2026-27

ORIGINAL ADOPTED BUDGET

Board Approved June 22, 2026

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Message from the Superintendent and Director of Finance & Operations

Waconia Public Schools is committed to fostering an educational environment that supports our mission to allow students and staff to explore their passions and create their success. Guided by our strategic priorities and grounded in core values, the FY2026–2027 budget is more than numbers: it reflects our long-term plan for stability and the continued trust of our students, families, and community.

We are proud to share that Waconia Public Schools, having emerged from Statutory Operating Debt (SOD) in 2025 for the first time since 2017, now has a fund balance that meets the minimum currently established in Board policy. This is a significant achievement, and it reflects the resilience and collective dedication of our staff, school board, and community and marks a continued milestone in our financial recovery. While we celebrate this progress, we remain focused on reaching and sustaining a fund balance of 8% to 10%, a target aligned with the District's strategic plan. Although our current Board policy requires a minimum of 5%, this higher goal supports long-term financial stability and may warrant a future policy update to ensure alignment.

The 2026–2027 budget continues to prioritize students and learning. Thanks to the generous support of the ISD 110 voters, our future funding further strengthens our ability to invest in our highest priorities. As established in the referendum, we look to maintain what matters most, including a focus on retaining high-quality staff, continuing to offer competitive class sizes, and keeping the programs and opportunities that allow our students to explore their passions and create their successes. Our team will focus on aligning limited resources with strategic goals, ensuring we remain student-centered and future-focused.

This year's budget book reflects the continued transparency and accountability that our community expects. It outlines how public dollars are used to support the priorities mentioned above. In developing this budget, we looked beyond a single fiscal year to model multiple years of projected revenue and expenditure patterns. We are preparing today for the challenges of tomorrow.

Our progress was not achieved by chance. It is the result of difficult decisions, hard work, and a shared belief in the potential of our students and schools. Thank you to every member of the ISD 110 team who has contributed to this effort. Your dedication, resilience, and commitment to excellence continue to move our district forward.

Together, we will continue to build a strong foundation for the future of Waconia Public Schools.

With gratitude,

Dr. Brian Gersich
Superintendent of Schools

Pam Carman
Director of Finance & Operations

INDEPENDENT SCHOOL DISTRICT NO. 110

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INTRODUCTION

The FY 2026–2027 Adopted Budget for Waconia Public Schools marks the next chapter in our journey toward long-term financial stability and student-centered investment. Following the district's successful exit from SOD and the re-establishment of a positive unassigned fund balance, this budget reflects our continued focus on strategic planning and responsible stewardship of public resources.

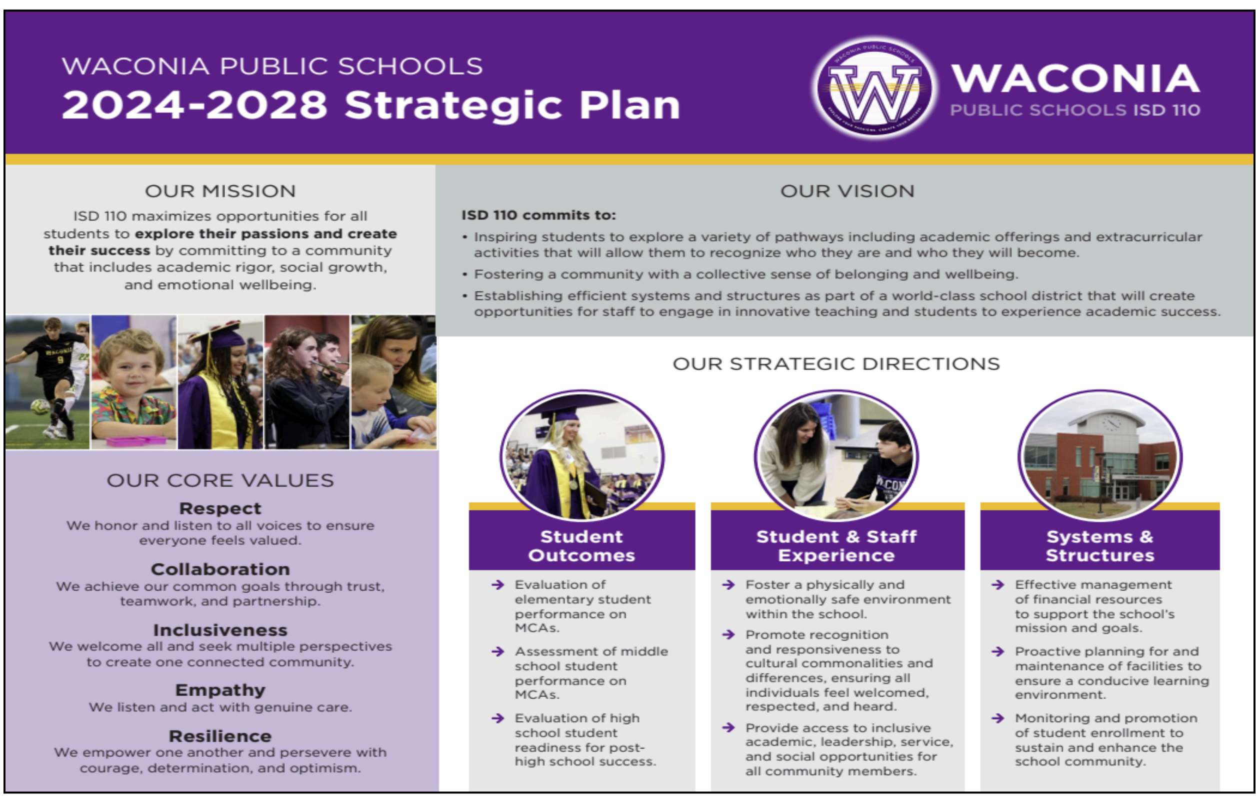
Strategic Vision and Priorities

This budget is aligned with the 2024–2028 Strategic Plan and supports our mission to provide a safe, inclusive, and academically rigorous environment where all students can explore their passions and achieve success. The plan emphasizes three key areas:

- Improving student outcomes
- Enhancing the student and staff experience
- Strengthening district systems and structures

Our core values—respect, collaboration, inclusiveness, empathy, and resilience—remain at the heart of our decision-making and continue to guide our approach to budgeting.

Waconia Public Schools took a deliberate and disciplined approach in developing this year's budget. By aligning fiscal resources with strategic priorities, we are ensuring that every financial decision supports long-term goals, advances student achievement, and promotes operational effectiveness. This commitment helps us respond to current needs while building the foundation for a strong and sustainable future.



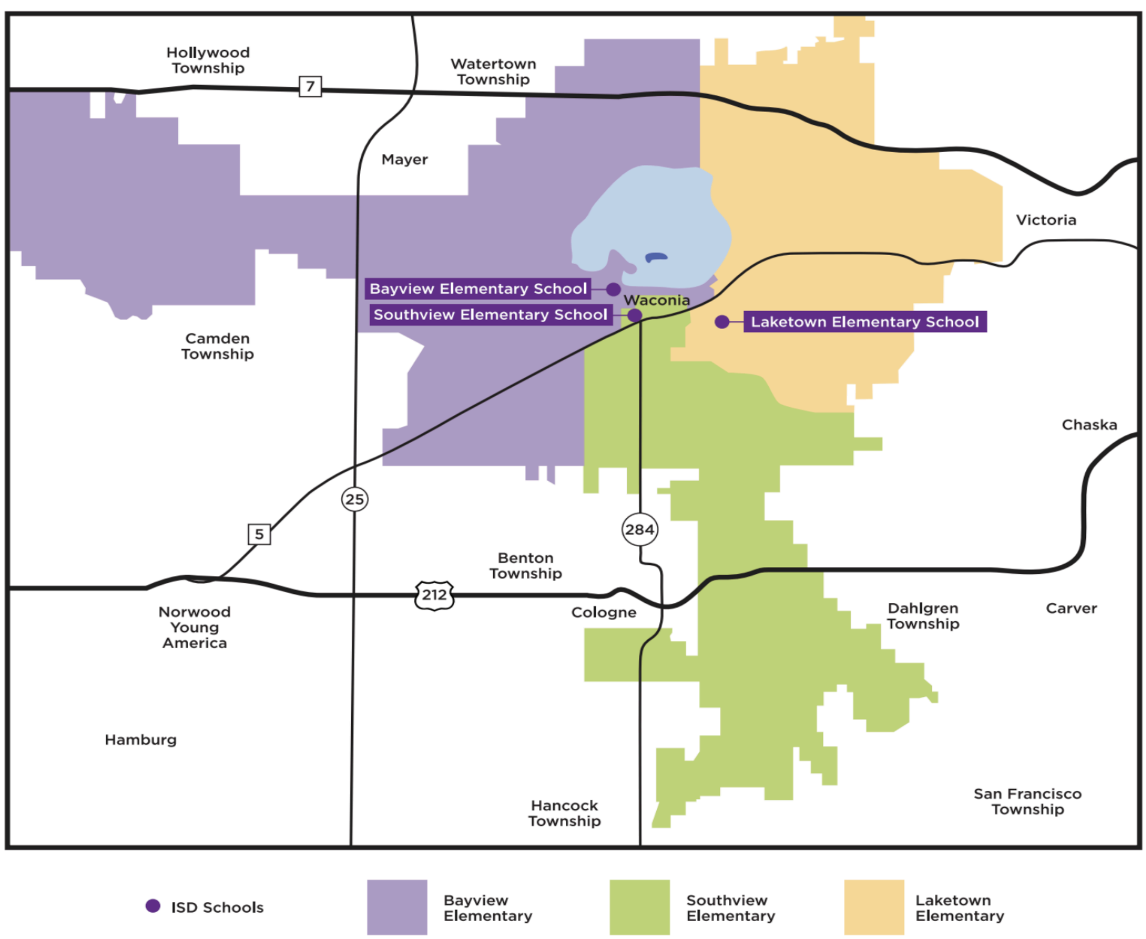
DISTRICT OVERVIEW

Waconia Public Schools (Independent School District 110) is a dynamic and student-centered district serving approximately 3,900 learners from early childhood through grade 12. While overall enrollment has remained relatively stable in recent years, we remain committed to providing a high-quality educational experience to every student we serve.

The district includes:

- Three elementary schools (Bayview, Laketown, and Southview)
- One middle school (Waconia Middle School)
- One high school (Waconia High School)
- An Area Learning Center
- Post high school Transitions program
- An Early Childhood Center
- A Community Education program that serves learners of all ages

We proudly serve the communities of Waconia, Victoria, St. Bonifacius, New Germany, and parts of Laketown Township, covering approximately 99 square miles in the western Twin Cities metro area.



GOVERNMENT FUND STRUCTURE

To understand this budget, it is important to recognize the legal framework that governs how public school districts must manage and report financial resources. Like all public school systems in Minnesota, Waconia Public Schools uses fund accounting, as required by state law and GAAP. Fund accounting ensures that revenues and expenditures are tracked separately by purpose, with limited ability to transfer money between funds.

Waconia Public Schools organizes its financial operations into the following operating and non-operating governmental funds:

General Fund (Fund 01)

Accounts for the general operations of the District. This includes salaries and benefits for teachers, principals, custodians, paraprofessionals, administrative staff, and others. It also covers instructional supplies, textbooks, purchased services, utilities, repairs, equipment, and technology needs. Long-Term Facilities Maintenance (LTFM) projects costing less than $2 million per site are also recorded here. Expenditures not classified in other funds are included in the General Fund by default.

Food Service Fund (Fund 02)

Used to track revenues and expenses related to child nutrition programs. This includes the cost of food, salaries, benefits, supplies, and equipment. Funding comes primarily from federal and state reimbursements, as well as a la carte meal sales to students and adults.

Community Services Fund (Fund 04)

Used to account for revenues and expenditures related to programs such as Early Childhood Family Education (ECFE), KidSpace (school-age care), youth enrichment classes, recreational activities, and other community education programs. Community Service revenues primarily come from fees charged for program participation and property tax revenue dedicated to the Community Service Fund.

Building Construction Fund (Fund 06)

Used to account for major facility projects. Proceeds from the sale of bonds authorized in an election, lease levy property tax authority, or for bonded LTFM projects are placed in this fund. This fund is also used for LTFM projects exceeding $2,000,000 per site.

Debt Service Fund (Fund 07)

Used to accumulate and account for resources that fund principal and interest payments on bonds sold to finance construction. These are similar to homeowners' payments on a mortgage.

Why does fund structure matter? Each fund is legally restricted in its use, and transfers between funds are generally prohibited. For example, raising à la carte prices or KidSpace tuition does not solve a shortfall in the General Fund. Similarly, the resources of the Debt Service Fund cannot be used to pay teachers' salaries. Understanding these limitations helps clarify how school finances work – and underscores the importance of responsible, fund-specific planning and spending.

EXPENDITURE STRUCTURES

EXPENDITURES BY PROGRAM

ADMINISTRATION
Includes all costs for general administration, instructional administration, and school site administration. This area also covers the school board, superintendent, principals, and directors.

DISTRICT SUPPORT SERVICES
Consists of activities related to general administrative support not listed in the administration category. This area covers federal programs, human resources, business and finance, government relations, school elections, and miscellaneous distinct administrations not otherwise classified.

ELEMENTARY AND SECONDARY REGULAR INSTRUCTION
Elementary and secondary regular instruction consists of all activities dealing directly with the instruction of students, the interaction between instructional staff and students in the classroom, and co-curricular activities at the kindergarten, elementary, and secondary levels.

VOCATIONAL INSTRUCTION
Courses and activities that develop knowledge, skills, attitudes, and behavioral characteristics for students seeking career exploration and employability.

SPECIAL EDUCATION INSTRUCTION
Activities provided learning experiences for students of any age who, because of certain characteristics or conditions, need or would benefit from educational programs differentiated from those provided to students in regular or vocational instruction.

INSTRUCTIONAL SUPPORT SERVICES
Activities for assisting instructional staff with curriculum development, curriculum implementation, and the process of providing learning experiences for pupils in kindergarten through twelfth grade.

PUPIL SUPPORT SERVICES
Includes services provided to students that do not qualify to be classified as instructional services, such as counseling and guidance, health, psychological, social work, transportation, etc.

