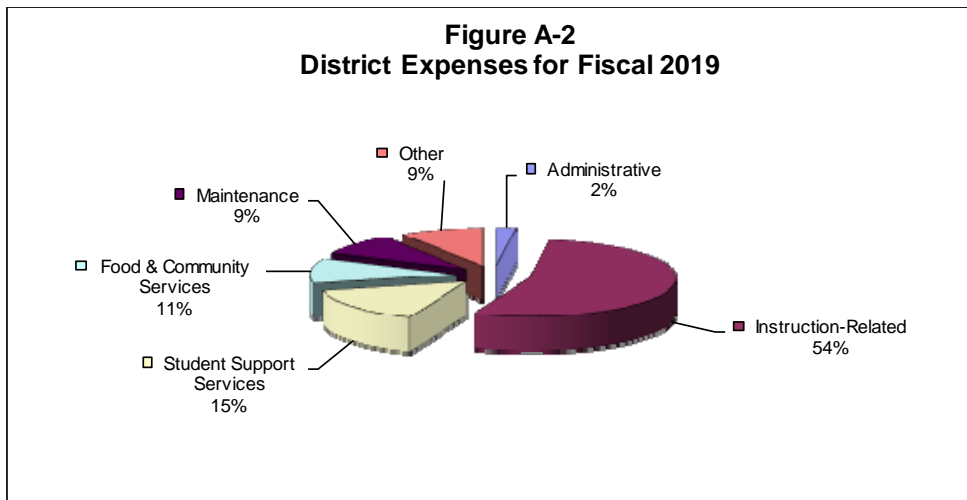
The total revenue for all governmental activities this year was \$55,524,763 as depicted in Figure A-1 below.

- Some of the revenue was paid by the users of the District's programs of 10%.
- The federal and state governments subsidized certain programs with grants and contributions of 16%.
- The remainder of the District's revenue came from the District taxpayers, 22%, and the taxpayers of our state, 52%, through unrestricted state aids.
- The remaining less than 1% is other revenue.



The total cost of all programs and services were \$51,694,340 as depicted in Figure A-2 below.

- Instruction Related Costs incur 54% of expenses.
- Student Support Services incur another 15% of expenses.
- Food Service and Community Services incur 11% of expenses.
- Maintenance costs incur 9% of expenses.
- Administrative costs account for 2% of expenses.
- The remaining 9% is other expenses.



**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

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
	2019	2018		2019	2018	
Administration	\$ 1,088,388	\$ 1,939,952	(43.9)%	\$ 1,150,672	\$ 1,939,952	(40.7)%
District Support Services	2,027,108	2,046,209	(0.9)	1,934,819	1,897,268	2.0
Regular Instruction	20,240,223	33,078,753	(38.8)	18,225,107	30,400,438	(40.0)
Vocational Education Instruction	388,526	910,035	(57.3)	408,368	898,295	(54.5)
Special Education Instruction	7,324,225	11,130,575	(34.2)	1,696,420	5,665,805	(70.1)
Instructional Support Services	1,782,424	3,997,066	(55.4)	1,816,052	3,812,343	(52.4)
Pupil Support Services	3,965,866	4,042,178	(1.9)	3,883,614	3,929,052	(1.2)
Sites and Buildings	4,573,584	4,395,830	4.0	3,778,375	4,102,131	(7.9)
Fiscal and Other Fixed Cost Programs	108,415	102,927	5.3	108,415	102,927	5.3
Food Service	2,403,003	2,454,281	(2.1)	11,333	176,894	(93.6)
Community Service	3,117,378	3,448,464	(9.6)	211,867	669,763	(68.4)
Interest and Fiscal Charges on Long-Term Liabilities	4,675,200	3,776,533	23.8	4,369,958	3,776,533	15.7
Total	\$ 51,694,340	\$ 71,322,803	(27.5)	\$ 37,595,000	\$ 57,371,401	(34.5)

The total cost of all governmental activities for the year ended June 30, 2019 was \$51,694,340.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of (\$2,584,828), which is \$6,151,145 less than last year's ending fund balance of \$3,566,317. Most of the decrease relates to an increase in costs in the General Fund.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

GENERAL FUND

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

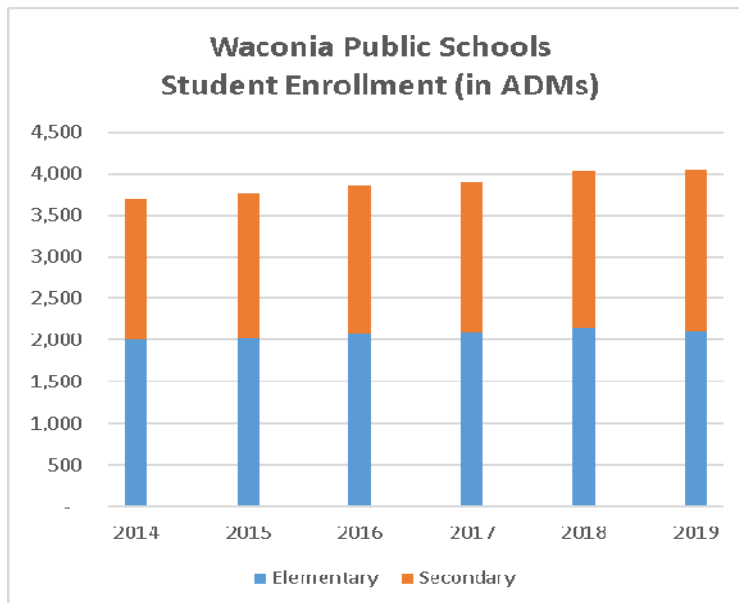
Approximately 97% of General Fund operational revenue is controlled by a complex set of state funding formulas resulting in the local school board having no meaningful authority to determine the level of resources. This includes special education state aid that is based upon a cost reimbursement model which used to provide approximately 68%, but which has dropped to provide less than 60% of personnel expenditures. Other state formulas then determine what portion of the revenue will be provided by property taxes and what portion will come from state aid.

ENROLLMENT

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

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

	2014	2015	2016	2017	2018	2019
Elementary	2,003	2,022	2,072	2,102	2,148	2,113
Secondary	1,696	1,738	1,788	1,797	1,891	1,938
Total Students for Aid	3,699	3,760	3,860	3,899	4,039	4,051
Percent Change	3.47%	1.65%	2.66%	1.01%	3.59%	0.30%



**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

GENERAL FUND (CONTINUED)

Over the last five years, the District has experienced an increase in average daily membership of 392 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, 2019	June 30, 2018	Increase (Decrease)	Percent
Local Sources:				
Property Taxes	\$ 4,625,179	\$ 3,882,875	\$ 742,304	19.1 %
Earnings on Investments	10,130	36,335	(26,205)	(72.1)
Other	1,203,528	957,913	245,615	25.6
State Sources	36,125,653	34,182,303	1,943,350	5.7
Federal Sources	854,790	921,053	(66,263)	(7.2)
Total General Fund Revenue	<u>\$ 42,819,280</u>	<u>\$ 39,980,479</u>	<u>\$ 2,838,801</u>	7.1

Total General Fund Revenue increased by \$2,838,801 or 7.1% over the previous year. Basic general education revenue is determined by multiple state formulas, largely enrollment driven, and consists of an equalized mix of property tax and state aid revenue. Therefore, the mix of property tax and state aid can change significantly from year to year without any net change in total revenue. The state basic general education revenue formula per student increased compared to the prior year. State aid for special education increased compared to the prior year. However, Special Education funding is falling well short in recent years of the funding needed to cover the increases in costs in the program. The District's recent financial downturn can be traced back to the changes in Special Education funding at the state level in recent years. District officials have begun discussions with lawmakers to get adjustments made to the Special Education funding laws to help correct these funding deficiencies.

The following schedule presents a summary of General Fund Expenditures.

**Table A-6
General Fund Expenditures**

	Year Ended		Amount of Increase (Decrease)	Percent Increase (Decrease)
	June 30, 2019	June 30, 2018		
Salaries	\$ 27,913,727	\$ 26,738,119	\$ 1,175,608	4.4 %
Employee Benefits	9,635,341	9,111,958	523,383	5.7
Purchased Services	6,572,225	6,014,558	557,667	9.3
Supplies and Materials	1,830,283	1,774,445	55,838	3.1
Capital Expenditures	3,578,452	130,672	3,447,780	2638.5
Other Expenditures	563,449	420,556	142,893	34.0
Total Expenditures	<u>\$ 50,093,477</u>	<u>\$ 44,190,308</u>	<u>\$ 5,903,169</u>	13.4

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

GENERAL FUND (CONTINUED)

Total General Fund expenditures increased by \$5,903,169 or 13% from the previous year. Most of this increase was due to the \$3,459,000 in expenses out of Operating Capital and Long Term Facilities Maintenance in support of the final building phase of the 2014 building bond projects. The rest of the increase was for the hiring of staff to account for enrollment increases and program increases along with salary increases for existing staff members.

The unassigned fund balance was (6,408,948) as of June 30, 2019. 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 \$147,918 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 \$76,608 less than budgeted primarily due to an decrease 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, 2020 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 expenditures exceeded revenues and other financing sources by \$499,084 in FY2019. The remaining fund balance of \$1,477,123 at June 30, 2019 is available for meeting future debt service obligations.

The OPEB Debt Service Fund had \$72,851 in fund balance at June 30, 2019. This fund was established to make the debt service payment related to the OPEB bonds.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

CAPITAL PROJECTS FUND

The Capital Projects Fund revenues and other financing sources exceeded expenses by \$1,022,053 in FY2019. This increase is due to lease purchase agreement financing. The remaining fund balance is \$896,039 at June 30, 2019.

OTHER MAJOR FUNDS

Expenditures exceeded revenues and other financing sources in Food Service Fund by \$15,100 and in the Community Education Fund revenues and other financing sources exceeded expenditures by \$22,037.

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 2019, the District had invested over \$187 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**

	2019	2018	Percentage Change
Land	\$ 5,524,742	\$ 5,524,742	-
Construction in Progress	879,800	-	N/A
Land Improvements	4,215,464	4,215,464	-
Buildings and Improvements	175,052,248	168,507,889	3.9
Equipment	9,505,649	9,272,141	2.5
Less: Accumulated Depreciation	(51,994,103)	(46,615,361)	11.5
Total	<u>\$ 143,183,800</u>	<u>\$ 140,904,875</u>	1.6

Facilities – Next Five Years

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

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Liabilities

At year-end, the District had approximately \$130,401,000 in long-term debt, a decrease of -1% from last year – as shown in Note 6 to financial statements. This is due to payments on bonds that were slightly offset by new capital leases and lease purchase agreements.

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

	2019	2018	Percentage Change
General Obligation Bonds	\$ 119,550,000	\$ 123,675,000	(3.3)%
Net Bond Premium and Discount	4,678,496	5,009,170	(6.6)
Certificates of Participation Payable	3,040,000	3,160,000	(3.8)
Obligations Under Capital Leases	205,454	209,365	(1.9)
Obligations Under Lease Purchase Agreement	2,926,713	-	N/A
Total	<u>\$ 130,400,663</u>	<u>\$ 132,053,535</u>	(1.3)
Long-Term Liabilities:			
Due within One Year	\$ 5,037,843	\$ 4,195,614	
Due in More than One Year	<u>125,362,820</u>	<u>127,857,921</u>	
Total	<u>\$ 130,400,663</u>	<u>\$ 132,053,535</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, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2018)**

	Governmental Activities	
	2019	2018
ASSETS		
Cash and Investments	\$ 11,017,624	\$ 13,103,980
Receivables:		
Property Taxes	8,393,744	6,441,772
Due From Other Governments	3,784,262	3,437,569
Other	214,415	142,587
Prepaid Items	94,014	54,604
Inventories	21,412	5,122
Due from Irrevocable OPEB Trust	-	150,000
Capital Assets:		
Land and Construction in Progress	6,404,542	5,524,742
Other Capital Assets, Net of Depreciation	136,779,258	135,380,133
Total Assets	<u>166,709,271</u>	<u>164,240,509</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related	37,538,457	45,621,447
OPEB Related	173,790	121,489
Loss on Refunding	-	151,678
Total Deferred Outflows of Resources	<u>37,712,247</u>	<u>45,894,614</u>
LIABILITIES		
Short Term Indebtedness	4,985,000	-
Salaries Payable	3,756,736	3,749,018
Accounts and Contracts Payable	1,171,805	3,165,689
Accrued Interest	1,924,798	1,752,247
Due to Other Governmental Units	156,006	88,447
Unearned Revenue:		
Local Sources	537,030	353,954
Long-Term Liabilities:		
Net Pension Liability	29,753,576	78,349,938
Net OPEB Liability	4,405,838	3,623,008
Portion Due Within One Year	5,407,063	4,479,174
Portion Due in More Than One Year	125,362,820	127,857,921
Total Liabilities	<u>177,460,672</u>	<u>223,419,396</u>
DEFERRED INFLOWS OF RESOURCES		
Gain on Refunding	101,956	-
OPEB Related	82,347	98,817
Pension Related	44,114,377	12,844,690
Property Taxes Levied for Subsequent Year	15,059,992	12,023,524
Total Deferred Inflows of Resources	<u>59,358,672</u>	<u>24,967,031</u>
NET POSITION		
Net Investment in Capital Assets	13,506,358	9,332,523
Restricted for:		
Operating Capital Purposes	431	1,533,114
State-Mandated Restrictions	26,185	512,509
Food Service	775,275	790,375
Community Service	626,708	582,218
Debt Service	-	336,064
Capital Projects - Building Construction	896,039	-
Unrestricted	<u>(48,228,822)</u>	<u>(51,338,107)</u>
Total Net Position	<u>\$ (32,397,826)</u>	<u>\$ (38,251,304)</u>

See accompanying Notes to Basic Financial Statements.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2018)**

