

ISD 110 School Board Work Session

Monday, December 11, 2023 7:00 PM

Waconia Public Schools - District Office - Conf Rm A, 512 Industrial Blvd.,
Waconia, MN 55387

1. Annual Audit Report



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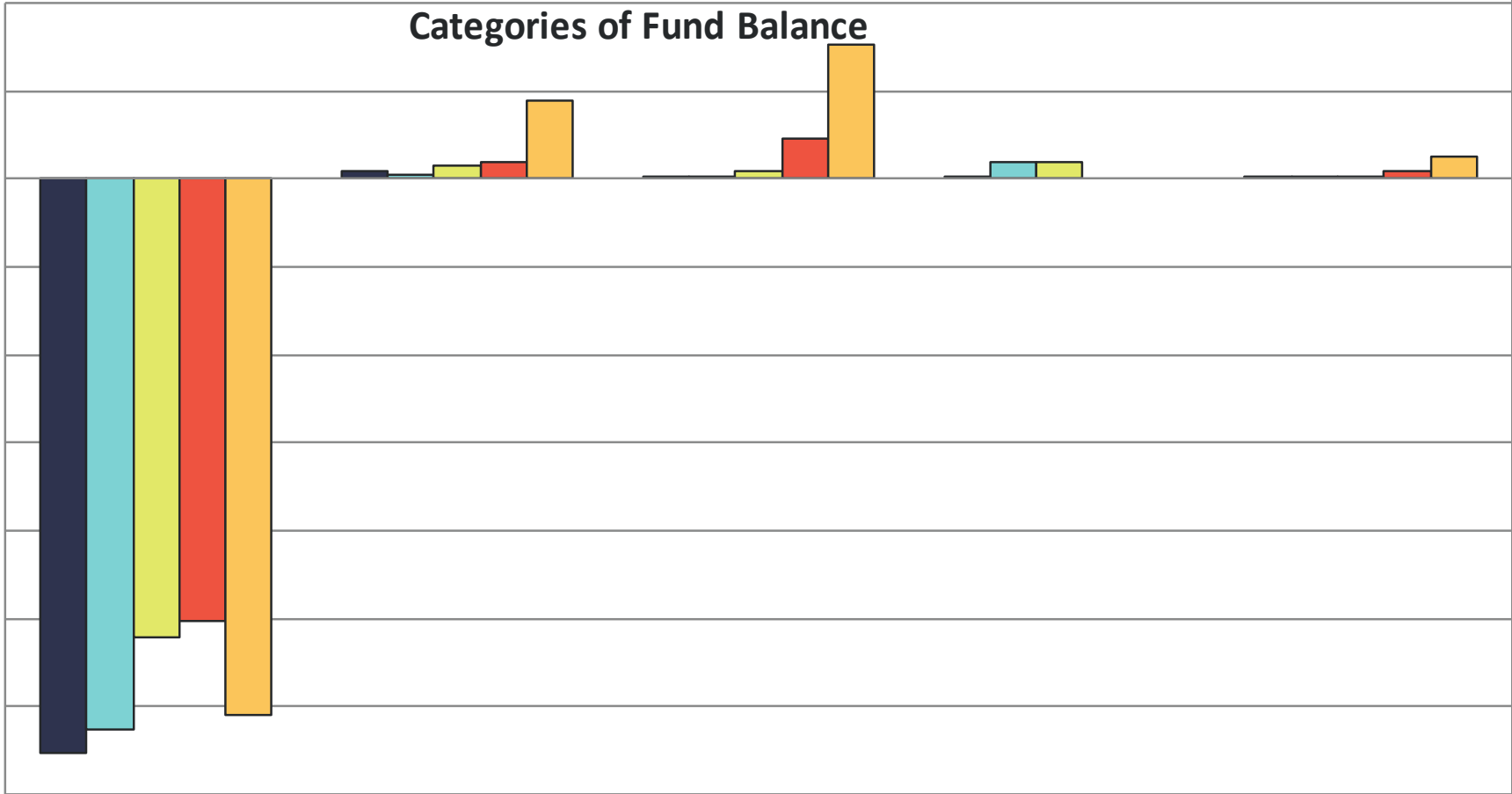
Independent School District #110 Waconia Public Schools

Board Presentation
June 30, 2023



General Fund Categories of Fund Balance

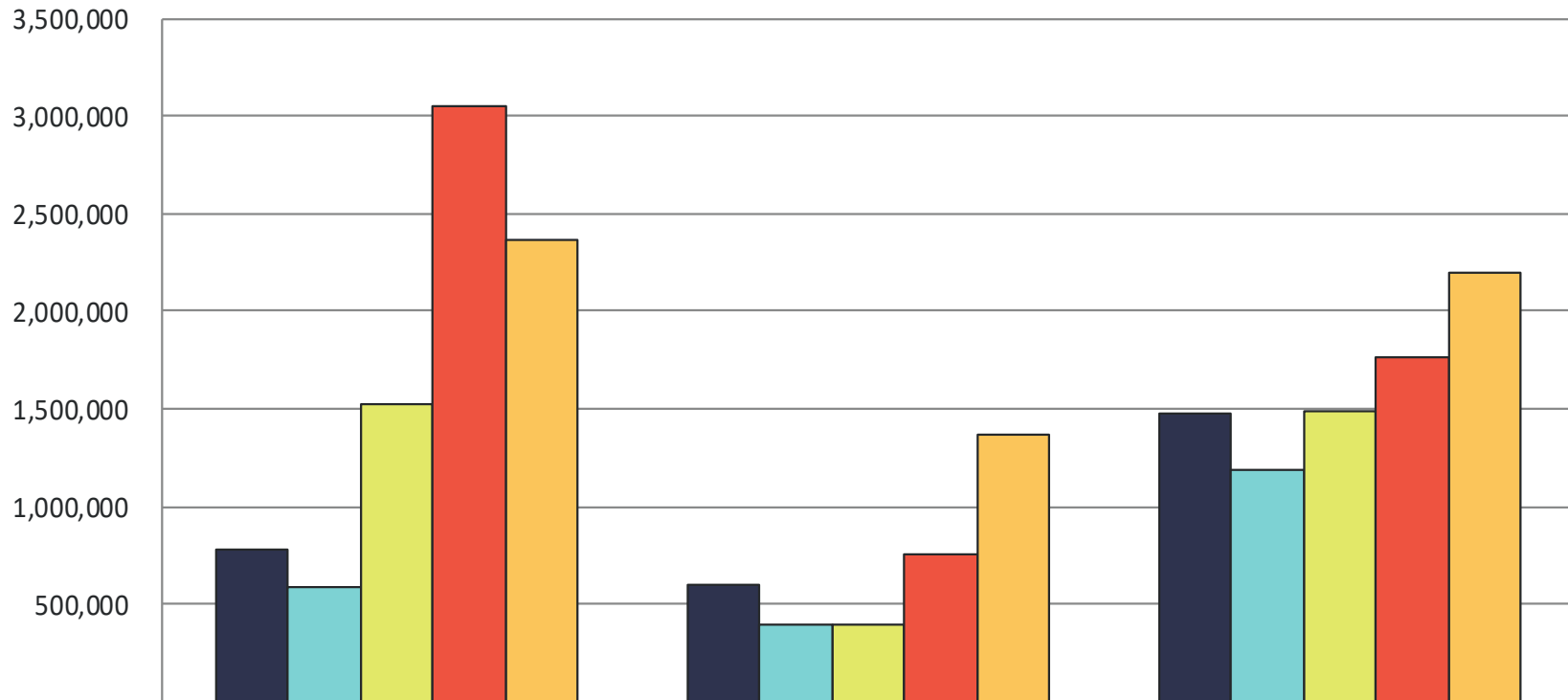
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	Unassigned	Nonspendable	Restricted - Excluding Capital	Operating Capital Fund Balance	Deferred Maintenance/ LTFM
■ June 30, 2019	(6,526,446)	90,882	23,028	431	3,157
■ June 30, 2020	(6,258,625)	40,035	24,247	187,218	2,980
■ June 30, 2021	(5,207,470)	142,221	96,281	190,441	27,512
■ June 30, 2022	(5,027,452)	188,139	462,380	-	93,523
■ June 30, 2023	(6,096,743)	885,964	1,525,893	-	260,612



Food Service, Community Service & Debt Service Funds Categories of Fund Balance



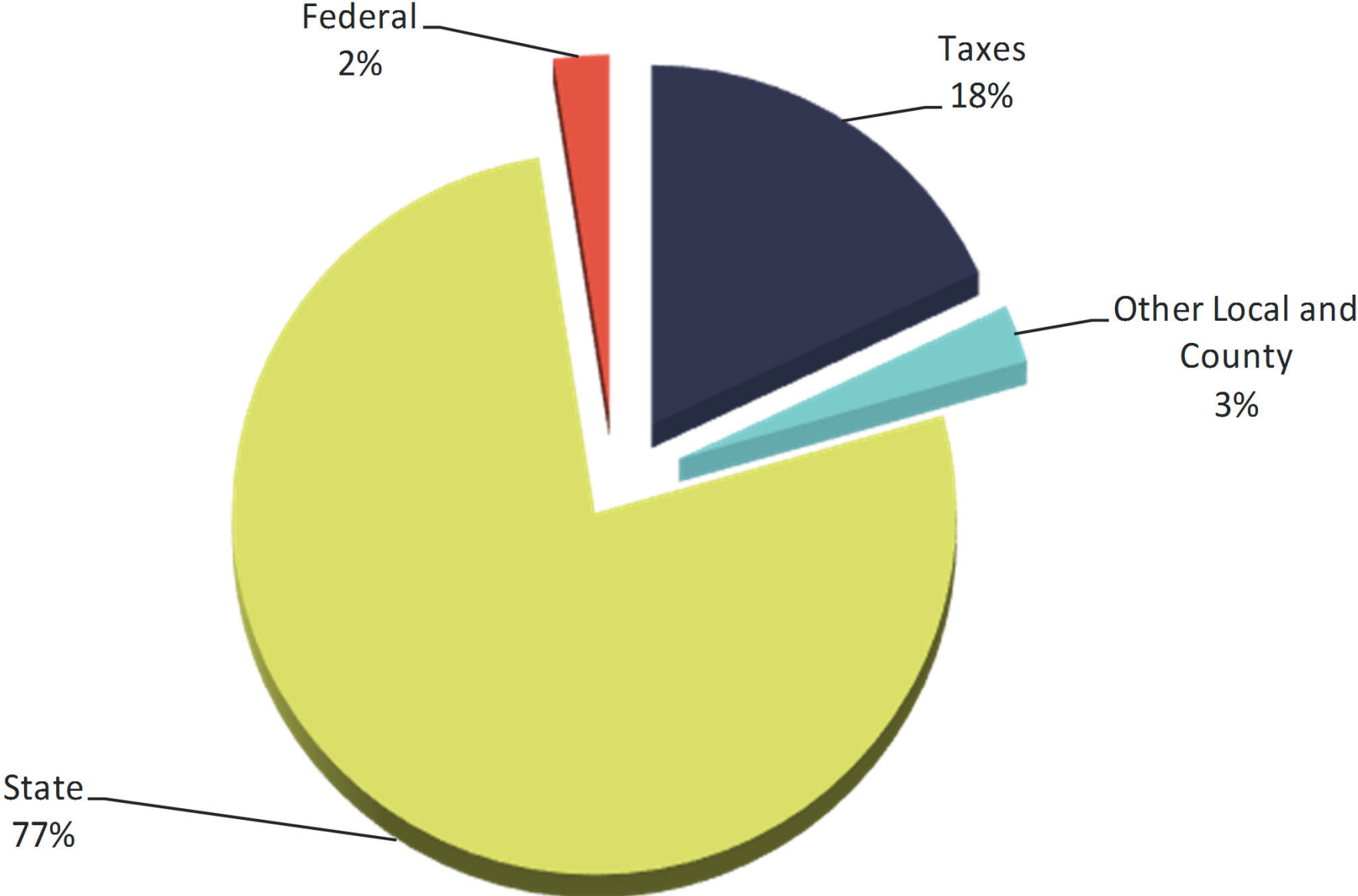
	Food Service Fund Balance	Community Service Fund Balance	Debt Service Fund Balance
■ June 30, 2019	775,275	602,832	1,477,123
■ June 30, 2020	585,056	394,771	1,182,968
■ June 30, 2021	1,520,911	395,718	1,492,365
■ June 30, 2022	3,052,448	751,421	1,763,688
■ June 30, 2023	2,367,367	1,363,554	2,190,875



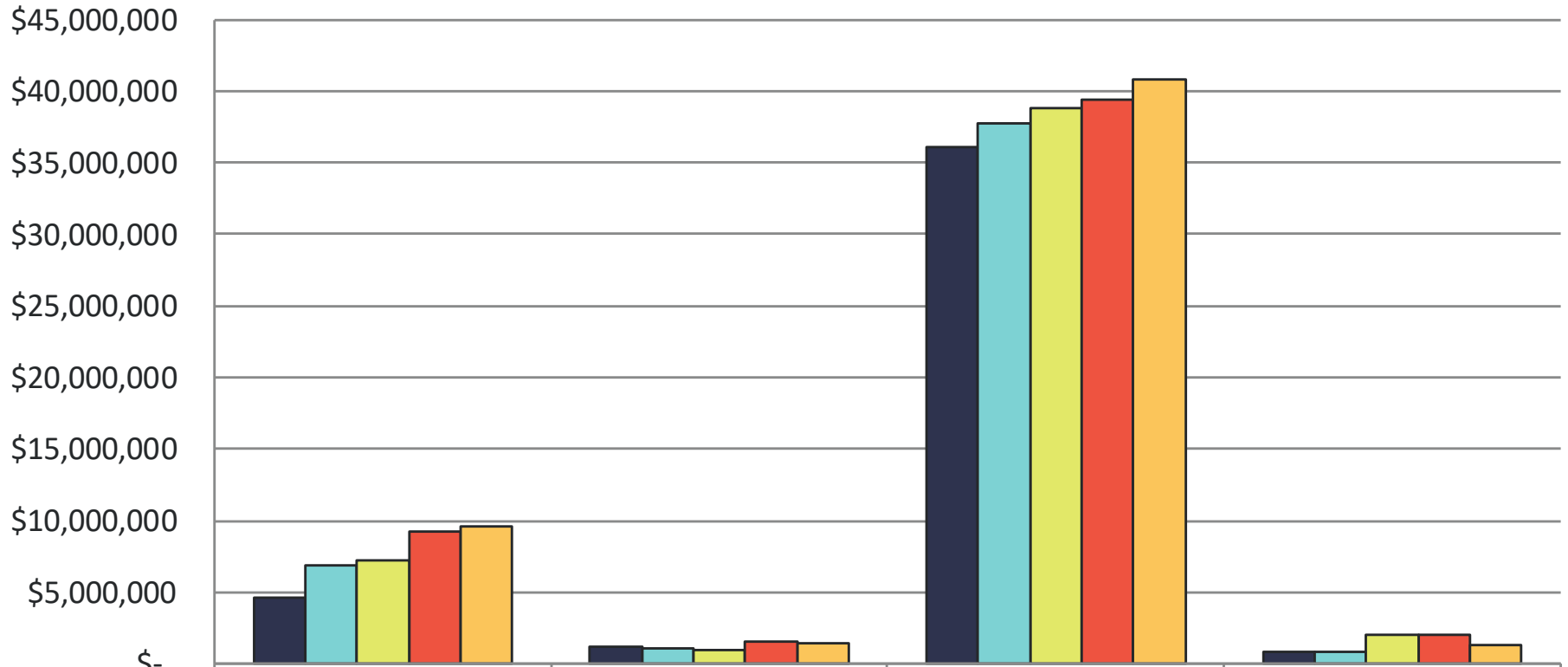
Sources of Revenues for General Fund

Year Ended June 30, 2023

\$53,065,282



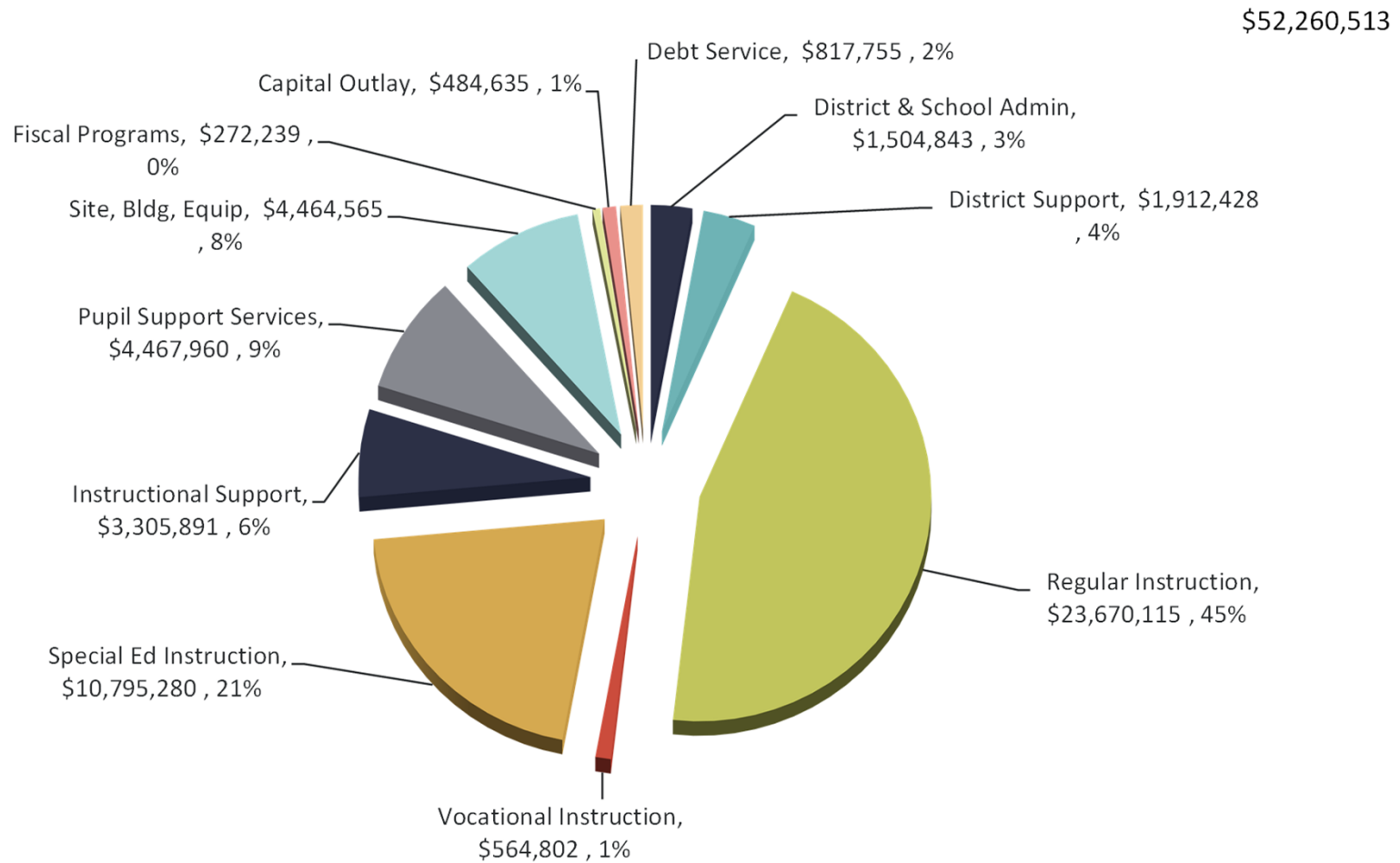
Comparative General Fund Revenues



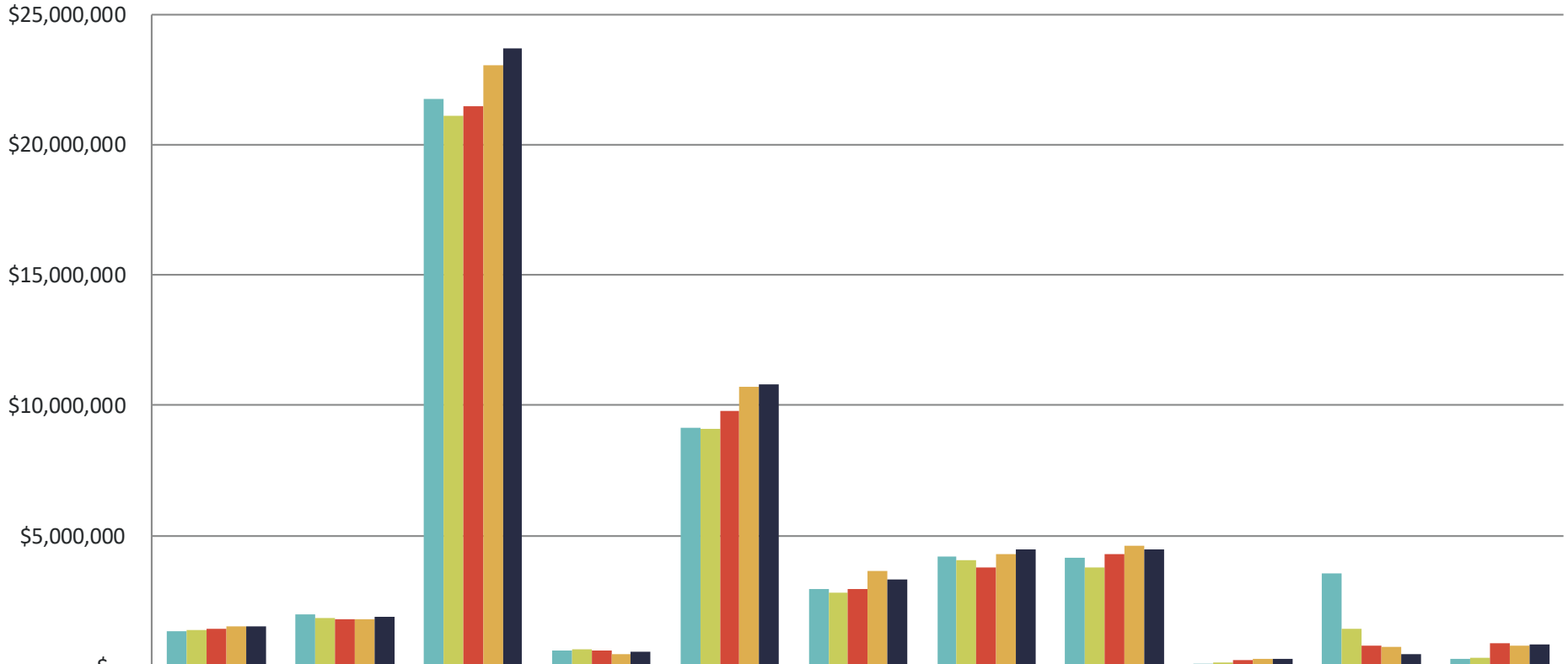
	Taxes	Other Local and County	State	Federal
■ 6/30/2019	\$4,625,179	\$1,213,658	\$36,125,653	\$854,790
■ 6/30/2020	\$6,872,050	\$1,068,659	\$37,757,831	\$865,974
■ 6/30/2021	\$7,225,981	\$916,026	\$38,867,353	\$2,073,894
■ 6/30/2022	\$9,241,888	\$1,541,416	\$39,356,445	\$2,040,899
■ 6/30/2023	\$9,562,770	\$1,381,797	\$40,808,105	\$1,312,610