SITES AND BUILDINGS
Activities related to the acquisition, operation, maintenance, repair, and remodeling of all physical plant, facilities, and grounds of the District.

FISCAL AND OTHER FIXED COSTS
Fiscal and fixed cost activities that are recorded elsewhere.

EXPENDITURES BY OBJECT

The school district budget consists of the following types of expenditures:

SALARIES
Salaries related to personnel positions, extra-curricular assignments, overtime, substitute staff costs, and severance payments.

BENEFITS
Medical, dental, life, long-term disability, workers' compensation, state pension contributions, deferred compensation contributions, and post-retirement benefits for eligible persons.

PURCHASED SERVICES
Includes consultants, postage, insurance, repair and maintenance services, utilities, student transportation, contracts, travel/conferences, payments to other districts, and tuition.

SUPPLIES AND MATERIALS
Textbooks, instructional supplies, office and custodial supplies, computer software, and related copier costs. Includes fuel for buildings.

CAPITAL
Building construction, equipment, facility repair and maintenance, vehicles, technology equipment, and other items with a useful life of more than one year.

DEBT SERVICE
Principal and interest payments for bonded debt.

OTHER EXPENDITURES
All other expenditure not classified in other categories.

GOVERNANCE AND FINANCIAL OVERSIGHT

The Waconia Public Schools Board of Education plays a vital role in the stewardship of district resources. As the governing body of Independent School District 110, the School Board is legally responsible for both the financial health of the district and the academic success of its students. The Board has the authority to approve budgets, set fees, authorize staffing levels, and levy local property taxes, all within the parameters established by Minnesota statutes.

While the Board has local decision-making authority, its financial actions must operate within state-defined limits. Most district revenue is determined through state funding formulas, voter-approved referenda, or approval by the Minnesota Department of Education (MDE). In some cases, choosing not to levy the full amount allowed can result in a proportional reduction in related state aid.

The Board does not control property market values or have the authority to levy taxes beyond statutory limits. Instead, it must ensure that expenditure budgets are balanced against projected revenues or supported by available fund balances. The Board may also increase fees for select services as authorized by law or seek additional funding through competitive grants. Issuing debt generally requires voter approval, except under specific statutory exceptions.

The MDE provides oversight to ensure that school districts comply with applicable laws and reporting requirements. However, the School Board remains ultimately accountable for the district's financial integrity and for ensuring that fiscal resources are aligned with student-focused priorities.

To carry out these responsibilities, the Board operates within a structured policy framework. Locally adopted School Board policies support compliance with state law, guide financial decision-making, and promote public accountability. These policies cover areas such as:

- Budget development and monitoring
- Fund balance management
- Procurement and purchasing
- Independent auditing
- Debt issuance and management
- Financial ethics and internal controls

This alignment between governance and policy ensures transparency, reinforces internal controls, and strengthens the district's commitment to sound financial management.

A list of relevant School Board policies is included in **Appendix A**. All policies are also publicly available on the Waconia Public Schools website.

ECONOMIC CONDITION AND OUTLOOK

State Funding Landscape

Waconia Public Schools continues to rely primarily on state funding, with limited local authority to raise additional revenue outside of voter-approved referenda. Because most education funding in Minnesota is determined by formulas set in law, legislative decisions have a significant impact on the district's financial condition.

Legislative Update

The 2026 Legislative Session produced limited changes to K–12 education funding and policy. The following items represent the most notable provisions that may impact Waconia Public Schools during the 2026–27 fiscal year and future budget planning efforts.

Key statewide funding provisions that have a new or continued impact on ISD 110:

- No change to formula inflationary factors. For FY2027, the formula allowance inflationary adjustment is 2.69%.
- Extension of Compensatory Revenue hold-harmless provisions into FY2027, along with the change requiring 40% of compensatory revenue to be spent at the sites generating the revenue, compared to the previous 80% requirement. Compensatory revenue continues to be a source of debate as changes to these calculations have created winners and losers. ISD 110 increased compensatory revenue by these changes by a modest amount, but lobbying efforts suggest continued changes could be in store for the long term.
- Special education transportation reimbursement reduction from 100% in 2024–25, to 95% in 2025–26, and to 90% in 2026–27.
- Portions of school library aid and nonpublic pupil aid are being reduced as part of broader state budget balancing efforts.
- Continued READ Act implementation, structured literacy training requirements, and related oversight/fraud prevention efforts as ongoing state policy priorities.
- Still a factor from the previous legislative session is that the Blue Ribbon Commission on Special Education is established to identify $250 million in savings in FY28–29; absent this, equivalent reductions in cross-subsidy aid will occur.
- Permanent School Fund Amendment: A constitutional amendment will appear on the November 2026 ballot. If passed, it would change the management of the state's Permanent School Fund from a "principal inviolate" model to a "purchasing power" model. This is designed to allow the fund to be invested for inflation-adjusted growth, potentially increasing long-term payouts to school districts.
- Legislative change allows for utility expenses to be paid from operating capital.

Key statewide education policy changes include:

- Schools are now required to maintain an anonymous threat reporting system. Schools can develop or use their own, but otherwise must use the state model. Small grants are available to support start-up costs.
- **Health Insurance Reform Study:** The state is considering a statewide insurance pool for employees. The legislature funded a comprehensive data collection project to study school district insurance costs, calling it a necessary "first step" toward possible creation of a single, statewide health insurance pool for educators in 2027.

Local Referenda and Voter Support

Given the limitations of state funding, Waconia Public Schools has a history of seeking local support through voter-approved operating referenda:

- **November 2018:** Voters approved an additional $525 per pupil, adjusted annually for inflation.
- **November 2020:** Voters approved an additional $410 per pupil, also adjusted for inflation.
- **November 2025:** Voters approved an additional $731 per pupil, also adjusted for inflation.

Looking ahead, the district is evaluating the need for future bonding projects to address facility and infrastructure needs. Ongoing community engagement and transparent communication will be essential to earning public trust and support.

ENROLLMENT TRENDS AND PROJECTIONS

Student enrollment directly drives funding in Minnesota public schools, making it a central factor in both financial planning and educational service delivery. Waconia Public Schools continues to closely monitor demographic shifts, enrollment patterns, and external influences that impact our student population.

Understanding ADM

Average Daily Membership (ADM) is the metric used by MDE to calculate most revenue streams for school districts. Unlike a simple headcount, ADM reflects the average number of students enrolled each day over the course of the school year. It accounts for part-time students, mid-year enrollment changes, and student mobility—providing a more accurate picture of district enrollment over time.

ADM is central to the state's funding formulas and is used to determine allocations for general education revenue and other key funding categories. As such, even small shifts in ADM can have significant impacts on the district's financial outlook. Because enrollment directly impacts revenue, ADM is one of the most important assumptions incorporated into the District's annual budget and long-range financial planning process.

By monitoring ADM trends closely, Waconia Public Schools can respond proactively to enrollment changes and make informed decisions about staffing, programming, and long-term budget planning.

Factors Influencing Future Enrollment

Enrollment projections are developed using a combination of historical enrollment trends, demographic information, resident capture rates, open enrollment activity, Kindergarten enrollment patterns, and the number of resident students attending other educational options such as charter, private, parochial, and homeschool programs.

The District also monitors housing development activity, economic conditions, and migration patterns that may influence future enrollment. While residential development continues within portions of the District, enrollment projections remain intentionally conservative due to uncertainty surrounding construction timelines, housing occupancy rates, family demographics, and student generation rates.

The following sections highlight several of the key data points reviewed as part of the District's enrollment projection process.

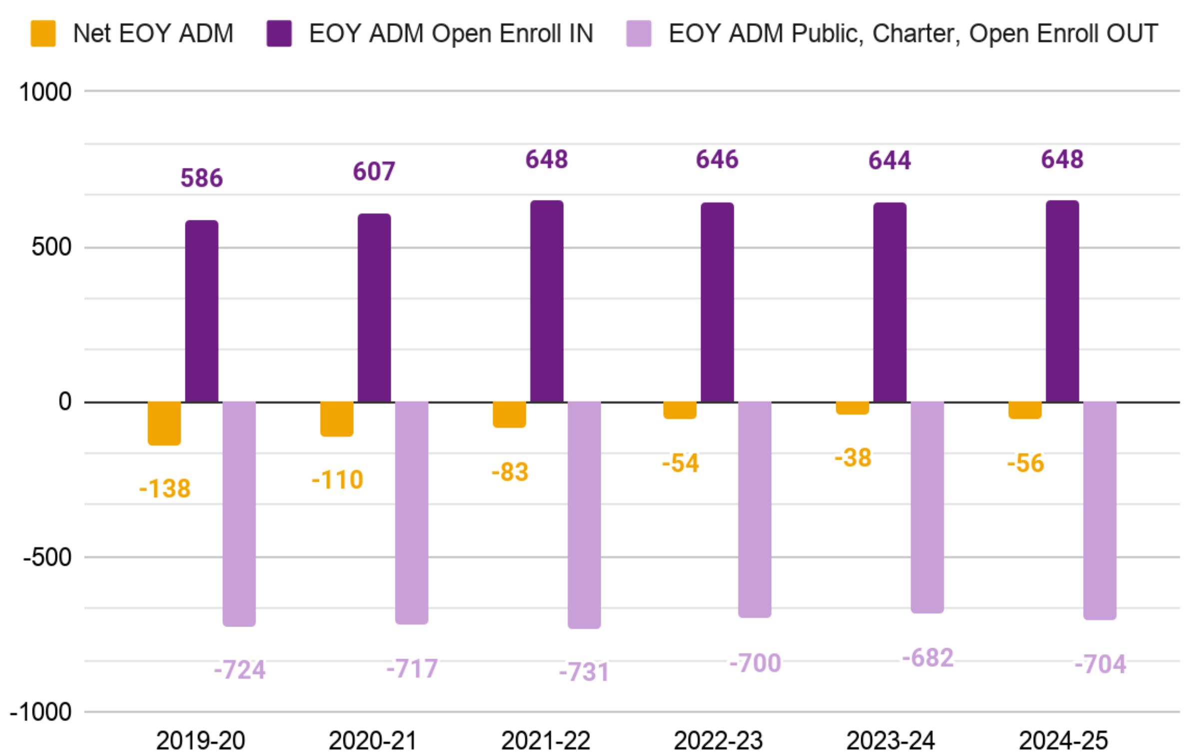
Open Enrollment Patterns

Waconia Public Schools has a unique open enrollment profile. While many districts across Minnesota experience significant net open enrollment losses, Waconia's net open enrollment impact remains relatively small even when both public school district and charter school outflows are considered.

From FY2020 to FY2024, the net ADM loss improved steadily from –138 to –38, despite a consistent level of incoming open enrollment students of approximately 640 to 648 ADM annually. These incoming students help offset resident student outflows and contribute to overall enrollment stability.

This positive trend may reflect a combination of increased student retention and community engagement efforts, though the District continues to monitor enrollment outflows to other public school districts and charter schools. Because open enrollment students generate state aid similar to resident students, maintaining a strong open enrollment profile remains an important component of enrollment and financial planning.

EOY ADM Net Open Enrollment Including Charter



Resident Capture Rate (EC–12)

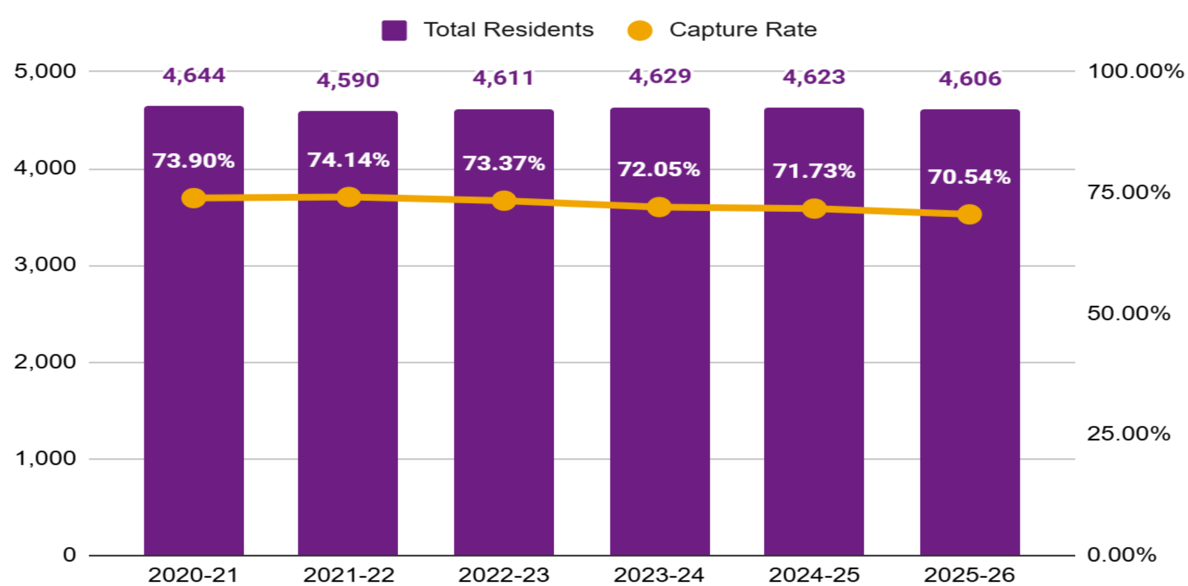
Resident capture rate represents the percentage of school-age children residing within the District who attend Waconia Public Schools. This metric provides insight into the District's ability to attract and retain resident students in an environment where families have a variety of educational choices.

From 2020–21 to 2025–26, the District's overall resident capture rate declined from 73.90% to 70.54%. During the same period, the number of resident students attending other public school districts and charter schools increased modestly, while participation in private, parochial, and homeschool programs remained a significant factor influencing enrollment patterns.

When private, parochial, and homeschool students are excluded, the District's capture rate remains relatively strong, declining from 83.48% in 2020–21 to 81.98% in 2025–26. This indicates that Waconia Public Schools continue to serve the vast majority of resident students who choose a public school option.

Maintaining and improving resident capture rates remains important, as each percentage point represents a meaningful shift in student enrollment, educational programming, and district revenue.