Functions	2019				2018		
	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense)	Net (Expense)	
		Charges for Services	Operating Grants and Contributions		Governmental Activities	Revenue and Changes in Net Position	Revenue and Changes in Net Position
						Total	Total
				Governmental Activities	Governmental Activities		
Governmental Activities							
Administration	\$ 1,088,388	\$ -	(62,284)	\$ -	\$ (1,150,672)	\$ (1,939,952)	
District Support Services	2,027,108	-	91,012	1,277	(1,934,819)	(1,897,268)	
Regular Instruction	20,240,223	756,228	1,156,945	101,943	(18,225,107)	(30,400,438)	
Vocational Education Instruction	388,526	-	(19,842)	-	(408,368)	(898,295)	
Special Education Instruction	7,324,225	156,364	5,468,537	2,904	(1,696,420)	(5,665,805)	
Instructional Support Services	1,782,424	-	(79,739)	46,111	(1,816,052)	(3,812,343)	
Pupil Support Services	3,965,866	-	82,252	-	(3,883,614)	(3,929,052)	
Sites and Buildings	4,573,584	233,704	8,310	553,195	(3,778,375)	(4,102,131)	
Fiscal and Other Fixed Cost Programs	108,415	-	-	-	(108,415)	(102,927)	
Food Service	2,403,003	1,691,815	699,855	-	(11,333)	(176,894)	
Community Service	3,117,378	2,602,932	302,579	-	(211,867)	(669,763)	
Interest and Fiscal Charges on Long-Term Liabilities	4,675,200	-	305,242	-	(4,369,958)	(3,776,533)	
Total School District	\$ 51,694,340	\$ 5,441,043	\$ 7,952,867	\$ 705,430	(37,595,000)	(57,371,401)	
General Revenues							
Property Taxes Levied for:							
General Purposes					4,657,153	3,866,547	
Community Service					219,673	251,468	
Debt Service					7,394,571	7,144,236	
State Aid Not Restricted to Specific Purposes					28,968,648	27,613,061	
Earnings on Investments					136,444	233,724	
Gain on Sale of Capital Assets					3,604	12,450	
Miscellaneous					45,330	114,649	
Total General Revenues					<u>41,425,423</u>	<u>39,236,135</u>	
Change in Net Position					3,830,423	(18,135,266)	
Net Position - Beginning of Year					(38,251,304)	(20,116,038)	
Prior Period Restatement					2,023,055	-	
Net Position - Beginning of Year, as Restated					<u>(36,228,249)</u>	<u>(20,116,038)</u>	
Net Position - End of Year					<u>\$ (32,397,826)</u>	<u>\$ (38,251,304)</u>	

See accompanying Notes to Basic Financial Statements.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2018)**

	Major		
	General	Food Service	Community Service
ASSETS			
Cash and Investments	\$ 2,386,410	\$ 884,531	\$ 892,116
Receivables:			
Current Property Taxes	3,577,666	-	125,179
Delinquent Property Taxes	33,965	-	1,838
Due from Other Minnesota School Districts	6,784	-	-
Due from Minnesota Department of Education	3,421,598	-	45,459
Due from Federal through Minnesota Department of Education	-	974	-
Due from Other Governmental Units	153,285	-	-
Other Receivables	78,835	40	135,385
Due from Other Funds	-	-	-
Prepaid Items	90,882	-	3,132
Inventory	-	21,412	-
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 9,749,425</u>	<u>\$ 906,957</u>	<u>\$ 1,203,109</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
Liabilities:			
Salaries Payable	\$ 3,580,063	\$ 78,345	\$ 98,328
Accounts and Contracts Payable	770,380	4,931	59,613
Due to Other Governmental Units	155,892	-	-
Due to Other Funds	-	-	-
Accrued Interest Payable	62,934	-	-
Short Term Indebtedness	4,985,000	-	-
Unearned Revenue	284,206	48,406	204,418
Total Liabilities	<u>9,838,475</u>	<u>131,682</u>	<u>362,359</u>
Deferred Inflows of Resources:			
Property Taxes Levied for Subsequent Year	6,285,933	-	236,080
Unavailable Revenue - Delinquent Property Taxes	33,965	-	1,838
Total Deferred Inflows of Resources	<u>6,319,898</u>	<u>-</u>	<u>237,918</u>
Fund Balance:			
Nonspendable	90,882	21,412	3,132
Restricted for:			
Health and Safety	-	-	-
Gifted and Talented	230	-	-
Basic Skills Programs	-	-	-
Operating Capital	431	-	-
Safe Schools	15,813	-	-
Community Education Programs	-	-	440,178
Early Childhood and Family Educations Programs	-	-	63,456
School Readiness	-	-	44,165
Projects Funded by COP	-	-	-
Long-Term Facilities Maintenance	3,157	-	-
Medical Assistance	6,985	-	-
Other Purposes	-	753,863	51,901
Unassigned	(6,526,446)	-	-
Total Fund Balance	<u>(6,408,948)</u>	<u>775,275</u>	<u>602,832</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 9,749,425</u>	<u>\$ 906,957</u>	<u>\$ 1,203,109</u>

See accompanying Notes to Basic Financial Statements.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2018)**

Capital Projects	Funds		Total Governmental Funds	
	Debt Service	OPEB Debt Service	2019	2018
\$ 1,114,866	\$ 5,368,604	\$ 72,581	\$ 10,719,108	\$ 12,747,612
-	4,597,207	-	8,300,052	6,380,065
-	55,174	2,715	93,692	61,707
-	-	-	6,784	8,313
-	49,136	270	3,516,463	3,240,279
-	-	-	974	-
106,756	-	-	260,041	188,977
-	155	-	214,415	142,587
-	-	-	-	150,781
-	-	-	94,014	54,604
-	-	-	21,412	5,122
<u>\$ 1,221,622</u>	<u>\$ 10,070,276</u>	<u>\$ 75,566</u>	<u>\$ 23,226,955</u>	<u>\$ 22,980,047</u>
\$ -	\$ -	\$ -	\$ 3,756,736	\$ 3,749,018
325,469	-	-	1,160,393	3,155,875
114	-	-	156,006	88,447
-	-	-	-	781
-	-	-	62,934	-
-	-	-	4,985,000	-
-	-	-	537,030	353,954
<u>325,583</u>	<u>-</u>	<u>-</u>	<u>10,658,099</u>	<u>7,348,075</u>
-	8,537,979	-	15,059,992	12,023,524
-	55,174	2,715	93,692	42,131
-	<u>8,593,153</u>	<u>2,715</u>	<u>15,153,684</u>	<u>12,065,655</u>
-	-	-	115,426	59,726
-	-	-	-	(22,121)
-	-	-	230	5,898
-	-	-	-	147
-	-	-	431	1,533,114
-	-	-	15,813	59,481
-	-	-	440,178	441,327
-	-	-	63,456	38,651
-	-	-	44,165	45,169
896,039	-	-	896,039	-
-	-	-	3,157	357,322
-	-	-	6,985	89,661
-	1,477,123	72,851	2,355,738	2,887,260
-	-	-	(6,526,446)	(1,929,318)
<u>896,039</u>	<u>1,477,123</u>	<u>72,851</u>	<u>(2,584,828)</u>	<u>3,566,317</u>
<u>\$ 1,221,622</u>	<u>\$ 10,070,276</u>	<u>\$ 75,566</u>	<u>\$ 23,226,955</u>	<u>\$ 22,980,047</u>

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2018)**

	2019	2018
Total Fund Balance for Governmental Funds	\$ (2,584,828)	\$ 3,566,317
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	879,800	-
Land Improvements, Net of Accumulated Depreciation	992,690	1,151,734
Buildings and Improvements, Net of Accumulated Depreciation	133,746,815	131,929,536
Equipment, Net of Accumulated Depreciation	2,039,753	2,298,863
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.		
	93,692	42,131
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		
	(1,861,864)	(1,752,247)
The District's Other Post Employment Benefit (OPEB) Liability and related deferred inflows and outflows are recorded only on the Statement of Net Position. Balances at year-end are:		
Net OPEB Liability	(4,405,838)	(3,623,008)
Deferred Inflows of Resources - OPEB Related	(82,347)	(98,817)
Deferred Outflows of Resources - OPEB Related	173,790	121,489
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	(29,753,576)	(78,349,938)
Deferred Inflows of Resources - Pension Related	(44,114,377)	(12,844,690)
Deferred Outflows of Resources - Pension Related	37,538,457	45,621,447
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:		
	287,104	346,554
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	(119,550,000)	(123,675,000)
Unamortized Premiums	(4,678,496)	(5,009,664)
Unamortized Discounts	-	494
Certificates of Participation Payable	(3,040,000)	(3,160,000)
Unamortized Deferred Loss (Gain) on Refunding	(101,956)	151,678
Obligations Under Capital Leases	(205,454)	(209,365)
Obligations Under Lease Purchase Agreement	(2,926,713)	-
Compensated Absences Payable	(369,220)	(283,560)
Total Net Position of Governmental Activities	\$ (32,397,826)	\$ (38,251,304)

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, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2018)**

	Major		
	General	Food Service	Community Service
REVENUES			
Local Sources:			
Property Taxes	\$ 4,625,179	\$ -	\$ 219,258
Earnings on Investments	10,130	16,243	16,820
Other	1,203,528	1,691,815	2,603,155
State Sources	36,125,653	121,380	402,881
Federal Sources	854,790	572,398	-
Total Revenues	<u>42,819,280</u>	<u>2,401,836</u>	<u>3,242,114</u>
EXPENDITURES			
Current:			
Administration	1,358,490	-	-
District Support Services	1,983,132	-	-
Regular Instruction	21,752,173	-	-
Vocational Education Instruction	588,221	-	-
Special Education Instruction	9,129,068	-	-
Instructional Support Services	2,933,530	-	-
Pupil Support Services	4,203,476	-	-
Sites and Buildings	4,157,649	-	-
Fiscal and Other Fixed Cost Programs	108,415	-	-
Food Service	-	2,384,528	-
Community Service	-	-	3,286,611
Capital Outlay	3,578,452	32,408	1,366
Debt Service:			
Principal	243,328	-	2,569
Interest and Fiscal Charges	57,543	-	152
Bond Issuance Costs	-	-	-
Total Expenditures	<u>50,093,477</u>	<u>2,416,936</u>	<u>3,290,698</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(7,274,197)	(15,100)	(48,584)
OTHER FINANCING SOURCES (USES)			
Sale of Capital Assets	3,604	-	-
Issuance of Bonds	-	-	-
Issuance of Capital Lease	160,699	-	-
Lease Purchase Agreement Proceeds	500,000	-	-
Bond Premium	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-
Transfers In	-	-	70,621
Transfers Out	(70,621)	-	-
Total Other Financing Sources (Uses)	<u>593,682</u>	<u>-</u>	<u>70,621</u>
NET CHANGE IN FUND BALANCE	(6,680,515)	(15,100)	22,037
Fund Balance - Beginning of Year	271,567	790,375	580,795
FUND BALANCE - END OF YEAR	<u>\$ (6,408,948)</u>	<u>\$ 775,275</u>	<u>\$ 602,832</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
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2018)**

Capital Projects	Funds		Total Governmental Funds	
	Debt Service	OPEB Debt Service	2019	2018
\$ -	\$ 7,031,632	\$ 343,767	\$ 12,219,836	\$ 11,269,111
8,523	74,838	3,277	129,831	228,324
-	-	-	5,498,498	5,064,200
-	492,268	2,695	37,144,877	34,834,094
-	-	-	1,427,188	1,446,504
<u>8,523</u>	<u>7,598,738</u>	<u>349,739</u>	<u>56,420,230</u>	<u>52,842,233</u>
-	-	-	1,358,490	1,303,289
-	-	-	1,983,132	1,925,605
-	-	-	21,752,173	20,802,447
-	-	-	588,221	711,686
-	-	-	9,129,068	8,527,165
-	-	-	2,933,530	2,923,134
-	-	-	4,203,476	3,719,856
-	-	-	4,157,649	3,868,754
-	-	-	108,415	102,927
-	-	-	2,384,528	2,326,242
-	-	-	3,286,611	3,151,633
1,408,120	-	-	5,020,346	23,414,733
-	3,780,000	330,000	4,355,897	3,290,498
-	4,479,829	20,275	4,557,799	4,001,264
-	94,585	-	94,585	179,507
<u>1,408,120</u>	<u>8,354,414</u>	<u>350,275</u>	<u>65,913,920</u>	<u>80,248,740</u>
(1,399,597)	(755,676)	(536)	(9,493,690)	(27,406,507)
-	-	-	3,604	12,450
-	7,105,000	-	7,105,000	12,330,000
-	-	-	160,699	-
2,421,650	86,350	-	3,008,000	-
-	305,242	-	305,242	561,311
-	(7,240,000)	-	(7,240,000)	-
-	-	-	70,621	74,515
-	-	-	(70,621)	(74,515)
<u>2,421,650</u>	<u>256,592</u>	<u>-</u>	<u>3,342,545</u>	<u>12,903,761</u>
1,022,053	(499,084)	(536)	(6,151,145)	(14,502,746)
(126,014)	1,976,207	73,387	3,566,317	18,069,063
<u>\$ 896,039</u>	<u>\$ 1,477,123</u>	<u>\$ 72,851</u>	<u>\$ (2,584,828)</u>	<u>\$ 3,566,317</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, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2018)**

	2019	2018
Net Change in Fund Balance-Total Governmental Funds	\$ (6,151,145)	\$ (14,502,746)

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	5,634,612	22,661,340
Depreciation Expense	(5,378,742)	(4,579,453)

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.