Breakdown of Expenditures by Program for General Fund Year Ended June 30, 2023



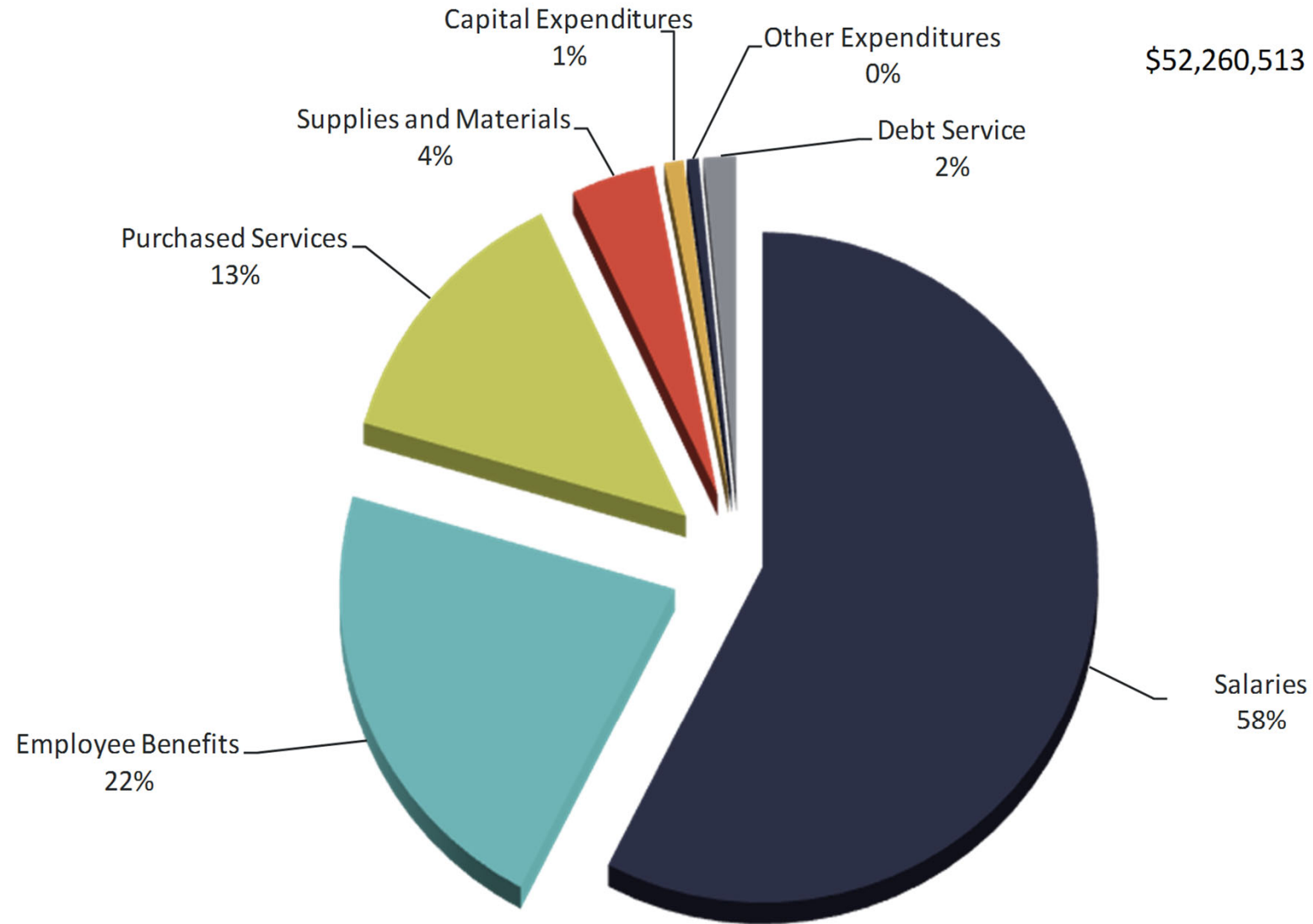
Comparative Expenditures by Program for General Fund



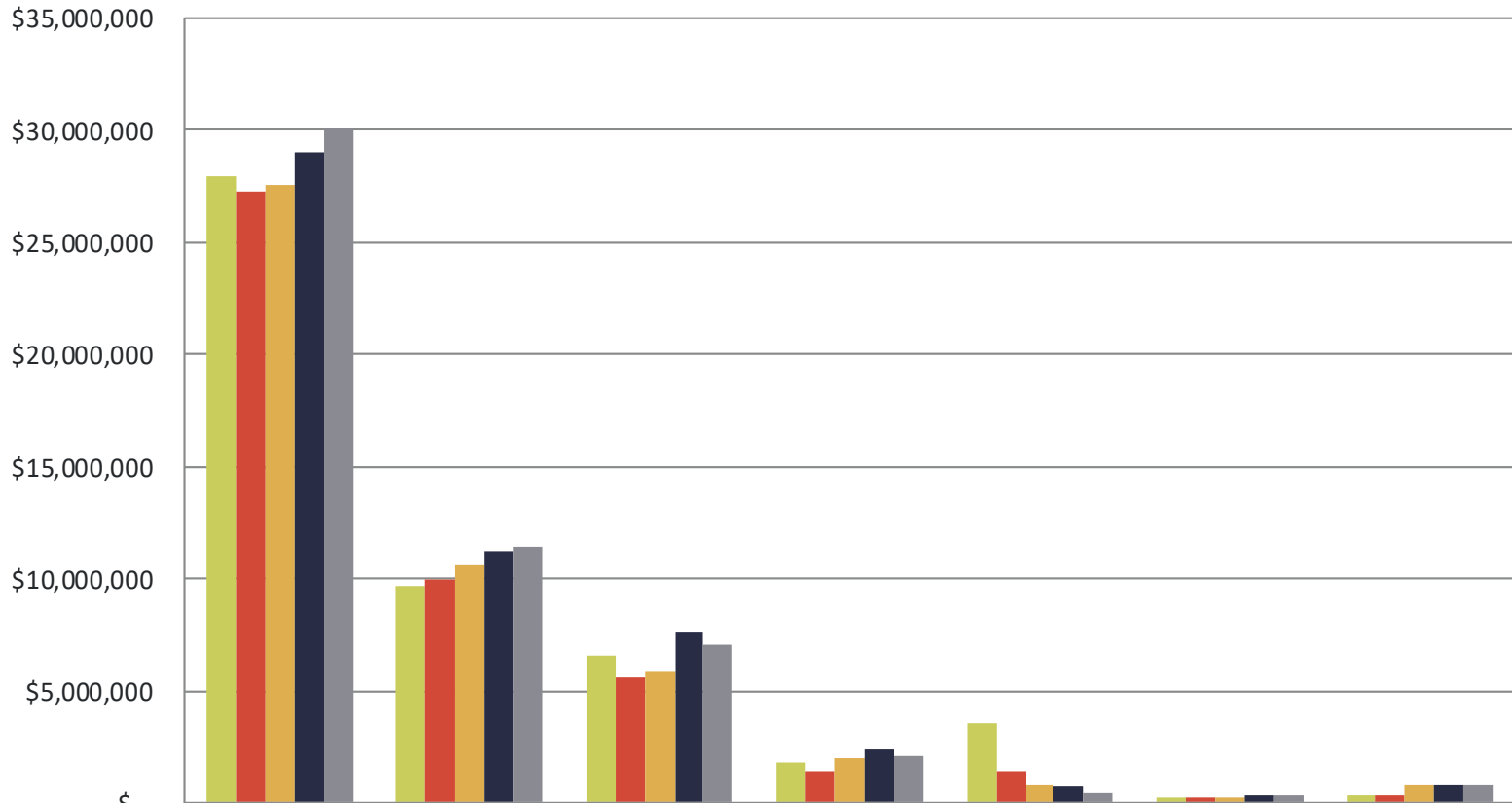
	District & School Admin	District Support	Regular Instruction	Vocational Instruction	Special Ed Instruction	Instructional Support	Pupil Support Services	Site, Bldg, Equip	Fiscal Programs	Capital Outlay	Debt Service
6/30/2019	\$1,358,49	\$1,983,13	\$21,752,1	\$588,221	\$9,129,06	\$2,933,53	\$4,203,47	\$4,157,64	\$108,415	\$3,578,45	\$300,871
6/30/2020	\$1,401,45	\$1,839,19	\$21,084,2	\$668,291	\$9,102,76	\$2,823,71	\$4,084,11	\$3,778,25	\$128,183	\$1,454,89	\$325,579
6/30/2021	\$1,441,54	\$1,811,37	\$21,488,5	\$584,008	\$9,801,40	\$2,940,47	\$3,795,86	\$4,273,44	\$243,338	\$797,907	\$856,487
6/30/2022	\$1,512,44	\$1,795,67	\$23,040,4	\$457,852	\$10,734,5	\$3,634,27	\$4,273,13	\$4,619,35	\$263,547	\$721,024	\$788,226
6/30/2023	\$1,504,84	\$1,912,42	\$23,670,1	\$564,802	\$10,795,2	\$3,305,89	\$4,467,96	\$4,464,56	\$272,239	\$484,635	\$817,755



Breakdown of Expenditures by Type for General Fund Year Ended June 30, 2023



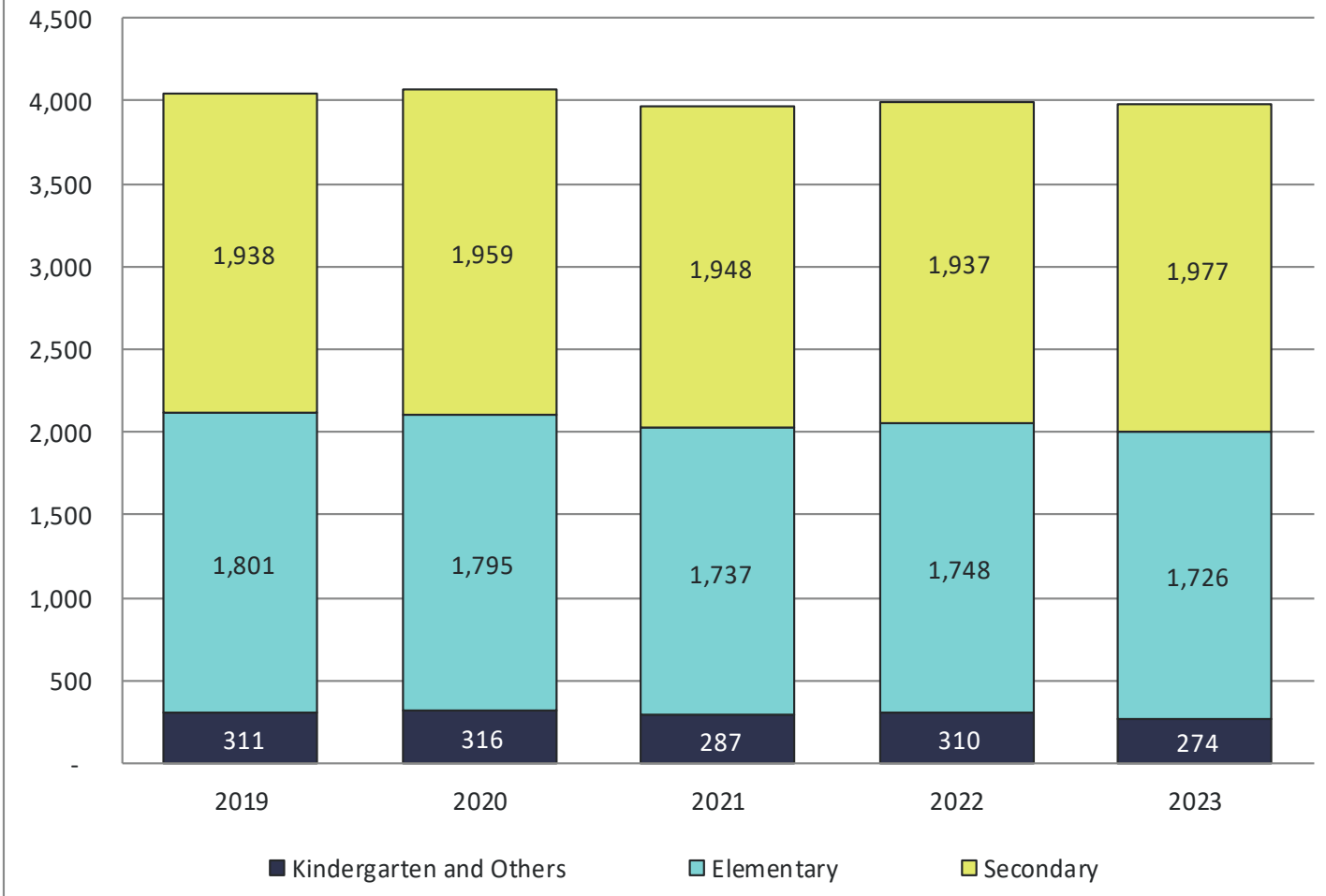
Comparative Expenditures by Function for General Fund



	Salaries	Employee Benefits	Purchased Services	Supplies and Materials	Capital Expenditures	Other Expenditures	Debt Service
■ 6/30/2019	\$27,913,727	\$9,635,341	\$6,572,225	\$1,830,283	\$3,578,452	\$262,578	\$300,871
■ 6/30/2020	\$27,266,944	\$9,943,493	\$5,595,702	\$1,376,270	\$1,454,893	\$290,086	\$325,579
■ 6/30/2021	\$27,577,386	\$10,680,704	\$5,875,415	\$1,976,683	\$797,907	\$269,864	\$856,487
■ 6/30/2022	\$28,991,219	\$11,190,355	\$7,579,977	\$2,375,075	\$721,024	\$352,643	\$788,226
■ 6/30/2023	\$30,105,406	\$11,428,694	\$7,021,226	\$2,109,431	\$484,635	\$293,366	\$817,755



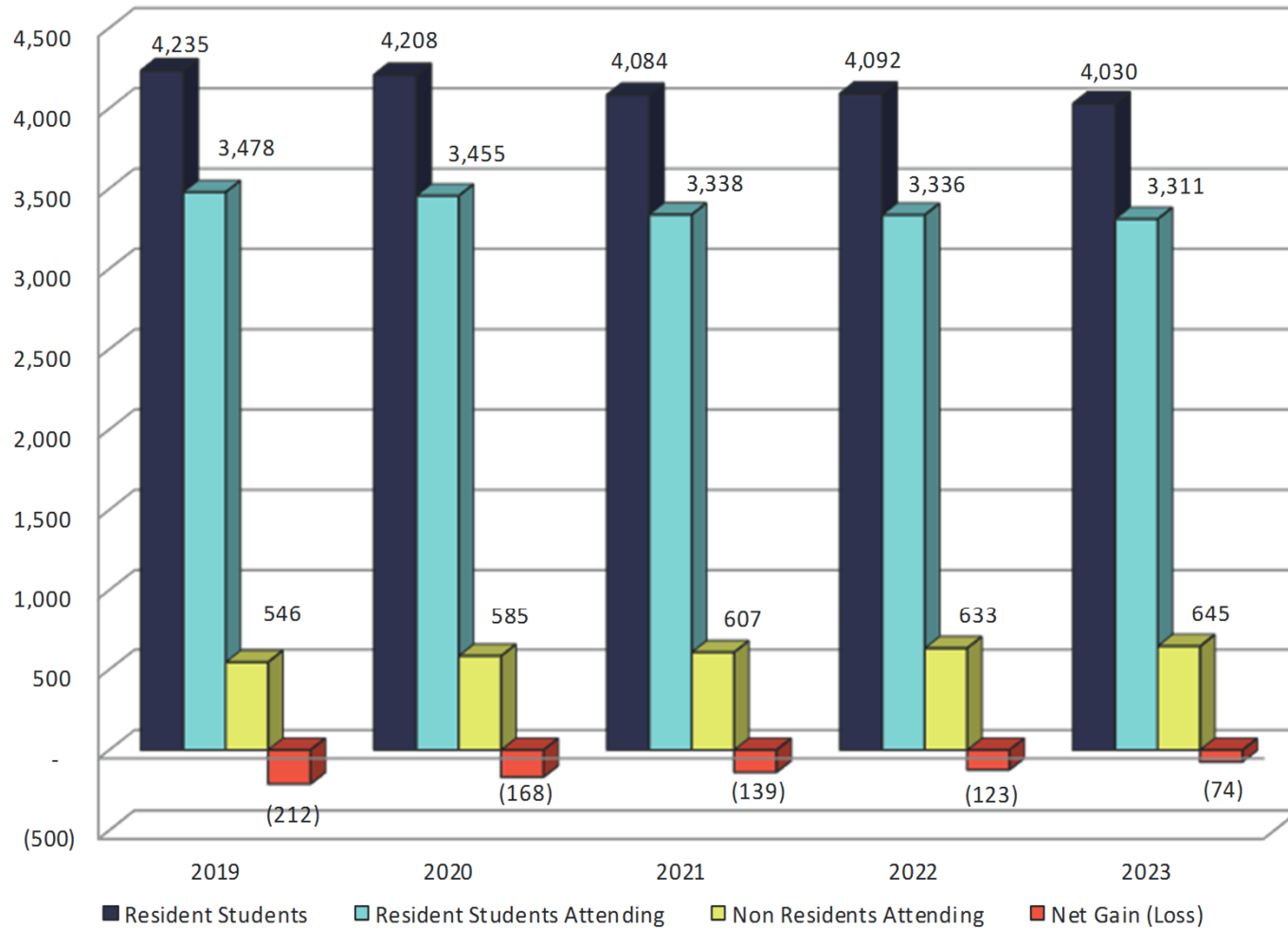
Average Daily Memberships



Average Daily Membership (ADM)	2019	2020	2021	2022	2023
Kindergarten and Others	311	316	287	310	274
Elementary	1,801	1,795	1,737	1,748	1,726
Secondary	1,938	1,959	1,948	1,937	1,977
Total ADM	4,051	4,070	3,972	3,995	3,977