Historical Resident Capture Rate (EC-12)
2020-21 to 2025-26 - Based on October 1 Fall Seat Count



Kindergarten Capture Rate

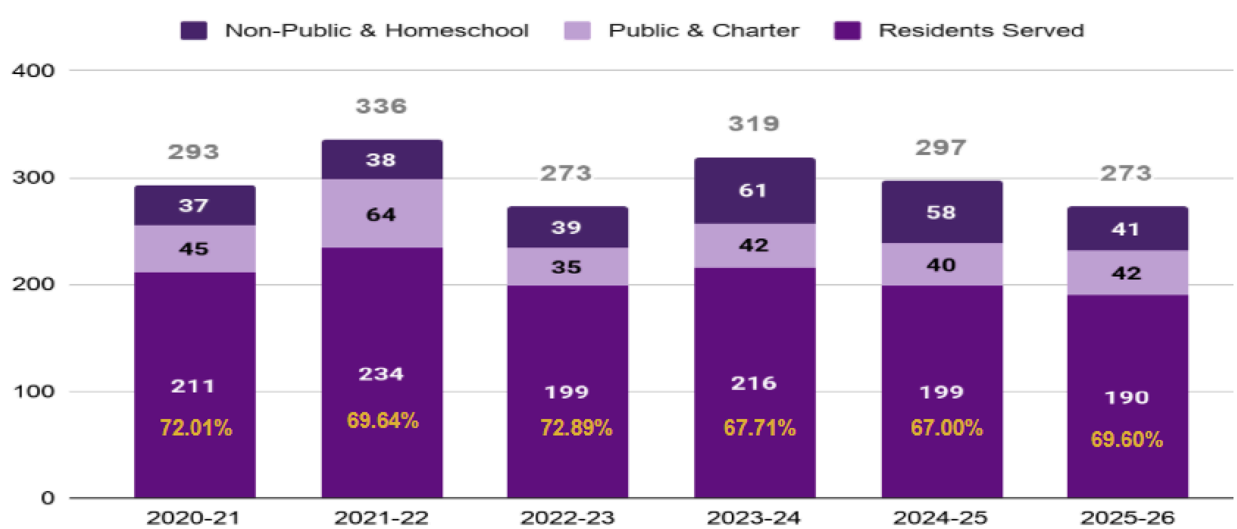
Kindergarten enrollment trends often serve as an early indicator of longer-term enrollment patterns and provide insight into the educational choices families make when entering the K–12 system.

While Kindergarten capture rates have fluctuated in recent years, the District's capture rate was 69.60% in 2025–26 compared to 72.01% in 2020–21. During this same period, private, parochial, charter, and homeschool options continued to represent a significant share of educational choices for resident families.

When private, parochial, and homeschool students are excluded, the District's Kindergarten capture rate has remained relatively stable, ranging from approximately 78% to 85% over the past six years and measuring 81.90% in 2025–26.

Because Kindergarten enrollment often influences future enrollment patterns throughout the District, Waconia Public Schools continues to focus on early learner engagement, family outreach, and providing high-quality educational opportunities that encourage long-term student enrollment and retention.

Historical Resident Kindergarten Population & Capture Rate
2021-22 to 2025-26 - Based on October 1 Fall Seat Count



Other Public, Private, Parochial, and Homeschool Impact

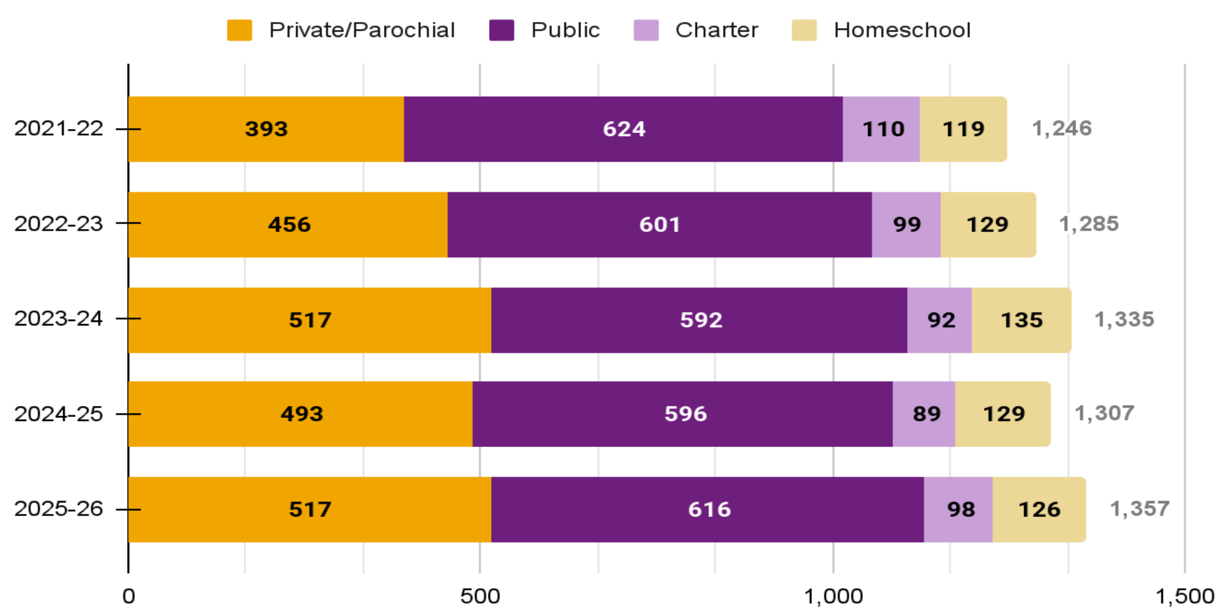
Resident students attending other public school districts, charter schools, private and parochial schools, and homeschool programs represent a significant portion of the District's school-age population.

From 2020–21 to 2025–26, enrollment in private and parochial schools increased from 387 to 517 students, while homeschool participation remained relatively stable at approximately 120–130 students annually. The District has also experienced a consistent number of resident students choosing to attend other public school districts and charter schools through Minnesota's school choice options.

In total, more than 1,350 resident students now attend educational programs outside of Waconia Public Schools. Understanding these enrollment patterns is important because they directly influence resident capture rates, enrollment projections, staffing needs, facility utilization, and long-range financial planning.

The District continues to evaluate these trends and identify opportunities to strengthen family engagement, enhance programming, and ensure Waconia Public Schools remains a strong educational choice for resident families.

Historical Resident Elsewhere Enrollment Data
2020-21 through 2025-26 (October 1)

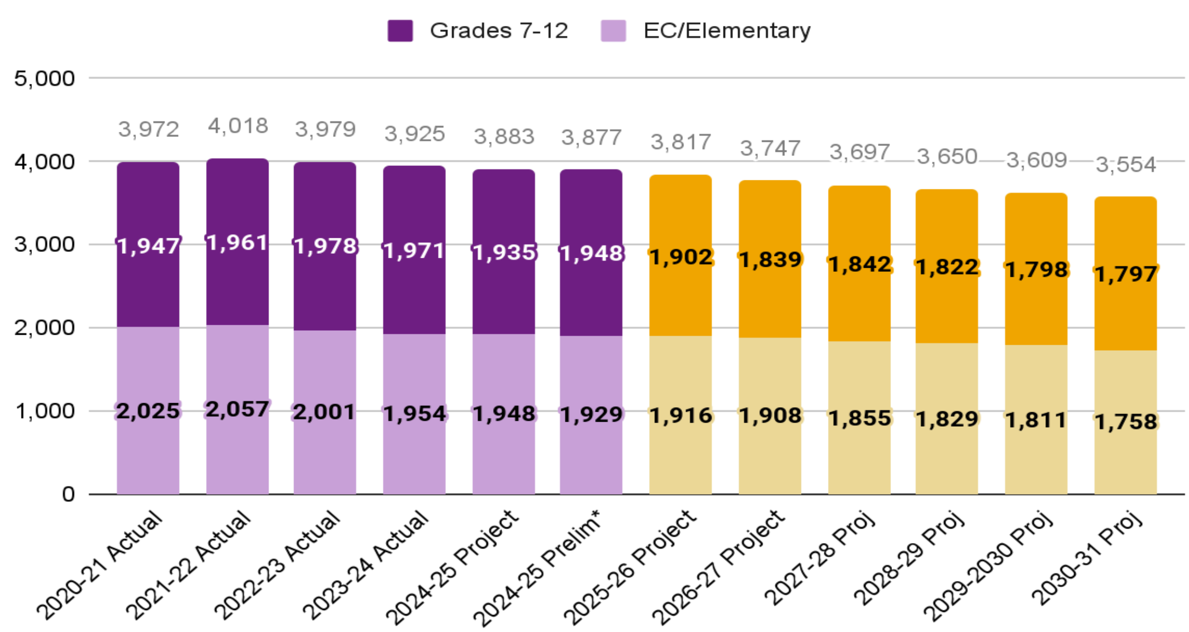


Enrollment History & Projections

The enrollment projections presented below reflect the District's best estimate based on the trends and factors discussed in the preceding sections. While future enrollment levels will continue to be influenced by educational choice options, demographic shifts, housing development activity, and broader economic conditions, the current projections anticipate relatively stable enrollment with a gradual decline over the planning period.

Waconia Public Schools will continue to monitor enrollment data and update projections as new information becomes available. Accurate enrollment forecasting remains critical to supporting responsible staffing decisions, facility planning, transportation operations, and long-range financial sustainability.

EOY ADM Enrollment - Actual 2021-21 to 2024-25 / Projections 2025-26 to 2030-31



- **Actual EC-Grade 6**
- **Actual Grades 7-12**
- **Projected EC-Grade 6**
- **Projected Grades 7-12**

Key Enrollment Takeaways:

- Enrollment remains relatively stable but is projected to gradually decline.
- Resident capture rates remain strong.
- Kindergarten enrollment trends warrant continued monitoring.
- Future housing growth remains a potential opportunity.

Key Budget Highlights

The FY 2026–2027 budget reflects the district's continued focus on student achievement, financial responsibility, and long-term sustainability. Key highlights include:

Positive Fund Balance
While Waconia Public Schools entered FY 2026 with the first positive unassigned general fund balance since exiting SOD, the district is actively working toward the Board's aspirational target of 8–10% to strengthen financial stability.

Stable Enrollment Outlook
Enrollment has remained relatively stable in recent years. While projections indicate a gradual enrollment decline over the next several years, the District continues to monitor housing development, resident capture rates, open enrollment trends, and demographic changes to support informed planning and decision-making.

Student-Centered Investment
The budget prioritizes core instruction, mental health supports, academic interventions, and a wide range of extracurricular opportunities—demonstrating our commitment to providing equitable, high-quality learning experiences for all students.

Operational Efficiency
Strategic staffing and program realignments have been implemented to preserve essential services and classroom instruction while improving cost-efficiency across departments.

The FY 2026–2027 budget serves as both a roadmap and a reflection of our values. It balances our responsibility to maintain fiscal discipline with our belief in providing every student with the opportunity to succeed. We remain grateful to the Waconia School Board, our staff, and our community for their partnership and continued support.

FINANCIAL OVERVIEW – ALL FUNDS

Waconia Public Schools is committed to responsible financial management and transparency in the use of public funds. The District maintains a comprehensive system of internal controls designed to safeguard assets, prevent misuse, and ensure the accuracy of financial records in accordance with GAAP.

These internal controls provide reasonable—though not absolute—assurance that financial transactions are properly recorded and reported. The District continuously evaluates the effectiveness and efficiency of its controls to ensure that oversight processes remain both scalable and cost-effective.

The annual budget is developed and maintained in compliance with:

- GAAP
- The Uniform Financial Accounting and Reporting Standards (UFARS) required by the MDE
- District Policy 701: Budget Process

The FY 2026–2027 budget includes all governmental, proprietary and revocable trust funds operated by the District. Each fund is treated as a separate accounting entity, in accordance with statutory requirements and regulations governing the use of specific revenue sources.

An annual budget is adopted by the School Board for each fund, and budgetary control is managed by the Business Office. Monthly financial reports are reviewed by both District administration and the School Board to monitor progress, support strategic decisions, and ensure alignment with approved financial plans.

BUDGET OVERVIEW

The annual budget presented includes an analysis of the actual financial results of the District at June 30, 2025, and the anticipated positions at June 30, 2026 and June 30, 2027.