Other Financing Source - Capital Lease	(160,699)	-
Principal Payments - Capital Leases	164,610	152,671

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	(7,105,000)	(12,330,000)
Lease Purchase Proceeds	(3,008,000)	-
Bond Premium	(305,242)	(561,311)
Deferred Loss (Gain) on Refunding	(196,651)	-
Repayment of Bond Principal	11,230,000	3,110,000
Repayment of Certificate of Participation	120,000	-
Repayment of Lease Purchase Principal	81,287	27,827
Change in Accrued Interest Expense - General Obligation Bonds	(109,617)	(81,747)
Amortization of Bond Premium	636,410	505,276
Amortization of Bond Discount	(494)	(12,581)
Amortization of Gain (Loss) on Refunding	(56,983)	(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, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2018)**

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.	\$ 51,561	\$ (6,860)
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.	(714,059)	(566,497)
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.	9,243,685	(11,897,884)
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).	(85,660)	15,656
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.	(59,450)	(54,474)
Change in Net Position of Governmental Activities	<u>\$ 3,830,423</u>	<u>\$ (18,135,266)</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, 2019**

	Budgeted Amounts		Actual Amounts	Over (Under)
	Original	Final		Final Budget
REVENUES				
Local Sources:				
Property Taxes	\$ 4,589,122	\$ 4,511,518	\$ 4,625,179	\$ 113,661
Earnings on Investments	48,000	80,000	10,130	(69,870)
Other	1,057,776	1,179,176	1,203,528	24,352
State Sources	37,106,886	36,385,814	36,125,653	(260,161)
Federal Sources	861,259	810,690	854,790	44,100
Total Revenues	<u>43,663,043</u>	<u>42,967,198</u>	<u>42,819,280</u>	<u>(147,918)</u>
EXPENDITURES				
Current:				
Administration	1,345,974	1,345,792	1,358,490	12,698
District Support Services	1,826,958	1,951,984	1,983,132	31,148
Elementary and Secondary Regular Instruction	20,939,020	21,690,691	21,752,173	61,482
Vocational Education Instruction	657,131	569,695	588,221	18,526
Special Education Instruction	8,671,732	9,464,345	9,129,068	(335,277)
Instructional Support Services	2,986,116	3,013,133	2,933,530	(79,603)
Pupil Support Services	3,521,365	3,975,157	4,203,476	228,319
Sites and Buildings	3,828,897	4,404,390	4,157,649	(246,741)
Fiscal and Other Fixed Cost Programs	215,250	337,760	108,415	(229,345)
Capital Outlay	1,110,537	3,072,064	3,578,452	506,388
Debt Service:				
Principal	178,574	260,074	243,328	(16,746)
Interest and Fiscal Charges	-	85,000	57,543	(27,457)
Total Expenditures	<u>45,281,554</u>	<u>50,170,085</u>	<u>50,093,477</u>	<u>(76,608)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,618,511)	(7,202,887)	(7,274,197)	(71,310)
OTHER FINANCING SOURCES				
Lease Purchase Agreement Proceeds	-	-	500,000	500,000
Sale of Capital Assets	2,000	2,000	3,604	1,604
Bond Proceeds	-	5,500,000	-	(5,500,000)
Loan Redemption	-	(4,985,000)	-	4,985,000
Issuance of Capital Lease	-	-	160,699	160,699
Transfers Out	-	(75,000)	(70,621)	4,379
Total Other Financing Sources	<u>2,000</u>	<u>442,000</u>	<u>593,682</u>	<u>151,682</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,616,511)</u>	<u>\$ (6,760,887)</u>	(6,680,515)	<u>\$ 80,372</u>
FUND BALANCE				
Beginning of Year			<u>271,567</u>	
End of Year			<u>\$ (6,408,948)</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, 2019**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Earnings on Investments	\$ 6,000	\$ 10,000	\$ 16,243	\$ 6,243
Other - Primarily Meal Sales	1,575,345	1,719,850	1,691,815	(28,035)
State Sources	137,500	114,116	121,380	7,264
Federal Sources	625,000	500,245	572,398	72,153
Total Revenues	<u>2,343,845</u>	<u>2,344,211</u>	<u>2,401,836</u>	<u>57,625</u>
EXPENDITURES				
Current:				
Food Service	2,346,155	2,350,509	2,384,528	34,019
Capital Outlay	54,000	35,000	32,408	(2,592)
Total Expenditures	<u>2,400,155</u>	<u>2,385,509</u>	<u>2,416,936</u>	<u>31,427</u>
NET CHANGE IN FUND BALANCE	<u>\$ (56,310)</u>	<u>\$ (41,298)</u>	(15,100)	<u>\$ 26,198</u>
FUND BALANCE				
Beginning of Year			<u>790,375</u>	
End of Year			<u>\$ 775,275</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, 2019**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 218,956	\$ 218,956	\$ 219,258	\$ 302
Earnings on Investments	1,200	12,000	16,820	4,820
Other - Primarily Tuition and Fees	2,372,750	2,597,250	2,603,155	5,905
State Sources	<u>379,003</u>	<u>379,003</u>	<u>402,881</u>	<u>23,878</u>
Total Revenues	2,971,909	3,207,209	3,242,114	34,905
EXPENDITURES				
Current:				
Community Service	2,955,356	3,243,059	3,286,611	43,552
Capital Outlay	12,540	1,500	1,366	(134)
Debt Service:				
Principal	13,528	3,500	2,569	(931)
Interest and Fiscal Charges	<u>1,264</u>	<u>-</u>	<u>152</u>	<u>152</u>
Total Expenditures	<u>2,982,688</u>	<u>3,248,059</u>	<u>3,290,698</u>	<u>42,639</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,779)	(40,850)	(48,584)	(7,734)
OTHER FINANCING SOURCES				
Transfer In	<u>-</u>	<u>75,000</u>	<u>70,621</u>	<u>(4,379)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (10,779)</u>	<u>\$ 34,150</u>	22,037	<u>\$ (12,113)</u>
FUND BALANCE				
Beginning of Year			<u>580,795</u>	
End of Year			<u>\$ 602,832</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, 2019
 (WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2018)

	Governmental Activities - Internal Service Funds	
	2019	2018
ASSETS		
Current Assets:		
Cash and Investments	\$ 298,516	\$ 356,368
LIABILITIES		
Current Liabilities:		
Accounts Payable	11,412	9,814
NET POSITION		
Unrestricted	\$ 287,104	\$ 346,554

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, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2018)**

	Governmental Activities - Internal Service Funds	
	2019	2018
OPERATING REVENUES		
Charges for Services	\$ 368,267	\$ 329,227
OPERATING EXPENSES		
Dental Insurance Claim Payments	434,330	389,101
OPERATING INCOME	(66,063)	(59,874)
NONOPERATING INCOME		
Earnings on Investments	6,613	5,400
CHANGE IN NET POSITION	(59,450)	(54,474)
Total Net Position - Beginning of Year	346,554	401,028
TOTAL NET POSITION - END OF YEAR	\$ 287,104	\$ 346,554

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, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2018)**

	Governmental Activities - Internal Service Funds	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Interfund Services Provided	\$ 368,267	\$ 329,227
Payments for Dental Fees and Insurance Claims	(432,732)	(395,299)
Net Cash Used by Operating Activities	(64,465)	(66,072)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	6,613	5,400
Net Decrease in Cash and Cash Equivalents	(57,852)	(60,672)
Cash and Cash Equivalents - Beginning of Year	356,368	417,040
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 298,516	\$ 356,368
Displayed on Statements of Fund Net Position as Cash and Investments	\$ 298,516	\$ 356,368
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Income	\$ (66,063)	\$ (59,874)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Increase (Decrease) in Accounts Payable	1,598	(6,198)
Net Cash Used by Operating Activities	\$ (64,465)	\$ (66,072)

See accompanying Notes to Basic Financial Statements.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2019**

	Private- Purpose Trust	Irrevocable OPEB Trust
	<u>Trust</u>	<u>Trust</u>
ASSETS		
Cash	\$ 120,412	\$ 40,654
Government and Municipal Securities	-	264,065
Negotiable Certificate of Deposits	-	1,786,800
Interest Receivable	-	47,817
Total Assets	<u>120,412</u>	<u>2,139,336</u>
LIABILITIES		
Accounts Payable	<u>5,397</u>	<u>-</u>
NET POSITION		
Restricted for Scholarships	115,015	-
Restricted for OPEB Benefits	<u>-</u>	<u>2,139,336</u>
Total Net Position	<u>\$ 115,015</u>	<u>\$ 2,139,336</u>

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2019**

	Private- Purpose Trust	Irrevocable OPEB Trust
	<u>Trust</u>	<u>Trust</u>
ADDITIONS		
Gifts and Donations	\$ 24,821	\$ -
Investment Income:		
Net Increase (Decrease) in Fair Value of Investments	2,161	38,315
Interest and Dividends	-	5,724
Less Investment Expense	-	(250)
Net Investment Income	<u>2,161</u>	<u>43,789</u>
Total Additions	26,982	43,789
DEDUCTIONS		
OPEB Health Insurance Payments	-	243,601
Scholarships Awarded	15,572	-
Total Deductions	<u>15,572</u>	<u>243,601</u>
CHANGE IN NET POSITION	11,410	(199,812)
Net Position - Beginning of Year	<u>103,605</u>	<u>2,339,148</u>
NET POSITION - END OF YEAR	<u>\$ 115,015</u>	<u>\$ 2,139,336</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, 2019**

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

C. Basic Financial Statement Presentation

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary 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, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation (Continued)

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

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

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Fiduciary funds are presented in the fiduciary fund financial statements by type: 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 are reported in the appropriate functional activity.

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

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

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

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, 2019**

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, 2019**

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, 2019**

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 2018 Pay 2019 levy, normally revenue for the 2018-2019 fiscal year, are also advance recognized at June 30, 2019, 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, 2019**

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, 2019, 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, 2019**

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, 2019, a liability for vacation pay totaling \$279,470 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, 2019, a liability for this sick leave bank of \$78,151 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 \$11,599 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, 2019**

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.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

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 accounting principles generally accepted in the United States of America. The summarized information does not reflect the prior period adjustment disclosed in Note 16.

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

A. Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following fund at June 30, 2019.

	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Special Revenue Funds			
Food Service Fund	\$ 2,385,509	\$ 2,416,936	\$ 31,427
Community Service Fund	3,248,059	3,290,698	42,639

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

B. Transfers in/Transfers Out

	<u>Transfer In: Community Service Fund</u>
<u>Transfer Out:</u>	
General Fund	\$ 70,621

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.

C. Deficit Fund Balance

The General Fund had a deficit fund balance of \$6,408,948 as of the end of the year. This deficit will be eliminated through a decrease in expenditures and an increase in revenues.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

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, 2019 were entirely covered by federal depository insurance or by collateral in accordance with Minnesota Statutes.

B. Investments

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

- 1) Direct obligations or obligations guaranteed by the United States or its agencies
- 2) Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of thirteen months or less
- 3) General obligations rated "A" or better; revenue obligations rated "AA" or better
- 4) General obligations of the Minnesota Housing Finance Agency rate "A" or better
- 5) Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System
- 6) Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by a least two nationally recognized rating agencies, and maturing in 270 days or less

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

- 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 -

	Amount
MN Trust Shares Portfolio	\$ 5,899,402
MN Trust Term Series	4,500,000
Total	\$ 10,399,402

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

**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 to12 Months	13 to 36 Months
MN Trust Investment Shares Portfolio	\$ 5,899,402	\$ 5,899,402	\$ -	\$ -
State and Local Obligations	264,065	-	-	264,065
MN Trust Term Series	4,500,000	4,500,000	-	-
Total	\$ 10,663,467	\$ 10,399,402	\$ -	\$ 264,065

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Custodial Credit Risk –

For an investment, custodial risk is the risk that, in the event of failure of the counterparty, the 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, 2019, 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:

<u>Type</u>	<u>Quality Rating</u>	<u>Amount</u>
MN Trust Investment Shares Portfolio	AAAm	\$ 5,899,402
State and Local Obligations	Aa2/AA-	264,065
MN Trust Term Series	Not Rated	4,500,000
Total		<u>\$ 10,663,467</u>

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

Total Deposits	\$ 2,566,088
MN Trust Shares Portfolio	5,899,402
MN Trust Term Series	4,500,000
State and Local Obligations	264,065
Total	<u>\$ 13,229,555</u>
Statement of Net Position	
Cash and Investments	\$ 11,017,624
Trust Fund Cash and Investments	2,211,931
	<u>\$ 13,229,555</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.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Fair Value Measurements (Continued)

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

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

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

Assets measured at fair value on a recurring basis:

<u>Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Government/Agency Obligations	<u>\$ 264,065</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 264,065</u>

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance as Restated	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 5,524,742	\$ -	\$ -	\$ 5,524,742
Construction in Progress	2,023,055	5,401,104	(6,544,359)	879,800
Total Capital Assets, Not Being Depreciated	<u>7,547,797</u>	<u>5,401,104</u>	<u>(6,544,359)</u>	<u>6,404,542</u>
Capital Assets, Being Depreciated:				
Land Improvements	4,215,464	-	-	4,215,464
Buildings and Improvements	168,507,889	6,544,359	-	175,052,248
Equipment	9,272,141	233,508	-	9,505,649
Total Capital Assets, Being Depreciated	<u>181,995,494</u>	<u>6,777,867</u>	<u>-</u>	<u>188,773,361</u>
Accumulated Depreciation for:				
Land Improvements	(3,063,730)	(159,044)	-	(3,222,774)
Buildings and Improvements	(36,578,353)	(4,727,080)	-	(41,305,433)
Equipment	(6,973,278)	(492,618)	-	(7,465,896)
Total Accumulated Depreciation	<u>(46,615,361)</u>	<u>(5,378,742)</u>	<u>-</u>	<u>(51,994,103)</u>
Total Capital Assets, Being Depreciated, Net	<u>135,380,133</u>	<u>1,399,125</u>	<u>-</u>	<u>136,779,258</u>
Governmental Activities Capital Assets, Net	<u>\$ 142,927,930</u>	<u>\$ 6,800,229</u>	<u>\$ (6,544,359)</u>	<u>\$ 143,183,800</u>

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

Governmental Activities	
Administrative Services	\$ 146,461
District Support Services	18,270
Regular Instruction	4,692,265
Special Education	2,285
Vocational Instruction	2,581
Community Education	4,673
Instructional Support	49,902
Food Service	22,386
Sites, Buildings, and Equipment	439,919
Total Depreciation Expense, Governmental Activities	<u>\$ 5,378,742</u>

NOTE 5 AID ANTICIPATION CERTIFICATES

On January 28, 2019 the District Sold General Obligation Aid Anticipation Certificates, Series 2019A in the amount of \$4,985,000 at an interest rate of 3.00%. These Certificates mature September 30, 2019 and will have interest expense of \$100,531.