Open Enrollment

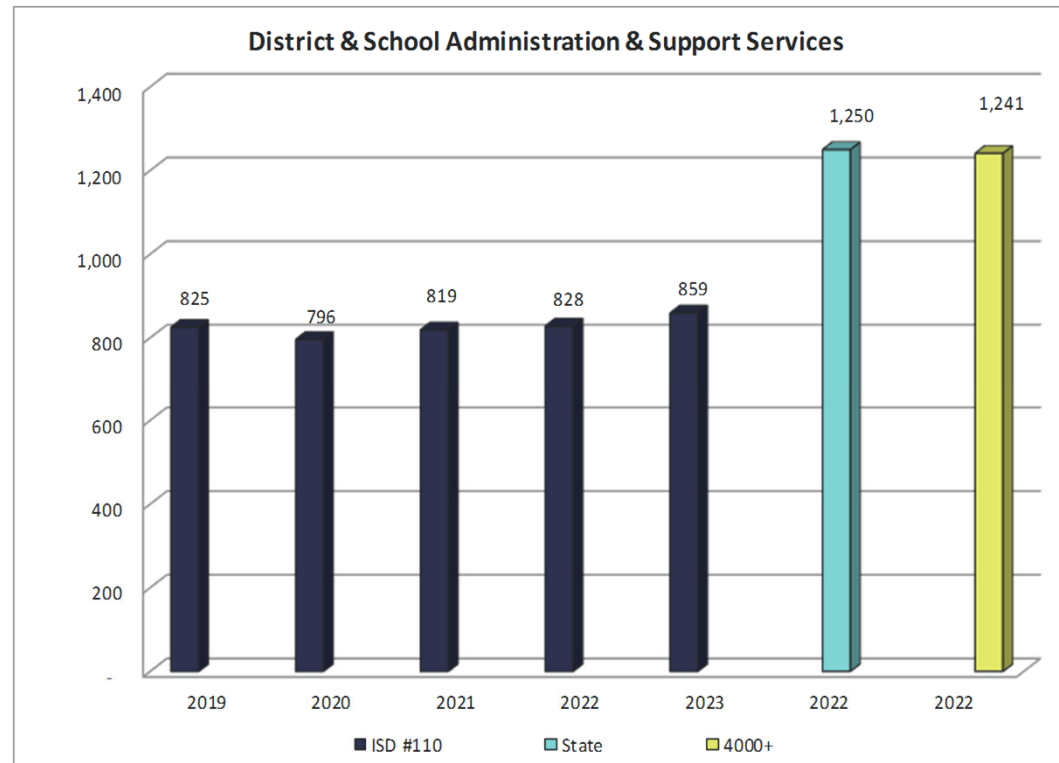


	2019	2020	2021	2022	2023
Resident Students	4,235	4,208	4,084	4,092	4,030
Resident Students Attending	3,478	3,455	3,338	3,336	3,311
Non Residents Attending	546	585	607	633	645
Net Gain (Loss)	(212)	(168)	(139)	(123)	(74)



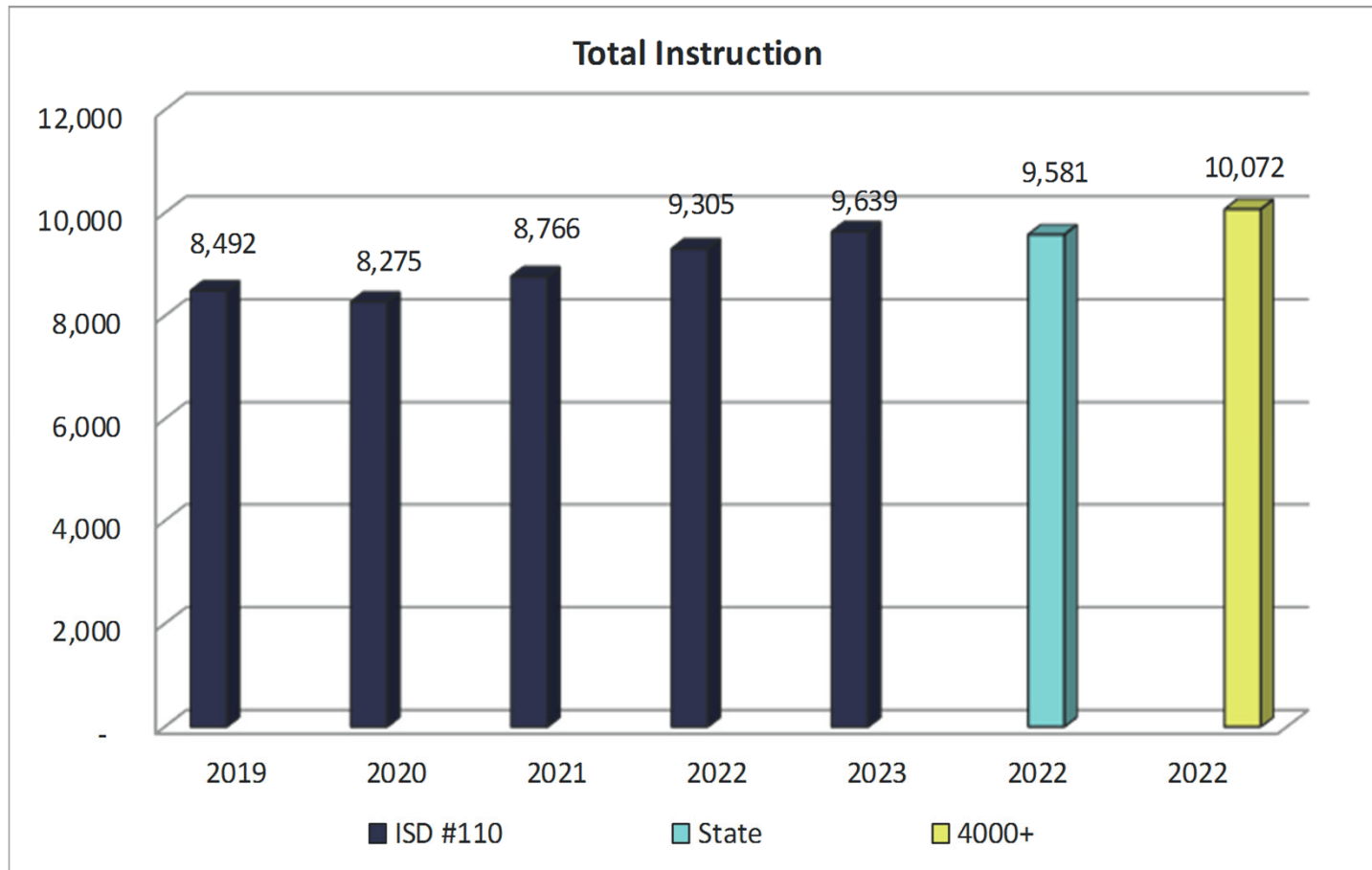
District & School Administration & Support Services

District and School Admin - all costs related to providing administration to the District (Board of Education, Superintendent, Principals, Line administrators, etc.); District Support Services - all activities provided by central office administrators (Business Services, Human Resources, Legal, Data Processing, Other District-Wide Support Activities).



Total Instruction Per ADM

Total Instruction – includes Vocational Instruction, Special Education Instruction, and Instructional Support Services.



Thank you!
I'd be glad to answer any questions
you may have.

CliftonLarsonAllen LLP
Mary Reedy, CPA, CGFM
Principal
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CLAconnect.com



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

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Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

REPORT DATE

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

This Executive Audit Summary and Management Report presents information which we believe is important to you as members of the School Board. We encourage you to review the sections of this report, the audited financial statements, and the auditors' reports.

We would be pleased to furnish additional information with respect to these suggestions and discuss this memorandum with you at your convenience. We wish to express our appreciation to the District for the courtesies, cooperation, and assistance extended to us during the course of our work.

CliftonLarsonAllen LLP

Craig Popenhagen, CPA
Principal

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

EXECUTIVE AUDIT SUMMARY (EAS)

YEAR ENDED JUNE 30, 2023

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**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2023**

EXECUTIVE AUDIT SUMMARY

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**EXECUTIVE AUDIT SUMMARY (EAS) FOR
INDEPENDENT SCHOOL DISTRICT NO. 110
AUDIT FINDINGS AND RESULTS
YEAR ENDED JUNE 30, 2023**

We prepared this Executive Audit Summary and Management Report in conjunction with our audit of Independent School District No. 110's (the District) financial records for the year ended June 30, 2023.

Audit Opinion – The financial statements are fairly stated. We issued what is known as a “clean” audit report.

Internal Control Over Financial Reporting – One significant deficiency in internal control was identified. The significant deficiency related to employee signors.

Compliance Findings – No compliance findings noted.

Single Audit Opinion – Major program tested:

Child Nutrition Cluster
Special Education Cluster

There were no single audit findings noted.

Minnesota Legal Compliance – There were no legal compliance findings noted.

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FORMAL REQUIRED COMMUNICATIONS

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Waconia ISD #110 (the District) as of and for the year ended June 30, 2023, and have issued our report thereon dated REPORT DATE . We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit in our engagement agreement dated August 10, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements.

The District changed accounting policies related to information technology subscriptions by adopting Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription Based Information Technology Agreements* (SBITA), effective July 1, 2022. There was no material impact on the District's net position/fund balance and changes in net position/fund balance as a result of the adoption of this accounting standard.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Due from Minnesota Department of Education
- Due from federal through the Minnesota Department of Education
- Estimated useful lives of depreciable capital assets
- Estimate of other postemployment benefits liability
- Estimate of the net pension liability

Management's estimate of the due from Minnesota Department of Education is based on amounts anticipated to be received from the state for various aid entitlements for fiscal 2023. The most significant of these is the aid portion of general education revenue. General education revenue and certain other revenues are computed by applying an allowance per student to the number of students served by the District. Student attendance is accumulated in a statewide database, Minnesota Automated Reporting Student System (MARSS). Because of the complexity of student accounting and because of certain enrollment options, student information is input by other school districts and the MARSS data for fiscal year 2023 is not finalized until well into the next fiscal year. Management expects any differences between estimated and actual data will be insignificant.

Management's estimate of due from federal through the Minnesota Department of Education is based on amounts anticipated to be received through the state for various federal aid entitlements for fiscal 2023. Many federal entitlements require that supporting financial reporting information be provided both in the Uniform Financial Accounting and Reporting Standards (UFARS) accounting system and also the SERVS reporting system. To the extent that these two separate systems are not in agreement and reported in a timely manner, the estimated aid entitlement may be adversely affected. Management expects any differences between estimated and actual data will be insignificant.

Management's estimate of the useful lives for depreciable capital assets is based on guidance recommended by the Minnesota Department of Education and other sources. The useful life of a depreciable capital asset determines the amount of depreciation that will be recorded in any given reporting period as well as the amount of accumulated depreciation that is reported at the end of a reporting period.

Management's estimate of other postemployment benefits liability is based on an actuarially determined calculation, less actual payments incurred on behalf of retirees and an actuarially determined estimate of implicit rate subsidy, which is the estimated increased cost of premiums due to inclusion of retirees in the same plan as the District's active employees.

Management's estimate of the pension liability is based on management's expected salary increases, inflation, estimated life expectancy, and actual required contributions upon meeting the eligibility requirements. We reviewed the key assumptions used to estimate the liability in determining that they are reasonable in relation to the financial statements taken as a whole.

We reviewed and tested management's procedures and underlying supporting documentation in the areas discussed above and evaluated the key factors and assumptions used to develop the estimates noted above in determining that they are reasonable in relation to the financial statements taken as a whole. We concluded that the accounting estimates and management judgments appeared to consider all significant factors and resulted in appropriate accounting recognition.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has determined that the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The following summarizes uncorrected misstatements of the financial statements:

- It was noted during current year inventory testing that the count of inventory items on hand compared to the inventory listing differed. It is projected that current year assets in the Food Service Fund are overstated by \$15,393 and current year change in fund balance is overstated by \$15,393.
- It was noted during current year testing that prior year expenses and deferred revenue were not properly adjusted in the Community Service Fund. Therefore, current year change in fund balance is understated by \$27,250.
- Due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, the assets of the governmental activities to be understated by \$168,092 causing net position and the change in net position to be understated by \$168,092 for Governmental Activities.
- It was noted during current year testing that applicable SBITA agreements were recorded as prepaids instead of being expensed in the current year causing assets of the governmental activities and general fund opinion units to be overstated by \$139,990 and net position/fund balance and the change in net position/fund balance to be overstated by \$139,990.

Corrected misstatements

None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Circumstances that affect the form and content of the auditors' report

As previously communicated to you, the report was modified by restating fund balance and net position to properly record expenditures and revenues.

Management representations

We have requested certain representations from management that are included in the management representation letter dated REPORT DATE .

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Required supplementary information

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

Supplementary information in relation to the financial statements as a whole

With respect to the schedule of expenditures of federal awards (SEFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA to determine that the SEFA complies with the requirements of the Uniform Guidance, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated REPORT DATE .

With respect to the uniform financial accounting and reporting standards compliance table and the individual fund financial statements and schedules (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated REPORT DATE .

Other information included in annual reports

Other information (financial or nonfinancial information other than the financial statements and our auditors' report thereon) is being included in your annual report and is comprised of the introductory section. Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information included in your annual report and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. Our auditors' report on the financial statements includes a separate section, "Other Information," which states we do not express an opinion or any form of assurance on the other information included in the annual report. We did not identify any material inconsistencies between the other information and the audited financial statements.

* * *

This communication is intended solely for the information and use of the Board of Education and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

Austin, Minnesota
REPORT DATE

APPENDIX A

FINANCIAL TRENDS OF YOUR DISTRICT

The following graphs reflect financial trends of Independent School District No. 110. Information related to fund balances on pages 8 through 15 was obtained from current and prior year audit reports. Information from Independent School District No. 110, Waconia Public Schools has been included when appropriate for comparison purposes.

The graphs on pages 18 and 19 show expenditures per student served compared to the five most recent years, state averages, and the averages for comparable size school districts (students served of 2,000 – 3,999). Prior year expenditure data and statewide averages were obtained from the Minnesota Department of Education. Current year expenditures were obtained from the current year's audit report.

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**INDEPENDENT SCHOOL DISTRICT NO. 110
FUND TRENDS**

General Fund

Year Ended June 30,	2023	2022	2021	2020	2019
Total Revenues	\$ 53,065,282	\$ 52,180,648	\$ 49,083,254	\$ 46,564,514	\$ 42,819,280
Total Expenditures	52,260,513	51,840,519	48,034,446	46,690,714	50,093,477
Other Financing Sources	54,367	379,310	204,292	531,003	593,682
Net Change in Fund Balance	859,136	719,439	1,253,100	404,803	(6,680,515)
Fund Balance - Beginning	(4,283,410)	(4,751,045)	(6,004,145)	(6,408,948)	271,567
Fund Balance - Restated	-	(5,002,849)	-	-	-
Nonspendable Fund Balance	885,964	188,139	142,221	40,035	90,882
Restricted Fund Balance	1,786,505	555,903	314,204	214,445	26,616
Assigned Fund Balance	-	-	-	-	-
Unassigned Fund Balance	(6,096,743)	(5,027,452)	(5,207,470)	(6,258,625)	(6,526,446)
Fund Balance - Ending June 30	\$ (3,424,274)	\$ (4,283,410)	\$ (4,751,045)	\$ (6,004,145)	\$ (6,408,948)

Food Service Fund

Year Ended June 30,	2023	2022	2021	2020	2019
Total Revenues	\$ 2,728,664	\$ 4,704,731	\$ 3,131,242	\$ 2,128,106	\$ 2,401,836
Total Expenditures	3,413,745	3,173,194	2,195,387	2,318,325	2,416,936
Other Financing Sources	-	-	-	-	-
Net Change in Fund Balance	(685,081)	1,531,537	935,855	(190,219)	(15,100)
Fund Balance - Beginning	3,052,448	1,520,911	585,056	775,275	790,375
Nonspendable Fund Balance	94,725	46,440	57,392	53,708	21,412
Restricted Fund Balance	2,272,642	3,006,008	1,463,519	531,348	753,863
Fund Balance - Ending June 30	\$ 2,367,367	\$ 3,052,448	\$ 1,520,911	\$ 585,056	\$ 775,275

Community Service Fund

Year Ended June 30,	2023	2022	2021	2020	2019
Total Revenues	\$ 3,696,570	\$ 3,393,831	\$ 2,695,691	\$ 2,671,872	\$ 3,242,114
Total Expenditures	3,151,217	3,101,048	2,801,369	2,942,511	3,290,698
Other Financing Sources	66,780	62,920	106,625	62,578	70,621
Net Change in Fund Balance	612,133	355,703	947	(208,061)	22,037
Fund Balance - Beginning	751,421	395,718	394,771	602,832	580,795
Nonspendable Fund Balance	63,565	5,497	2,203	500	3,132
Restricted Fund Balance	1,299,989	745,924	393,515	394,271	599,700
Fund Balance - Ending June 30	\$ 1,363,554	\$ 751,421	\$ 395,718	\$ 394,771	\$ 602,832