	Operating and Non-Operating Funds Budget Fiscal Year 2027		
	2024-25 Audited Results	2025-26 Revised Budget	2026-27 Original Adopted Budget
Revenues:			
General Fund - Fund 01	$ 56,900,516	$ 56,890,482	$ 60,205,991
Food Service - Fund 02	$ 3,304,656	$ 3,125,976	$ 3,068,976
Community Service - Fund 04	$ 4,247,810	$ 4,240,702	$ 4,472,973
Debt Service - Fund 07	$ 9,649,275	$ 9,737,900	$ 9,938,723
Total Revenue Excluding Construction	**$ 74,102,257**	**$ 73,995,060**	**$ 77,686,663**
Building Construction - Fund 06	$ 255,958	$ 246,000	$ 55,000
Total Revenues - Operating and Non-Operating Funds	**$ 74,358,215**	**$ 74,241,060**	**$ 77,741,663**
Expenditures:			
General Fund - Fund 01	$ 51,795,270	$ 56,353,420	$ 59,269,889
Food Service - Fund 02	$ 3,138,795	$ 3,708,610	$ 3,564,549
Community Service - Fund 04	$ 4,136,903	$ 4,238,543	$ 4,382,625
Debt Service - Fund 07	$ 21,790,483	$ 9,737,900	$ 9,938,723
Total Expenditures Excluding Construction	**$ 80,861,451**	**$ 74,038,473**	**$ 77,155,786**
Building Construction - Fund 06	$ 5,459,450	$ 9,491,671	$ -
Total Expenditures - Operating and Non-Operating Funds	**$ 86,320,901**	**$ 83,530,144**	**$ 77,155,786**

	Proprietary & Fiduciary Funds Budget Fiscal Year 2027		
	2024-25 Audited Results	2025-26 Revised Budget	2026-27 Original Adopted Budget
Revenues:			
Trust/Scholarship Fund - Fund 08	$ 12,950	$ 10,000	$ -
Proprietary Fund - Internal Service Fund - Fund 20	$ 418,183	$ 485,000	$ 485,000
Fiduciary Fund - Other Post-Employment Benefits (OPEB) - Fund 45	$ 439,769	$ 147,000	$ 147,000
Total Revenues - Proprietary and Fiduciary Funds	**$ 870,902**	**$ 642,000**	**$ 632,000**
Expenditures:			
Trust/Scholarship Fund - Fund 08	$ 10,250	$ 10,000	$ -
Proprietary Fund - Internal Service Fund - Fund 20	$ 442,895	$ 485,000	$ 485,000
Fiduciary Fund - Other Post-Employment Benefits (OPEB) - Fund 45	$ 361,101	$ 147,000	$ 147,000
Total Expenditures - Proprietary and Fiduciary Funds	**$ 814,246**	**$ 642,000**	**$ 632,000**

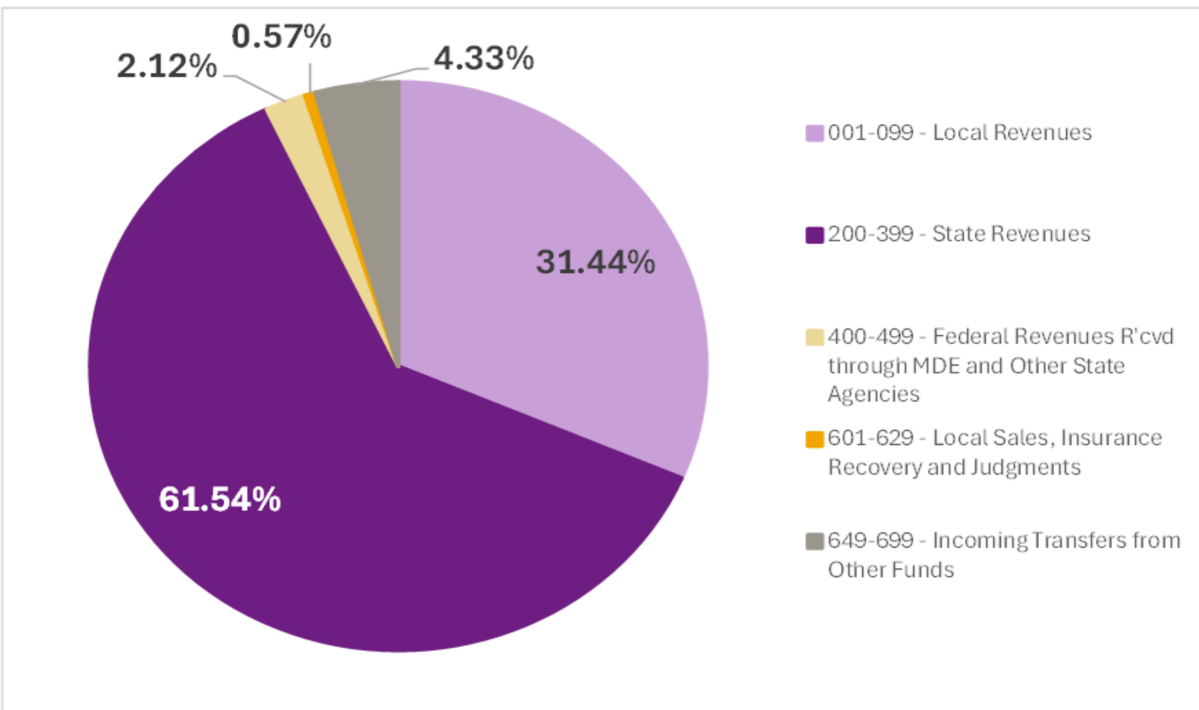
	ALL FUNDS - Operating, Non-Operating, Proprietary, and Fiduciary Funds Budget Fiscal Year 2027		
	2024-25 Audited Results	2025-26 Revised Budget	2026-27 Original Adopted Budget
Total Revenue - Operating and Non-Operating Funds	$ 74,358,215	$ 74,241,060	$ 77,741,663
Total Revenue - Proprietary and Fiduciary Funds	$ 870,902	$ 642,000	$ 632,000
Total Revenues - ALL FUNDS	**$ 75,229,117**	**$ 74,883,060**	**$ 78,373,663**
Total Expenditures - Operating and Non-Operating Funds	$ 86,320,901	$ 83,530,144	$ 77,155,786
Total Expenduitures - Proprietary and Fiduciary Funds	$ 814,246	$ 642,000	$ 632,000
Total Expenditures - ALL FUNDS	**$ 87,135,147**	**$ 84,172,144**	**$ 77,787,786**

Revenue Overview

Waconia Public Schools receives funding from the following sources:

- **State Revenues** – the largest funding stream, determined primarily by enrollment
- **Local Revenues** – including voter-approved referenda and board-authorized levies
- **Federal Revenues** – targeted programs such as Title and special education funding, and Food Service (Fund 02)
- **Local Sales, Insurance Recovery and Judgements** – such as facility rentals, interest earnings, student activity fees, and community education registration fees

2026-27 Revenue Budget
Operating and Non-Operating Funds – By Source



Revenue Source Category	Amount
001-099 - Local Revenues	$ 24,442,116
200-399 - State Revenues	$ 47,838,493
400-499 - Federal Revenues R'cvd through MDE and Other State Agencies	$ 1,651,077
500-599 - Federal Revenues R'cvd Directly from Federal Sources	$ -
601-629 - Local Sales, Insurance Recovery and Judgments	$ 443,700
631-640 - Sale of Bonds and Loans	$ -
649-699 - Incoming Transfers from Other Funds	$ 3,366,277
Total Revenue - Operating and Non-Operating Funds	**$ 77,741,663**

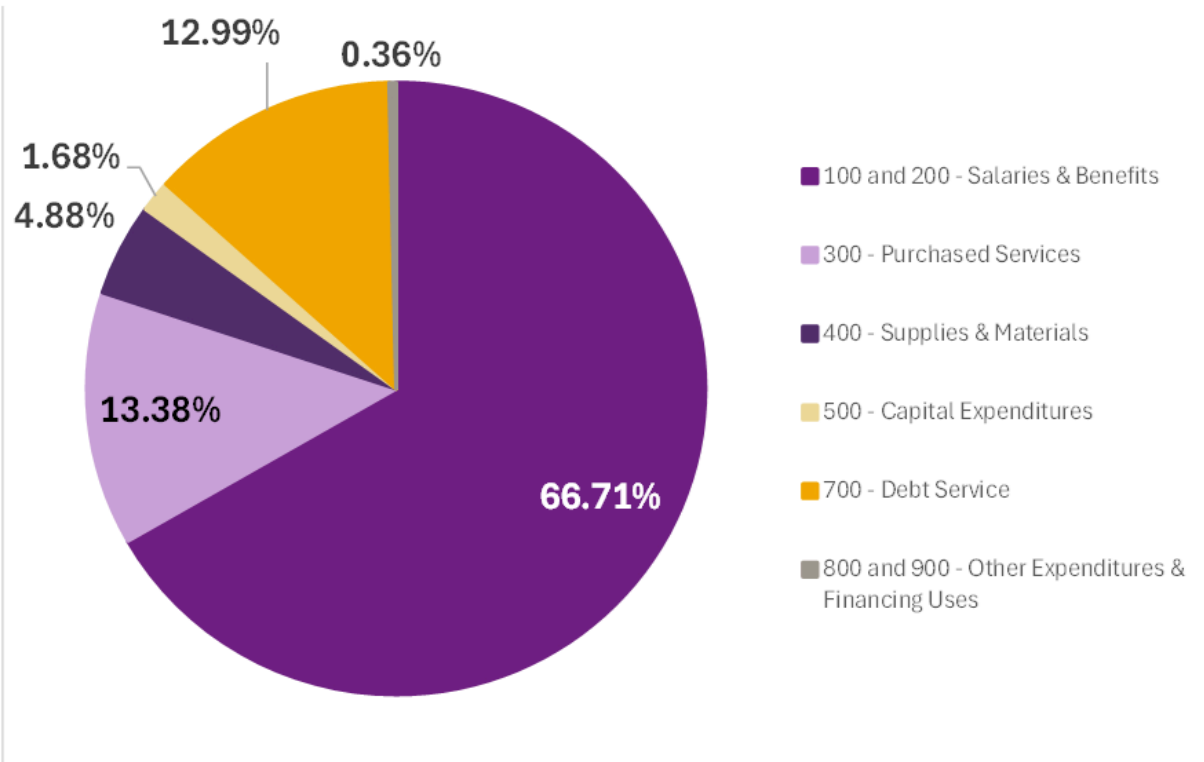
Please note that Fiduciary and Proprietary Funds are not included in the above chart.

Expenditure Overview

District expenditures support a range of instructional and operational needs. Expenses are categorized by object code, including:

- **Salaries and Benefits** – the largest portion of expenditures, reflecting our investment in staff
- **Purchased Services** – including transportation, utilities, and contracted services
- **Supplies and Materials** – such as classroom and custodial supplies
- **Capital Expenditures** – for equipment and facilities
- **Other Expenditures including Debt Service** - payments related to bonds and other long-term obligations

2026-27 Expenditure Budget
Operating and Non-Operating Funds – By Object



Expenditure Object Category	Amount
100 and 200 - Salaries & Benefits	$ 51,470,653
300 - Purchased Services	$ 10,323,607
400 - Supplies & Materials	$ 3,767,944
500 - Capital Expenditures	$ 1,296,163
700 - Debt Service	$ 10,020,010
800 and 900 - Other Expenditures & Financing Uses	$ 277,409
Total Expenditures - Operating and Non-Operating Funds	**$ 77,155,786**

Please note that Fiduciary and Proprietary Funds are not included in the above chart.

FUND 01 – GENERAL FUND SUMMARY

GENERAL FUND

The General Fund accounts for all financial activities not designated for other specific funds. It supports the core operations of Waconia Public Schools, including:

- K–12 educational programming
- District instructional and student support services
- Superintendent and administrative expenditures
- Operations and maintenance
- Pupil transportation
- Sports and Fine Arts Activities
- Capital expenditures (including long-term facility maintenance projects under $2 million)
- All other legal expenditures not required to be reported in another fund

	General Fund - Fund 01 Budget Fiscal Year 2027		
	2024-25 Audited Results	2025-26 Revised Budget	2026-27 Original Adopted Budget
Revenues:			
Local Property Taxes	$ 10,260,902	$ 10,089,990	$ 12,913,947
Investment Earnings	$ 429,245	$ 250,000	$ 300,000
Other Local Revenue	$ 1,609,460	$ 1,494,246	$ 1,381,760
State Aid	$ 43,706,015	$ 43,976,030	$ 44,715,244
Federal Aid	$ 894,894	$ 1,074,916	$ 895,040
Local Sales, Insurance Recovery & Judgements	$ -	$ 5,300	$ -
Total Revenues	**$ 56,900,516**	**$ 56,890,482**	**$ 60,205,991**
Expenditures:			
Salaries & Benefits	$ 39,936,263	$ 43,208,364	$ 46,683,038
Purchased Services	$ 8,344,460	$ 8,873,625	$ 9,042,125
Supplies & Materials	$ 1,869,383	$ 2,300,452	$ 2,052,017
Capital Expenditures	$ 1,293,468	$ 1,618,849	$ 1,139,963
Debt Service	$ 83,267	$ 81,287	$ 81,287
Other Expenditures	$ 268,429	$ 270,843	$ 271,459
Total Expenditures	**$ 51,795,270**	**$ 56,353,420**	**$ 59,269,889**
Other Financing Sources (Uses):			
Transfers In	$ -	$ -	$ -
Transfer Out	$ -	$ -	$ -
Total Other Financing Sources (Uses)	**$ -**	**$ -**	**$ -**
Fund Balances:			
Net Change in Fund Balance	**$ 5,105,246**	**$ 537,062**	**$ 936,102**
Beginning of Year	$ 4,555,778	$ 9,661,024	$ 10,198,086
End of Year	**$ 9,661,024**	**$ 10,198,086**	**$ 11,134,188**

Revenue Assumptions for FY2026-27

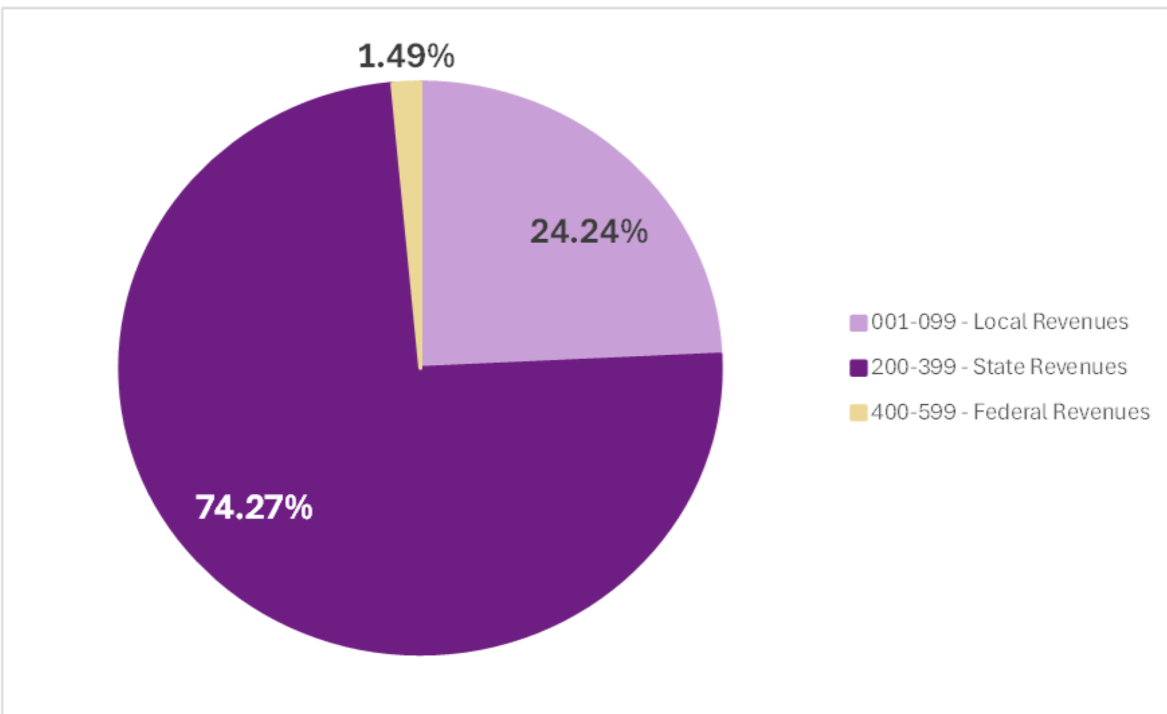
- **Student Enrollment:** The adopted budget is based on an ADM of 3,747 students.
- **General Education Formula Allowance:** Reflects a 2.69% increase to $7,683 per pupil unit.
- **Operating Referendum:** Includes voter approval of the $731 per pupil unit operating referendum.
- **Compensatory Revenue:** Budgeted at $334,558, consistent with a conservative revenue planning approach.