	2018	Additions	Retirements	2019
2019A Aid Anticipation Certificate	<u>\$ -</u>	<u>\$ 4,985,000</u>	<u>\$ -</u>	<u>\$ 4,985,000</u>

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 6 LONG-TERM LIABILITIES

The District has issued general obligation school building bonds to finance the construction of capital facilities or to refinance previous bond issues. Assets of the Debt Service Fund, together with scheduled future tax levies are dedicated for the retirement of these bonds and loans. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

A. Components of Long-Term Debt

Issue Date	Net Interest Rate	Original Issue	Final Maturity	Principal Outstanding	
				Due Within One Year	Total
5/1/2013	2.00% - 2.13%	1,435,000	2/1/2024	\$ 125,000	\$ 665,000
1/13/2015	3.00% - 5.00%	17,555,000	2/1/2026	1,125,000	16,520,000
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	505,000	5,330,000
9/29/2016	3.00% - 5.00%	5,405,000	2/1/2037	445,000	5,125,000
9/14/2017	2.00% - 3.00%	5,040,000	2/1/2033	295,000	4,795,000
9/14/2017	2.00% - 4.00%	7,290,000	2/1/2033	405,000	6,980,000
10/22/2018	5.00%	7,105,000	2/1/2022	1,895,000	5,135,000
Total General Obligation Bonds				4,795,000	119,550,000
Bond Premium - Net				-	4,678,496
Certificates of Participation				125,000	3,040,000
Lease Purchase Obligations				62,273	2,926,713
Capital Lease Obligations				55,570	205,454
Compensated Absences Payable				369,220	369,220
Total				<u>\$ 5,407,063</u>	<u>\$ 130,769,883</u>

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.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

A. Components of Long-Term Debt (Continued)

2. General Obligation Capital Facilities Bonds (Continued)

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. These bonds were paid in full as of June 30, 2019.

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.

On October 22, 2018, the District issued \$7,105,000 of General Obligation School Building Refunding Bonds, Series 2018A to advance refund the General Obligation School Building Refunding Bonds, Series 2009A dated February 19, 2009.

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. These bonds were paid in full as of June 30, 2019.

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.

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.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

A. Components of Long-Term Debt (Continued)

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. Lease Purchase Agreements

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

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

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

8. Capital Lease

On April 15, 2019, the District entered into a lease for copier equipment. Payments on the lease are due quarterly and commenced in April 2019. Capital assets relating to the lease had a cost of \$160,699, and no current year depreciation or accumulated depreciation at June 30, 2019.

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 \$85,824 for the year ended June 30, 2019.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

B. Minimum Debt Payments

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

Year Ending June 30,	General Obligation Bonds Payable		Lease Purchase Agreement		Capital Leases Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 4,920,000	\$ 4,245,769	\$ 62,273	\$ 105,363	\$ 55,570	\$ 8,510
2021	5,315,000	4,068,919	220,101	118,661	57,818	6,263
2022	5,735,000	3,858,419	229,057	109,433	32,064	3,920
2023	6,020,000	3,627,369	239,148	99,829	33,661	2,323
2024	6,230,000	3,396,494	249,378	89,799	26,341	647
2025 - 2029	30,295,000	13,601,631	1,064,756	305,814	-	-
20230 - 2034	31,650,000	8,935,211	723,000	112,894	-	-
2035 - 2039	32,425,000	3,547,356	139,000	5,838	-	-
Total	\$ 122,590,000	\$ 45,281,167	\$ 2,926,713	\$ 947,631	\$ 205,454	\$ 21,663

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, 2019:

Capital Leases	
Year Ending June 30,	Amount
2020	\$ 64,080
2021	64,081
2022	35,984
2023	35,984
2024	26,988
Total Minimum Lease Payments	227,117
Less: Amounts Representing Interest	21,663
Present Value of Net Minimum Lease Payments	<u>\$ 205,454</u>

C. Description of Long-Term Debt

Compensated Absences Payable

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

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Debt (Continued)

Arbitrage Rebate Liability

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

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

D. Changes in Long-Term Debt

	June 30, 2018	Net Additions	Retirements	June 30, 2019
Bonds Payable	\$ 123,675,000	\$ 7,105,000	\$ 11,230,000	\$ 119,550,000
Bond Premium	5,009,664	305,242	636,410	4,678,496
Bond Discounts	(494)	-	(494)	-
Certificates of Participation Payable	3,160,000	-	120,000	3,040,000
Lease Purchase Agreement	-	3,008,000	81,287	2,926,713
Capital Lease Obligations Payable	209,365	160,699	164,610	205,454
Compensated Absences Payable	283,560	461,203	375,543	369,220
Total	\$ 132,337,095	\$ 11,040,144	\$ 12,607,356	\$ 130,769,883

NOTE 7 RESTRICTED AND ASSIGNED FUND BALANCE

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

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

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 RESTRICTED AND ASSIGNED FUND BALANCE (CONTINUED)

Restricted and assigned fund balances at June 30, 2019 are as follows:

A. 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.

B. Restricted for Basic Skills Program

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

C. 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.

D. Restricted for Safe Schools

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

E. Restricted for Community Education Programs

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

F. Restricted for Early Childhood and Family Education Programs

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

G. Restricted for School Readiness

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

H. Restricted for Projects Funded by Certificates of Participation

Represents resources restricted for building projects funded by certificates of participation.

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.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 RESTRICTED AND ASSIGNED FUND BALANCE (CONTINUED)

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	\$ 753,863
Restricted for Community Service	51,901
Restricted for OPEB Debt Service	72,851
Restricted for Bond Payments	<u>1,477,123</u>
Total Other Restricted	<u><u>\$ 2,355,738</u></u>

NOTE 8 PENSION PLANS

A. Plan Description

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

1. General Employees Retirement Plan

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

2. Teachers Retirement Fund (TRA)

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

Educators employed in Minnesota's public elementary and secondary schools, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those employed by St. Paul schools or University of Minnesota System).

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 PENSION PLANS (CONTINUED)

B. Benefits Provided

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

1. General Employees Plan Benefits

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

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. If the General Employees Plan is at least 90 percent funded for two consecutive years, benefit recipients are given a 2.5 percent increase. If the plan has not exceeded 90 percent funded, or have fallen below 80 percent, benefit recipients are given a one percent increase. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30, will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30, will receive a pro rata increase.

2. TRA Benefits

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

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

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

Tier I Benefits

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

With these provisions:

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

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 8 PENSION PLANS (CONTINUED)

C. Contributions

1. General Employees Plan Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature. Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2019 and the District was required to contribute 7.50% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2019, were \$593,382. The District's contributions were equal to the required contributions as set by state statute.

2. TRA Contributions

Per *Minnesota Statutes*, Chapter 354 rates for the fiscal year for coordinated were 7.5% for the employee and 7.71% for the employer. Basic rates were 11.00% for the employee and 11.71% for the employer. The District's contributions to TRA for the plan's fiscal year ended June 30, 2019 were \$1,673,059. 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, 2019, the District reported a liability of \$6,196,658 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million to the fund in 2018. The state of Minnesota is considered a nonemployer contributing entity and the State's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the District totaled \$203,325, for a total net pension liability of \$6,399,983 associated with the District. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017 through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers.

At June 30, 2018, the District's proportionate share was .1117% which was an increase of .0032% from its proportionate share measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$448,938 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized an additional \$47,415 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the General Employees Fund.

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INDEPENDENT SCHOOL DISTRICT NO. 110
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JUNE 30, 2019**

NOTE 8 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Plan Pension Costs (Continued)

At June 30, 2019, the District reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 164,016	180,730
Changes in Actuarial Assumptions	591,938	696,261
Net Difference Between Projected and Actual Earnings	-	633,200
Changes in Proportion	408,385	-
District Contributions Subsequent to the Measurement Date	593,382	-
Total	<u>\$ 1,757,721</u>	<u>\$ 1,510,191</u>

\$593,382 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expenses Amount
2020	\$ 410,166
2021	(175,401)
2022	(451,283)
2023	(129,334)

2. TRA Pension Costs

At June 30, 2019 the District reported a liability of \$23,556,918 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2018, 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 .3751% at the end of the measurement period and .3578% at the beginning of the period.

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

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INDEPENDENT SCHOOL DISTRICT NO. 110
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NOTE 8 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs

Description	Amount
District's Proportionate Share of the TRA Net Pension Liability	\$ 23,556,918
State's Proportionate Share of TRA's Net Pension Liability Associated with the District	2,213,237
Total	<u>\$ 25,770,155</u>

For the year ended June 30, 2019, the District recognized negative pension expense of \$7,430,335. It also recognized \$1,544,697 as a decrease to pension expense and negative grant revenue for the support provided by direct aid.

At June 30, 2019, the District reported its proportionate share of the TRA's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 251,263	475,061
Changes in Actuarial Assumptions	30,416,341	40,167,465
Net Difference Between Projected and Actual Investment Earnings	-	1,826,833
Changes in Proportion	3,440,073	134,827
District Contributions Subsequent to the Measurement Date	1,673,059	-
Total	<u>\$ 35,780,736</u>	<u>\$ 42,604,186</u>

\$1,673,059 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expenses Amount
2020	\$ 3,111,383
2021	2,163,554
2022	669,566
2023	(8,421,093)
2024	(6,019,919)

**WACONIA PUBLIC SCHOOLS
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JUNE 30, 2019**

NOTE 8 PENSION PLANS (CONTINUED)

E. Actuarial Assumptions

The total pension liability in the June 30, 2018, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Assumptions	PERA	TRA
Inflation	2.50% per Year	2.50%
Salary Growth	11.25% after 1 year of service decreasing to 3.25% per year after 26 years	2.85% for 10 years and 3.25%, thereafter
Investment Rate of Return	7.50%	7.50%

PERA Salary increases were based on a service-related table. PERA mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. PERA cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan.

Actuarial assumptions used in the PERA June 30, 2018 valuation were based on the results of actuarial experience studies. The most recent six-year experience study in the General Employees Plan was completed in 2015. Economic assumptions were updated in 2017 based on a review of inflation and investment return assumptions.

TRA pre-retirement mortality rates were based on the RP-2014 white collar employee table, male rates set back 6 years and female rates set back 5 years. Generational projection uses the MP-2015 scale. Post-retirement mortality rates were based on the RP-2014 white collar annuitant table, male rates set back 3 years and female rates set back 3 years, with further adjustments of the rates. Generational projection uses the MP-2015 scale. Post-disability mortality rates were based on the RP-2014 disabled retiree mortality table, without adjustment. TRA cost of living benefit increases 1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

TRA assumptions are based on the full experience study dated June 2015 and the study of the economic assumptions presented to the Board in November 2017.

The following changes in actuarial assumptions for PERA occurred in 2018:

- The morality projection scale was changed from MP-2015 to MP-20.
- The assumed post-retirement benefit increase was changed from 1.0 percent per year through 2044 and 2.50% per year thereafter to 1.25% per year.

**WACONIA PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

The following changes in actuarial assumptions for TRA occurred in 2018:

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next four years, (7.92% in 2019, 8.13% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.
- The single discount rate was changed from 5.12% to 7.5%.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	36 %	5.10 %
International Stocks	17	5.30
Bonds (Fixed Income)	20	0.75
Alternative Assets (Private Markets)	25	5.90
Cash	2	-
Totals	<u>100 %</u>	

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NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 8 PENSION PLANS (CONTINUED)

F. Discount Rate

The discount rate used to measure the PERA General Employees Plan liability in 2018 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 positions of the General Employees Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate used to measure the TRA pension liability was 7.50%. This is an increase from the discount rate at the prior measurement date of 5.12%. The projection of cash flows used to determine the discount rate assumed that employee contribution will be made at the fiscal year 2018 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

G. Pension Liability Sensitivity

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

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 PERA Net Pension Liability	\$ 10,070,363	\$ 6,196,658	\$ 2,999,025
TRA Discount Rate	6.50%	7.50%	8.50%
District's Proportionate Share of the TRA Net Pension Liability	\$ 37,389,293	\$ 23,556,918	\$ 12,150,543

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.

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

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NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN

A. Plan Description

The District operates and administers a single-employer defined benefit other postemployment benefit plan (the Plan) that provides health and dental insurance to retired and active eligible employees and their spouses through the District's health insurance plan. There are 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 a qualified irrevocable trust which are included as a fiduciary fund in these financial statements. The District's investment policy is to follow state statutes as listed in Note 3. 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 2019, the District contributed \$-0- to the plan.

C. Net OPEB Liability of the District

The components of the net OPEB liability of the District at June 30, 2019, were as follows:

Total OPEB Liability	\$ 6,545,174
Plan Fiduciary Net Position	<u>2,139,336</u>
District's Net OPEB Liability	<u>\$ 4,405,838</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	32.69%

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, 2019, 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.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

D. Actuarial Methods and Assumptions (Continued)

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	2.00%
	6.25% grading to 5.00% over
Health Care Trend Rates	5years
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.

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

Asset Class	Long-Term Expected Real Rate of Return	Long-Term Expected Nominal Rate of Return
Domestic Equity	0.00%	0.00%
International Equity	0.00%	0.00%
Fixed Income	99.00%	2.00%
Real Estate and Alternatives	0.00%	0.00%
Cash and Equivalents	1.00%	1.00%
Net Assumed Investment Return (Weighted Avg, Rounded to 1/4%)		2.00%

For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 2%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

D. Actuarial Methods and Assumptions (Continued)

The discount rate used to measure the total OPEB liability was 3.10%. 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 expected long-term investment return was changed from 2.50% to 2.00%.
- The discount rate was changed from 3.30% to 3.10%.