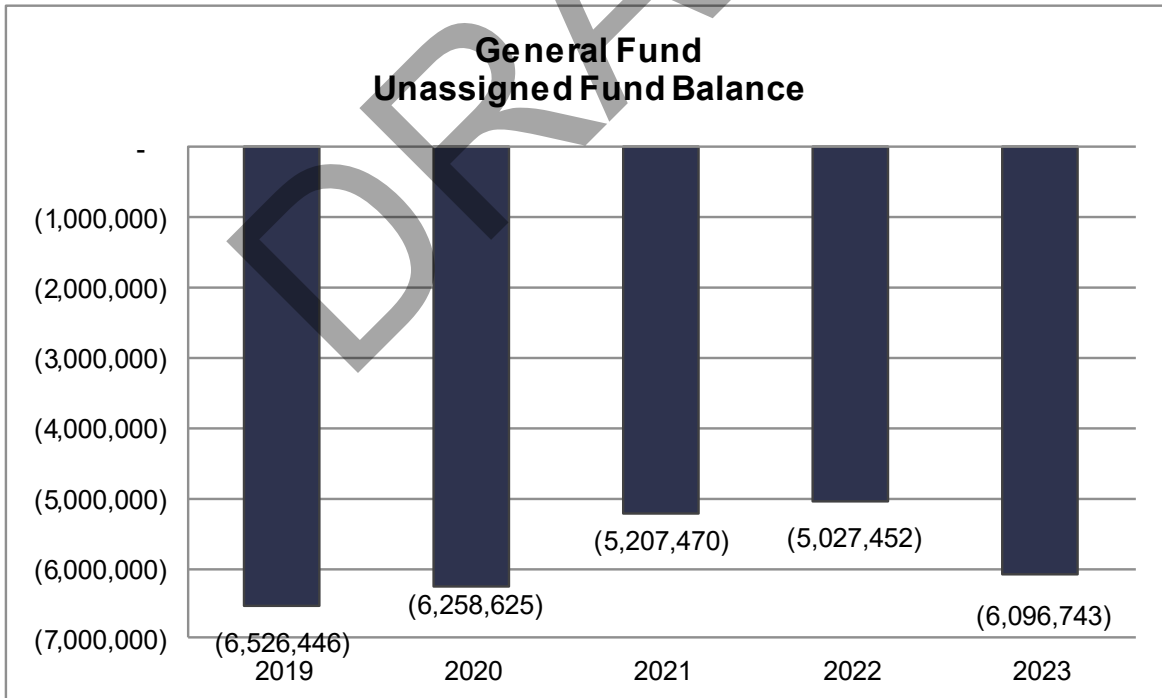
**INDEPENDENT SCHOOL DISTRICT NO. 110
FUND TRENDS (CONTINUED)**

Capital Projects Fund

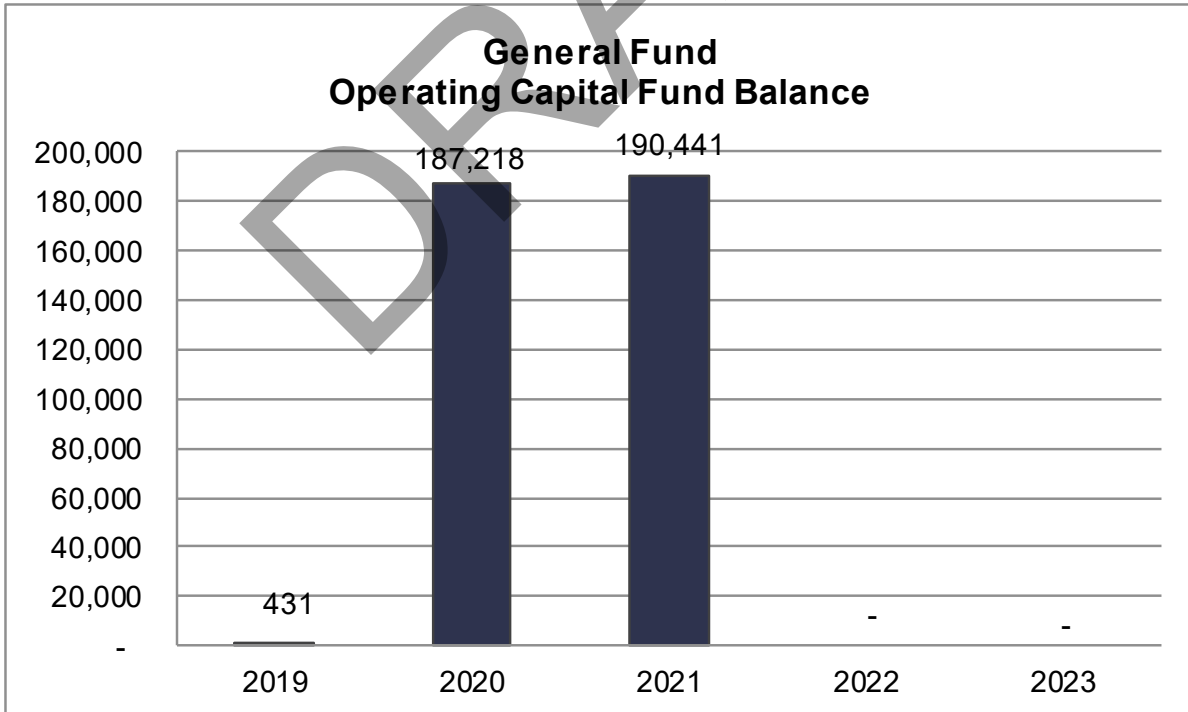
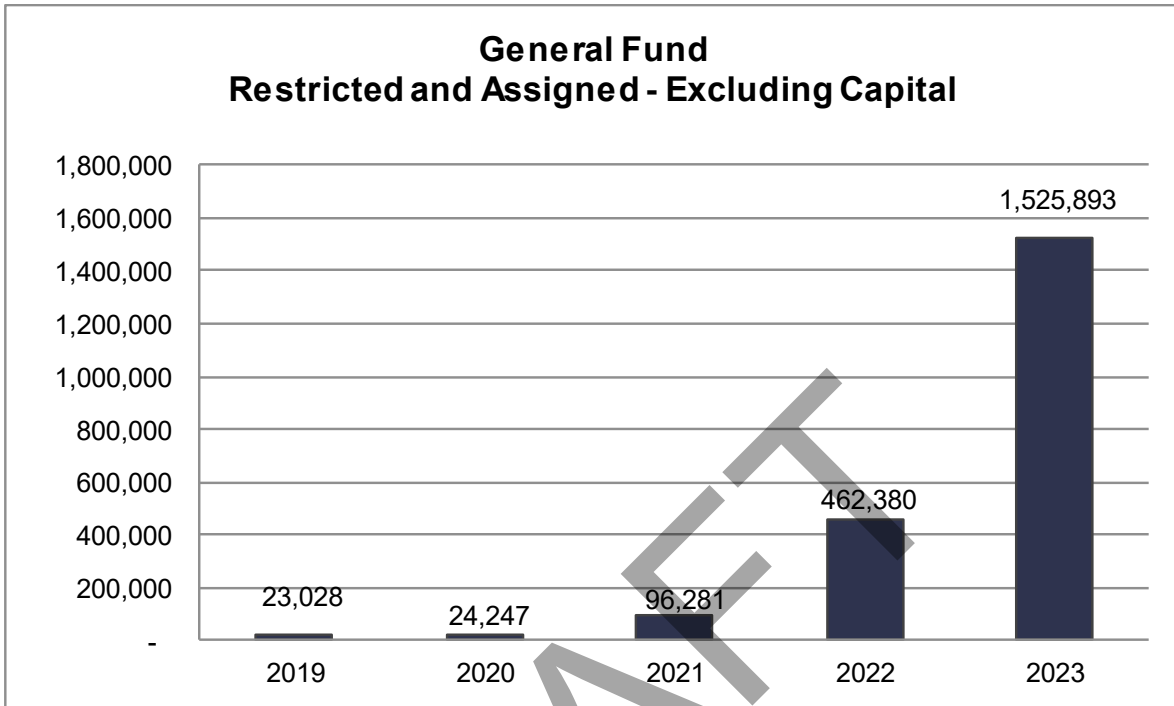
Year Ended June 30,	2023	2022	2021	2020	2019
Total Revenues	\$ -	\$ -	\$ 24,032	\$ 189,100	\$ 8,523
Total Expenditures	-	-	-	1,109,171	1,408,120
Other Financing Sources	-	-	-	-	2,421,650
Net Change in Fund Balance	-	-	24,032	(920,071)	1,022,053
Fund Balance - Beginning	-	-	(24,032)	896,039	(126,014)
Restricted Fund Balance - Ending June 30	\$ -	\$ -	\$ -	\$ (24,032)	\$ 896,039

Debt Service

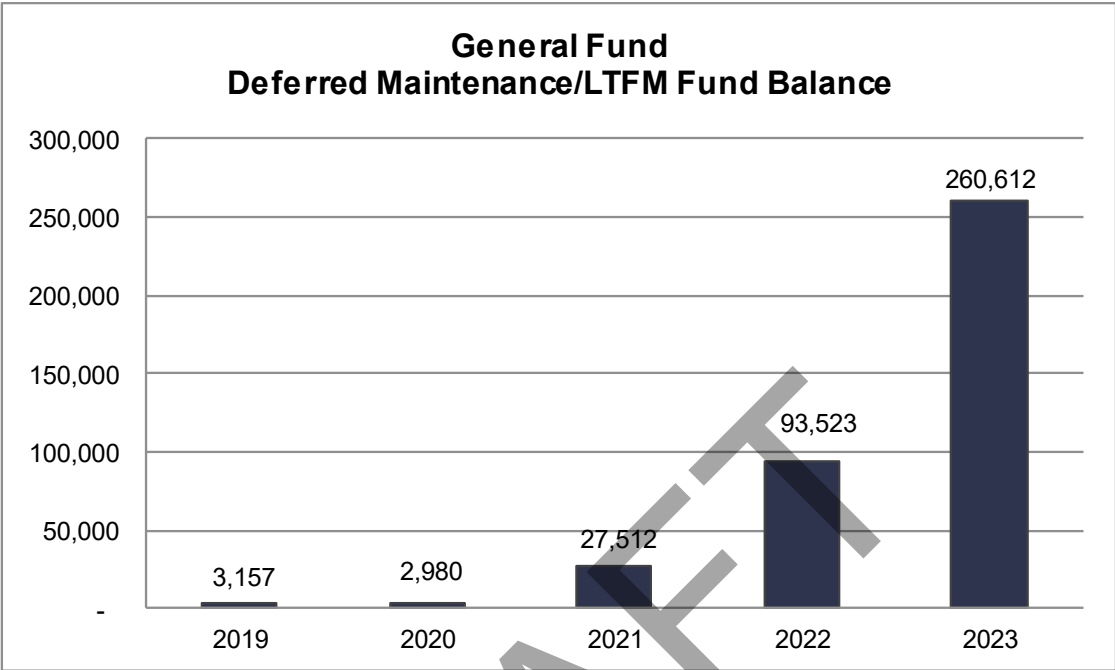
Year Ended June 30,	2023	2022	2021	2020	2019
Total Revenues	\$ 9,841,168	\$ 9,634,653	\$ 9,390,446	\$ 8,968,177	\$ 7,948,477
Total Expenditures	9,413,981	9,363,330	9,154,757	9,261,475	8,704,689
Other Financing Sources	-	-	-	-	256,592
Net Change in Fund Balance	427,187	271,323	235,689	(293,298)	(499,620)
Fund Balance - Beginning	1,763,688	1,492,365	1,256,676	1,549,974	2,049,594
Restricted Fund Balance - Ending June 30	\$ 2,190,875	\$ 1,763,688	\$ 1,492,365	\$ 1,256,676	\$ 1,549,974



INDEPENDENT SCHOOL DISTRICT NO. 110
FUND TRENDS (CONTINUED)

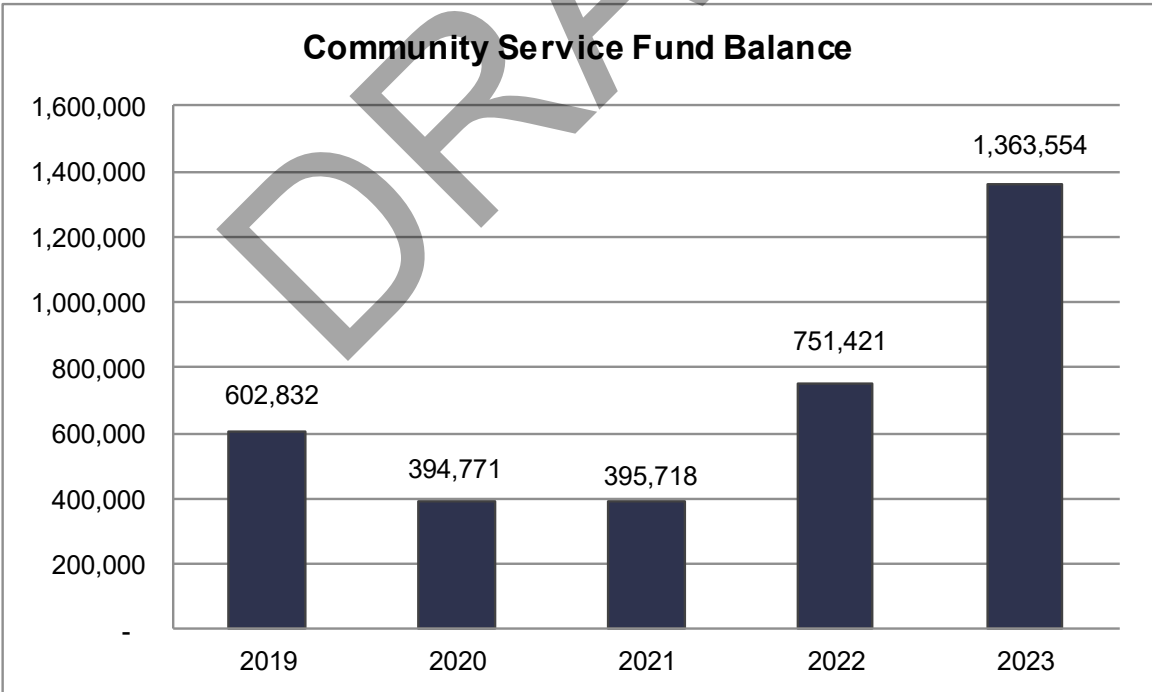
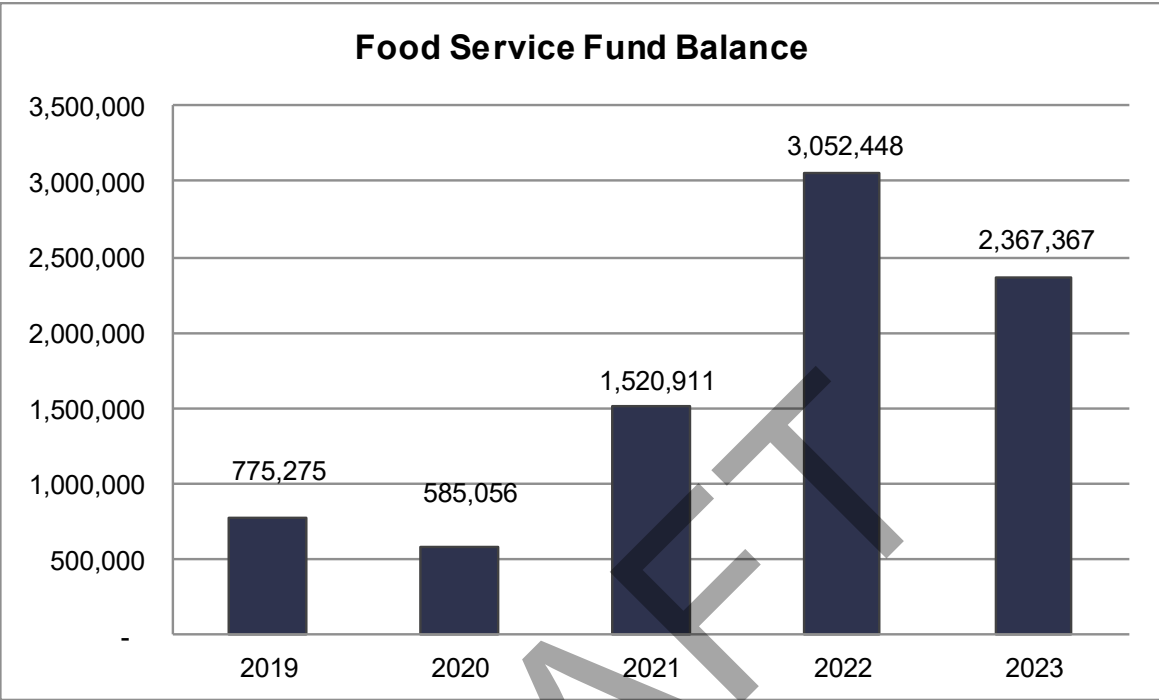


INDEPENDENT SCHOOL DISTRICT NO. 110
FUND TRENDS (CONTINUED)

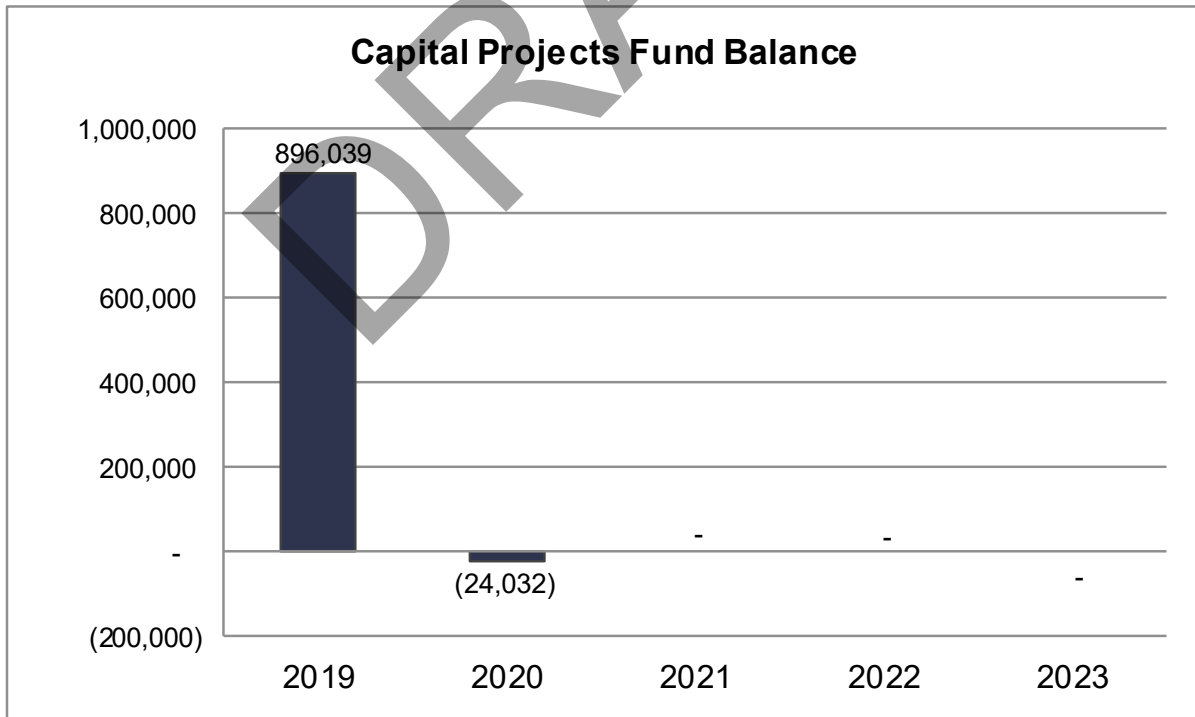
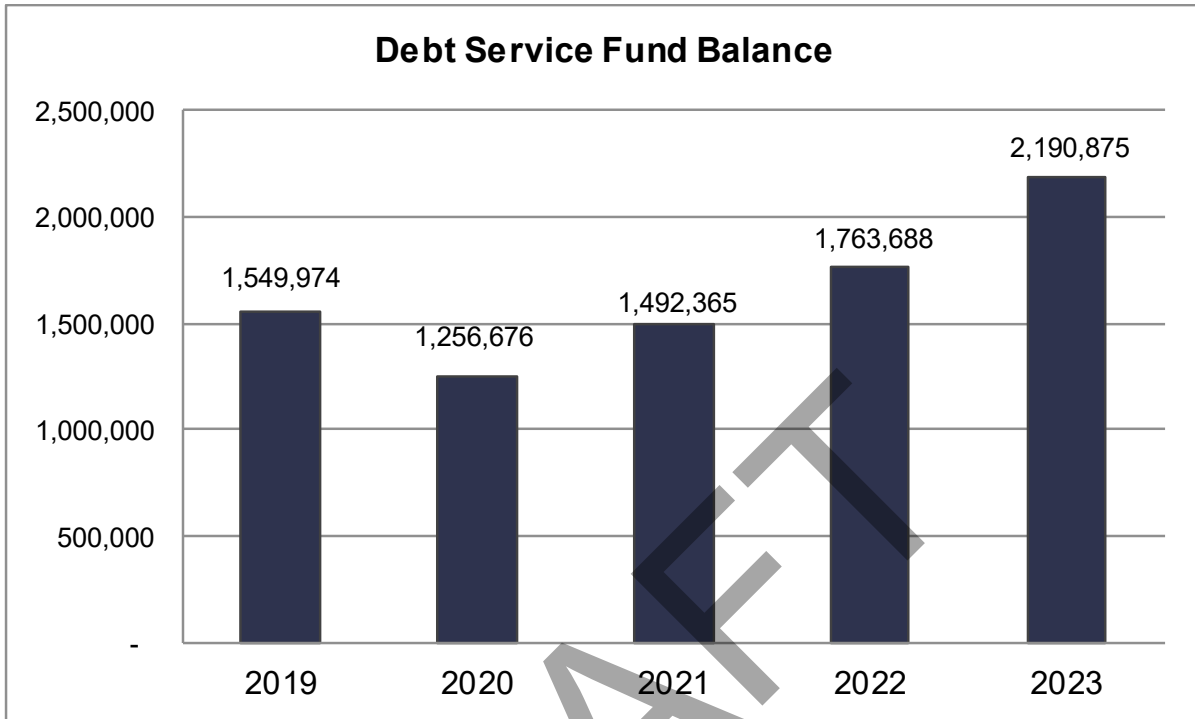


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**INDEPENDENT SCHOOL DISTRICT NO. 110
FUND TRENDS (CONTINUED)**

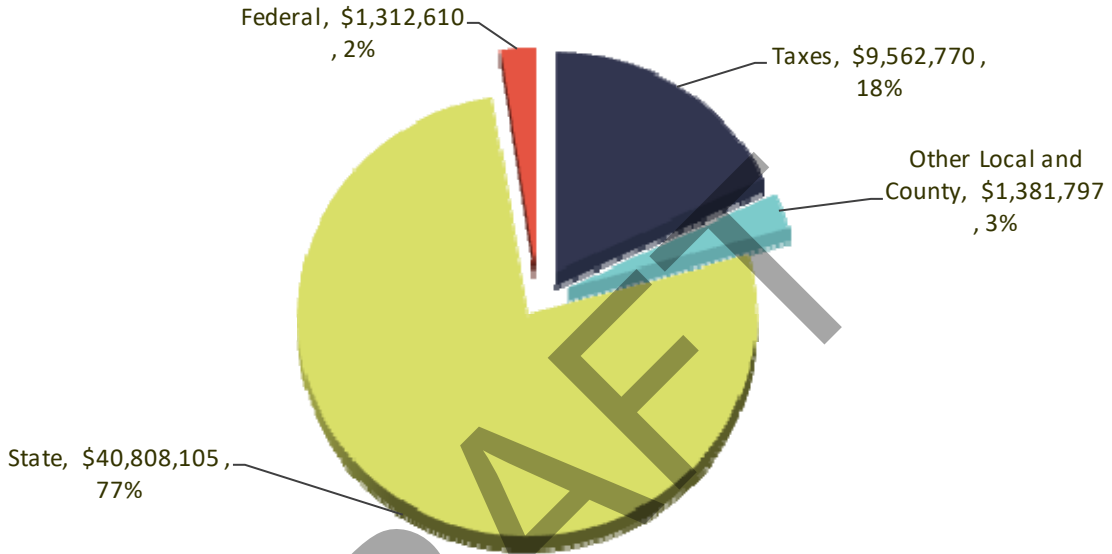


INDEPENDENT SCHOOL DISTRICT NO. 110
FUND TRENDS (CONTINUED)