Revenue Outlook

Estimated General Fund Revenues: $60,205,991

An increase of $3,315,509 from the FY2025–26 Revised Budget. The increase is primarily attributable to voter approval of the November 2025 operating referendum, which provides additional local revenue to support educational programming, staffing stability, and district operations.

2026-27 Revenue Budget
General Fund – By Source



Revenue Source Category	Amount
001-099 - Local Revenues	$ 14,595,707
200-399 - State Revenues	$ 44,715,244
400-599 - Federal Revenues	$ 895,040
Total Revenue - Operating and Non-Operating Funds	**$ 60,205,991**

Expenditure Assumptions:

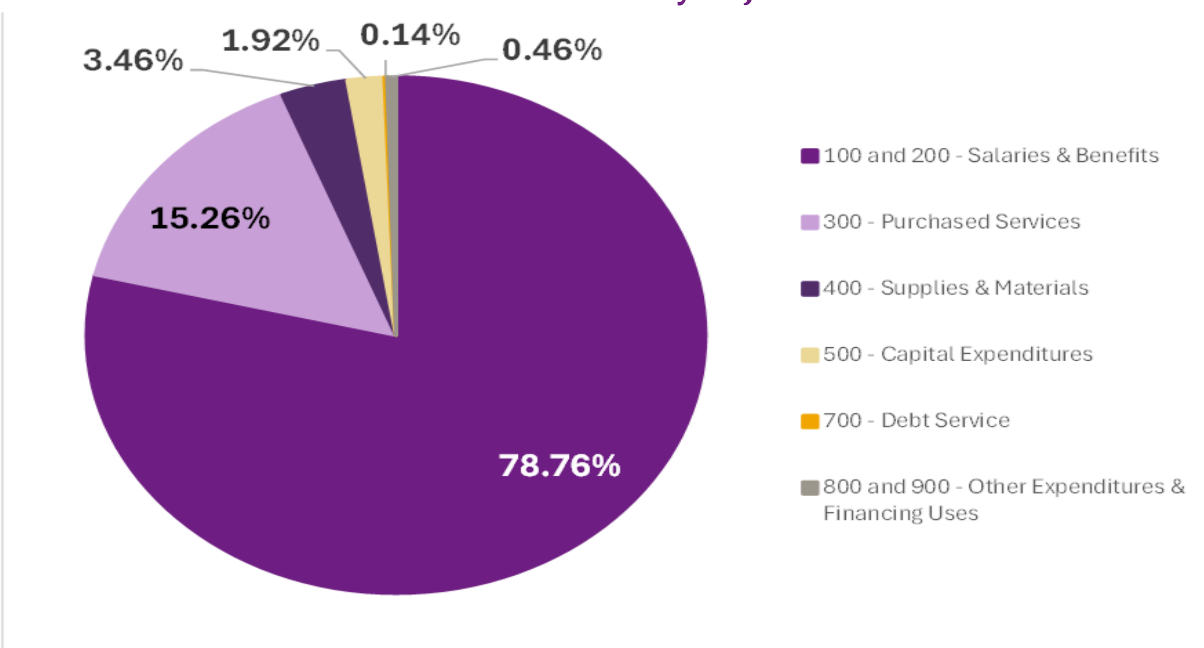
- **Staffing Adjustments:** Addition of 1.00 FTE Elementary Media Specialist, and all other staffing levels have been adjusted to align with projected enrollment trends across elementary, middle school, and high school grade levels.
- **Employee Salary & Benefits:** Reflects salary and benefit increases associated with negotiated settlements and historical patterning assumptions for employee groups not yet settled.

Expenditure Outlook

Estimated General Fund Expenditures: $59,269,889

An increase of $2,916,469, or 5.18%, over the FY2025–26 Revised Budget. The increase is primarily driven by negotiated salary and benefit increases, rising employee benefit costs, inflationary pressures on purchased services and supplies, and continued investments in student programming and operational support.

2026-27 Expenditure Budget
General Fund – By Object



Expenditure Object Category	Amount
100 and 200 - Salaries & Benefits	$ 46,683,038
300 - Purchased Services	$ 9,042,125
400 - Supplies & Materials	$ 2,052,017
500 - Capital Expenditures	$ 1,139,963
700 - Debt Service	$ 81,287
800 and 900 - Other Expenditures & Financing Uses	$ 271,459
Total Expenditures - Operating and Non-Operating Funds	**$ 59,269,889**

2026-27 expenditures by program code have been included in **Appendix B**.

Fund Balance Policy - General Fund

The District's annual spending plan is developed with several considerations in mind, but one of the most critical is maintaining adequate reserves to protect against unforeseen financial challenges. An adequate fund balance serves as the District's financial safety net, providing stability during enrollment shifts, delayed state aid, or economic downturns.

Waconia Public Schools has not always maintained appropriate reserves, as evidenced by its entry into SOD in 2017. Since then, the District has made substantial progress in rebuilding reserves and strengthening its financial position. As of FY2025–2026, the District is no longer in SOD and continues working toward a more sustainable fund balance.

The Waconia School Board has adopted a formal policy requiring a minimum 5% unassigned fund balance in the General Fund—often considered the District's "insurance policy" against the unexpected. The Board has also identified a target range of 8–10% as a best practice for long-term financial health.

Maintaining adequate reserves is not only fiscally responsible—it also affects the District's credit rating, which can influence borrowing costs and the financial impact on local taxpayers. Credit agencies closely monitor fund balance trends when assessing fiscal health and management.

The unassigned General Fund balance is the most reliable single indicator of overall financial condition. To preserve stability and avoid future fiscal distress, the District monitors this balance through:

- A multi-year financial planning model
- A mid-year budget revision process
- Monthly budget-to-actual analyses
- Strategic resource reallocation based on fund balance trends

In addition to unassigned reserves, the District maintains restricted fund balances for specific purposes, including Student Activities, Learning & Development, Basic Skills, Gifted & Talented, School Library Aid, Student Support Personnel, Safe Schools, Medical Assistance, and Long-Term Facilities Maintenance (LTFM).

Together, these reserves form the foundation of the District's financial stability and its ability to respond proactively to both challenges and opportunities.

General Fund Balance Report

	Equity Balance Sheet Code	FY2025 Ending Fund Balances	FY2026 Final Budgeted Revenues	FY2026 Final Budgeted Expenditures	FY2026 Final Budgeted Transfers In / (Out)	FY2026 Projected Ending Fund Balances	FY2027 Proposed Budgeted Revenues	FY2027 Proposed Budgeted Expenditures	FY2027 Final Budgeted Transfers In / (Out)	FY2027 Projected Ending Fund Balances
General Fund:										
Total Non-Spendable Fund Balance		**$ 341,858**				**$ 341,858**				**$ 341,858**
Restricted - Student Activities	Q401	$ 400,557	$ -	$ -	$ -	$ 400,557	$ -	$ -		$ 400,557
Restricted - Staff Developmeent	Q403	$ 178,876	$ 627,859	$ 482,179	$ -	$ 324,556	$ 631,942	$ 513,660		$ 442,838
Restricted - Literacy Incentive Aid	Q412	$ 393,326	$ 215,211	$ 165,044	$ -	$ 443,493	$ 215,211	$ 144,352		$ 514,352
Restricted - American Indian Education Aid	Q420	$ 9,598	$ 46,000	$ 46,000	$ -	$ 9,598	$ 46,000	$ 46,000		$ 9,598
Restricted - Operating Capital	Q424	$ -	$ 952,517	$ 931,543	$ -	$ 20,974	$ 928,057	$ 890,237		$ 58,794
Restricted - Learning & Development	Q428	$ 1,590,182	$ 814,632	$ 598,763	$ -	$ 1,806,051	$ 810,236	$ 1,085,742		$ 1,530,545
Restricted - Area Learning Center	Q434	$ -	$ -	$ 325,041	$ 325,041	$ -	$ -	$ 352,339	$ 352,339	$ -
Restricted - Gifted & Talented	Q438	$ 131,571	$ 54,690	$ 15,088	$ -	$ 171,173	$ 53,464	$ 90,448		$ 134,189
Restricted - English Learner	Q439	$ 1,164	$ -	$ -	$ -	$ 1,164	$ 108,275	$ 478,791	$ 369,352	$ -
Restricted - Basic Skills	Q441	$ 100,287	$ 413,188	$ 336,358	$ -	$ 177,117	$ 334,558	$ 334,030		$ 177,645
Restricted - School Library Aid	Q443	$ 138,355	$ 43,205	$ 72,479	$ -	$ 109,081	$ 42,260	$ 204,143	$ 52,802	$ -
Restricted - Safe Schools Revenue	Q449	$ 324,564	$ 161,640	$ 267,852	$ -	$ 218,352	$ 147,858	$ 150,131		$ 216,079
Restricted - Literacy Aid	Q456	$ 159,760	$ -	$ 159,760	$ -	$ -	$ -	$ -		$ -
Restricted - Teacher Compensation Read ACT Training	Q457	$ 52,501	$ -	$ 52,501	$ -	$ -	$ -	$ -		$ -
Restricted - Long-Term Facilities Maintenance (LTFM)	Q467	$ 479,866	$ 774,798	$ 617,878	$ -	$ 636,786	$ 672,681	$ 690,540		$ 618,927
Restricted - Student Support Personnel Aid	Q471	$ 124,482	$ 126,418	$ -	$ -	$ 250,900	$ 123,653	$ 66,588		$ 307,965
Restricted - Medical Assistance	Q472	$ 683,205	$ 275,000	$ 252,921	$ -	$ 705,284	$ 275,000	$ 350,234		$ 630,050
Total Restricted		**$ 4,768,294**	**$ 4,505,158**	**$ 4,323,407**	**$ 325,041**	**$ 5,275,086**	**$ 4,389,195**	**$ 5,397,235**	**$ 774,493**	**$ 5,041,539**
Total Committed Fund Balance		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total Assigned Fund Balance		**$ 1,385,000**	**$ -**	**$ -**	**$ (185,000)**	**$ 1,200,000**			**$ (200,000)**	**$ 1,000,000**
Total Unassigned Fund Balance		**$ 3,165,874**	**$ 52,385,324**	**$ 52,030,013**	**$ (140,041)**	**$ 3,381,144**	**$ 55,816,796**	**$ 53,872,654**	**$ (574,493)**	**$ 4,750,793**
Unassigned Fund Balance % *		6.11%				6.00%				8.02%
Total General Fund Balance		**$ 9,661,026**	**$ 56,890,482**	**$ 56,353,420**	**$ -**	**$ 10,198,088**	**$ 60,205,991**	**$ 59,269,889**	**$ -**	**$ 11,134,190**
		18.65%				18.10%				18.79%

**Note: Unassigned Fund Balance % is taking the Unassigned Fund Balance and dividing it by the Total General Fund Expenditures*

Historical Restricted and Unassigned General Fund Balance information is included in **Appendix C**.

FUND 02 - FOOD SERVICE FUND

The Food Service Fund is used to account for all revenues and expenditures related to operating the District's child nutrition programs, including food, salaries, benefits, supplies, and equipment. Food Service revenues come primarily from state and federal reimbursements. The District receives additional revenue via the sale of à la carte meals to students and adults.

As of the close of FY2025, the Food Service Fund ended with a restricted fund balance in excess of nine months of operating expenses. We are projecting a decline to slightly over five months in FY2026 and four months in FY2027 through some strategic furniture and equipment purchases.

	Food Service - Fund 02 Budget Fiscal Year 2027		
	2024-25 Audited Results	2025-26 Revised Budget	2026-27 Original Adopted Budget
Revenues:			
Local Property Taxes	$ -	$ -	$ -
Investment Earnings	$ 97,867	$ 80,000	$ 80,000
Other Local Revenue	$ 482,412	$ 448,814	$ 448,814
State Aid	$ 1,958,313	$ 1,831,125	$ 1,784,125
Federal Aid	$ 766,064	$ 766,037	$ 756,037
Total Revenues	**$ 3,304,656**	**$ 3,125,976**	**$ 3,068,976**
Expenditures:			
Salaries & Benefits	$ 1,620,489	$ 1,669,422	$ 1,857,695
Purchased Services	$ 203,478	$ 265,315	$ 265,315
Supplies & Materials	$ 1,214,387	$ 1,301,448	$ 1,333,989
Capital Expenditures	$ 97,695	$ 470,000	$ 105,000
Debt Service	$ -	$ -	$ -
Other Expenditures	$ 2,746	$ 2,425	$ 2,550
Total Expenditures	**$ 3,138,795**	**$ 3,708,610**	**$ 3,564,549**
Other Financing Sources (Uses):			
Sale of Capital Assets	$ 15,000	$ -	$ -
Transfers In	$ -	$ -	$ -
Transfer Out	$ -	$ -	$ -
Total Other Financing Sources (Uses)	**$ 15,000**	**$ -**	**$ -**
Fund Balances:			
Net Change in Fund Balance	**$ 180,861**	**$ (582,634)**	**$ (495,573)**
Beginning of Year	$ 2,283,631	$ 2,464,492	$ 1,881,858
End of Year	**$ 2,464,492**	**$ 1,881,858**	**$ 1,386,285**
Non-Spendable	$ 92,338.00	$ 92,338.00	$ 92,338.00
Restricted Fund Balance	**$ 2,372,154**	**$ 1,789,520**	**$ 1,293,947**

Excess Net Cash Resource Limitation

To promote financial stewardship and ensure that school nutrition funds are used to benefit students participating in the school meal program, federal regulations [7 CFR 210.14(b) and 210.19(a)(1)] limit the amount of unrestricted net cash resources a School Food Authority (SFA) may retain in its Nonprofit School Food Service Account (NSFSA).