E. Changes in the Net OPEB Liability

	Increase (Decrease)		Net OPEB Liability (Asset) (a) - (b)
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	
Balances at June 30, 2018	\$ 5,962,156	\$ 2,339,148	\$ 3,623,008
Changes for the Year:			
Service Cost	531,265	-	531,265
Interest	210,296	-	210,296
Assumption Changes	85,058	-	85,058
Differences Between Expected and Actual Experience	-	(2,744)	2,744
Contributions-Employer	-	-	-
Net Investment income	-	46,783	(46,783)
Benefit Payments	(243,601)	(243,601)	-
Administrative Expense	-	(250)	250
Net Changes	<u>583,018</u>	<u>(199,812)</u>	<u>782,830</u>
Balances at June 30, 2019	<u>\$ 6,545,174</u>	<u>\$ 2,139,336</u>	<u>\$ 4,405,838</u>

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

	1% Decrease (2.10%)	Discount Rate (3.10%)	1% Increase (4.10%)
Net OPEB Liability	\$ 4,931,086	\$ 4,405,838	\$ 3,905,525

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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

E. Changes in the Net OPEB Liability (Continued)

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

	Healthcare Cost		
	1% Decrease (Medical 5.25% decreasing to 4.00% over 5 years, Dental 3.00%)	Current Trend Rates (Medical 6.25% decreasing to 5.00% over 5 years, Dental 4.00%)	1% Increase (Medical 7.25% decreasing to 6.00% over 5 years, Dental 5.00%)
Net OPEB Liability	\$ 3,483,572	\$ 4,405,838	\$ 5,530,975

For the year ended June 30, 2019, the District recognized OPEB expense of \$714,059. At June 30, 2019, 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	\$ 84,319	\$ -
Change of Assumptions	72,906	82,347
Net Difference Between Projected and Actual Investment Earnings	16,565	-
Total	<u>\$ 173,790</u>	<u>\$ 82,347</u>

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

<u>Year Ending June 30,</u>	<u>Future Recognition</u>
2020	\$ 19,031
2021	19,029
2022	15,598
2023	13,095
2024	12,544
Thereafter	12,146
	<u>\$ 91,443</u>

**WACONIA PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 10 FLEXIBLE BENEFIT PLAN

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

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

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

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

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

NOTE 11 JOINTLY GOVERNED ORGANIZATION

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

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 12 COMMITMENTS AND CONTINGENCIES

Federal and State Programs

Amounts received or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Outstanding Contracts

The District had construction commitments in the amount of \$1,023,617 as of the end of the year.

NOTE 13 DENTAL SELF-INSURANCE PLAN

The District maintains an Internal Service Fund to account for and finance a self-insurance program for dental benefits. Accordingly, the District has not purchased outside insurance for the risks of losses to which it is exposed. Instead, the District management believes it is more economical to manage its risks internally and set aside assets for claim settlement. The Internal Service Fund currently services all claims and risk of loss to which the District is exposed for dental expenses. Participants in the program make premium payments to the fund based on the insurance premium.

District liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing a claim liability does not necessarily result in an exact amount. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

There were no liabilities in excess of claims paid at June 30, 2019. 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 \$287,013 in cash and investments at June 30, 2019 for payment of claims.

Changes in the balance of claim liabilities during fiscal year 2019 and 2018 were as follows:

	<u>Year Ended</u>	
	<u>2019</u>	<u>2018</u>
Beginning of Fiscal Year Liability - Beginning of Year	\$ 9,814	\$ 54,359
Current Year Claims, Changes in Estimates and Other Charges	434,330	280,582
Current Year Claims Paid, Including an Estimate of Claims Incurred but Not Reported (IBNR)	<u>(432,732)</u>	<u>(318,929)</u>
End of Fiscal Year Liability - End of Year	<u>\$ 11,412</u>	<u>\$ 16,012</u>

**WACONIA PUBLIC SCHOOLS
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 14 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters and workers compensation. The District is self-insured for employee related dental. The District is self-insured for property and casualty insurance through Minnesota Insurance Scholastic Trust.

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

NOTE 15 SUBSEQUENT EVENTS

Subsequent to year end the District Sold General Obligation Aid Anticipation Certificates, Series 2019B and 2019C in the amount of \$3,300,000 and 3,700,000, respectively. The Series 2019B and 2019C Aid Anticipation Certificates have interest rates of 2.50% and 2.35%, respectively. These Certificates mature September 30, 2019.

NOTE 16 PRIOR PERIOD RESTATEMENT

There is a prior period restatement of net position in the amount of \$2,023,055 for the year ended June 30, 2018. This restatement is the result of construction in progress that was recorded as expenses in the prior year but not included in capital assets for the year ended June 30, 2018.

	Governmental Activities
Net Position/Fund Balance, June 30, 2018, as Previously Reported	\$ (38,251,304)
Prior Period Restatement	2,023,055
Net Position, June 30, 2018, as Restated	\$ (36,228,249)

REQUIRED SUPPLEMENTARY INFORMATION

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
YEAR ENDED JUNE 30, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability			
Service Cost	\$ 531,265	\$ 499,655	\$ 413,072
Interest	210,296	188,177	173,853
Assumption Changes	85,058	(115,287)	-
Differences Between Expected and Actual Experience	-	118,049	-
Benefit Payments	(243,601)	(216,893)	(234,747)
Net Change in Total OPEB Liability	<u>583,018</u>	<u>473,701</u>	<u>352,178</u>
Total OPEB Liability - Beginning	5,962,156	5,488,455	5,136,277
Total OPEB Liability - Ending (a)	<u>\$ 6,545,174</u>	<u>\$ 5,962,156</u>	<u>\$ 5,488,455</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ -	\$ 66,893	\$ 84,747
Net Investment Income	46,783	48,262	43,719
Differences Between Expected and Actual Experience	(2,744)	-	-
Benefit Payments	(243,601)	(216,893)	(234,747)
Administrative Expenses	(250)	-	-
Net Change in Plan Fiduciary Net Position	<u>(199,812)</u>	<u>(101,738)</u>	<u>(106,281)</u>
Plan Fiduciary Net Position - Beginning	2,339,148	2,440,886	2,547,167
Plan Fiduciary Net Position - Ending (b)	<u>\$ 2,139,336</u>	<u>\$ 2,339,148</u>	<u>\$ 2,440,886</u>
District's Net OPEB Liability - Ending (a) - (b)	\$ 4,405,838	\$ 3,623,008	\$ 3,047,569
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	32.69%	39.23%	44.47%
Covered Employee Payroll	\$ 27,608,850	\$ 26,804,709	\$ 22,691,454
District's Net OPEB Liability as a Percentage of Covered Employee Payroll	15.96%	13.52%	13.43%

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

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

Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2019	2.00%
2018	2.00%
2017	1.70%

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

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

	Measurement Date <u>June 30, 2018</u>	Measurement Date <u>June 30, 2017</u>	Measurement Date <u>June 30, 2016</u>	Measurement Date <u>June 30, 2015</u>	Measurement Date <u>June 30, 2014</u>
PERA					
District's Proportion of the Net Pension Liability	0.1117%	0.1085%	0.1014%	0.0987%	0.1038%
District's Proportionate Share of the Net Pension Liability	\$ 6,196,658	\$ 6,926,568	\$ 8,233,177	\$ 5,115,146	\$ 4,876,004
State's Proportionate Share of the Net Pension Liability Associated with District	<u>203,325</u>	<u>87,118</u>	<u>107,503</u>	<u>-</u>	<u>-</u>
Pension Liability	\$ 6,399,983	\$ 7,013,686	\$ 8,340,680	\$ 5,115,146	\$ 4,876,004
District's Covered Payroll	\$ 7,576,040	\$ 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	81.79%	98.50%	130.93%	88.04%	89.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.53%	75.90%	68.91%	78.20%	78.70%
TRA					
District's Proportion of the Net Pension Liability	0.3751%	0.3578%	0.3408%	0.3228%	0.3445%
District's Proportionate Share of the Net Pension Liability	\$ 23,556,918	\$ 71,423,370	\$ 81,288,931	\$ 19,968,372	\$ 15,874,310
State's Proportionate Share of the Net Pension Liability Associated with District	<u>2,213,237</u>	<u>6,904,490</u>	<u>8,159,126</u>	<u>2,449,348</u>	<u>1,116,630</u>
Total District's and State's Proportionate Share of the Net Pension Liability	\$ 25,770,155	\$ 78,327,860	\$ 89,448,057	\$ 22,417,720	\$ 16,990,940
District's Covered Payroll	\$ 20,716,507	\$ 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	113.71%	337.90%	455.80%	120.83%	100.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.07%	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**

	2019	2018	2017	2016	2015	2014
PERA						
Contractually Required Contribution	\$ 593,382	\$ 568,203	\$ 527,390	\$ 471,607	\$ 429,356	\$ 395,064
Contributions in Relation to the Contractually Required Contribution	<u>(593,382)</u>	<u>(568,203)</u>	<u>(527,390)</u>	<u>(471,607)</u>	<u>(429,356)</u>	<u>(395,064)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 7,911,760	\$ 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%	7.50%	7.39%	7.25%
TRA						
Contractually Required Contribution	\$ 1,673,059	\$ 1,553,738	\$ 1,585,298	\$ 1,337,580	\$ 1,239,458	\$ 1,100,834
Contributions in Relation to the Contractually Required Contribution	<u>(1,673,059)</u>	<u>(1,553,738)</u>	<u>(1,585,298)</u>	<u>(1,337,580)</u>	<u>(1,239,458)</u>	<u>(1,100,834)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 21,699,857	\$ 20,716,507	\$ 21,137,307	\$ 17,834,400	\$ 16,526,173	\$ 15,726,289
Contributions as a Percentage of Covered Payroll	7.71%	7.50%	7.50%	7.50%	7.50%	7.00%

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

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2019**

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

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

2018

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed post-retirement benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

2017

- 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.

2016

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

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

2018

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2019**

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

2018 (Continued)

- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 4 years, (7.92% in 2019, 8.13% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.
- The single discount rate was changed from 5.12% to 7.5%.

2017

- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- The COLA was not assumed to increase to 2.5%, but 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 10 years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.
- The single discount rate was changed from 4.66% to 5.12%.

2016

- There was a change in actuarial assumptions that affected the measurement of the total liability since the prior measurement date.
- Postretirement benefit adjustments are now assumed to stay.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2019**

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

2019

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

2018

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

SUPPLEMENTARY INFORMATION

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
GENERAL FUND
BALANCE SHEET
JUNE 30, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2018)**

	2019	2018
ASSETS		
Cash and Investments	\$ 2,386,410	\$ 2,685,320
Receivables:		
Current Taxes	3,577,666	2,287,056
Delinquent Taxes	33,965	21,567
Accounts Receivable	78,061	40,303
Due from Other Funds	-	150,000
Due from Other Minnesota School Districts	6,784	8,313
Due from Minnesota Department of Education	3,421,598	3,191,426
Due from Other Governmental Units	153,285	188,760
Interest Receivable	774	14,978
Prepaid Items	90,882	51,369
	\$ 9,749,425	\$ 8,639,092
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Salaries Payable	\$ 3,580,063	\$ 3,585,433
Accounts and Contracts Payable	770,380	446,698
Due to Other Minnesota School Districts	148,483	85,931
Interest Payable	62,934	-
Due to Other Governmental Units	7,409	2,516
Short Term Indebtedness	4,985,000	-
Unearned Revenue	284,206	141,721
Total Liabilities	9,838,475	4,262,299
Deferred Inflows of Resources:		
Property Taxes Levied for Subsequent Year	6,285,933	4,103,235
Unavailable Revenue - Delinquent Property Taxes	33,965	1,991
Total Deferred Inflows of Resources	6,319,898	4,105,226
Fund Balance:		
Nonspendable	90,882	51,369
Restricted for:		
Gifted and Talented	230	5,898
Basic Skills Programs	-	147
Health and Safety	-	(22,121)
Operating Capital	431	1,533,114
Safe Schools	15,813	59,481
Long-Term Facilities Maintenance	3,157	357,322
Medical Assistance	6,985	89,661
Assigned for:		
Unassigned	(6,526,446)	(1,803,304)
Total Fund Balance	(6,408,948)	271,567
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 9,749,425	\$ 8,639,092

**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, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2018)**

	2019		Over (Under) Final Budget	2018
	Final Budget	Actual Amounts		Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 4,511,518	\$ 4,625,179	\$ 113,661	\$ 3,882,875
Earnings on Investments	80,000	10,130	(69,870)	36,335
Other	1,179,176	1,203,528	24,352	957,913
State Sources	36,385,814	36,125,653	(260,161)	34,182,303
Federal Sources	810,690	854,790	44,100	921,053
Total Revenues	42,967,198	42,819,280	(147,918)	39,980,479
EXPENDITURES				
Current:				
Administration:				
Salaries	940,258	943,875	3,617	911,065
Employee Benefits	308,217	315,222	7,005	300,444
Purchased Services	38,940	42,829	3,889	35,415
Supplies and Materials	23,717	17,352	(6,365)	23,749
Other Expenditures	34,660	39,212	4,552	32,616
Total Administration	1,345,792	1,358,490	12,698	1,303,289
District Support Services:				
Salaries	1,145,190	1,143,506	(1,684)	1,100,323
Employee Benefits	398,833	423,227	24,394	391,893
Purchased Services	306,400	314,337	7,937	369,252
Supplies and Materials	92,451	87,508	(4,943)	50,431
Capital Expenditures	14,991	175,593	160,602	2,853
Other Expenditures	9,110	14,554	5,444	13,706
Total District Support Services	1,966,975	2,158,725	191,750	1,928,458
Elementary and Secondary Regular Instruction:				
Salaries	15,234,627	15,199,084	(35,543)	14,562,494
Employee Benefits	4,701,186	4,740,120	38,934	4,550,146
Purchased Services	806,626	917,518	110,892	809,266
Supplies and Materials	835,249	772,400	(62,849)	757,608
Capital Expenditures	137,624	122,152	(15,472)	65,441
Other Expenditures	113,003	123,051	10,048	122,933
Total Elementary and Secondary Regular Instruction	21,828,315	21,874,325	46,010	20,867,888