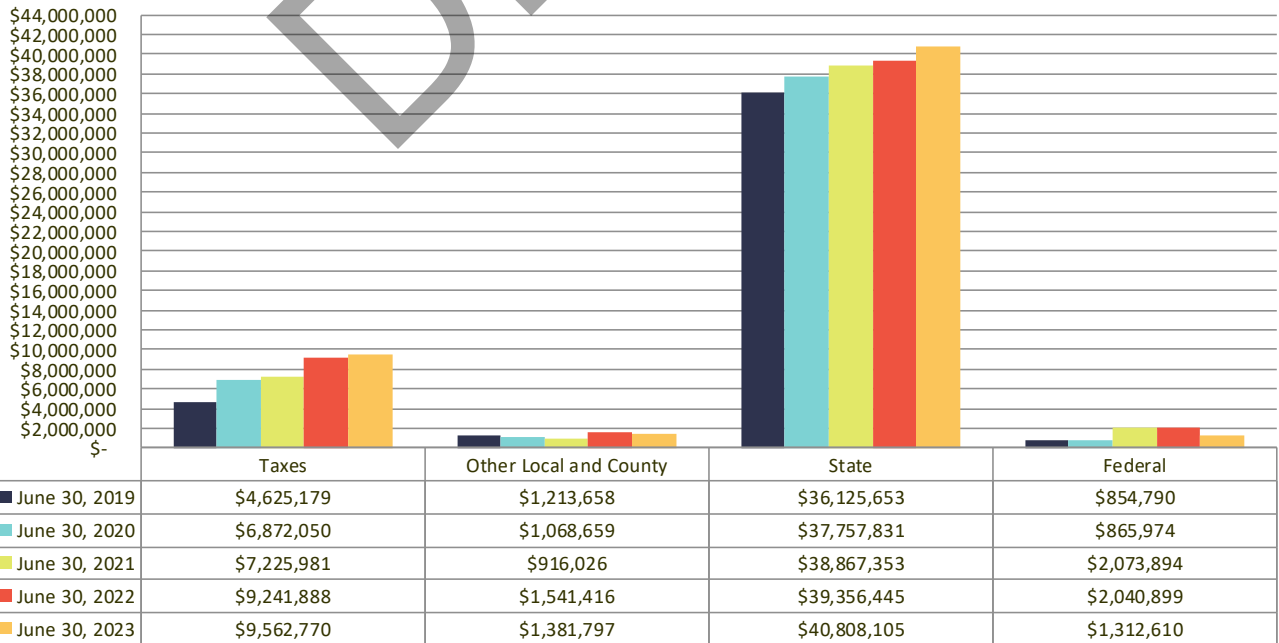


**INDEPENDENT SCHOOL DISTRICT NO. 110
FUND TRENDS (CONTINUED)**

**Sources of Revenues for General Fund
Year Ended June 30, 2023**

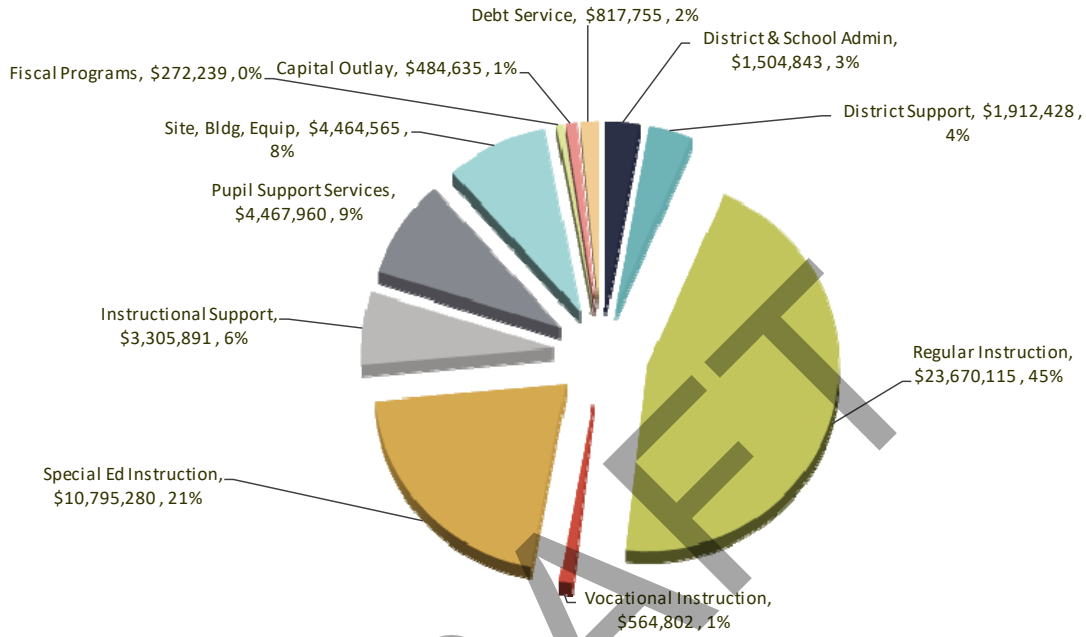


Comparative General Fund Revenues



**INDEPENDENT SCHOOL DISTRICT NO. 110
FUND TRENDS (CONTINUED)**

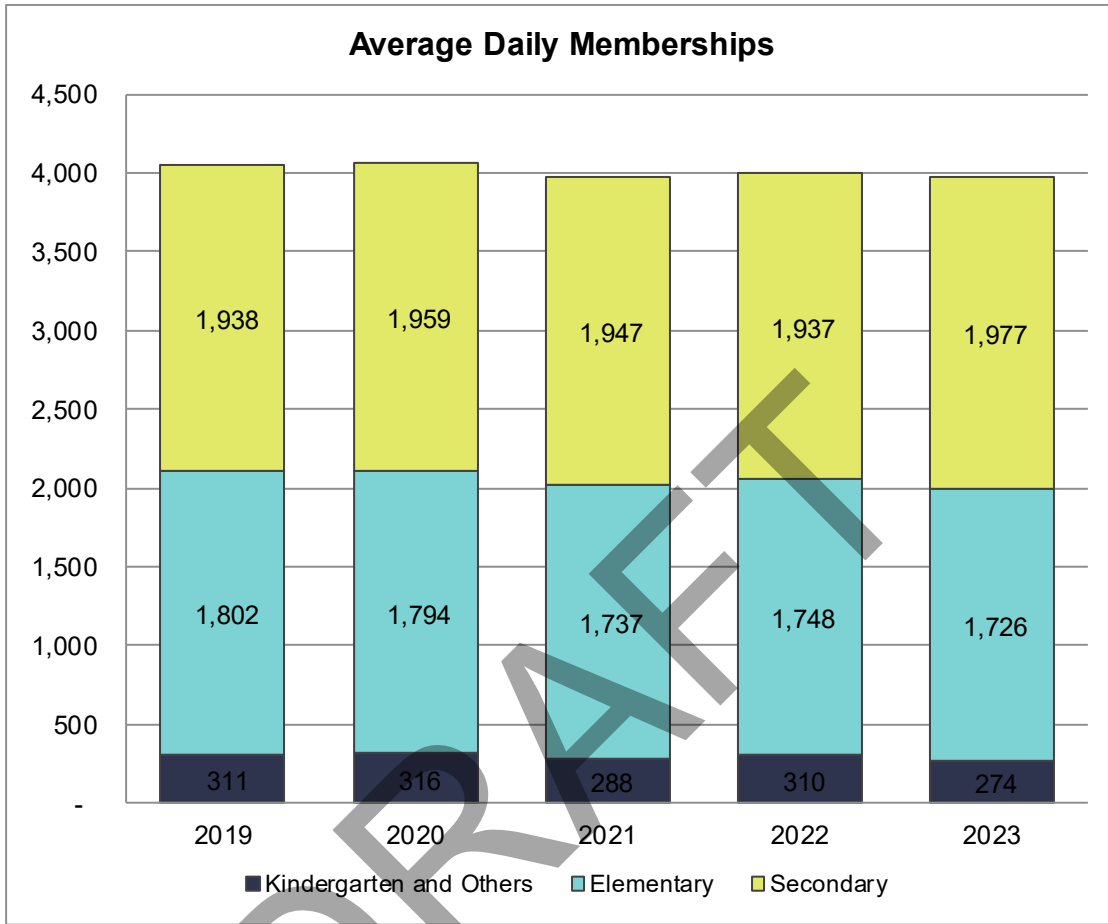
**Breakdown of Expenditures by Program for General Fund
Year Ended June 30, 2023**



Comparative Expenditures by Program for General Fund

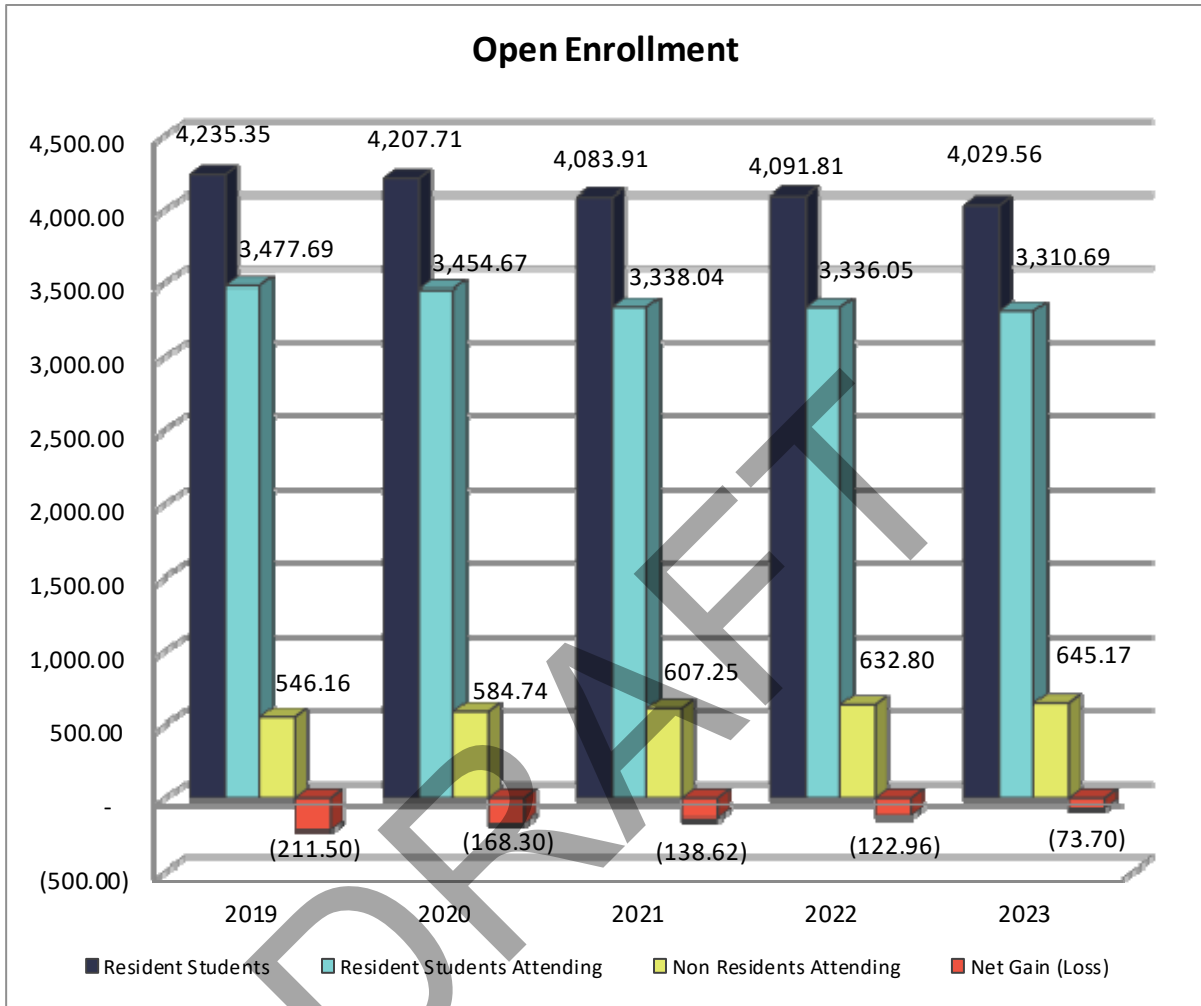


**INDEPENDENT SCHOOL DISTRICT NO. 110
FUND TRENDS (CONTINUED)**



Average Daily Membership (ADM)	2019	2020	2021	2022	2023
Kindergarten and Others	311	316	288	310	274
Elementary	1,802	1,794	1,737	1,748	1,726
Secondary	1,938	1,959	1,947	1,937	1,977
Total ADM	4,051	4,069	3,972	3,995	3,977

**INDEPENDENT SCHOOL DISTRICT NO. 110
FUND TRENDS (CONTINUED)**

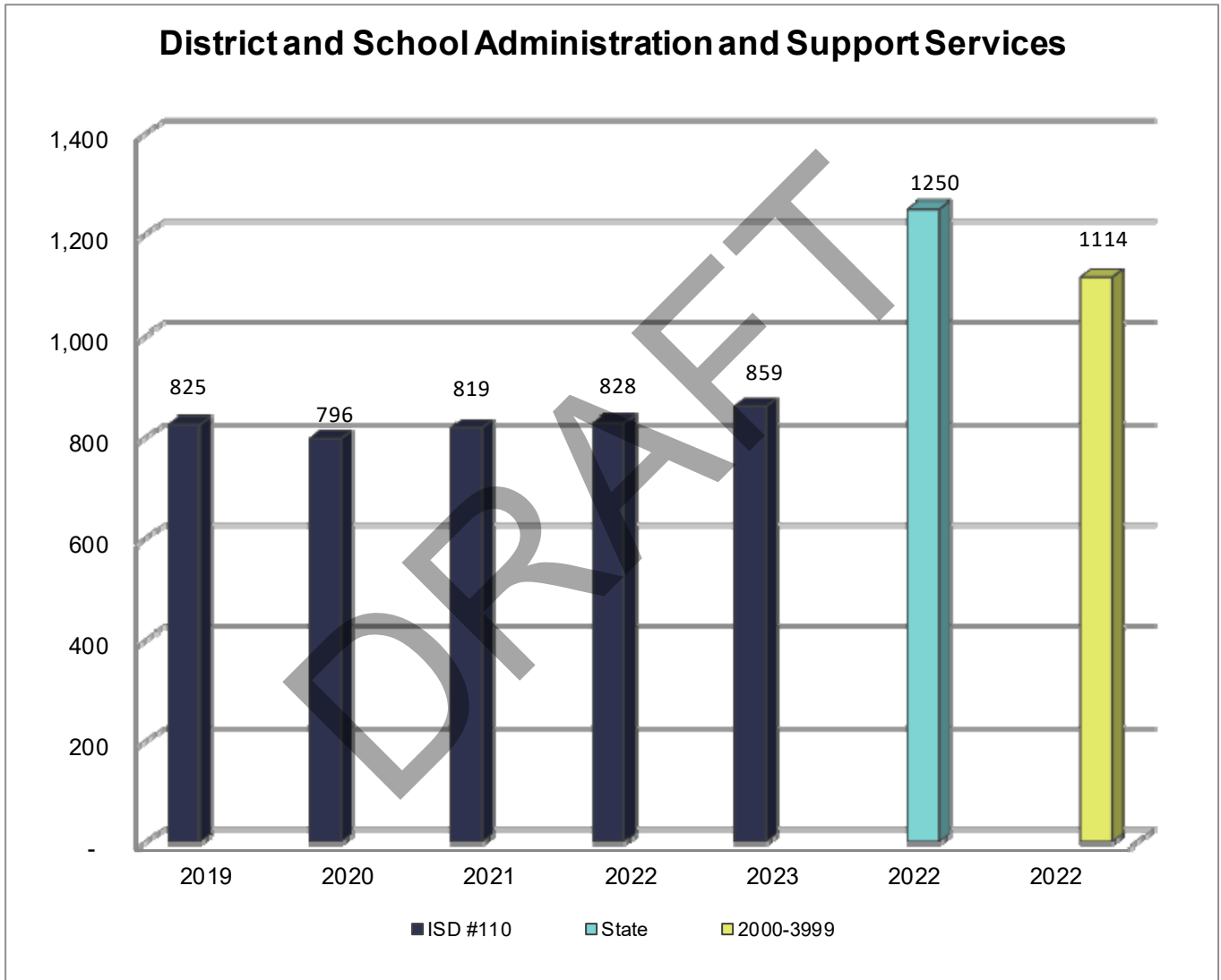


	2019	2020	2021	2022	2023
Resident Students	4,235.35	4,207.71	4,083.91	4,091.81	4,029.56
Resident Students Attending	3,477.69	3,454.67	3,338.04	3,336.05	3,310.69
Non Residents Attending	546.16	584.74	607.25	632.80	645.17
Net Gain (Loss)	(211.50)	(168.30)	(138.62)	(122.96)	(73.70)

**INDEPENDENT SCHOOL DISTRICT NO. 110
FUND TRENDS (CONTINUED)**

District and School Admin – all costs related to providing administration to the District (Board of Education, Superintendent, Principals, Line Administrators, etc.).

District Support Services – all activities provided by central office administrators (Business Services, Human Resources, Legal, Data Processing, Other District-Wide Support Activities).



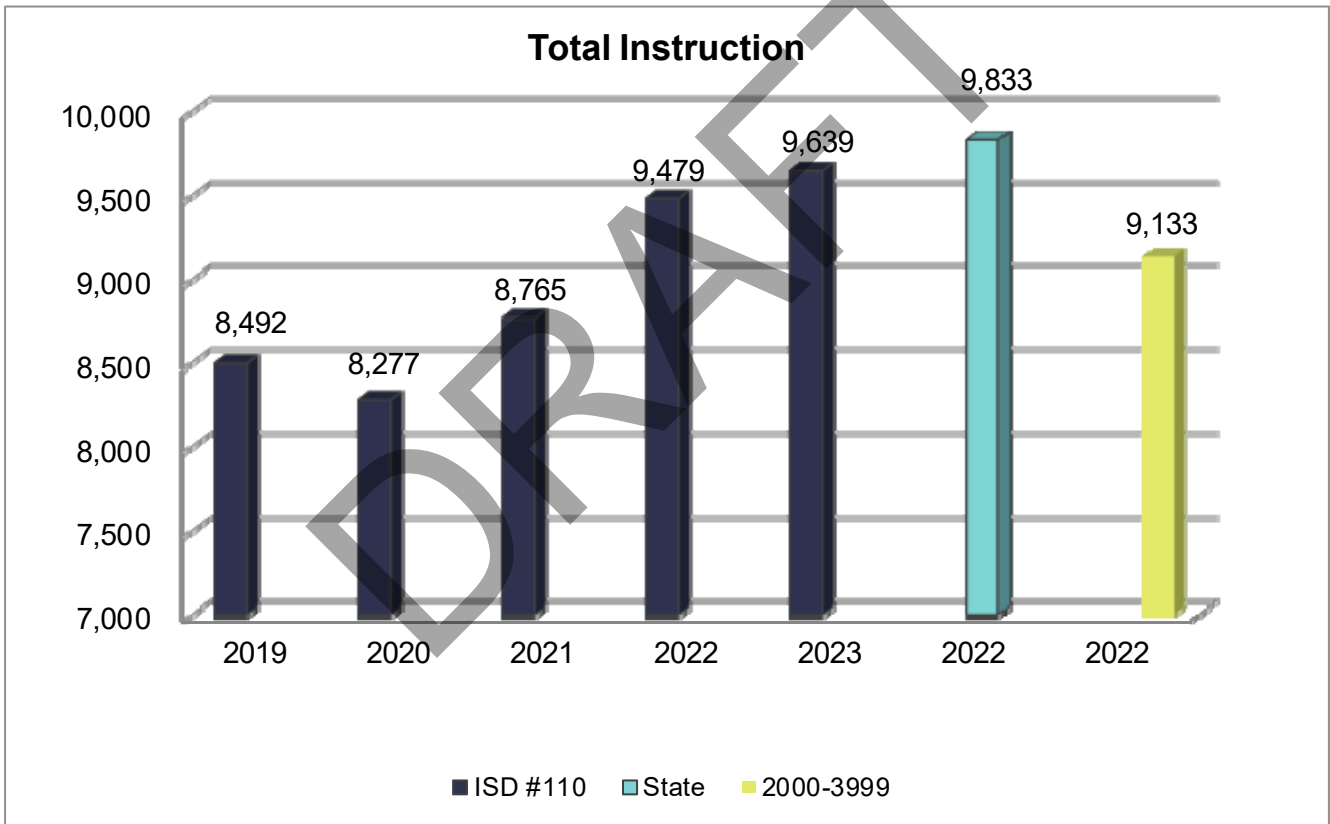
**INDEPENDENT SCHOOL DISTRICT NO. 110
FUND TRENDS (CONTINUED)**

Regular Instruction – includes all activities dealing directly with the teaching of pupils including co-curricular and extra-curricular activities.

Special Education Instruction – consists of activities to provide learning experiences for pupils of any age with atypical characteristics or conditions.

Instructional Support Services – activities to assist instructional staff with content and process of learning experiences for pupils in K-12 (curriculum, staff development, etc.).

Vocational Instruction – consists of costs related to career exploration, job-entry skills, job upgrading, and occupational training.



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2023



WACONIA PUBLIC SCHOOLS

Independent School District #110

512 Industrial Boulevard

Waconia, MN 55387

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2023

DRAFT

**PREPARED BY
BUSINESS OFFICE STAFF**

WACONIA, MINNESOTA

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

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

SCHOOL BOARD

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

ADMINISTRATION

Brian Gersich	Superintendent
Ra Chhoth	Director of Finance and Operations
District Offices:	Independent School District No. 110 Waconia Public Schools 512 Industrial Boulevard Waconia, Minnesota 55387 952-442-0600

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 110 (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Report on Summarized Comparative Information

We have previously audited the District's 2022 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated December 2, 2022. In our opinion the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent in all material respects with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated REPORT DATE , 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
REPORT DATE

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REQUIRED SUPPLEMENTARY INFORMATION

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

This section of Waconia Schools – Independent School District 110's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-Wide Statements

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-Wide Statements (Continued)

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

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

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

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

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal grants).

The District has three kinds of funds:

- Governmental Funds – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements to explain the relationship or differences.
- Proprietary Funds – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements.
 - The District uses internal service funds to report activities that provide supplies and services for the District's other programs and activities. The District currently has one Internal Service Fund for self-insurance of dental benefits.