Under current federal requirements, SFAs are generally limited to maintaining net cash resources equal to no more than three months of average operating expenditures.

The Minnesota Department of Education (MDE) reviews annual UFARS data to assess compliance with the net cash resource limitation. Beginning with the January 2027 review of FY2025–26 financial data, districts are evaluated using the standard three-month threshold.

Waconia Public Schools has historically maintained a strong financial position within the Food Service Fund and has previously worked with MDE to develop spend-down plans when fund balances exceeded allowable limits. Consistent with federal requirements, any excess resources must be used to support and improve nonprofit school food service operations, such as equipment purchases, program enhancements, facility improvements, or initiatives that benefit students participating in school meal programs.

Net cash resources in the Food Service Fund may not be transferred to other district funds or used to support non-food service operations.

Based on current projections, the District continues to monitor Food Service Fund balances to ensure compliance with federal net cash resource requirements while maintaining sufficient reserves to support ongoing operations, equipment replacement, and future program needs.

FUND 04 – COMMUNITY SERVICE FUND

The Community Service Fund is used to account for revenues and expenditures related to programs such as Early Childhood Family Education (ECFE), KidSpace (school-age care), youth enrichment classes, recreational activities, and other community education programs. Revenues are primarily generated through participation fees and dedicated property tax levies.

The purpose of Community Education funding is to allow school districts to “make maximum use of the public schools of Minnesota by the community and to expand utilization by the school of the human resources of the community.” (MN Statute 124D.18).

The budget for Community Services is contained in Fund 04. It is completely separate from the General Operating budget for the school district which is Fund 01. As stated in the statute, revenues in Fund 04 cannot be used to fund K-12 programs and must be kept separate from the district’s General Operating Fund 01.

	Community Service - Fund 04 Budget Fiscal Year 2027		
	2024-25 Audited Results	2025-26 Revised Budget	2026-27 Original Adopted Budget
Revenues:			
Local Property Taxes	$ 297,253	$ 292,228	$ 357,228
Investment Earnings	$ 91,320	$ 90,000	$ 90,000
Other Local Revenue	$ 3,312,320	$ 3,316,325	$ 3,483,596
State Aid	$ 546,917	$ 542,149	$ 542,149
Federal Aid	$ -	$ -	$ -
Other Financing Sources	$ -	$ -	$ -
Total Revenues	**$ 4,247,810**	**$ 4,240,702**	**$ 4,472,973**
Expenditures:			
Salaries & Benefits	$ 2,887,874	$ 2,768,046	$ 2,929,920
Purchased Services	$ 860,721	$ 979,267	$ 1,016,167
Supplies & Materials	$ 309,663	$ 406,130	$ 381,938
Capital Expenditures	$ 68,074	$ 81,700	$ 51,200
Debt Service	$ -	$ -	$ -
Other Expenditures	$ 10,571	$ 3,400	$ 3,400
Total Expenditures	**$ 4,136,903**	**$ 4,238,543**	**$ 4,382,625**
Other Financing Sources (Uses):			
Sale of Capital Assets	$ -	$ -	$ -
Transfers In	$ -	$ -	$ -
Transfer Out	$ -	$ -	$ -
Total Other Financing Sources (Uses)	**$ -**	**$ -**	**$ -**
Fund Balances:			
Net Change in Fund Balance	**$ 110,907**	**$ 2,159**	**$ 90,348**
Beginning of Year	$ 1,682,199	$ 1,793,106	$ 1,795,265
End of Year	**$ 1,793,106**	**$ 1,795,265**	**$ 1,885,613**

Waconia Community Education

Waconia Community Education serves residents of all ages across Waconia, St. Bonifacius, New Germany, Minnetrista, and Victoria. Programs promote lifelong learning, wellness, and community connection by offering enriching academic, recreational, and support services.

Wildcat Preschool

Wildcat Preschool is a 4-Star Parent Aware-rated early learning program that strives to educate, collaborate, empower, and support families. The program fosters respectful, developmentally appropriate learning environments for children ages 3–5 (as of September 1), with class options ranging from two to five days per week.

Early Childhood Family Education (ECFE)

ECFE is a family education program for parents and their children from birth to kindergarten. Classes and events provide meaningful learning experiences for families, with opportunities for parent discussion, support, and shared activities in a nurturing environment that promotes child development and social interaction.

KidSpace Childcare

KidSpace provides before- and after-school care, as well as programming on most non-school/early release days and during the summer. The program emphasizes fun, relationship-building, personal growth, and a strong sense of community and belonging for each child.

Youth Recreation

Youth Recreation programs bring together residents from St. Bonifacius, New Germany, and Waconia, along with District 110 staff, to plan and deliver activities that meet a wide range of community needs. These offerings utilize both school district and community facilities to support lifelong wellness, teamwork, and active engagement.

Youth Enrichment

Youth Enrichment programs extend learning beyond the school day through classes, clubs, camps, and special events. These experiences foster social, physical, creative, and academic development, allowing students to explore interests, build skills, and engage in hands-on learning.

Adult Enrichment

Adult Enrichment offerings provide opportunities for personal growth, professional skill-building, and community engagement. Residents can participate in a variety of classes focused on areas such as health and wellness, arts and crafts, technology, finance, and more. These programs are designed to support lifelong learning, promote well-being, and bring community members together through shared interests.

Community Education Fund Balance Overview

Waconia Public Schools maintains separate and restricted fund balances within the Community Service Fund (Fund 04), as required by Minnesota Statutes and the UFARS. These balances reflect the financial health of distinct program areas, including Community Education, Early Childhood Family Education (ECFE), School Readiness, and other restricted categories. The projected total Community Education fund balance is expected to increase from $1.88 million at the end of FY2025 to $3.16 million by the close of FY2026.

Community Service Fund Balance Report

	Equity Balance Sheet Code	FY2025 Ending Fund Balances	FY2026 Final Budgeted Revenues	FY2026 Final Budgeted Expenditures	FY2026 Final Budgeted Transfers In / (Out)	FY2026 Projected Ending Fund Balances	FY2027 Proposed Budgeted Revenues	FY2027 Proposed Budgeted Expenditures	FY2027 Final Budgeted Transfers In / (Out)	FY2027 Projected Ending Fund Balances
Community Service										
Non-Spendable		$ 5,153				$ 5,153				$ 5,153
Community Education Programs	Q 431	$ 1,437,789	$ 3,091,097	$ 3,352,160	$ 5,447	$ 1,171,279	$ 3,323,368	$ 3,476,614	$ (41,866)	
Early Childhood and Family Education Programs	Q 432	$ 201,935	$ 419,602	$ 387,027		$ 234,510	$ 419,602	$ 406,740		
School Readiness	Q 444	$ 115,325	$ 593,144	$ 324,146		$ 384,323	$ 593,144	$ 320,546		
Other Restricted	Q 464	$ 32,904	$ 136,859	$ 175,210	$ (5,447)	$ -	$ 136,859	$ 178,725	$ 41,866	
Total Communiuty Education Fund Balances		$ 1,793,106	$ 4,240,702	$ 4,238,543	$ -	$ 1,795,265	$ 4,472,973	$ 4,382,625	$ -	$ 1,885,613

FUND 06 – BUILDING CONSTRUCTION FUND

The Building Construction Fund is used for two purposes:

- to account for construction project expenditures financed with bond or bond-like proceeds
- to account for the expenditures of LTFM projects that are greater than $2,000,000 per site.

There can be no borrowing from the Building Construction Fund; any cash or investment balance in the fund must be used for authorized construction or LTFM projects.

Expenditures relating to projects financed by bonds issued in prior years are reflected in the reduction of fund balance over time as projects progress to completion.

During FY2024 and FY2025, the District issued General Obligation Facilities Maintenance bonds to finance an Indoor Air Quality project at the High School and District Office that began in FY2025 and will end in FY2026. Abatement bonds were also issued in FY2024 to cover the costs associated with the parking lots at Waconia Middle School and Laketown Elementary, which were also completed in FY2026.

	Building Construction - Fund 06 Budget Fiscal Year 2027		
	2024-25 Audited Results	2025-26 Revised Budget	2026-27 Original Adopted Budget
Revenues:			
Long-Term Facilities Maintenance	$ -	$ -	$ -
Construction	$ -	$ -	$ -
Insurance Recovery	$ -	$ 66,000	$ -
Other Local	$ -	$ 30,000	$ 30,000
Interest Earnings	$ 255,958	$ 150,000	$ 25,000
Total Revenues	**$ 255,958**	**$ 246,000**	**$ 55,000**
Expenditures:			
Salaries & Benefits	$ -	$ 107,154	$ -
Capital Improvements	$ 5,459,450	$ 7,903,160	$ -
Other (Including Lease)	$ -	$ -	$ -
Total Expenditures	**$ 5,459,450**	**$ 8,010,314**	**$ -**
Other Financing Sources (Uses):			
Lease Purchase Agreement Proceeds	$ -	$ -	$ -
Issuance of Bonds	$ 8,680,000	$ -	$ -
Bond Premium	$ 660,669	$ -	$ -
Total Other Financing Sources (Uses)	**$ 9,340,669**	**$ -**	**$ -**
Fund Balances:			
Net Change in Fund Balance	**$ 4,137,177**	**$ (7,764,314)**	**$ 55,000**
Beginning of Year	$ 4,096,993	$ 8,234,170	$ 469,856
End of Year	**$ 8,234,170**	**$ 469,856**	**$ 524,856**

FUND 07 – DEBT SERVICE FUND

The Debt Service Fund accounts for revenues and expenditures associated with the repayment of the District's bonded indebtedness. The District issues bonds primarily to finance the acquisition, construction, improvement, and equipping of school facilities. The District may also issue refunding bonds to refinance existing debt when market conditions provide an opportunity to reduce borrowing costs.

Minnesota law requires debt service activities to be maintained in a separate fund. Resources in the Debt Service Fund may only be used for debt repayment and related activities and cannot be borrowed for other District purposes.

Waconia Public Schools has demonstrated significant financial improvement in recent years, reflected in two consecutive credit rating upgrades from Moody's Investors Service. The District's underlying credit rating improved from Baa3 to Baa2 in 2025, and again from Baa2 to Baa1 in 2026. Moody's cited several key strengths supporting the upgrade, including improved fund balance reserves, strong liquidity, stable enrollment, conservative budgeting practices, and continued economic growth within the District's tax base.

The District's improved credit profile benefits taxpayers by supporting more favorable borrowing costs, enhancing financial flexibility, and strengthening the District's ability to address future capital and facility needs. The School Board remains committed to maintaining sound financial practices, preserving adequate reserves, and aligning long-term debt decisions with the District's strategic and facility planning goals.

	Debt Service - Fund 07 Budget Fiscal Year 2027		
	2024-25 Audited Results	2025-26 Revised Budget	2026-27 Original Adopted Budget
Revenues:			
Local Property Taxes	$ 8,518,362	$ 8,790,925	$ 8,991,748
Investment Earnings	$ 333,936	$ 150,000	$ 150,000
State Sources	$ 796,977	$ 796,975	$ 796,975
Total Revenues	**$ 9,649,275**	**$ 9,737,900**	**$ 9,938,723**
Expenditures:			
Debt Service:			
Bond Principal	$ 7,200,000	$ 6,420,249	$ 6,552,653
Bond Interest	$ 2,490,256	$ 3,317,651	$ 3,386,070
Total Expenditures	**$ 9,690,256**	**$ 9,737,900**	**$ 9,938,723**
Other Financing Sources:			
Issuance of Bonds	$ 11,105,000	$ -	$ -
Bond Premium	$ 999,222	$ -	$ -
Payment to Refunded Bond Escros Agent	$ (12,100,227)	$ -	$ -
Total Other Financing Sources (Uses)	**$ 3,995**	**$ -**	**$ -**
Fund Balances:			
Net Change in Fund Balance	**$ (36,986)**	**$ -**	**$ -**
Beginning of Year	$ 2,351,255	$ 2,314,269	$ 2,314,269
End of Year	**$ 2,314,269**	**$ 2,314,269**	**$ 2,314,269**

FUND 08 - TRUST FUND (Scholarships)
Proprietary Fund

The Trust Fund is used to account for assets held by the District in a fiduciary capacity when the School Board has accepted responsibility to serve as trustee. At Waconia Public Schools, Fund 08 is primarily used to administer scholarship funds established through gifts, donations, memorials, estates, or other trust agreements. These resources must be managed and distributed in accordance with the specific terms established by the donor and may only be used for the designated purpose.

Because scholarship donations, investment earnings, and award amounts can vary significantly from year to year, the District does not typically include scholarship activity in the Original Budget. Instead, scholarship revenues and expenditures are incorporated into the Revised Budget as information becomes available throughout the fiscal year.

The table below provides historical actual revenues, expenditures, and fund balance activity to illustrate trends in scholarship-related transactions and the District's fiduciary stewardship of these resources.

	Trust Fund - Fund 08 Budget Fiscal Year 2027		
	2024-25 Audited Results	2025-26 Revised Budget	2026-27 Original Adopted Budget
Revenues:			
Gifts and Donations	$ 12,950	$ 10,000	$ -
Investment Earnings	$ -	$ -	$ -
Total Revenues	**$ 12,950**	**$ 10,000**	**$ -**
Expenditures:			
Scholarships Awarded	$ 10,250	$ 10,000	$ -
Total Expenditures	**$ 10,250**	**$ 10,000**	**$ -**
Fund Balances:			
Net Change in Fund Balance	**$ 2,700**	**$ -**	**$ -**
Beginning of Year	$ 26,948	$ 29,648	$ 29,648
End of Year	**$ 29,648**	**$ 29,648**	**$ 29,648**

FUND 20 – INTERNAL SERVICE FUND
Proprietary Fund

Waconia Public Schools maintains an Internal Service Fund to account for its self-insured dental plan. This Proprietary Fund is used to finance and manage the risk associated with dental benefits provided to eligible employees and their dependents. Revenues are generated through employer and employee contributions, while expenditures include claims paid and administrative fees.

The fund is designed to operate on a cost-recovery basis, ensuring long-term sustainability of the program while maintaining predictable and affordable dental coverage. Financial activity is reported using the accrual basis of accounting, consistent with GAAP for proprietary funds. Any excess net position is retained within the fund and used to offset future liabilities or adjust contribution levels.