**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, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2018)**

	2019		Over (Under) Final Budget	2018
	Final Budget	Actual Amounts		Actual Amounts
EXPENDITURES (Continued)				
Current (Continued):				
Vocational Education Instruction:				
Salaries	\$ 327,102	\$ 303,564	\$ (23,538)	\$ 400,637
Employee Benefits	107,301	102,868	(4,433)	128,282
Purchased Services	98,650	148,833	50,183	145,022
Supplies and Materials	34,755	32,956	(1,799)	34,308
Other Expenditures	1,887	-	(1,887)	3,437
Total Vocational Education Instruction	569,695	588,221	18,526	711,686
Special Education Instruction:				
Salaries	6,536,022	6,293,211	(242,811)	5,894,312
Employee Benefits	2,651,735	2,527,115	(124,620)	2,316,554
Purchased Services	151,080	231,919	80,839	207,945
Supplies and Materials	119,908	67,491	(52,417)	100,836
Capital Expenditures	12,988	636	(12,352)	763
Other Expenditures	5,600	9,332	3,732	7,518
Total Special Education Instruction	9,477,333	9,129,704	(347,629)	8,527,928
Instructional Support Services:				
Salaries	1,795,653	1,796,291	638	1,795,447
Employee Benefits	643,528	685,828	42,300	646,029
Purchased Services	273,942	195,015	(78,927)	245,568
Supplies and Materials	284,158	243,412	(40,746)	227,294
Capital Expenditures	134,315	103,049	(31,266)	43,670
Other Expenditures	15,852	12,984	(2,868)	8,796
Total Instructional Support Services	3,147,448	3,036,579	(110,869)	2,966,804
Pupil Support Services:				
Salaries	869,162	813,831	(55,331)	775,180
Employee Benefits	312,883	308,316	(4,567)	296,297
Purchased Services	2,743,002	3,039,137	296,135	2,594,531
Supplies and Materials	45,240	37,255	(7,985)	49,838
Capital Expenditures	5,000	-	(5,000)	7,053
Other Expenditures	4,870	4,937	67	4,010
Total Pupil Support Services	3,980,157	4,203,476	223,319	3,726,909

**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, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2018)**

	2019		Over (Under) Final Budget	2018
	Final Budget	Actual Amounts		Actual Amounts
EXPENDITURES (Continued)				
Current (Continued):				
Sites and Buildings:				
Salaries	\$ 1,415,910	\$ 1,420,365	\$ 4,455	\$ 1,298,661
Employee Benefits	535,476	532,487	(2,989)	482,313
Purchased Services	1,831,099	1,574,380	(256,719)	1,503,276
Supplies and Materials	568,200	571,909	3,709	530,381
Capital Expenditures	2,767,146	3,177,022	409,876	12,248
Other Expenditures	53,705	58,508	4,803	54,123
Total Sites and Buildings	7,171,536	7,334,671	163,135	3,881,002
Fiscal and Other Fixed Cost Programs:				
Employee Benefits	229,760	158	(229,602)	-
Purchased Services	108,000	108,257	257	102,927
Total Fiscal and Other Fixed Costs Programs	337,760	108,415	(229,345)	102,927
Debt Service:				
Principal	260,074	243,328	(16,746)	166,908
Interest and Fiscal Charges	85,000	57,543	(27,457)	6,509
Total Debt Service	345,074	300,871	(44,203)	173,417
Total Expenditures	50,170,085	50,093,477	(76,608)	44,190,308
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,202,887)	(7,274,197)	(71,310)	(4,209,829)
OTHER FINANCING SOURCES (USES)				
Lease Purchase Agreement Proceeds	-	500,000	500,000	-
Sale of Capital Assets	2,000	3,604	1,604	12,450
Bond Proceeds	5,500,000	-	(5,500,000)	-
Loan Redemption	(4,985,000)	-	4,985,000	-
Issuance of Capital Lease	-	160,699	160,699	-
Transfers Out	(75,000)	(70,621)	4,379	(74,515)
Total Other Financing Sources	442,000	593,682	151,682	(62,065)
Net Change in Fund Balance	\$ (6,760,887)	(6,680,515)	\$ 80,372	(4,271,894)
FUND BALANCE				
Beginning of Year		271,567		4,543,461
End of Year		\$ (6,408,948)		\$ 271,567

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
FOOD SERVICE SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2018)**

	2019	2018
ASSETS		
Cash and Investments	\$ 884,531	\$ 894,286
Receivables:		
Accounts Receivable	40	162
Due from Federal through the Minnesota Department of Education	974	-
Inventory	21,412	5,122
Total Assets	\$ 906,957	\$ 899,570
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Salaries Payable	\$ 78,345	\$ 64,809
Accounts and Contracts Payable	4,931	3,209
Due to Other Funds	-	781
Unearned Revenue	48,406	40,396
Total Liabilities	131,682	109,195
Fund Balance:		
Nonspendable	21,412	5,122
Restricted for Food Service	753,863	785,253
Total Fund Balance	775,275	790,375
Total Liabilities and Fund Balance	\$ 906,957	\$ 899,570

**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, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2018)**

	2019		Over (Under) Final Budget	2018
	Final Budget	Actual Amounts		Actual Amounts
REVENUES				
Local Sources:				
Earnings on Investments	\$ 10,000	\$ 16,243	\$ 6,243	\$ 10,860
Other - Primarily Meal Sales	1,719,850	1,691,815	(28,035)	1,622,440
State Sources	114,116	121,380	7,264	129,996
Federal Sources	500,245	572,398	72,153	525,451
Total Revenues	<u>2,344,211</u>	<u>2,401,836</u>	<u>57,625</u>	<u>2,288,747</u>
EXPENDITURES				
Current:				
Salaries	778,602	816,977	38,375	771,464
Employee Benefits	400,582	385,177	(15,405)	357,262
Purchased Services	162,025	162,713	688	146,504
Supplies and Materials	1,004,850	1,015,888	11,038	1,050,351
Other Expenditures	4,450	3,773	(677)	661
Capital Outlay	35,000	32,408	(2,592)	56,164
Total Expenditures	<u>2,385,509</u>	<u>2,416,936</u>	<u>31,427</u>	<u>2,382,406</u>
Net Change in Fund Balance	<u>\$ (41,298)</u>	(15,100)	<u>\$ 26,198</u>	(93,659)
FUND BALANCE				
Beginning of Year		<u>790,375</u>		<u>884,034</u>
End of Year		<u>\$ 775,275</u>		<u>\$ 790,375</u>

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
COMMUNITY SERVICE SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2018)**

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and Investments	\$ 892,116	\$ 890,382
Receivables:		
Current Taxes	125,179	114,449
Delinquent Taxes	1,838	1,423
Accounts Receivable	135,385	87,144
Due from Minnesota Department of Education	45,459	33,382
Due from Other Governmental Units	-	217
Prepaid Items	<u>3,132</u>	<u>3,235</u>
 Total Assets	 <u>\$ 1,203,109</u>	 <u>\$ 1,130,232</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Salaries Payable	\$ 98,328	\$ 98,776
Accounts and Contracts Payable	59,613	55,930
Unearned Revenue	<u>204,418</u>	<u>171,837</u>
Total Liabilities	362,359	326,543
 Deferred Inflows of Resources:		
Property Taxes Levied for Subsequent Year	236,080	221,471
Unavailable Revenue - Delinquent Taxes	<u>1,838</u>	<u>1,423</u>
Total Deferred Inflows of Resources	237,918	222,894
 Fund Balance:		
Nonspendable	3,132	3,235
Restricted for Community Education Programs	440,178	441,327
Restricted for Early Childhood and Family Education Programs	63,456	38,651
Restricted for School Readiness	44,165	45,169
Restricted for Community Service	<u>51,901</u>	<u>52,413</u>
Total Fund Balance	<u>602,832</u>	<u>580,795</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 <u>\$ 1,203,109</u>	 <u>\$ 1,130,232</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, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2018)**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Local Sources:				
Property Taxes	\$ 218,956	\$ 218,956	\$ 219,258	\$ 302
Earnings on Investments	1,200	12,000	16,820	4,820
Other - Primarily Tuition and Fees	2,372,750	2,597,250	2,603,155	5,905
State Sources	<u>379,003</u>	<u>379,003</u>	<u>402,881</u>	<u>23,878</u>
Total Revenues	2,971,909	3,207,209	3,242,114	34,905
EXPENDITURES				
Current:				
Community Service	2,955,356	3,243,059	3,286,611	43,552
Capital Outlay	12,540	1,500	1,366	(134)
Debt Service:				
Principal	13,528	3,500	2,569	(931)
Interest and Fiscal Charges	1,264	-	152	152
Total Expenditures	<u>2,982,688</u>	<u>3,248,059</u>	<u>3,290,698</u>	<u>42,639</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,779)	(40,850)	(48,584)	(7,734)
OTHER FINANCING SOURCES				
Transfer In	<u>-</u>	<u>75,000</u>	<u>70,621</u>	<u>(4,379)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (10,779)</u>	<u>\$ 34,150</u>	22,037	<u>\$ (12,113)</u>
FUND BALANCE				
Beginning of Year			<u>580,795</u>	
End of Year			<u>\$ 602,832</u>	

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND
BALANCE SHEET
JUNE 30, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2018)**

	2019	2018
ASSETS		
Cash and Investments	\$ 1,114,866	\$ 2,523,243
Other Receivables		
Due from Other Funds	-	781
Due from Other Governmental Units	106,756	-
	\$ 1,221,622	\$ 2,524,024
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts and Contracts Payable	\$ 325,469	\$ 2,650,038
Due to Other Governmental Units	114	-
Total Liabilities	325,583	2,650,038
 Fund Balance		
Restricted for Projects Funded by COP	896,039	-
Restricted for Long-Term Facilities Maintenance	-	(126,014)
Total Fund Balance	896,039	(126,014)
Total Fund Liabilities and Fund Balance	\$ 1,221,622	\$ 2,524,024

**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, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2018)**

	2019		Over (Under) Final Budget	2018
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
REVENUES				
Local Sources:				
Earnings on Investments	\$ 15,000	\$ 8,523	\$ (6,477)	\$ 119,100
Other	-	-	-	15,000
Total Revenues	<u>15,000</u>	<u>8,523</u>	<u>(6,477)</u>	<u>134,100</u>
EXPENDITURES				
Current:				
Salaries	-	-	-	78,860
Employee Benefits	-	-	-	11,789
Purchased Services	-	4,622	4,622	540,644
Supplies and Materials	-	-	-	743
Sights and Buildings	621,569	731,666	110,097	2,960,999
Debt Service:				
Bond Issuance Costs	-	-	-	84,922
Capital Outlay	<u>1,739,750</u>	<u>671,832</u>	<u>(1,067,918)</u>	<u>19,627,890</u>
Total Expenditures	<u>2,361,319</u>	<u>1,408,120</u>	<u>(953,199)</u>	<u>23,305,847</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,346,319)	(1,399,597)	946,722	(23,171,747)
OTHER FINANCING SOURCES (USES)				
Lease Purchase Agreement Proceeds	2,421,569	2,421,650	81	12,330,000
Bond Premium	-	-	-	561,311
Total Other Financing Sources	<u>2,421,569</u>	<u>2,421,650</u>	<u>81</u>	<u>12,891,311</u>
Net Change in Fund Balance	<u>\$ 75,250</u>	1,022,053	<u>\$ 946,803</u>	(10,280,436)
Beginning of Year		<u>(126,014)</u>		<u>10,154,422</u>
End of Year		<u>\$ 896,039</u>		<u>\$ (126,014)</u>

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
DEBT SERVICE FUND
BALANCE SHEET
JUNE 30, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2018)**

	2019	2018
ASSETS		
Cash and Investments	\$ 5,368,604	\$ 5,513,484
Receivables:		
Current Taxes	4,597,207	3,799,102
Delinquent Taxes	55,174	36,800
Accounts and Interest Receivable	155	-
Due from Minnesota Department of Education	49,136	15,177
Total Assets	\$ 10,070,276	\$ 9,364,563
 DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Deferred Inflows of Resources:		
Property Taxes Levied for Subsequent Year	\$ 8,537,979	\$ 7,351,556
Unavailable Revenue - Delinquent Taxes	55,174	36,800
Total Deferred Inflows of Resources	8,593,153	7,388,356
Fund Balance:		
Restricted for Debt Service	1,477,123	1,976,207
Total Deferred Inflows of Resources and Fund Balance	\$ 10,070,276	\$ 9,364,563

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL JUNE 30, 2019
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2018)**

	2019		Over (Under) Final Budget	2018
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
REVENUES				
Local Sources:				
Property Tax	\$ 7,283,201	\$ 7,031,632	\$ (251,569)	\$ 6,792,909
Earnings on Investments	10,000	74,838	64,838	47,809
State Sources	312,941	492,268	179,327	149,127
Total Revenues	<u>7,606,142</u>	<u>7,598,738</u>	<u>(7,404)</u>	<u>6,989,845</u>
EXPENDITURES				
Debt Service:				
Bond Principal	3,780,000	3,780,000	-	2,800,000
Bond Interest	4,348,111	4,479,829	131,718	3,954,641
Bond Issuance Costs	-	94,585	94,585	94,585
Total Expenditures	<u>8,128,111</u>	<u>8,354,414</u>	<u>226,303</u>	<u>6,849,226</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(521,969)	(755,676)	(233,707)	140,619
Issuance of Refunding Bonds	-	7,105,000	7,105,000	-
Lease Purchase Agreement Proceeds	-	86,350	86,350	-
Bond Premium	-	305,242	305,242	-
Payment to Refunded Bond Escrow Agent	-	(7,240,000)	(7,240,000)	-
Total Other Financing Sources	<u>-</u>	<u>256,592</u>	<u>256,592</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (521,969)</u>	(499,084)	<u>\$ 22,885</u>	140,619
Fund Balance - Beginning of Year		<u>1,976,207</u>		<u>1,835,588</u>
FUND BALANCE - END OF YEAR		<u>\$ 1,477,123</u>		<u>\$ 1,976,207</u>