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

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

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

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Changes in Net Position

The District's total revenues were \$69,136,910 for the year ended June 30, 2023. Property taxes and state formula aid accounted for 72% of total revenue for the year (see Figure A-1). Another 19% 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
	2023	2022	
Revenues			
<u>Program Revenues</u>			
Charges for Services	\$ 5,775,026	\$ 4,454,039	29.7 %
Operating Grants and Contributions	12,286,354	15,671,394	(21.6)
Capital Grants and Contributions	618,504	928,381	(33.4)
<u>General Revenues</u>			
Property Taxes	18,796,724	18,362,173	2.4
Unrestricted State Aid	31,240,117	30,753,062	1.6
Investment Earnings	291,428	15,058	1835.4
Other	128,757	197,832	(34.9)
Total Revenues	<u>69,136,910</u>	<u>70,381,939</u>	(1.8)
Expenses			
Administration	1,242,947	1,596,647	(22.2)
District Support Services	2,063,656	1,743,587	18.4
Regular Instruction	23,281,034	27,148,601	(14.2)
Vocational Education Instruction	489,941	443,929	10.4
Special Education Instruction	9,507,273	10,582,603	(10.2)
Instructional Support Services	3,140,401	3,729,571	(15.8)
Pupil Support Services	4,303,148	4,203,711	2.4
Sites and Buildings	5,203,843	5,163,212	0.8
Fiscal and Other Fixed Cost Programs	286,089	276,717	3.4
Food Service	3,082,491	3,145,950	(2.0)
Community Service	3,104,624	3,019,391	2.8
Interest and Fiscal Charges on Long-Term Liabilities	2,978,597	2,320,893	28.3
Total Expenses	<u>58,684,044</u>	<u>63,374,812</u>	(7.4)
Change in Net Position	10,452,866	7,007,127	
Beginning Net Position, as Previously Reported	(30,173,667)	(36,928,990)	
Prior Period Restatement	-	(251,804)	
Beginning Net Position, as Restated	<u>(30,173,667)</u>	<u>(37,180,794)</u>	
Ending Net Position	<u>\$ (19,720,801)</u>	<u>\$ (30,173,667)</u>	

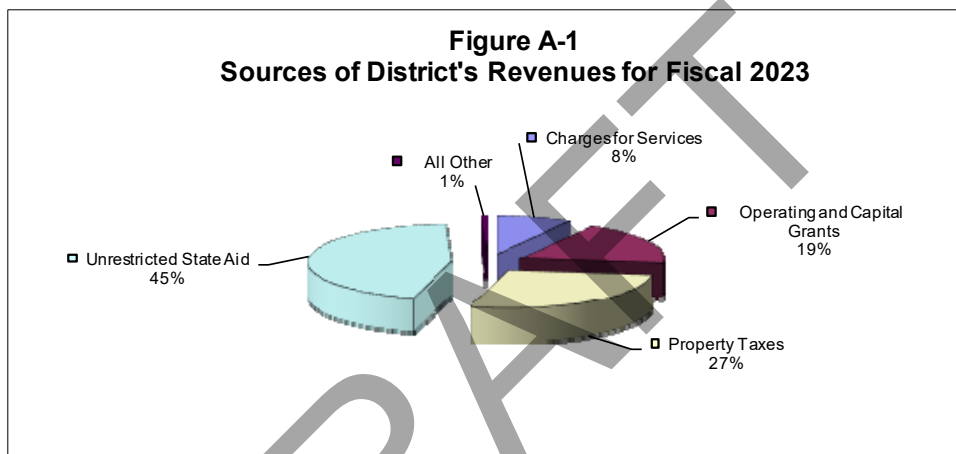
The total cost of all programs and services including interest and fiscal charges was \$58,684,044. Total revenues exceeded expenses by \$10,452,866. Charges for services increased due to an increase in community education activities. The decrease in expenses is due to moderate spending offset with an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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

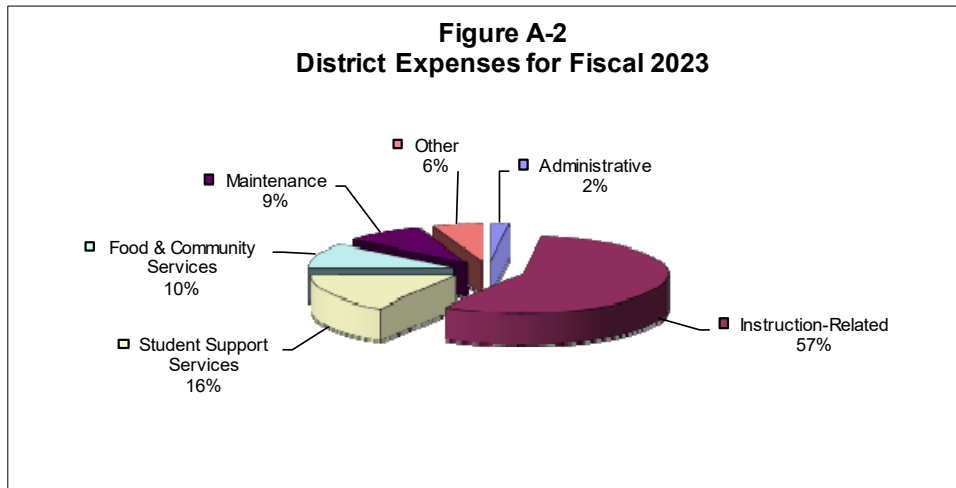
The total revenue for all governmental activities this year was \$69,136,910 as depicted in Figure A-1 below.

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



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

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



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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

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

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

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

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

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

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$2,497,522, which is \$1,213,375 more than last year's ending fund balance of \$1,284,147. The increase relates to the increase in state and federal sources of revenue while keeping expenditures consistent.

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

GENERAL FUND

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

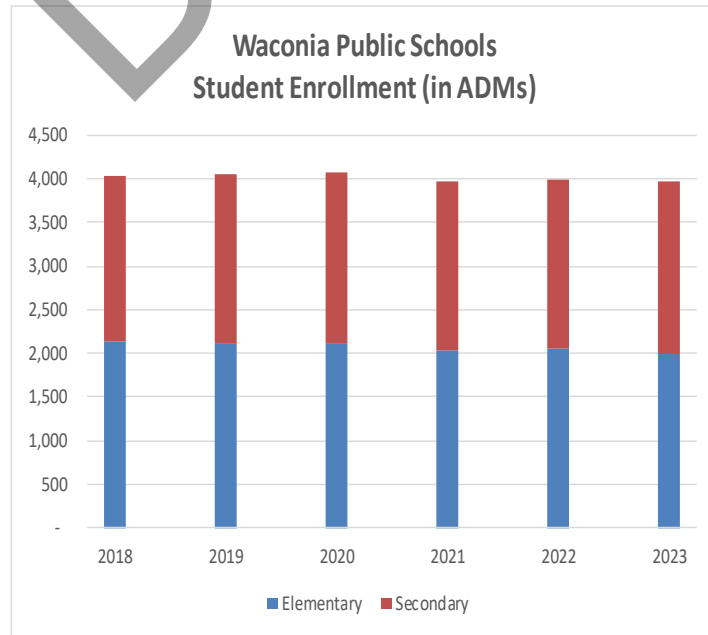
Approximately 97% of General Fund operational revenue is controlled by a complex set of state funding formulas resulting in the local school board having no meaningful authority to determine the level of resources. This includes special education state aid that is based upon a cost reimbursement model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

ENROLLMENT

Enrollment is a critical factor in determining revenue with approximately 95% of General Fund revenue being determined by enrollment. The following chart shows that the number of students has decreased slightly through school year 2022-2023.

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

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



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

GENERAL FUND (CONTINUED)

Over the last six years, the District has experienced a decrease in average daily membership of 62 students or 1.8%. The average daily membership decreased during school year 2022-2023 and it is anticipated that the average daily membership will increase in the next five years.

The following schedule presents a summary of General Fund Revenues.

**Table A-5
General Fund Revenues**

Fund	Year Ended		Change	
	June 30, 2023	June 30, 2022	Increase (Decrease)	Percent
Local Sources:				
Property Taxes	\$ 9,562,770	\$ 9,241,888	\$ 320,882	3.5 %
Earnings on Investments	-	(730)	730	(100.0)
Other	1,381,797	1,542,146	(160,349)	(10.4)
State Sources	40,808,105	39,356,445	1,451,660	3.7
Federal Sources	1,312,610	2,040,899	(728,289)	(35.7)
Total General Fund Revenue	<u>\$ 53,065,282</u>	<u>\$ 52,180,648</u>	<u>\$ 884,634</u>	1.7

Total General Fund Revenue increased by \$884,634 or 1.7% over the previous year. Basic general education revenue is determined by multiple state formulas, largely enrollment driven, and consists of an equalized mix of property tax and state aid revenue. Therefore, the mix of property tax and state aid can change significantly from year to year without any net change in total revenue. The state basic general education revenue formula per student increased compared to the prior year. State aid for special education increased compared to the prior year. However, Special Education funding is falling well short in recent years of the funding needed to cover the increases in costs in the program. The District's recent financial downturn can be traced back to the changes in Special Education funding at the state level in recent years. District officials have begun discussions with lawmakers to get adjustments made to the Special Education funding laws to help correct these funding deficiencies.

The following schedule presents a summary of General Fund Expenditures.

**Table A-6
General Fund Expenditures**

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

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

GENERAL FUND (CONTINUED)

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

The unassigned fund balance for the General Fund was (\$6,096,743) as of June 30, 2023. This means, according to Minnesota Statutes, Section 123B.81, subdivision 2, the District is currently in Statutory Operating Debt (SOD). This occurred because the District is reporting a year-end net negative unreserved General Fund fund balance exceeding more than 2.5% of its unreserved/undesignated operating expenditures. The unassigned fund balance was (\$6,096,743) as of June 30, 2023 as compared to an unassigned fund balance of (\$5,027,452) as of June 30, 2022.

General Fund Budgetary Highlights

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

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

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

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

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

DEBT SERVICE FUNDS

The Debt Service Fund revenues exceeded expenditures by \$427,187 in FY2023. The remaining fund balance of \$2,190,875 at June 30, 2023 is available for meeting future debt service obligations.

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

OTHER MAJOR FUNDS

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

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

INTERNAL SERVICE FUND

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2023, the District had invested over \$198 million in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices (see Table A-7). (More detailed information about capital assets can be found in Note 4 to the financial statements.)

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

	2023	2022	Percentage Change
Land	\$ 5,524,742	\$ 5,524,742	-
Right-to-Use Asset	218,987	117,600	86.2
Land Improvements	6,034,879	6,034,879	-
Buildings and Improvements	176,251,626	176,205,525	0.0
Equipment	9,896,526	9,464,422	4.6
Less: Accumulated Depreciation/Amortization	(72,974,373)	(67,769,281)	7.7
Total	<u>\$ 124,952,387</u>	<u>\$ 129,577,887</u>	(3.6)

Facilities – Next Five Years

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

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

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Liabilities

At year-end, the District had approximately \$105,282,000 in long-term debt, a decrease of 6% from last year – as shown in Note 6 to financial statements. This is due to payments on long-term debt.

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

	2023	2022	Percentage Change
General Obligation Bonds	\$ 98,090,000	\$ 103,970,000	(5.7)%
Net Bond Premium and Discount	1,720,802	2,229,481	(22.8)
Certificates of Participation Payable	2,510,000	2,650,000	(5.3)
Finance Purchase Agreement	2,820,872	3,180,130	(11.3)
Lease Liability	140,680	87,501	60.8
Total	<u>\$ 105,282,354</u>	<u>\$ 112,117,112</u>	(6.1)
Long-Term Liabilities:			
Due within One Year	\$ 6,644,011	\$ 6,407,966	
Due in More than One Year	<u>98,638,343</u>	<u>105,709,146</u>	
Total	<u>\$ 105,282,354</u>	<u>\$ 112,117,112</u>	

FACTORS BEARING ON THE DISTRICT'S FUTURE

Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional program needs and increased costs due to inflation. The District is in negotiations with all of its bargaining units in FY22-23. Increase labor costs, transportation costs will be significant on the district finances as it position to get itself out of Statutory Operating Debt.

The rising costs of Special Education services coupled with a new funding formula adopted by the state that does not adequately address those rising costs is a significant factor in the long term financial health of the District. Flat enrollment in the short term will be significant for Waconia Public Schools to balance limited resources with increase strain for instruction, daily maintenance and operations, transportation services, food service programming, and community education programming.

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

DRAFT

BASIC FINANCIAL STATEMENTS

DRAFT

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

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

See accompanying Notes to Basic Financial Statements.

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

Functions	2023				2022	
	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense)	Net (Expense)
		Charges for Services	Operating Grants and Contributions		Revenue and	Revenue and
					Changes in Net Position	Changes in Net Position
Total Governmental Activities	Total Governmental Activities	Total Governmental Activities	Total Governmental Activities			
Governmental Activities						
Administration	\$ 1,242,947	\$ -	\$ 11,275	\$ -	\$ (1,231,672)	\$ (1,609,046)
District Support Services	2,063,656	-	-	1,092	(2,062,564)	(1,742,275)
Regular Instruction	23,281,034	879,309	1,823,117	237,907	(20,340,701)	(22,965,990)
Vocational Education Instruction	489,941	-	14,832	-	(475,109)	(432,163)
Special Education Instruction	9,507,273	200,798	9,052,130	-	(254,345)	(2,470,089)
Instructional Support Services	3,140,401	-	230,427	68,732	(2,841,242)	(3,653,663)
Pupil Support Services	4,303,148	-	(210,100)	-	(4,513,248)	(4,074,232)
Sites and Buildings	5,203,843	176,530	-	310,773	(4,716,540)	(4,347,770)
Fiscal and Other Fixed Cost Programs	286,089	-	-	-	(286,089)	(276,717)
Food Service	3,082,491	1,644,549	989,305	-	(448,637)	1,552,095
Community Service	3,104,624	2,873,840	375,368	-	144,584	19,745
Interest and Fiscal Charges on Long-Term Liabilities	2,978,597	-	-	-	(2,978,597)	(2,320,893)
Total School District	\$ 58,684,044	\$ 5,775,026	\$ 12,286,354	\$ 618,504	(40,004,160)	(42,320,998)
General Revenues						
Property Taxes Levied for:						
General Purposes					9,581,076	9,251,656
Community Service					294,572	276,410
Debt Service					8,921,076	8,834,107
State Aid Not Restricted to Specific Purposes					31,240,117	30,753,062
Earnings on Investments					291,428	15,058
Miscellaneous					128,757	197,832
Total General Revenues					50,457,026	49,328,125
Change in Net Position					10,452,866	7,007,127
Net Position - Beginning of Year, as Previously Reported					(30,173,667)	(36,928,990)
Prior Period Restatement					-	(251,804)
Net Position - Beginning of Year, as Restated					<u>(30,173,667)</u>	<u>(37,180,794)</u>
Net Position - End of Year					<u>\$ (19,720,801)</u>	<u>\$ (30,173,667)</u>

See accompanying Notes to Basic Financial Statements.

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

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

See accompanying Notes to Basic Financial Statements.

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

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

See accompanying Notes to Basic Financial Statements.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)**

	2023	2022
Total Fund Balance for Governmental Funds	\$ 2,497,522	\$ 1,284,147
Total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	5,524,742	5,524,742
Right-to-Use Asset, Net of Accumulated Amortization	126,391	88,200
Land Improvements, Net of Accumulated Depreciation	2,081,393	2,244,489
Buildings and Improvements, Net of Accumulated Depreciation	115,903,908	120,635,981
Equipment, Net of Accumulated Depreciation	1,315,953	1,084,475
Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current-period's expenditures and, therefore, are reported as deferred inflows of resources in the funds.		
	109,815	77,651
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		
	(1,470,885)	(1,576,139)
The District's other post employment benefit (OPEB) liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:		
Net OPEB Liability	(5,635,671)	(5,073,960)
Deferred Inflows of Resources - OPEB Related	(1,070,688)	(1,301,427)
Deferred Outflows of Resources - OPEB Related	237,091	309,199
The District's net pension liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:		
Net Pension Liability	(37,708,313)	(20,124,370)
Deferred Inflows of Resources - Pension Related	(8,243,087)	(33,771,967)
Deferred Outflows of Resources - Pension Related	12,104,446	12,607,459
Internal service funds are used by management to charge the costs of dental insurance services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. Internal service fund net position at year-end is:		
	85,260	207,461
Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the Statement of Net Position. Balances at year-end are:		
Bonds Payable	(98,090,000)	(103,970,000)
Unamortized Premiums	(1,720,802)	(2,229,481)
Certificates of Participation Payable	(2,510,000)	(2,650,000)
Unamortized Deferred Loss on Refunding	16,796	30,031
Finance Purchase Agreements	(2,820,872)	(3,180,130)
Lease Liability	(140,680)	(87,501)
Compensated Absences Payable	(313,120)	(302,527)
Total Net Position of Governmental Activities	\$ (19,720,801)	\$ (30,173,667)

See accompanying Notes to Basic Financial Statements.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)**

	Major		
	General	Food Service	Community Service
REVENUES			
Local Sources:			
Property Taxes	\$ 9,562,770	\$ -	\$ 294,116
Earnings (Loss) on Investments	-	92,742	52,917
Other	1,381,797	1,646,617	2,877,997
State Sources	40,808,105	99,100	464,665
Federal Sources	1,312,610	890,205	6,875
Total Revenues	<u>53,065,282</u>	<u>2,728,664</u>	<u>3,696,570</u>
EXPENDITURES			
Current:			
Administration	1,504,843	-	-
District Support Services	1,912,428	-	-
Regular Instruction	23,670,115	-	-
Vocational Education Instruction	564,802	-	-
Special Education Instruction	10,795,280	-	-
Instructional Support Services	3,305,891	-	-
Pupil Support Services	4,467,960	-	-
Sites and Buildings	4,464,565	-	-
Fiscal and Other Fixed Cost Programs	272,239	-	-
Food Service	-	2,944,141	-
Community Service	-	-	3,135,452
Capital Outlay	484,635	467,804	6,079
Debt Service:			
Principal	539,314	1,417	6,735
Interest and Fiscal Charges	278,441	383	2,951
Total Expenditures	<u>52,260,513</u>	<u>3,413,745</u>	<u>3,151,217</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	804,769	(685,081)	545,353
OTHER FINANCING SOURCES (USES)			
Insurance Recovery Proceeds	19,760	-	-
Issuance of Lease	101,387	-	-
Transfers In	-	-	66,780
Transfers Out	(66,780)	-	-
Total Other Financing Sources (Uses)	<u>54,367</u>	<u>-</u>	<u>66,780</u>
NET CHANGE IN FUND BALANCE	859,136	(685,081)	612,133
Fund Balance - Beginning of Year, as Previously Reported	(4,283,410)	3,052,448	751,421
Prior Period Restatement	-	-	-
Fund Balance - Beginning of Year, As Restated	<u>(4,283,410)</u>	<u>3,052,448</u>	<u>751,421</u>
FUND BALANCE - END OF YEAR	<u>\$ (3,424,274)</u>	<u>\$ 2,367,367</u>	<u>\$ 1,363,554</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, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)**

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

See accompanying Notes to Basic Financial Statements.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)**

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

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

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

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

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

Principal Payments - Finance Purchase Agreements	359,258	345,398
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The governmental funds report debt proceeds as financing sources, while repayment of debt principal is reported as an expenditure. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are amortized in the Statement of Activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the Statement of Activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of debt and related items is as follows:

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

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)**

	2023	2022
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current-period's expenditures and, therefore, are unavailable in the funds.	\$ 32,164	\$ (20,831)
Payment of OPEB benefits are recognized as expenditures at the fund level while the change in the Net OPEB obligation and the related deferred inflows and outflows of resources is recognized in the Statement of Activities.	(403,080)	(239,536)
Pension expenditures on the governmental funds are measured by current year employee contributions. Pension expenses on the Statement of Activities is measured by the change in Net Pension Liability and the related deferred inflows and outflows of resources.	7,441,924	1,772,932
In the Statement of Activities, certain operating expenses - compensated absences - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(10,593)	63,065
Internal service funds are used by the District to charge the costs of employee dental benefits to individual funds. The change in net position of the internal service funds is reported with governmental activities.	(122,201)	(34,589)
Change in Net Position of Governmental Activities	\$ 10,452,866	\$ 7,007,127

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

	Governmental Activities - Internal Service Funds	
	2023	2022
ASSETS		
Current Assets:		
Cash and Investments	\$ 117,719	\$ 228,476
LIABILITIES		
Current Liabilities:		
Accounts Payable	29,108	21,015
Due to Other School Districts	3,351	-
Total Liabilities	32,459	21,015
NET POSITION		
Unrestricted	\$ 85,260	\$ 207,461

DRAFT

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
PROPRIETARY FUND
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)**

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

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**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
INTERNAL SERVICE FUND
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)**

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

See accompanying Notes to Basic Financial Statements.

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

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

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

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

See accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

B. Financial Reporting Entity

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

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

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

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

C. Basic Financial Statement Presentation

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation (Continued)

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

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

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Fiduciary funds are presented in the fiduciary fund financial statements by type: scholarship custodial fund and irrevocable OPEB trust. Since by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide statements.

The Internal Service Fund is presented in the proprietary fund financial statements. Because the principal users of the internal services are the District's governmental activities, the financial statement of the internal service fund is consolidated into the governmental activities column when presented in the government-wide financial statements. The costs of these services are reported in the appropriate functional activity.