	Internal Service Fund - Fund 20 Budget Fiscal Year 2027		
	2024-25 Audited Results	2025-26 Revised Budget	2026-27 Original Adopted Budget
Revenues:			
Employee and Employer Contributions	$ 410,182	$ 480,000	$ 480,000
Investment Earnings	$ 8,001	$ 5,000	$ 5,000
Total Revenues	**$ 418,183**	**$ 485,000**	**$ 485,000**
Expenditures:			
Dental Insurance Claims	$ 442,895	$ 485,000	$ 485,000
Total Expenditures	**$ 442,895**	**$ 485,000**	**$ 485,000**
Other Financing Sources (Uses):			
Transfers In	$ -	$ -	$ -
Transfer Out	$ -	$ -	$ -
Total Other Financing Sources (Uses)	**$ -**	**$ -**	**$ -**
Fund Balances:			
Net Change in Fund Balance	**$ (24,712)**	**$ -**	**$ -**
Beginning of Year	$ 187,064	$ 162,352	$ 162,352
End of Year	**$ 162,352**	**$ 162,352**	**$ 162,352**

FUND 45 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) FUND
Irrevocable Trust Fund

Fund 45 accounts for the assets held in an irrevocable trust for the District's Other Post-Employment Benefits (OPEB) plan. These fiduciary assets are legally restricted for retiree health benefits and are maintained in a qualified irrevocable trust.

In 2008, Waconia Public Schools issued bonds for $2.657 million to address Other Post-Employment Benefits (OPEB) to help fund the district's actuarial liability.

The components of the net OPEB liability of the District at June 30, 2025 were as follows:

Description	Amount
Total OPEB Liability	$7,013,111
Plan Fiduciary Net Position (OPEB Irrevocable Trust)	$1,131,7491
District's Net OPEB Liability	**$5,881,362**
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	**16.14%**

Over the past five years, the District has made annual withdrawals from the OPEB Trust without making corresponding contributions. To preserve the trust's long-term viability, future distributions are assumed to be paid on a pay-as-you-go basis from the General Fund in FY2026 and FY2027. Prior to resuming withdrawals from the OPEB Trust, the District should establish an annual contribution strategy based on the actuarially estimated benefit payments. The net OPEB liability was measured as of June 30, 2025, using an actuarial valuation dated July 1, 2024.

	OPEB - Fund 45 Budget Fiscal Year 2027		
	2024-25 Audited Results	2025-26 Revised Budget	2026-27 Original Adopted Budget
Revenues:			
District Contribution	$ 358,103	$ 82,000	$ 90,000
Investment Earnings	$ 81,666	$ 65,000	$ 57,000
Total Revenues	**$ 439,769**	**$ 147,000**	**$ 147,000**
Expenditures:			
Employee Insurance	$ 358,103	$ 135,000	$ 135,000
Investment Services/Fees	$ 2,998	$ 12,000	$ 12,000
Total Expenditures	**$ 361,101**	**$ 147,000**	**$ 147,000**
Fund Balances:			
Net Change in Fund Balance	**$ 78,668**	**$ -**	**$ -**
Beginning of Year	$ 1,053,081	$ 1,131,749	$ 1,131,749
End of Year	**$ 1,131,749**	**$ 1,131,749**	**$ 1,131,749**

Strategic Outlook

The FY2026–27 Budget reflects Waconia Public Schools' continued commitment to transparency, fiscal responsibility, and student success. While the District's recent exit from Statutory Operating Debt marked a significant milestone, this budget demonstrates that our focus extends beyond recovery and toward building a strong and sustainable future for our students, staff, and community.

The financial progress achieved over the past several years has positioned the District to make strategic investments while maintaining responsible stewardship of public resources. The successful passage of the November 2025 operating referendum, continued improvement in the District's financial position, and Moody's credit rating upgrade all reflect the confidence that our community and stakeholders have placed in Waconia Public Schools.

At the same time, challenges remain. Enrollment trends, educational choice options, inflationary pressures, workforce considerations, and evolving state and federal funding landscapes require ongoing diligence and long-range planning. The District will continue to closely monitor these factors and make informed decisions that balance fiscal responsibility with the educational needs of our students.

Above all, this budget reflects our commitment to aligning resources with the District's mission, strategic priorities, and core values. Through thoughtful planning, collaborative leadership, strong partnerships with staff and labor groups, and the continued support of our community, Waconia Public Schools is well positioned to navigate future opportunities and challenges while ensuring every student has the opportunity to explore their passions and create their success.

APPENDIX A

School Board Policies

Appendix A: Relevant Board Policies for Governance and Financial Oversight

The following Board-adopted policies support the School Board's fiscal responsibilities and provide a framework for transparent and compliant financial operations:

Policy 701 – Establishment and Adoption of School District Budget - Outlines requirements for budget development, public notice, and formal adoption.

Policy 701.1 – Modification of School District Budget - Defines procedures for adjusting the budget during the fiscal year.

Policy 702 – Accounting - Requires the use of UFARS and GAAP for financial reporting and recordkeeping.

Policy 703 – Annual Audit - Establishes requirements for an independent annual audit and submission to MDE and the State Auditor.

Policy 704 – Development and Maintenance of an Inventory of Fixed Assets - Ensures proper tracking and reporting of the district's capital assets.

Policy 706 – Acceptance of Gifts - Governs the procedures for accepting and documenting donations to the district.

Policy 707 – Transportation of Public School Students - Outlines eligibility, service standards, and financial oversight of student transportation.

Policy 709 – Student Enrollment and Attendance - Establishes enrollment procedures tied to funding and pupil accounting accuracy.

Policy 710 – Extracurricular Transportation - Provides guidance on funding and oversight for transportation related to student activities.

Policy 711 – Video Recording on School Buses - Sets expectations for privacy and data use related to student transportation safety.

Policy 712 – Video Surveillance Other Than on Buses - Supports student safety and facility security through responsible video surveillance practices.

Policy 713 – Student Activity Accounting - Governs financial procedures for student-led accounts and ensures internal control.

Policy 714 – Fund Balances - Establishes fund balance targets and procedures aligned with GASB recommendations.

Policy 721 – Uniform Grant Guidance Policy Regarding Federal Revenue - Ensures proper use and tracking of federal grants and procurement compliance.

Policy 802 – Disposition of Obsolete Equipment and Material - Provides rules for asset disposal and surplus property sales.

APPENDIX B

2025-26 General Fund Expenditures by Program Code

Appendix B: 2026-27 General Fund Expenditures by Program Code

Program Category	Program Code	Program Description	FY27 Budget	Subtotal by Category
Administration	010	Board Of Educat	$ 151,306	$ 1,724,848
	020	Office Of The S	$ 363,494	
	050	School Administ	$ 1,210,048	
Community Education and Services	505	General Communi	$ 17,617	$ 17,617
Direct Support Services	105	Gen Admin Suppo	$ 728,288	$ 2,389,947
	107	Other Admin Sup	$ 220,149	
	108	Tech Director	$ 455,947	
	110	Business Servic	$ 979,781	
	199	School Election	$ 5,782	
Elementary and Secondary Regular Instruction	200	Voluntary Pre-K	$ 200,992	$ 26,430,539
	201	Ed - Kindergart	$ 1,400,021	
	203	Grades 1 - 6	$ 9,572,497	
	204	Title II Teach/	$ 40,331	
	205	Title III Eng L	$ -	
	206	Title IV	$ 10,000	
	211	Ed - Secondary	$ 1,933,733	
	212	Visual Art	$ 640,609	
	215	Business	$ 116,373	
	216	Educ Disadvanta	$ 64,609	
	217	Assurance Of Ma	$ 945	
	218	Gifted And Tale	$ 90,518	
	219	Limited English	$ 478,791	
	220	English-Languag	$ 1,934,866	
	221	Reading	$ 1,714	
	222	Drama/Theater	$ 1,350	
	230	Foreign/Native	$ 510,642	
	240	Health-Phyed-Re	$ 1,005,823	
	241	Health	$ 1,260	
	242	Physical Educat	$ 390,299	
	250	Fam Living Scie	$ 143,480	
	255	Industrial Educ	$ 172,365	
	256	Mathematics	$ 1,912,588	
	257	Computer Sci/Te	$ 991	
	258	Music	$ 1,009,957	
	260	Natural Science	$ 1,335,595	
	270	Soc Science/Soc	$ 1,384,523	
	281	Keyboarding	$ -	
	291	Co-Curricular	$ -	
	292	Boys/Girls Athl	$ 536,331	
	294	Boys Athletics	$ 468,123	
	296	Girls Athletics	$ 465,722	
	298	Extra-Curricula	$ 605,491	

**Note: Program descriptions are imported directly from Skyward and may contain abbreviated spellings due to system character limitations.*

Appendix B: 2026-27 General Fund Expenditures by Program Code (continued)

Program Category	Program Code	Program Description	FY27 Budget	Subtotal by Category
Vocational Education Instruction	331	Personal Family	$ 130,799	$ 682,366
	341	Business/Office	$ 99,097	
	361	Trade/Industria	$ 445,151	
	380	Work Experience	$ 7,319	
Special Education Instruction	400	Special Ed Inst	$ -	$ 12,807,646
	401	Speech/Language	$ 569,429	
	402	Ment Impair:Mil	$ 885,194	
	403	Ment Impair:Mod	$ 568,112	
	404	Physically Impa	$ 159,450	
	405	Deaf-Hard Of He	$ 137,494	
	406	Visually Impair	$ 14,000	
	407	Specific Learn	$ 1,871,418	
	408	Emot/Behav Diso	$ 860,260	
	409	Deaf-Blind	$ -	
	410	Other Health Im	$ 1,009,639	
	411	Autistic Spectr	$ 2,872,033	
	412	Develp Delay	$ 1,253,775	
	414	Traumatic Brain	$ 53,575	
	416	Multiple Handic	$ 435,360	
	420	Special Ed - Ge	$ 1,468,892	
	421	Adaptive Phy Ed	$ 128,041	
	422	Stud w/o Disab	$ 520,974	
Instructional Support Services	605	Gen Instruction	$ 724,747	$ 2,829,881
	610	Cur Consult & D	$ 566,437	
	620	Educational Med	$ 450,131	
	630	INSTR-TECH	$ 843,233	
	640	Staff Developme	$ 245,333	
	691	Computer Assist	$ -	
Pupil Support Services	710	Sec Counseling	$ 727,745	$ 5,974,785
	712	Elem Counseling	$ 161,492	
	715	School Security	$ 143,595	
	718	School Safety	$ 6,536	
	720	Health Services	$ 505,132	
	721	Wellness Progra	$ 700	
	740	Districtwide Re	$ 66,588	
	760	Pupil Transport	$ 4,265,363	
	761	School Owned Tr	$ 221	
	770	Food Services	$ 80,825	
	790	Other Pupil Sup	$ -	
	793	Graduation	$ 16,588	
Sites and Buildings	810	Operations & Ma	$ 4,004,474	$ 5,867,358
	811	Groundskeeping	$ 218,383	
	813	Generator	$ 66,148	
	817	Permit Fees	$ 12,600	
	820	Telephone Syste	$ 15,000	
	850	Capital Facilit	$ 860,213	
	865	LTFM & H & S	$ 690,540	
Fiscal and Other Fixed-Cost Programs	920	Retire Nonbond	$ -	$ 544,902
	930	Employee Benefi	$ -	
	940	Insurances	$ 544,902	
	950	Transfers	$ -	
	960	Other Non-Recur	$ -	
Grand Total - General Fund Expenditures by Program				**$ 59,269,889**

**Note: Program descriptions are imported directly from Skyward and may contain abbreviated spellings due to system character limitations.*

APPENDIX C

Historical General Fund Balance Information - Restricted & Unassigned FY13 through Projected FY27

GENERAL FUND BALANCE CLASSIFICATIONS:

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, the General Fund balance is reported using five classifications that reflect varying levels of constraint on the use of financial resources: Nonspendable, Restricted, Committed, Assigned, and Unassigned. These categories help clarify how funds are available for current and future use and ensure consistent, transparent reporting. Understanding these classifications provides important context for evaluating the district's financial health and how resources are allocated to support educational goals.

Nonspendable

These funds can't be used because they are not in cash form—like inventory or prepaid expenses—or they are required to stay intact, like certain permanent funds.

Restricted

These funds must be used for specific purposes determined by law, grant requirements, or other outside restrictions. They are not flexible and must follow the rules tied to them.

Common Restricted Fund Balance Codes:

- **401 – Student Activities:** Funds raised by students for student-led extracurricular activities like clubs or athletics.
- **403 – Staff Development:** Unused funds set aside for staff training and professional development.
- **412 – Literacy Incentive Aid:** Supports evidence-based reading instruction under the READ Act.
- **420 – American Indian Education:** Supports education services and opportunities for American Indian students.
- **424 – Operating Capital:** Used for equipment and facility needs; if expenses exceed revenue, any negative fund balance closes to Unassigned.
- **428 – Learning & Development:** Used to reduce class sizes or increase student support staff.
- **434 – Area Learning Center:** Must be spent on students attending a state-approved area learning center.
- **438 – Gifted & Talented:** Unspent funds for programs that serve gifted and talented students.

- **439 – English Learning:** Supports English Learners as required by state law.
- **441 – Basic Skills:** Helps students who need additional academic support.
- **443 – School Library Aid:** Supports library services and materials.
- **449 – Safe Schools:** Helps fund school safety initiatives. This reserve can be in deficit if needed.
- **456 – Literacy Aid:** Funds to improve structured literacy across pre-K–12.
- **457 – Teacher Compensation – READ Act:** Pays teachers for completing required literacy training.
- **467 - LTFM (Restricted/Reserved for Long-Term Facilities Maintenance):** Supports major building repairs and replacements.
- **471 - Student Support Personnel Aid:** Resources to be used for student support personnel that are in addition to current staff levels.
- **Medical Assistance (MA Reimbursement):** Revenue received from MA billing for services provided to eligible students.