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
YEAR ENDED JUNE 30, 2019**

01 GENERAL FUND

	Audit	UFARS	Difference
Total Revenues	\$ 42,819,280	\$ 42,819,279	\$ 1
Total Expenditures	\$ 50,093,477	\$ 50,093,473	\$ 4
<i>Nonspendable:</i>			
460 Nonspendable	\$ 90,882	\$ 90,882	\$ -
<i>Restricted:</i>			
403 Staff Development	\$ -	\$ -	\$ -
405 Deferred Maintenance	\$ -	\$ -	\$ -
406 Health & Safety	\$ -	\$ -	\$ -
407 Capital Project Levy	\$ -	\$ -	\$ -
408 Cooperative Rev.	\$ -	\$ -	\$ -
414 Operating Debt	\$ -	\$ -	\$ -
416 Levy Reduction	\$ -	\$ -	\$ -
423 Certain Teacher Programs	\$ -	\$ -	\$ -
424 Operating Capital	\$ 431	\$ 431	\$ -
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	\$ 230	\$ 230	\$ -
441 Basic Skills	\$ -	\$ -	\$ -
445 Career and Tech, Programs	\$ -	\$ -	\$ -
446 First Grade Preparedness	\$ -	\$ -	\$ -
449 Safe Schools Levy	\$ 15,813	\$ 15,813	\$ -
450 Pre-Kindergarten	\$ -	\$ -	\$ -
451 QZAB Payments	\$ -	\$ -	\$ -
452 OPEB Liab Not In Trust	\$ -	\$ -	\$ -
453 Unfunded Sev & Retirement Levy	\$ -	\$ -	\$ -
464 Other Purposes	\$ -	\$ -	\$ -
467 LTFM	\$ 3,157	\$ 3,157	\$ -
472 Medical Assistance	\$ 6,985	\$ 6,985	\$ -
<i>Committed:</i>			
418 Committed for Severance	\$ -	\$ -	\$ -
461 Committed	\$ -	\$ -	\$ -
<i>Assigned:</i>			
462 Assigned	\$ -	\$ -	\$ -
<i>Unassigned:</i>			
422 Unassigned	\$ (6,526,446)	\$ (6,526,445)	\$ (1)
02 FOOD SERVICE			
Total Revenues	\$ 2,401,836	\$ 2,401,837	\$ (1)
Total Expenditures	\$ 2,416,936	\$ 2,416,936	\$ -
<i>Nonspendable:</i>			
460 Nonspendable	\$ 21,412	\$ 21,412	\$ -
<i>Restricted:</i>			
452 OPEB Liability Not In Trust	\$ -	\$ -	\$ -
464 Other Purposes	\$ 753,863	\$ 753,863	\$ -
<i>Unassigned:</i>			
463 Unassigned	\$ -	\$ -	\$ -
04 COMMUNITY SERVICE			
Total Revenues	\$ 3,242,114	\$ 3,242,114	\$ -
Total Expenditures	\$ 3,290,698	\$ 3,290,698	\$ -
<i>Nonspendable:</i>			
460 Nonspendable	\$ 3,132	\$ 3,132	\$ -
<i>Restricted:</i>			
426 \$25 Taconite	\$ -	\$ -	\$ -
431 Community Education	\$ 440,178	\$ 440,178	\$ -
432 E. C. F. E.	\$ 63,456	\$ 63,456	\$ -
444 School Readiness	\$ 44,165	\$ 44,165	\$ -
447 Adult Basic Education	\$ -	\$ -	\$ -
452 OPEB Liability Not In Trust	\$ -	\$ -	\$ -
464 Other Purposes	\$ 51,901	\$ 51,902	\$ (1)
<i>Unassigned:</i>			
463 Unassigned	\$ -	\$ -	\$ -

06 BUILDING CONSTRUCTION

	Audit	UFARS	Difference
Total Revenues	\$ 8,523	\$ 8,521	\$ 2
Total Expenditures	\$ 1,408,120	\$ 1,408,120	\$ -
<i>Nonspendable:</i>			
460 Nonspendable	\$ -	\$ -	\$ -
<i>Restricted:</i>			
407 Capital Projects Levy	\$ -	\$ -	\$ -
409 Alternative Fac. Program	\$ -	\$ -	\$ -
413 Project Funded by COP	\$ 896,039	\$ 896,037	\$ 2
467 LTFM	\$ -	\$ -	\$ -
464 Other Purposes	\$ -	\$ -	\$ -
<i>Unassigned:</i>			
463 Unassigned	\$ -	\$ -	\$ -
07 DEBT SERVICE			
Total Revenues	\$ 7,598,738	\$ 7,598,738	\$ -
Total Expenditures	\$ 8,354,414	\$ 8,354,414	\$ -
<i>Restricted/Reserved:</i>			
425 Bond Refundings	\$ -	\$ -	\$ -
451 QZAB Payments	\$ -	\$ -	\$ -
464 Other Purposes	\$ 1,477,123	\$ 1,477,123	\$ -
<i>Unassigned:</i>			
463 Unassigned	\$ -	\$ -	\$ -
08 TRUST			
Total Revenues	\$ 26,982	\$ 26,982	\$ -
Total Expenditures	\$ 15,572	\$ 15,572	\$ -
<i>Unassigned:</i>			
422 Unassigned	\$ 115,015	\$ 115,015	\$ -
09 AGENCY			
<i>Unassigned: Should Always Be -0-</i>			
422 Unassigned	\$ -	\$ -	\$ -
20 INTERNAL SERVICE			
Total Revenues	\$ 374,880	\$ 374,880	\$ -
Total Expenditures	\$ 434,330	\$ 434,330	\$ -
<i>Unassigned:</i>			
422 Unassigned	\$ 287,104	\$ 287,104	\$ -
25 OPEB REVOCABLE TRUST			
Total Revenues	\$ -	\$ -	\$ -
Total Expenditures	\$ -	\$ -	\$ -
<i>Unassigned:</i>			
422 Unassigned	\$ -	\$ -	\$ -
45 OPEB IRREVOCABLE TRUST			
Total Revenues	\$ 44,039	\$ 44,037	\$ 2
Total Expenditures	\$ 243,851	\$ 243,851	\$ -
<i>Unassigned:</i>			
422 Unassigned	\$ 2,139,336	\$ 2,139,335	\$ 1
47 OPEB DEBT SERVICE			
Total Revenues	\$ 349,739	\$ 349,739	\$ -
Total Expenditures	\$ 350,275	\$ 350,275	\$ -
<i>Restricted:</i>			
464 Other Purposes	\$ 72,851	\$ 72,851	\$ -
<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>	89
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>	93
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>	96
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>	99
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>	102

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Net Investment in										
Capital Assets	\$ 8,510,582	\$ 8,199,555	\$ 8,822,028	\$ 10,007,409	\$ 11,389,031	\$ 11,321,128	\$ 11,479,331	\$ 5,807,583	\$ 9,332,523	\$ 13,506,358
Restricted	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	2,324,638
Unrestricted	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)	(48,228,822)
Total Net Position	\$ 15,072,064	\$ 17,644,736	\$ 19,042,069	\$ 20,099,527	\$ 20,354,592	\$ (2,615,307)	\$ (2,705,100)	\$ (20,116,038)	\$ (38,251,304)	\$ (32,397,826)

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities:										
Administration	\$ 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	\$ 1,088,388
District Support Services	595,052	870,878	939,357	1,047,117	1,440,407	1,398,057	1,660,958	1,758,135	2,046,209	2,027,108
Regular Instruction	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	20,240,223
Vocational Education Instruction	265,653	270,848	346,349	413,364	408,882	362,110	417,813	735,232	910,035	388,526
Special Education Instruction	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	7,324,225
Instructional Support Services	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	1,782,424
Pupil Support Services	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	3,965,866
Sites and Buildings	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	4,573,584
Fiscal and Other Fixed Cost Programs	94,822	192,066	70,967	87,149	89,735	93,455	89,127	94,107	102,927	108,415
Food Service	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	2,403,003
Community Service	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	3,117,378
Interest and Fiscal Charges on Long-Term Liabilities	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	4,675,200
Total Governmental Activities Expenses	\$ 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	\$ 51,694,340
Program Revenues										
Governmental Activities										
Charges for Services:										
Food Service	\$ 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	\$ 1,691,815
Community Service	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	2,602,932
Other	727,976	615,187	674,943	739,164	762,736	800,970	862,260	914,096	857,144	1,146,296
Operating Grants and Contributions	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	7,952,867
Capital Grants and Contributions	221,898	250,639	297,358	376,121	413,101	585,575	577,212	589,518	671,772	705,430
Total Program Revenues - Governmental Activities	\$ 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	\$ 14,099,340
Net (Expense) Revenue - Governmental Activities	\$ (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)	\$ (37,595,000)
General Revenues										
Governmental Activities										
Property Taxes:										
General Purposes	\$ 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	\$ 4,657,153
Community Service	251,672	389,064	277,905	287,475	151,055	261,112	269,568	247,167	251,468	219,673
Debt Service	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	7,394,571
Unrestricted Grants and Contributions	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	28,968,648
Unrestricted Investment Earnings	42,674	9,063	9,920	15,896	21,596	45,007	263,181	304,783	233,724	136,444
Gain on Sale of Capital Assets	-	-	3,300	-	-	-	2,800	2,150	12,450	3,604
Miscellaneous	377,499	103,083	100,954	103,083	283,067	123,958	187,523	131,764	114,649	45,330
Total General Revenues - Governmental Activities	\$ 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	\$ 41,425,423
Change in Net Position	\$ 1,491,588	\$ 2,572,672	\$ 1,397,331	\$ 1,057,460	\$ 255,065	\$ (233,923)	\$ (89,793)	\$ (13,645,553)	\$ (18,135,266)	\$ 3,830,423
Net Position - Beginning 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)
Prior Period Restatement	-	-	-	-	-	-	-	(1,111,887)	-	2,023,055
Change in Accounting Principle	-	-	-	-	-	(22,735,976)	-	(2,653,498)	-	-
Net Position - End of Year	\$ 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)	\$ (32,397,826)

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Nonspendable	\$ 13,524	\$ 10,892	\$ 11,462	\$ 7,411	\$ 30,797	\$ 29,399	\$ 21,030	\$ 92,523	\$ 51,369	\$ 90,882
Restricted	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	26,616
Assigned	-	1,076,930	1,076,930	1,025,180	678,866	626,930	453,109	250,000	-	-
Unassigned	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)	(6,526,446)
Total General Fund	<u>5,649,073</u>	<u>8,074,976</u>	<u>8,292,369</u>	<u>7,710,504</u>	<u>6,867,134</u>	<u>6,892,915</u>	<u>6,218,141</u>	<u>4,543,461</u>	<u>271,567</u>	<u>(6,408,948)</u>
All Other Governmental Funds										
Nonspendable	19,907	12,928	72,251	65,833	72,828	37,272	41,854	29,500	8,357	24,544
Restricted For:										
Food Service Fund	484,701	669,659	724,002	831,220	920,715	1,033,440	1,065,404	861,207	785,253	753,863
Community Service Fund	126,122	217,678	418,366	533,101	602,181	615,885	570,345	568,447	577,560	599,700
Capital Projects Fund	906,382	-	-	353,591	22,306	68,507,316	41,094,378	10,154,422	-	896,039
Debt Service Fund	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	1,477,123
OPEB Debt Service Fund	24,653	48,714	64,072	77,432	78,279	83,570	84,677	76,438	73,387	72,851
Unassigned	-	-	-	-	-	-	(1,001,368)	-	(126,014)	-
Total Other Funds	<u>2,541,380</u>	<u>1,938,467</u>	<u>2,314,891</u>	<u>3,027,523</u>	<u>2,728,679</u>	<u>71,417,284</u>	<u>43,312,457</u>	<u>13,525,602</u>	<u>3,294,750</u>	<u>3,824,120</u>
Total All Funds	<u>\$ 8,190,453</u>	<u>\$ 10,013,443</u>	<u>\$ 10,607,260</u>	<u>\$ 10,738,027</u>	<u>\$ 9,595,813</u>	<u>\$ 78,310,199</u>	<u>\$ 49,530,598</u>	<u>\$ 18,069,063</u>	<u>\$ 3,566,317</u>	<u>\$ (2,584,828)</u>

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Local Sources:										
Property Taxes	\$ 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	\$ 12,219,836
Earnings on Investments	41,593	8,869	9,700	15,582	21,182	44,555	261,954	302,534	228,324	129,831
Other	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	5,498,498
State Sources	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	37,144,877
Federal Sources	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	1,427,188
Total Revenues	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	56,420,230
Expenditures										
Current:										
Administration	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	1,358,490
District Support Services	699,621	859,786	906,629	1,005,467	1,371,248	1,426,491	1,556,443	1,770,509	1,925,605	1,983,132
Regular Instruction	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	21,752,173
Vocational Instruction	263,599	263,981	351,926	411,202	401,909	350,479	407,835	562,394	711,686	588,221
Special Education Instruction	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	9,129,068
Instructional Support Services	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	2,933,530
Pupil Support Services	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	4,203,476
Sites and Buildings	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	4,157,649
Fiscal and Other Fixed Cost Programs	94,822	70,677	70,967	87,149	89,735	93,455	89,127	94,107	102,927	108,415
Food Service	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	2,384,528
Community Service	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	3,286,611
Capital Outlay	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	5,020,346
Debt Service:										
Principal	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	4,355,897
Interest and Fiscal Charges	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	4,557,799
Bond Issuance Costs	-	-	-	-	-	294,269	48,955	137,322	179,507	94,585
Total Expenditures	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	65,913,920
Excess (Deficiency) of Revenues Over Expenditures	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)	(9,493,690)
Other Financing Sources (Uses)										
Sale of Equipment Proceeds	2,597	1,856	3,300	-	6,381	2,839	2,800	2,150	12,450	3,604
Sale of Real Property Proceeds	200	-	-	-	-	-	-	-	-	-
Insurance Recovery Proceeds	185,691	-	-	4,604	2,955	-	-	-	-	-
Issuance of Bonds	-	4,105,000	-	1,435,000	-	75,000,000	-	8,565,000	12,330,000	7,105,000
Issuance of Refunding Bonds	-	-	-	-	-	17,555,000	6,830,000	-	-	-
Issuance of Capital Lease	169,775	-	-	698,428	221,015	42,462	-	399,154	-	160,699
Lease Purchase Agreement Proceeds	-	-	-	-	-	-	-	-	-	3,008,000
Bond Premium	-	169,236	-	34,178	341,100	4,915,091	595,958	374,220	561,311	305,242
Payment to Refunded Bond Escrow Agent	-	(4,240,000)	-	-	-	(20,285,000)	(6,960,000)	-	-	(7,240,000)
Transfers In	-	-	-	32,889	-	22,316	-	-	74,515	70,621
Transfers Out	-	-	-	(32,889)	-	(22,316)	-	-	(74,515)	(70,621)
Total Other Financing Sources (Uses)	358,263	36,092	3,300	2,172,210	571,451	77,230,392	468,758	9,340,524	12,903,761	3,342,545
Net Change in Fund Balances	926,476	1,822,990	593,817	130,767	(1,142,214)	68,714,386	(28,779,601)	(30,349,648)	(14,502,746)	(6,151,145)
Fund Balance - Beginning of Year	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
Prior Period Restatement	-	-	-	-	-	-	-	(1,111,887)	-	-
Fund Balance - Beginning of Year, As Restated	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	3,566,317
Fund Balance - End of Year	\$ 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	\$ (2,584,828)
Debt Service as a Percentage of Noncapital Expenditures	14.1%	15.4%	15.4%	15.6%	14.9%	16.4%	17.9%	13.0%	12.8%	14.6%