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting transactions are recorded in the following manner:

1. Revenue Recognition

Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to Minnesota Statutes and accounting principles generally accepted in the United States of America. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Food service sales, community education tuition, and other miscellaneous revenue (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. A six-month availability period is generally used for other fund revenue.

2. Recording of Expenditures

Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used. Principal and interest on long-term debt issues are recognized on their due dates.

Description of Funds

The existence of the various District funds has been established by the State of Minnesota, Department of Education. The accounts of the district are organized on the basis of funds, each of which is considered a separate accounting entity. A description of the funds included in this report is as follows:

Major Governmental Funds

General Fund

The General Fund is used to account for all financial resources except those required to be accounted for in another fund. It includes the general operations and pupil transportation activities of the district, as well as the capital related activities such as maintenance of facilities equipment purchases, health and safety projects, and disabled accessibility projects.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Major Governmental Funds (Continued)

Food Service Special Revenue Fund

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

Community Service Special Revenue Fund

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

Debt Service Fund

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

Proprietary Fund

Internal Service Fund

The Internal Service Fund accounts for financing of goods or services provided by one department to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The District's Internal Service Fund includes its self-insured dental insurance plan for its employees.

Fiduciary Funds

Scholarship Custodial Fund

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

Other Postemployment Benefits Irrevocable Trust Fund

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgeting

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

Procedurally, in establishing the budgetary data reflected in these financial statements, the Superintendent submits to the School Board prior to July 1, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means to finance them. The budget is legally enacted by School Board action. Revisions to budgeted amounts must be approved by the School Board. Individual amendments were not material in relation to the original appropriations.

Total fund expenditures in excess of the budget require approval of the School Board. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at line item levels.

Budget provisions for the Debt Service Fund are set by state law governing required debt service levels.

F. Cash and Investments

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

Cash balances from all funds, except the OPEB Irrevocable Trust Fund, are combined and invested to the extent available in various securities as authorized by Minnesota Statutes. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

G. Accounts Receivable

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Inventories

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

I. Prepaid Items

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

J. Property Taxes

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

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

In accordance with state law, the current tax shift consists of an amount equal to 31% of the operating levy that was in place for the District's 2000 Pay 2001 levy, which is frozen at \$310,967. Certain other portions of the District's 2022 Pay 2023 levy, normally revenue for the 2023-2024 fiscal year, are also advance recognized at June 30, 2023, as required by state statute to match revenue with the same fiscal year as the related expenditures.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Property Taxes (Continued)

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is unavailable because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes has been provided as such amounts are not expected to be material. Current levies of local taxes, less the amount recognized as revenue in the current period, including portions assumed by the State which will be recognized as revenue in the next fiscal year beginning July 1, 2023, are included in Property Taxes Levied for Subsequent Year to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

K. Capital Assets

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

Capital assets are recorded in the government-wide financial statement, but are not reported in the Fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, 5 to 15 years for equipment, and 1 to 3 years for the right-to-use assets.

Capital assets not being depreciated include land.

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

L. Leases

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Leases (Continued)

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

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

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

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

M. Deferred Outflows of Resources

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

N. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Accrued Employee Benefits

1. Compensated Absences

Vacation Pay and Sick Leave

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. These benefits are reported as liabilities in the government-wide financial statements and as expenditures when taken in the fund financial statements. At June 30, 2023, a liability for vacation pay totaling \$284,518 is recorded in the Statement of Net Position.

The District has a sick leave bank to which employees contribute earned sick leave. Participating employees use sick leave from this bank upon depletion of their own sick leave balances. At June 30, 2023, a liability for this sick leave bank of \$20,664 is recorded in the Statement of Net Position.

Severance Payable

Various bargaining groups, other than teachers, have contract language providing for severance benefits upon meeting the defined requirements. The amount paid varies based on years of service and is based on accumulated sick leave. The vested amount for all eligible employees at year-end totals \$7,938 and is recorded as a liability on the government-wide financial statements.

2. Other Postemployment Benefits

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

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

P. Deferred Inflows of Resources

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Pensions

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

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

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

R. Statement of Cash Flows

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

S. Fund Balance

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Fund Balance (Continued)

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

T. Net Position

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

U. Summarized Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

V. Adoption of New Accounting Standards

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

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

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

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

A. Excess of Expenditures Over Budget

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

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

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

B. Transfers in/Transfers Out

Transfer Out:	Transfer In: Community Service Fund
General Fund	\$ 66,780

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

C. Deficit Fund Balance

The General Fund had a deficit fund balance of \$3,424,274 as of the end of the year. This deficit will be eliminated through a budgeted decrease in expenditures.

NOTE 3 DEPOSITS AND INVESTMENTS

A. Deposits

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

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

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

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

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

The District's deposits in banks at June 30, 2023 were entirely covered by federal depository insurance or by collateral in accordance with Minnesota Statutes.

B. Investments

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

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

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

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

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

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

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

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

**Investments Held with Broker –
Custodial Credit Risk –**

For an investment, custodial risk is the risk that, in the event of failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District's bond documents require insurance covering all balances held in each investment account.

Credit Risk –

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

Type	Credit Quality Rating	Amount
MN Trust Investment Shares Portfolio	Not Rated	\$ 10,331,765
Money Market	AAA	1,856
Government and Municipal Securities	AA	468,750
Mutual Funds	Not Rated	440,052
Total		\$ 11,242,423

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

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Concentration of OPEB Trust Credit Risk –

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

Type	Amount	Percentage
New York - SEC	\$ 468,750	38%
Vanguard TSM IDX ETF	389,896	31%
	<u>\$ 858,646</u>	

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

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

C. Fair Value Measurements

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

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

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

- *Level 1* – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

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

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Fair Value Measurements (Continued)

- *Level 2* – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.
- *Level 3* – Financial asset and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use a pricing the asset.

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

Type	Level 1	Level 2	Level 3	Total
Government and Municipal Securities	\$ -	\$ 468,750	\$ -	\$ 468,750
Mutual Funds	-	440,052	-	440,052
Total	<u>\$ -</u>	<u>\$ 908,802</u>	<u>\$ -</u>	<u>\$ 908,802</u>
Investments Measured at Amortized Cost				10,333,621
Total Investments				<u>\$11,242,423</u>

NOTE 4 CAPITAL ASSETS

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

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

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

NOTE 4 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities	
Administrative Services	\$ 145,846
District Support Services	75,594
Regular Instruction	4,515,431
Vocational Instruction	2,069
Community Education	9,319
Instructional Support	53,975
Food Service	47,437
Sites, Buildings, and Equipment	355,421
Total Depreciation/Amortization Expense, Governmental Activities	<u>\$ 5,205,092</u>

NOTE 5 AID ANTICIPATION CERTIFICATES

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

	2022	Additions	Retirements	2023
2023A Aid Anticipation Certificate	<u>\$ -</u>	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ -</u>

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

NOTE 6 LONG-TERM LIABILITIES

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

A. Components of Long-Term Debt

Issue Date	Net Interest Rate	Original Issue	Final Maturity	Principal Outstanding	
				Due Within One Year	Total
5/1/2013	2.00% - 2.13%	\$ 1,435,000	2/1/2024	\$ 140,000	\$ 140,000
1/13/2015	3.00% - 5.00%	17,555,000	2/1/2026	3,305,000	9,050,000
2/18/2015	3.00% - 5.00%	75,000,000	2/1/2039	-	75,000,000
12/30/2015	2.50% - 4.00%	6,830,000	2/1/2025	1,185,000	2,385,000
9/29/2016	3.00% - 5.00%	5,405,000	2/1/2028	680,000	2,655,000
9/14/2017	2.00% - 3.00%	5,040,000	2/1/2033	320,000	3,570,000
9/14/2017	2.00% - 4.00%	7,290,000	2/1/2033	460,000	5,290,000
Total General Obligation Bonds				6,090,000	98,090,000
Bond Premium - Net				-	1,720,802
Certificates of Participation				140,000	2,510,000
Lease Liabilities				49,611	140,680
Finance Purchase Agreement				364,400	2,820,872
Compensated Absences Payable				313,120	313,120
Total				<u>\$ 6,957,131</u>	<u>\$ 105,595,474</u>

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

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

A. Components of Long-Term Debt (Continued)

1. General Obligation Refunding Bonds

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

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

2. Finance Purchase Agreements

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

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

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

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

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

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

3. Lease Liability

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

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

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

B. Minimum Debt Payments

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

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

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

C. Description of Long-Term Debt

Compensated Absences Payable

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

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.

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

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

D. Changes in Long-Term Debt

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

NOTE 7 RESTRICTED FUND BALANCE

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

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

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

A. Restricted for Student Activities

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

B. Restricted for Learning and Development

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

C. Restricted for Gifted and Talented

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

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

NOTE 7 RESTRICTED AND ASSIGNED FUND BALANCE (CONTINUED)

D. Restricted for Safe Schools

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

E. Restricted for Community Education Programs

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

F. Restricted for Early Childhood and Family Education Programs

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

G. Restricted for School Readiness

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

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

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

I. Restricted for Medical Assistance

Represents resources available to be used for medical assistance expenditures.

J. Restricted for Other Purposes

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

Other Restricted:

Restricted for Food Service	\$ 2,272,642
Restricted for Debt Service	2,190,875
Total Other Restricted	<u>\$ 4,463,517</u>

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

NOTE 8 PENSION PLANS

A. Plan Description

1. General Employees Retirement Plan

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

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

2. Teachers Retirement Fund (TRA)

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

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

B. Benefits Provided

1. General Employees Plan Benefits

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

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

NOTE 8 PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

1. General Employees Plan Benefits (Continued)

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

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

2. TRA Benefits

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

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

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

NOTE 8 PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

Tier I Benefits

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

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

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

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

NOTE 8 PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

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

C. Contributions

1. General Employees Plan Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature. Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2023 and the District was required to contribute 7.50% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2023, were \$607,571. The District's contributions were equal to the required contributions as set by state statute.

2. TRA Contributions

Per *Minnesota Statutes*, Chapter 354 rates for the fiscal year 2023 for coordinated were 7.5% for the employee and 8.55% for the employer. Basic rates were 11.00% for the employee and 12.55% for the employer. The District's contributions to TRA for the plan's fiscal year ended June 30, 2023 were \$2,032,972. The District's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

1. General Employees Plan Pension Costs

At June 30, 2023, the District reported a liability of \$8,601,156 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million. The State of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the District totaled \$252,197, for a total net pension liability of \$8,853,353 associated with the District. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was 0.1086% at the end of the measurement period and 0.1096% for the beginning of the period.

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

NOTE 8 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Plan Pension Costs (Continued)

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

At June 30, 2023, the District reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 71,844	\$ 91,881
Changes in Actuarial Assumptions	1,946,598	34,983
Net Difference Between Projected and Actual Earnings	149,191	-
Changes in Proportion	-	86,734
District Contributions Subsequent to the Measurement Date	607,571	-
Total	<u>\$ 2,775,204</u>	<u>\$ 213,598</u>

\$607,571 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expenses Amount
2024	\$ 704,983
2025	759,206
2026	(288,001)
2027	777,847

2. TRA Pension Costs

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

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

NOTE 8 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

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

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

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

At June 30, 2023, the District reported its proportionate share of the TRA's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 425,752	\$ 255,727
Changes in Actuarial Assumptions	4,662,892	6,159,647
Net Difference Between Projected and Actual Investment Earnings	813,069	-
Changes in Proportion	1,394,557	1,614,115
District Contributions Subsequent to the Measurement Date	2,032,972	-
Total	<u>\$ 9,329,242</u>	<u>\$ 8,029,489</u>

\$2,032,972 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expenses Amount
2024	\$ (5,230,332)
2025	549,727
2026	(7,180)
2027	3,750,376
2028	204,190

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

NOTE 8 PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

3. Summary

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

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

E. Long-Term Expected Return on Investment

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

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

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

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

NOTE 8 PENSION PLANS (CONTINUED)

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

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

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5% for PERA and 7.0% for TRA. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% for PERA and 7.0% for TRA was deemed to be within that range of reasonableness for financial reporting purposes.

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service.

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

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

TRA pre-retirement mortality rates were based on the RP-2014 white collar employee table, male rates set back 5 years and female rates set back 7 years. Generational projection uses the MP-2015 scale. Post-retirement mortality rates were based on the RP-2014 white collar annuitant table, male rates set back 3 years and female rates set back 3 years, with further adjustments of the rates. Generational projection uses the MP-2015 scale. Post-disability mortality rates were based on the RP-2014 disabled retiree mortality table, without adjustment. TRA cost of living benefit increases 1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

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

NOTE 8 PENSION PLANS (CONTINUED)

F. Actuarial Methods and Assumptions (Continued)

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

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

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

Changes in Actuarial Assumptions

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

G. Discount Rate

The discount rate used to measure the PERA General Employees Plan liability in 2022 was 6.50%. There was no change since the prior measurement data. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate used to measure the TRA pension liability was 7.00%. There was no change since the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contribution will be made at the fiscal year 2022 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

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

NOTE 8 PENSION PLANS (CONTINUED)

H. Pension Liability Sensitivity

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

Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
General Employees Plan Discount Rate	5.50%	6.50%	7.50%
District's Proportionate Share of the PERA Net Pension Liability	\$ 13,585,976	\$ 8,601,156	\$ 4,512,834
Teachers Retirement Fund Discount Rate	6.00%	7.00%	8.00%
District's Proportionate Share of the TRA Net Pension Liability	\$ 45,885,848	\$ 29,107,157	\$ 15,353,862

I. Pension Plan Fiduciary Net Position

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

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

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN

A. Plan Description

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

B. Funding Policy

The District has assets restricted for OPEB. These assets are in a qualified irrevocable trust which are included as a fiduciary fund in these financial statements. The District's investment policy is to follow state statutes as listed in Note 3. Benefit payments equal to the annual direct subsidy plus implicit subsidy are assumed to be made from the trust. Contribution requirements are also negotiated between the District and union representatives. The District contributes \$-0- to \$4,200 of the cost of current-year premiums for eligible retired plan members and their spouses. For fiscal year 2023, the District contributed \$-0- to the plan.

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

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

C. Net OPEB Liability of the District

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

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

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.12%
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D. Actuarial Methods and Assumptions

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

The District's net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021.

The total OPEB liability was determined by an actuarial valuation as of July 1, 2021, and rolled forward to a measurement date of June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% (2.00% at the prior measurement date)
Salary Increases	Service Graded Table
Investment Rate of Return	5.20%
Health Care Trend Rates	6.25% grading to 5.00% over 5 years and then to 4.00% over the next 48 years
Dental Trend Rates	4.00%

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

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

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

D. Actuarial Methods and Assumptions (Continued)

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

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

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

Asset Class	Long-Term Expected Real Rate of Return	Long-Term Expected Nominal Rate of Return
Domestic Equity	25.00%	6.00%
International Equity	0.00%	0.00%
Fixed Income	70.00%	5.00%
Real Estate and Alternatives	0.00%	0.00%
Cash and Equivalents	5.00%	4.00%
Net Assumed Investment Return (Weighted Avg, Rounded to 1/4%)	0.00%	0.00%

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 4.20%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The discount rate used to measure the total OPEB liability was 3.90%. The projection of cash flows and OPEB trust assets used to determine the discount rate were based on recent employer contribution history and their stated funding policy. The OPEB trusts' long-term assumed investment return was used to discount projected benefit payments for as long as projected trust assets are available to fund OPEB payments. Once projected trust assets are exhausted, the municipal bond index rate was applied to the remaining expected benefit payments.

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

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

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

D. Actuarial Methods and Assumptions (Continued)

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

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

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

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

	1% Decrease (2.90%)	Discount Rate (3.90%)	1% Increase (4.90%)
Net OPEB Liability	\$ 6,130,515	\$ 5,635,671	\$ 5,160,598

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% 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	\$ 4,731,702	\$ 5,635,671	\$ 6,723,488

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

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

E. Changes in the Net OPEB Liability (Continued)

For the year ended June 30, 2023, the District recognized OPEB expense of \$476,397. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Liability	\$ 43,709	\$ 243,362
Change of Assumptions	91,053	827,326
Difference Between Projected and Actual Investment Earnings	102,329	-
Total	<u>\$ 237,091</u>	<u>\$ 1,070,688</u>

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

<u>Year Ending June 30,</u>	<u>Future Recognition</u>
2024	\$ (182,955)
2025	(184,412)
2026	(202,224)
2027	(119,353)
2028	(139,084)
Thereafter	(5,569)
	<u>\$ (833,597)</u>

NOTE 10 FLEXIBLE BENEFIT PLAN

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

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

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

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

NOTE 10 FLEXIBLE BENEFIT PLAN (CONTINUED)

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

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

NOTE 11 JOINTLY GOVERNED ORGANIZATION

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

NOTE 12 COMMITMENTS AND CONTINGENCIES

Federal and State Programs

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

NOTE 13 DENTAL SELF-INSURANCE PLAN

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

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

NOTE 13 DENTAL SELF-INSURANCE PLAN (CONTINUED)

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

There were no liabilities in excess of claims paid at June 30, 2023. There is a possibility for loss if claims are in excess of the premiums collected. The District does not believe this occurrence would have a material financial effect on the District. The District held \$117,719 in cash and investments at June 30, 2023 for payment of claims.

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

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

NOTE 14 RISK MANAGEMENT

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

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

REQUIRED SUPPLEMENTARY INFORMATION

DRAFT

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2023**

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

See accompanying Notes to Required Supplementary Information.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2023**

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

See accompanying Notes to Required Supplementary Information.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
COMMUNITY SERVICE FUND
YEAR ENDED JUNE 30, 2023**

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

See accompanying Notes to Required Supplementary Information.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
YEAR ENDED JUNE 30, 2023**

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service Cost	\$ 474,745	\$ 468,016	\$ 608,276	\$ 565,542	\$ 531,265	\$ 499,655	\$ 413,072
Interest	259,843	155,433	169,696	216,868	210,296	188,177	173,853
Assumption Changes	(38,983)	(972,179)	116,822	(193,743)	85,058	(115,287)	-
Plan Changes	-	-	-	272,742	-	-	-
Differences Between Expected and Actual Experience	-	37,592	-	(567,850)	-	118,049	-
Benefit Payments	(349,317)	(363,345)	(291,176)	(231,614)	(243,601)	(216,893)	(234,747)
Net Change in Total OPEB Liability	346,288	(674,483)	603,618	61,945	583,018	473,701	352,178
Total OPEB Liability - Beginning	6,536,254	7,210,737	6,607,119	6,545,174	5,962,156	5,488,455	5,136,277
Total OPEB Liability - Ending (a)	\$ 6,882,542	\$ 6,536,254	\$ 7,210,737	\$ 6,607,119	\$ 6,545,174	\$ 5,962,156	\$ 5,488,455
Plan Fiduciary Net Position							
Contributions - Employer	\$ 73,317	\$ 133,345	\$ -	\$ -	\$ -	\$ 66,893	\$ 84,747
Net Investment Income	76,039	73,445	39,751	37,490	46,783	48,262	43,719
Employer Contributions	-	-	41,176	42,594	-	-	-
Differences Between Expected and Actual Experience	(15,212)	(129,603)	(28,354)	-	(2,744)	-	-
Benefit Payments	(349,317)	(363,345)	(291,176)	(231,614)	(243,601)	(216,893)	(234,747)
Administrative Expenses	(250)	(250)	(250)	(251)	(250)	-	-
Net Change in Plan Fiduciary Net Position	(215,423)	(286,408)	(238,853)	(151,781)	(199,812)	(101,738)	(106,281)
Plan Fiduciary Net Position - Beginning	1,462,294	1,748,702	1,987,555	2,139,336	2,339,148	2,440,886	2,547,167
Plan Fiduciary Net Position - Ending (b)	\$ 1,246,871	\$ 1,462,294	\$ 1,748,702	\$ 1,987,555	\$ 2,139,336	\$ 2,339,148	\$ 2,440,886
District's Net OPEB Liability - Ending (a) - (b)	\$ 5,635,671	\$ 5,073,960	\$ 5,462,035	\$ 4,619,564	\$ 4,405,838	\$ 3,623,008	\$ 3,047,569
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.12%	22.37%	24.25%	30.08%	32.69%	39.23%	44.47%
Covered Employee Payroll	\$ 29,858,010	\$ 28,988,359	\$ 29,150,902	\$ 28,301,847	\$ 27,608,850	\$ 26,804,709	\$ 22,691,454
District's Net OPEB Liability as a Percentage of Covered Employee Payroll	18.87%	17.50%	18.74%	16.32%	15.96%	13.52%	13.43%

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

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

Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2023	4.20%
2022	-3.20%
2021	0.60%
2020	1.80%
2019	2.00%
2018	2.00%
2017	1.70%

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

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

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

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

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

Measurement Date June 30, 2019	Measurement Date June 30, 2018	Measurement Date June 30, 2017	Measurement Date June 30, 2016	Measurement Date June 30, 2015	Measurement Date June 30, 2014
0.1117%	0.1117%	0.1085%	0.1014%	0.0987%	0.1038%
\$ 6,175,643	\$ 6,196,658	\$ 6,926,568	\$ 8,233,177	\$ 5,115,146	\$ 4,876,004
191,992	203,325	87,118	107,503	-	-
\$ 6,367,635	\$ 6,399,983	\$ 7,013,686	\$ 8,340,680	\$ 5,115,146	\$ 4,876,004
\$ 7,911,760	\$ 7,576,040	\$ 7,031,866	\$ 6,288,093	\$ 5,810,167	\$ 5,449,166
78.06%	81.79%	98.50%	130.93%	88.04%	89.48%
80.20%	79.53%	75.90%	68.91%	78.20%	78.70%
0.3792%	0.3751%	0.3578%	0.3408%	0.3228%	0.3445%
\$ 24,170,288	\$ 23,556,918	\$ 71,423,370	\$ 81,288,931	\$ 19,968,372	\$ 15,874,310
2,138,997	2,213,237	6,904,490	8,159,126	2,449,348	1,116,630
\$ 26,309,285	\$ 25,770,155	\$ 78,327,860	\$ 89,448,057	\$ 22,417,720	\$ 16,990,940
\$ 21,699,857	\$ 20,716,507	\$ 21,137,307	\$ 17,834,400	\$ 16,526,173	\$ 15,726,289
111.38%	113.71%	337.90%	455.80%	120.83%	100.94%
78.07%	78.07%	51.57%	44.88%	76.80%	81.50%

See accompanying Notes to Required Supplementary Information.