Committed

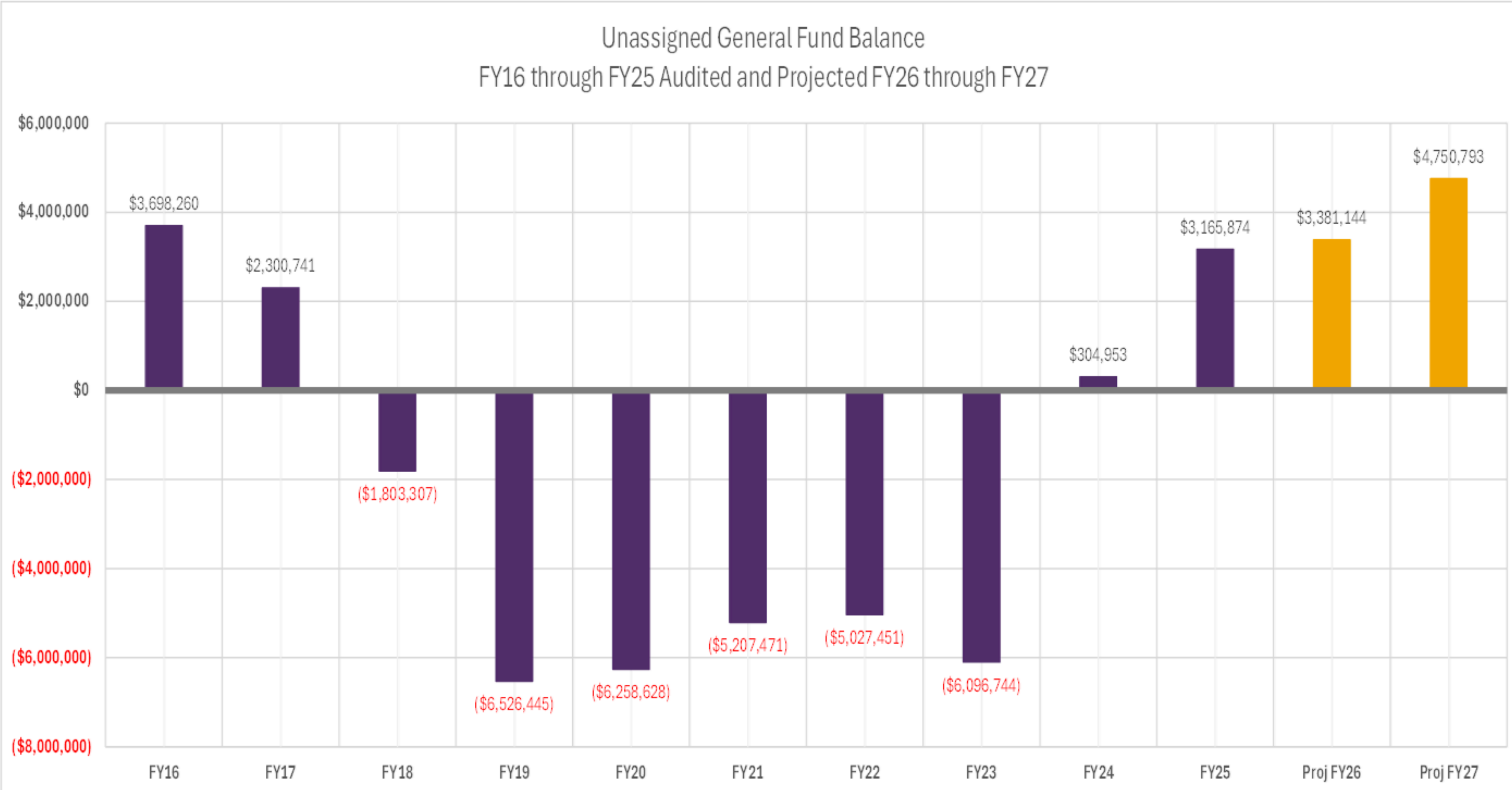
Funds set aside by the school board for a specific purpose. These can only be changed or removed by board action. Example: money committed for future retiree benefits.

Assigned

Funds set aside for a planned purpose. This can be done by the board or someone the board authorizes, like the Superintendent or Director of Finance & Operations. It shows intent to use the money for something specific, but it's more flexible than a committed fund.

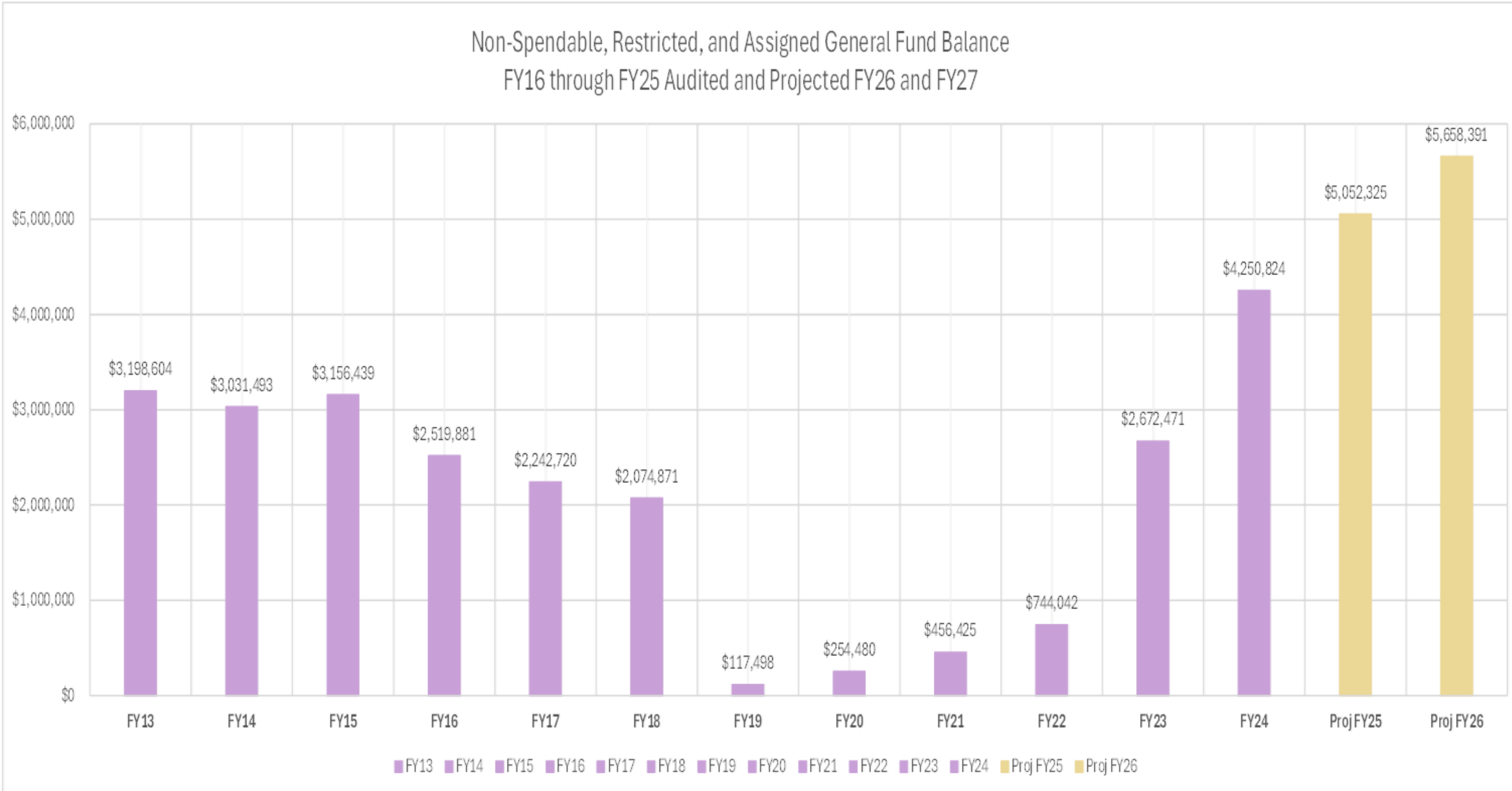
Unassigned

Used in Fund 01 to record Unassigned Fund Balance available to meet current and future years' expenditures. These are resources in Fund 01 that are not restricted and have not been committed or assigned. The fund balance may be positive or negative.



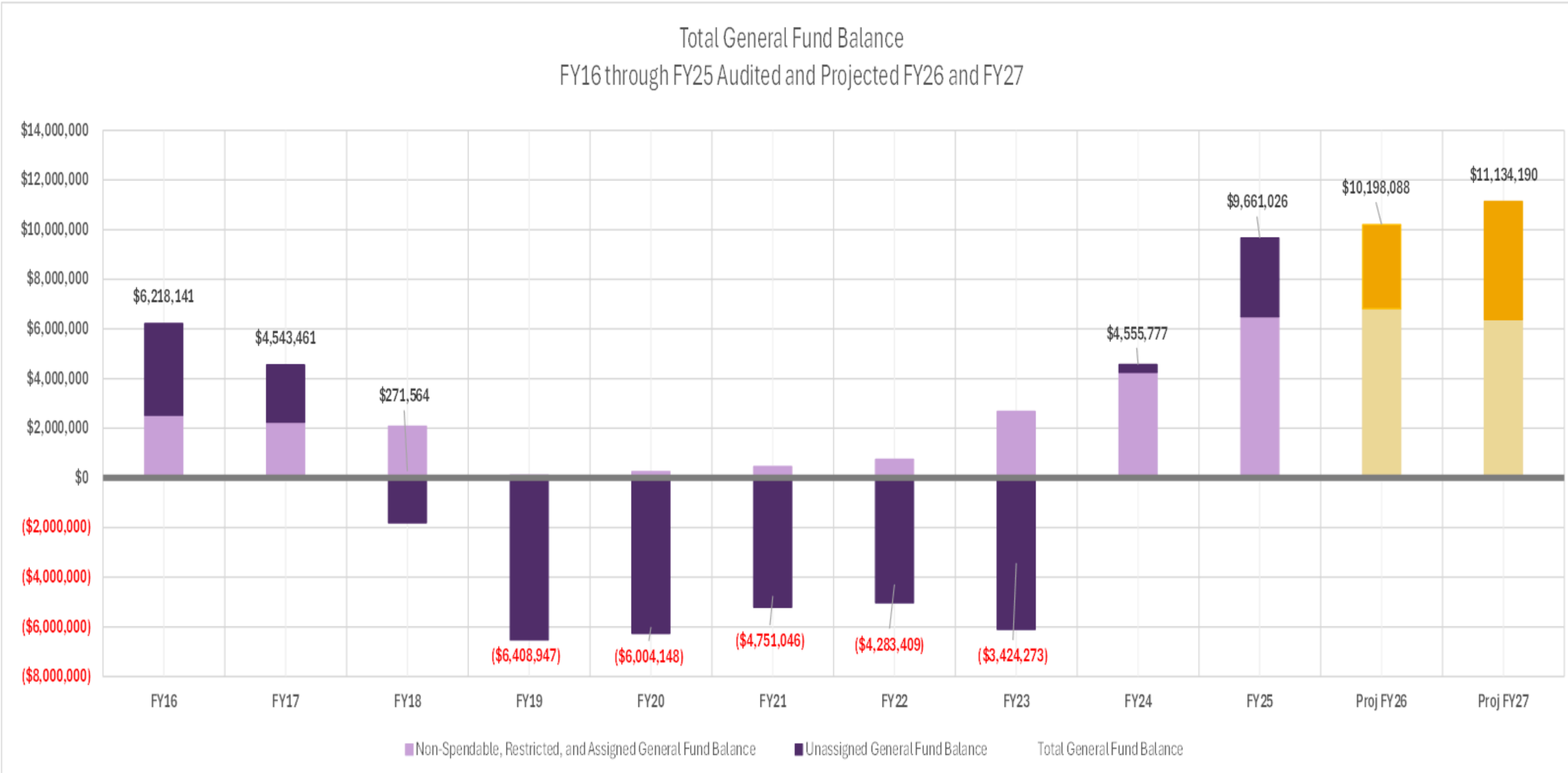
Fund Balance Category	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	Proj FY26	Proj FY27
Unassigned General Fund Balance	$3,698,260	$2,300,741	($1,803,307)	($6,526,445)	($6,258,628)	($5,207,471)	($5,027,451)	($6,096,744)	$304,953	$3,165,874	$3,381,144	$4,750,793
% Unassigned Fund Balance	9.50%	5.52%	-4.08%	-13.03%	-13.40%	-10.84%	-9.70%	-11.67%	0.63%	6.11%	6.00%	8.02%

*Note: % Unassigned Fund Balance is calculated by dividing the Unassigned General Fund Balance by total General Fund Expenditures



Fund Balance Category	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	Proj FY26	Proj FY27
Non-Spendable, Restricted, and Assigned General Fund Balance	$2,519,881	$2,242,720	$2,074,871	$117,498	$254,480	$456,425	$744,042	$2,672,471	$4,250,824	$6,495,152	$6,816,944	$6,383,397
% Non-Spendable, Restricted, & Assigned Fund Balance	6.47%	5.38%	4.70%	0.23%	0.55%	0.95%	1.44%	5.11%	8.75%	12.54%	12.10%	10.77%

*Note: % Nonspendable, Restricted and Assigned Fund Balance is calculated by dividing the Nonspenndabale, Restricted and Assigned General Fund Balance by total General Fund Expenditures



Fund Balance Category	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	Proj FY26	Proj FY27
Non-Spendable, Restricted, and Assigned General Fund Balance	$2,519,881	$2,242,720	$2,074,871	$117,498	$254,480	$456,425	$744,042	$2,672,471	$4,250,824	$6,495,152	$6,816,944	$6,383,397
Unassigned General Fund Balance	$3,698,260	$2,300,741	($1,803,307)	($6,526,445)	($6,258,628)	($5,207,471)	($5,027,451)	($6,096,744)	$304,953	$3,165,874	$3,381,144	$4,750,793
Total General Fund Balance	**$6,218,141**	**$4,543,461**	**$271,564**	**($6,408,947)**	**($6,004,148)**	**($4,751,046)**	**($4,283,409)**	**($3,424,273)**	**$4,555,777**	**$9,661,026**	**$10,198,088**	**$11,134,190**
% Unassigned Fund Balance	15.97%	10.90%	0.62%	-12.80%	-12.85%	-9.89%	-8.26%	-6.56%	9.38%	18.65%	18.10%	18.79%

*Note: % Unassigned Fund Balance is calculated by dividing the Unassigned General Fund Balance by total General Fund Expenditures