Source: District Financial Records

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

Payable Year	Tax Capacity Valuation						Referendum Taxable Market Value	Tax Capacity as a Percentage of Market Value	Total Direct Tax Rate
	Agricultural Property	Non Agricultural Property	Personal Property	Tax Increment Property	Fiscal Disparities Program	Total Taxable			
2010	\$ 2,060,850	\$ 22,636,200	\$ 254,733	\$ (170,058)	\$ 411,573	\$ 25,193,298	\$ 2,019,714,550	1.23%	26.94%
2011	1,809,232	21,051,341	289,194	(157,379)	296,624	23,289,012	1,894,037,350	1.21	31.14
2012	1,707,109	19,565,682	341,130	(123,976)	362,054	21,851,999	1,845,055,600	1.16	34.38
2013	1,842,076	17,964,750	367,764	(107,544)	374,330	20,441,376	1,707,374,400	1.18	38.50
2014	2,095,462	18,389,803	375,380	(228,320)	387,952	21,020,277	1,782,697,550	1.18	36.31
2015	2,196,803	20,653,626	419,878	(254,853)	430,858	23,446,312	2,005,291,250	1.15	35.25
2016	2,176,839	22,153,658	477,026	(281,244)	419,288	24,945,567	2,144,821,250	1.14	33.23
2017	2,189,162	23,061,834	559,156	(299,378)	600,524	26,111,298	2,223,889,450	1.15	31.24
2018	2,227,680	24,792,705	618,412	(279,894)	612,250	27,971,153	2,382,642,150	1.15	33.49
2019	2,218,418	26,420,240	634,578	(288,407)	790,768	29,775,597	2,523,728,850	1.15	33.80

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	2019 Net		Capacity \$ 29,273,236	2009 Net		Capacity \$ 24,540,210
	Tax	Capacity		Tax	Capacity	
Ridgeview Real Estate LLC	\$ 323,050	1	1.10 %	\$ -	-	
Great River Energy	302,406	2	1.03	-	-	
Northern States Power Co	287,284	3	0.98	-	-	
Ilex Group, Inc.	270,176	4	0.92	-	-	
Centerpoint Energy Minnegasco	255,276	5	0.87	-	-	
JE Waconia 2018 LLC	202,376	6	0.69	-	-	
Elkay Wood Products Company	165,214	7	0.56	-	-	
Target Corporation	160,786	8	0.55	-	-	
Lakeview Clinic Building, Corp.	130,344	9	0.45	-	-	
Northern Natural Gas, Co.	129,705	10	0.44	-	-	
			-			
Xcel Energy	-			533,587	1	2.17%
Jerry's Enterprises Inc.	-			313,704	2	1.28
Great River Energy	-			247,834	3	1.01
Target Corporation	-			225,436	4	0.92
Lakeview Clinic Bldg. Corp.	-			201,392	5	0.82
Medallion Cabinetry, Inc.	-			170,950	6	0.70
Ridgeview Real Estate LLC	-			170,886	7	0.70
Lakeland Construction Finance LLC	-			136,878	8	0.56
MMC Property LLC	-			83,820	9	0.34
Avalon Interlaken LLC	-			77,594	10	0.32
Total	\$ 2,226,617		7.61 %	\$ 2,162,081		6.66 %

**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
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	93,709	10,107,756	100.0%
2013	10,631,233	10,555,589	99.3	75,144	10,630,733	100.0%
2014	10,428,870	10,366,167	99.4	42,871	10,409,038	99.8%
2015	11,029,353	10,966,161	99.4	65,407	11,031,568	100.0%
2016	11,261,392	11,163,182	99.1	70,625	11,233,807	99.8%
2017	11,266,658	11,221,635	99.6	35,370	11,257,005	99.9%
2018	12,423,204	12,273,021	98.8	3,240	12,276,261	98.8%
2019	12,752,249	7,516,083	58.9	-	7,516,083	58.9%

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

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

Legal Debt Margin Calculation for Fiscal Year 2019

Estimated Market Value	\$ 3,130,419,742
Debt Limit (15% of Estimated Market Value)	469,562,961
Debt applicable to limit	119,550,000
Legal debt margin	<u>\$ 350,012,961</u>

	Fiscal Year										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	\$ 469,562,961
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	119,550,000
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>	<u>\$ 350,012,961</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%	25.46%

Note: Minnesota Statutes, Section 475.53, subdivision 4, presently limits the "net debt" of a school district to 15% of its actual market value. The actual market value of property within a district on which its debt limit is based, is (a) the value certified by the county auditors, or (b) this value divided by the ratio certified by the commissioner of revenue, whichever results in a higher value. The percentages listed above represent the percentage of the legal debt limit used. Anything over 100% would indicate that the 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
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	5,615.00
2018	123,675,000	3,369,365	-	(1,976,207)	125,068,158	2,382,642,150	5.2	5,750.00
2019	119,550,000	5,548,000	4,985,000	(1,477,123)	128,605,877	2,523,728,900	5.1	5,656.00

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

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

	2018-2019 Adjusted Taxable Net	Debt	Estimated Percentage	Estimated Share of Overlapping
Overlapping:				
Carver County	\$ 153,858,855	\$ 39,554,000	15.9402%	\$ 6,304,987
Hennepin County	1,979,015,644	1,049,340,000	0.2653%	2,783,899
Cities:				
Minnetrista	18,763,281	8,749,000	14.4936%	1,268,045
New Germany	433,540	1,720,000	100.0000%	1,720,000
St. Bonifacius	2,530,734	2,090,000	100.0000%	2,090,000
Victoria	16,161,427	17,350,000	6.7507%	1,171,246
Waconia	2,534,383	22,945,000	100.0000%	22,945,000
Metropolitan Council	153,858,522	263,285,000	0.6976%	1,836,676
Three Rivers Park District	1,392,585,502	53,385,000	0.3770%	201,261
Hennepin County Regional Railroad Authority	1,979,015,644	109,865,000	0.2653%	291,472
Total Overlapping				<u>40,612,587</u>
Direct:				
Waconia ISD No. 110	29,775,597	119,550,000	100.000%	<u>119,550,000</u>
Total Direct and Overlapping Bonded Debt:				<u>\$ 160,162,587</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

**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
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	103,551	7,388,388,000	71,350	1.9
2019	103,551	N.A.	N.A.	2.4

N.A. - Not Available

Source: Bureau of Economic Analysis - U. S. Department of Commerce
Bureau of Labor Statistics - U.S. Department of Labor

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

Taxpayer	Type of Business/Product	2019			2010		
		Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Ridgeview Medical Center	Hospital and Medical Clinics	1,573	1	16.48 %	1,254	1	13.93 %
I.S.D. No. 110 (Waconia)	Elementary and Secondary Education	519	2	5.44	335	3	3.72
Medallion Cabinetry, Inc.	Wooden Kitchen and Vanity Cabinets	500	3	5.24	575	2	6.39
Mackenthun's Fine Foods	Retail Grocery Store	220	4	2.30	208	5	2.31
Crown College	Education	214	5	2.24	170	8	1.89
Physicians Service Network	Offices of Physicians	200	6	2.10	N/A		
Target	Department Store	200	7	2.10	175	7	1.94
Ridgeview Home Support Service	Home Health Care Services	175	8	1.83	180	6	2.00
Good Samaritan Society, Waconia	Nursing Home	170	9	1.78	210	4	2.33
Lakeview Clinic Ltd.	Offices of Physicians	122	10	1.28	120	7	1.33
Ridgeview Rehab Specialties	Home Health Care Services	120	11	1.26	35	12	0.39
UFC Farm Supply	General Merchandise - Retail	120	12	1.26	100	9	1.11
Auburn Homes Assisted Living	Home Health Care Services	100	13	1.05	-	N/A	-
Waconia Manufacturing, Inc.	Machine Tools, Metal Cutting Types	100	14	1.05	100	10	1.11
Milltronics Manufacturing Co.	Machine Tools, Metal Cutting Types	100	15	1.05	90	11	1.00
Total Employees		4,433		46.44 %	3,552		39.47 %

Source: District Financial Advisor, Reference USA

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>Instruction</u>										
Teachers	216.6	217.6	227.1	233.24	248.36	250.23	272.62	289.4	289.75	289.32
<u>Support</u>										
Principals/Directors	15.5	16	17.56	18	18	18	19	20	21	21
Secretary/Clerical	9.5	9.5	10.69	11.21	11.69	12	12	14	13	13
Confidential	4.3	5	5	5	5	5	6	5	5	5
ParaEducators	63.2	68.2	75.35	83.39	83.42	101.88	101.88	113.63	114.81	118.86
Food Service	11	12	15	18	18.1	19.14	19.14	24.86	27	30
Custodians	22.2	22.8	23.02	23.75	24.4	25	25	29	33.97	33.75
Community Education	6.5	6.5	6.5	6.5	7.5	7.5	7.5	8.5	8	9
Total Support	132.2	140	153.12	165.85	168.11	188.52	190.52	214.99	222.78	230.61
Total	348.8	357.6	380.22	399.09	416.47	438.75	463.14	504.39	512.53	519.93

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
2010	3,216	\$ 29,952,230	\$ 9,314	(6.95)	217	14.82	10.23	95.97
2011	3,339	30,425,669	9,112	(2.59)	218	15.32	12.16	95.70
2012	3,443	33,800,752	9,817	7.68	227	15.17	11.64	96.30
2013	3,575	37,270,770	10,425	5.90	233	15.34	11.98	95.70
2014	3,699	39,681,068	10,728	2.94	248	14.92	12.32	96.10
2015	3,759	40,437,678	10,758	(0.18)	250	15.04	12.60	95.50
2016	3,860	43,631,445	11,303	5.07	273	14.14	12.57	96.38
2017	3,899	47,309,965	12,134	7.76	289	13.49	11.46	96.55
2018	4,039	49,819,332	12,335	1.87	290	13.93	11.17	95.50
2019	4,051	55,711,029	13,752	10.80	289	14.02	11.40	95.70

Source: District Records and Minnesota Department of Education

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

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

<u>Fiscal Year</u>	<u>Minimum Salary</u>	<u>Maximum Salary</u>
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
2019	41,353	87,597

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	94,500	94,500
Capacity	700	700	700	700	700	700	700	700	700	700
Enrollment	601	658	687	694	723	763	752	619	628	606
Acres	30	30	30	30	30	30	30	30	30	30
Laketown Elementary (2017)										
Square Feet								85,000	86,000	86,000
Capacity								600	600	600
Enrollment								503	564	582
Acres								59	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	85,500	85,500
Capacity	650	650	650	650	650	650	650	650	650	670
Enrollment	633	650	636	638	662	651	698	646	628	638
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	235,000	235,000
Capacity	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,066	1,082	1,082
Enrollment	961	968	1,053	1,099	1,136	1,176	1,181	877	956	986
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	395,000	395,000
Capacity	1,082	1,082	1,082	1,082	1,082	1,082	1,082	1,082	1,600	1,600
Enrollment	982	1,037	1,035	1,076	1,101	1,103	1,156	1,198	1,307	1,333
Acres	57	57	57	57	57	57	57	57	115	115
Waconia Learning Center (2018)										
Square Feet									11,000	11,000
Capacity									100	100
Enrollment									45	62
Acres									5	5
Educational Service Center (2015)										
Square Feet							42,400	42,400	42,400	42,400
Capacity							120	120	120	120
Enrollment							120	120	120	120
Acres							2	2	2	2

Note: Bayview Elementary School Capacity numbers prior to 2006 are estimates for the School portion of the building. Prior to 2006 the building was partially used for Community Education and other administrative functions. In addition, portions of the building were not available for student use due to their condition. In 2018 the District turned the middle school into a high school. The existing high school was then turned into a grades 6-8 from grades 5-8 middle school.

Source: District Records

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
SCHEDULE OF INSURANCE COVERAGE
YEAR ENDED JUNE 30, 2019**

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	7/1/18 to 6/30/19	Varies by Class of Property	\$5,000
Inland Marine	Minnesota Insurance Scholastic Trust	7/1/18 to 6/30/19	Varies by Class of Property	\$5,000
Crime	Minnesota Insurance Scholastic Trust	7/1/18 to 6/30/19	\$50,000 / \$1,000,000 Excess	\$2,500
General Liability	Minnesota Insurance Scholastic Trust	7/1/18 to 6/30/19	Each Occ. - \$2,000,000 Annual Agg. - \$4,000,000	\$1,000/ea.
School Leaders	Minnesota Insurance Scholastic Trust	7/1/18 to 6/30/19	Each Wrongful Act - \$4,000,000 Aggregate - \$8,000,000	NA
Automobile	Minnesota Insurance Scholastic Trust	7/1/18 to 6/30/19	Uninsured - \$1,000,000 Underinsured - \$1,000,000	\$1,000/ea.
Workers Compensation	SFM Mutual Insurance Companies	7/1/18 to 6/30/19	Disease - \$500,000 Disease - \$500,000/ee Accident - \$500,000/ee	NA
Excess Liability	Minnesota Insurance Scholastic Trust	7/1/18 to 6/30/19	Each Occurrence - \$4,000,000	NA

NA - Not Applicable

Source: District Records