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

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

See accompanying Notes to Required Supplementary Information.

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

2020	2019	2018	2017	2016	2015	2014
\$ 592,085	\$ 593,382	\$ 568,203	\$ 527,390	\$ 471,607	\$ 429,356	\$ 395,064
(592,085)	(593,382)	(568,203)	(527,390)	(471,607)	(429,356)	(395,064)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,894,467	\$ 7,911,760	\$ 7,576,040	\$ 7,031,866	\$ 6,288,093	\$ 5,810,167	\$ 5,449,166
7.50%	7.50%	7.50%	7.50%	7.50%	7.39%	7.25%
\$ 1,691,701	\$ 1,673,059	\$ 1,553,738	\$ 1,585,298	\$ 1,337,580	\$ 1,239,458	\$ 1,100,834
(1,691,701)	(1,673,059)	(1,553,738)	(1,585,298)	(1,337,580)	(1,239,458)	(1,100,834)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 21,359,861	\$ 21,699,857	\$ 20,716,507	\$ 21,137,307	\$ 17,834,400	\$ 16,526,173	\$ 15,726,289
7.92%	7.71%	7.50%	7.50%	7.50%	7.50%	7.00%

See accompanying Notes to Required Supplementary Information.

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

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

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

2022

Changes in Actuarial Assumptions

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

2021

Changes in Actuarial Assumptions

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

2020

Changes in Actuarial Assumptions

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

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

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

2020 (Continued)

Changes in Actuarial Assumptions (Continued)

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

Changes in Plan Provisions

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

2019

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

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

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

2017

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2016

Changes in Actuarial Assumptions

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

2015

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

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

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

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

2022

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

2021

Changes in Actuarial Assumptions

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

2020

Changes in Actuarial Assumptions

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

2019

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

2018

Changes in Actuarial Assumptions

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

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

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

2018 (Continued)

Changes in Plan Provisions

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

2017

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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

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

2016

Changes in Actuarial Assumptions

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

2015

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

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

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

2014

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

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

2023

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

2022

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

2021

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

2020

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

2019

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

2018

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

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

NOTE 3 COMPLIANCE - BUDGET

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

In the following funds, expenditures exceeded the appropriations during the year ended June 30, 2023:

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

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

DRAFT

SUPPLEMENTARY INFORMATION

DRAFT

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

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

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)**

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

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)**

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

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)**

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

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
FOOD SERVICE SPECIAL REVENUE FUND
BALANCE SHEET
JUNE 30, 2023**

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

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

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**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
FOOD SERVICE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)**

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

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

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

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
COMMUNITY SERVICE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)**

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

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

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

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**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)**

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

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)**

01 GENERAL FUND				06 BUILDING CONSTRUCTION			
	Audit	UFARS	Difference		Audit	UFARS	Difference
Total Revenues	\$ 53,065,282	\$ 53,065,284	\$ (2)	Total Revenues	\$ -	\$ -	\$ -
Total Expenditures	\$ 52,260,513	\$ 52,260,515	\$ (2)	Total Expenditures	\$ -	\$ -	\$ -
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
460 Nonspendable	\$ 885,964	\$ 885,964	\$ -	460 Nonspendable	\$ -	\$ -	\$ -
<i>Restricted:</i>				<i>Restricted:</i>			
401 Student Activities	\$ 343,063	\$ 343,063	\$ -	407 Capital Projects Levy	\$ -	\$ -	\$ -
403 Staff Development	\$ -	\$ -	\$ -	409 Alternative Fac. Program	\$ -	\$ -	\$ -
405 Deferred Maintenance	\$ -	\$ -	\$ -	413 Project Funded by COP	\$ -	\$ -	\$ -
406 Health & Safety	\$ -	\$ -	\$ -	467 LTFM	\$ -	\$ -	\$ -
407 Capital Project Levy	\$ -	\$ -	\$ -	464 Other Purposes	\$ -	\$ -	\$ -
414 Operating Debt	\$ -	\$ -	\$ -	<i>Unassigned:</i>			
416 Levy Reduction	\$ -	\$ -	\$ -	463 Unassigned	\$ -	\$ -	\$ -
423 Certain Teacher Programs	\$ -	\$ -	\$ -	07 DEBT SERVICE			
424 Operating Capital	\$ -	\$ -	\$ -	Total Revenues	\$ 9,841,168	\$ 9,841,168	\$ -
426 \$25 Taconite	\$ -	\$ -	\$ -	Total Expenditures	\$ 9,413,981	\$ 9,413,981	\$ -
427 Disabled Accessibility	\$ -	\$ -	\$ -	<i>Restricted/Reserved:</i>			
428 Learning & Development	\$ 650,566	\$ 650,567	\$ (1)	425 Bond Refundings	\$ -	\$ -	\$ -
434 Area Learning Center	\$ -	\$ -	\$ -	451 QZAB Payments	\$ -	\$ -	\$ -
435 Contracted Alt. Programs	\$ -	\$ -	\$ -	464 Other Purposes	\$ 2,190,875	\$ 2,190,875	\$ -
436 St. Approved Alt. Prog.	\$ -	\$ -	\$ -	<i>Unassigned:</i>			
438 Gifted & Talented	\$ 44,742	\$ 44,742	\$ -	463 Unassigned	\$ -	\$ -	\$ -
441 Basic Skills	\$ -	\$ -	\$ -	08 TRUST			
445 Career and Tech. Programs	\$ -	\$ -	\$ -	Total Revenues	\$ 7,945	\$ 7,944	\$ 1
446 First Grade Preparedness	\$ -	\$ -	\$ -	Total Expenditures	\$ 12,444	\$ 12,444	\$ -
449 Safe Schools Levy	\$ 139,499	\$ 139,499	\$ -	<i>Unassigned:</i>			
450 Pre-Kindergarten	\$ -	\$ -	\$ -	402 Scholarships	\$ 20,198	\$ 20,198	\$ -
451 QZAB Payments	\$ -	\$ -	\$ -	09 AGENCY			
452 OPEB Liab Not In Trust	\$ -	\$ -	\$ -	<i>Unassigned: Should Always Be -0-</i>			
453 Unfunded Sev & Retirement Levy	\$ -	\$ -	\$ -	422 Unassigned	\$ -	\$ -	\$ -
464 Other Purposes	\$ -	\$ -	\$ -	20 INTERNAL SERVICE			
467 LTFM	\$ 260,612	\$ 260,613	\$ (1)	Total Revenues	\$ 463,096	\$ 463,096	\$ -
472 Medical Assistance	\$ 348,023	\$ 348,023	\$ -	Total Expenditures	\$ 585,297	\$ 585,297	\$ -
<i>Committed:</i>				<i>Unassigned:</i>			
418 Committed for Severance	\$ -	\$ -	\$ -	422 Unassigned	\$ 85,260	\$ 85,260	\$ -
461 Committed	\$ -	\$ -	\$ -	25 OPEB REVOCABLE TRUST			
<i>Assigned:</i>				<i>Unassigned:</i>			
462 Assigned	\$ -	\$ -	\$ -	Total Revenues	\$ -	\$ -	\$ -
<i>Unassigned:</i>				<i>Unassigned:</i>			
422 Unassigned	\$ (6,096,743)	\$ (6,096,744)	\$ 1	Total Expenditures	\$ -	\$ -	\$ -
02 FOOD SERVICE				45 OPEB IRREVOCABLE TRUST			
Total Revenues	\$ 2,728,664	\$ 2,728,664	\$ -	Total Revenues	\$ 142,446	\$ 142,446	\$ -
Total Expenditures	\$ 3,413,745	\$ 3,413,744	\$ 1	Total Expenditures	\$ 357,869	\$ 357,869	\$ -
<i>Nonspendable:</i>				<i>Unassigned:</i>			
460 Nonspendable	\$ 94,725	\$ 94,725	\$ -	422 Unassigned	\$ 1,246,871	\$ 1,246,871	\$ -
<i>Restricted:</i>				47 OPEB DEBT SERVICE			
452 OPEB Liability Not In Trust	\$ -	\$ -	\$ -	Total Revenues	\$ -	\$ -	\$ -
464 Other Purposes	\$ 2,272,642	\$ 2,272,643	\$ (1)	Total Expenditures	\$ -	\$ -	\$ -
<i>Unassigned:</i>				<i>Restricted:</i>			
463 Unassigned	\$ -	\$ -	\$ -	464 Other Purposes	\$ -	\$ -	\$ -
04 COMMUNITY SERVICE				<i>Unassigned:</i>			
Total Revenues	\$ 3,696,570	\$ 3,696,569	\$ 1	463 Unassigned	\$ -	\$ -	\$ -
Total Expenditures	\$ 3,151,217	\$ 3,151,216	\$ 1				
<i>Nonspendable:</i>							
460 Nonspendable	\$ 63,565	\$ 63,565	\$ -				
<i>Restricted:</i>							
426 \$25 Taconite	\$ -	\$ -	\$ -				
431 Community Education	\$ 1,056,684	\$ 1,056,684	\$ -				
432 E.C.F.E.	\$ 108,906	\$ 108,906	\$ -				
444 School Readiness	\$ 143,425	\$ 143,425	\$ -				
447 Adult Basic Education	\$ -	\$ -	\$ -				
452 OPEB Liability Not In Trust	\$ -	\$ -	\$ -				
464 Other Purposes	\$ -	\$ -	\$ -				
<i>Unassigned:</i>							
463 Unassigned	\$ (9,026)	\$ (9,025)	\$ (1)				

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

**SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND OTHER REQUIRED REPORTS**

JUNE 30, 2023

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

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SINGLE AUDIT AND OTHER REQUIRED REPORTS

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 110 (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated REPORT DATE .

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The District’s Response to Findings

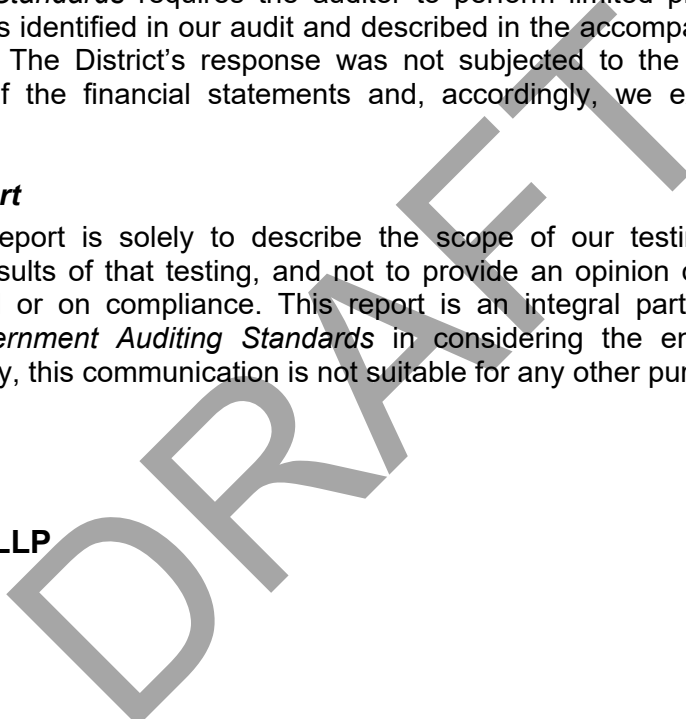
Government Auditing Standards requires the auditor to perform limited procedures on the District’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

Austin, Minnesota
REPORT DATE



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Independent School District No. 110's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements. We have issued our report thereon dated REPORT DATE , which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

CliftonLarsonAllen LLP

Austin, Minnesota
REPORT DATE

DRAFT

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

DRAFT

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Pass-Through Minnesota Department of Education				
Noncash Assistance (Commodities):				
National School Lunch Program	10.555	1-0110-000	\$ 167,655	
Cash Assistance:				
National School Lunch Program	10.555	1-0110-000	550,775	
COVID-19 - Supply Chain Assistance Funding	10.555	1-0110-000	115,077	
Total Assistance Listing No. 10.555			<u>833,507</u>	
School Breakfast Program	10.553	1-0110-000	<u>48,962</u>	
Total Child Nutrition Cluster				882,469
Child Nutrition Discretionary Grants Limited Availability	10.579	unknown		16,794
COVID-19 - Pandemic EBT Administrative Costs	10.649	unknown		628
Total U.S. Department of Agriculture				<u>899,891</u>
U.S. Department of Treasury				
Pass-Through Minnesota Department of Education				
COVID 19 - American Rescue Plan (ARP) Summer Academic Enrichment and Mental Health	21.027	unknown	3,280	
COVID-19 - Pandemic Enrollment Loss	21.027	unknown	37,490	
COVID 19 - American Rescue Plan (ARP) Summer Preschool Program	21.027	unknown	6,875	
Total Assistance Listing No. 21.027				<u>47,645</u>
Total U.S. Department of Treasury				47,645
Federal Communications Commission				
Direct				
COVID-19 - Emergency Connectivity Fund Program	32.009	unknown		164,043
U.S. Department of Education				
Pass-Through Minnesota Department of Education				
Title I, Part A	84.010	S010A220023A	64,165	-
Special Education Grants for Infants and Families	84.181	H181A220029	10,681	-
Title IV, Part A, Student Support and Academic Enrichment	84.424	S424A220024	10,000	-
English Language Acquisition State Grants	84.365	S365A220023A	10,977	-
Title II, Part A - Improving Teacher Quality	84.367	S367A220022	40,733	-
Education Stabilization Fund				
COVID 19 - 90% Elementary and Secondary School Emergency Relief Fund II (ESSER II) - Summer Program	84.425D	S425D220045	75,967	
COVID 19 - 90% Elementary and Secondary School Emergency Relief Fund III (ESSER III)	84.425U	S425U220045	6,209	
COVID 19 - 90% Elementary and Secondary School Emergency Relief Fund III (ESSER III) - Learning Loss	84.425U	S425U220045	186,728	
Total Assistance Listing No. 84.425				268,904
Special Education Cluster:				
Special Education Grants to States	84.027	H027A220087	691,347	
COVID-19 - ARP Individuals with Disabilities Education Act (IDEA) Part B Section 611	84.027X	H027X210087	66,539	
Total Assistance Listing No. 84.027			<u>757,886</u>	
Special Education Preschool Grants	84.173	H173A220086	17,452	
Total Special Education Cluster				775,338
Pass-Through Southwest Metro Intermediate District				
Cash Assistance:				
Carl Perkins Vocational Education	84.048	unknown		14,832
Total U.S. Department of Education				<u>1,195,630</u>
U.S. Department of Health and Human Services				
Direct				
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	unknown		97,216
Total Expenditures of Federal Awards			<u>\$ 2,404,425</u>	<u>\$ -</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

NOTE 1 GENERAL

The accompanying schedule of expenditures of federal awards presents the expenditures of all federal financial assistance programs of Independent School District No. 110 for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the schedule presents only a select portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the District's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COST RATE

The District has not elected to use the 10% de minimis in direct costs rate as allowed under Uniform Guidance.

INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Independent School District No. 110 (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated REPORT DATE .

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the contracting -bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for School Districts* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

Austin, Minnesota
REPORT DATE

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditor’s report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? X yes none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Type of auditor’s report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X yes no

Identification of major programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553 and 10.555	Child Nutrition Cluster
84.027, 84.027X, and 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? yes X no

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section II – Financial Statement Findings

2023-001 – Unauthorized Bank Signer

Type of Finding: Significant Deficiency in Internal Control Over Financial Reporting

Criteria or Specific Requirement: Upon retirement or termination of District personnel, financial institutions should be notified immediately to remove signers that are no longer District employees.

Condition: We noted that a former District employee was not removed as an authorized signer at MidCountry Bank.

Cause: Turnover of District employees.

Effect: The District is at an increased risk of misuse or loss of assets.

Repeat Finding: Yes – Finding 2022-002

Recommendation: We recommend that District management contact the financial institutions and ensure the proper signers are on file.

Views of Responsible Official and Planned Corrective Actions: There is no disagreement with the finding and there is a corrective action plan in place.

**WACONIA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 110
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CRF 200.516(a).

Section IV – Minnesota Legal Compliance

None reported.

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2. SiteLogIQ

Facility Assessment



WACONIA
PUBLIC SCHOOLS ISD 110



site*logiq*

The background is a dark blue, semi-transparent grid of white lines that create a 3D architectural effect, resembling a series of overlapping rectangular frames or a perspective view of a building's structure. The lines are thin and spaced out, creating a sense of depth and complexity.

10-Year Planning

10-YEAR REINVESTMENT MODELS

- The following slides illustrate 3 potential 10 year investment plans modelling
 - A “true picture” - when infrastructure is due for replacement
 - A “delayed approach” - how long certain items can be delayed before replacement
 - A “critical only” - focusing on just business critical infrastructure
- The board does not need to decide on the exact model they want to follow at this point, however;
 - All investment plans start with addressing immediate need under board authority
 - Available funding needs to be incumbered this year and can be utilized for these projects
 - All investment plans would increase in cost should these items not be addressed in 2025.

10 YEAR MODELS – ALL INFRASTRUCTURE

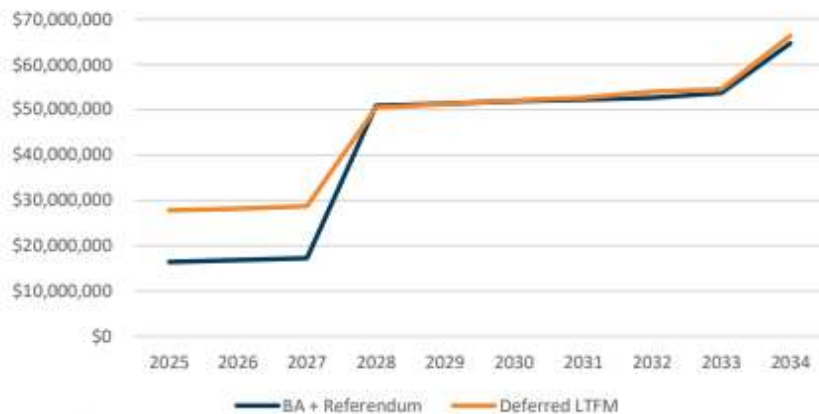
"Pay as you go"



Board Authority



BA + Referendum



- These models show when all existing items are due for replacement
- These models include all infrastructure and some cosmetics, such as floors, doors etc.
- About \$28 million is shown as needed initially
- Pay as you go creates about a \$60 million gap
- Board Authorized works creates about a \$30 million gap
- Board Authority plus a referendum in 2028 keeps the district on plane
- No allowances for increased capacity needs or programmatic changes to the buildings

10 YEAR MODELS – ALL INFRASTRUCTURE

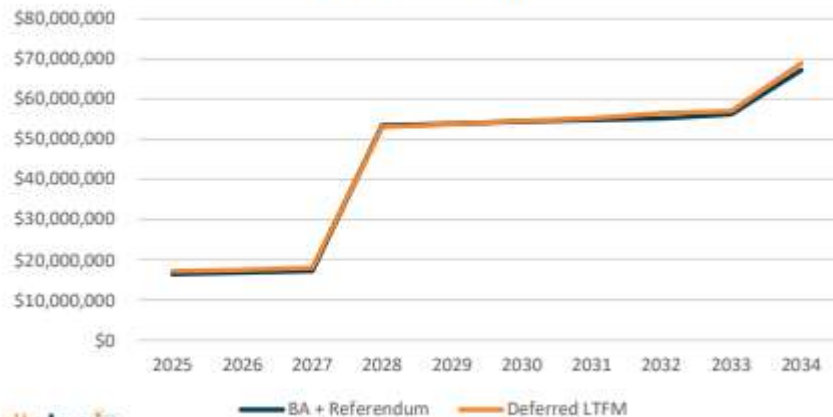
"Pay as you go"



Board Authority



BA + Referendum



- These models look at when items are due but then pushes nonessential items into a referendum in 2028 reducing initial 28 million need to 18 million
- These models include all infrastructure and some cosmetics, such as floors, doors etc.
- Pay as you go creates about a 65 million gap
- Board Authorized works creates about a 30 million gap
- Board Authority plus a referendum in 2028 keeps the district on plane
- No allowances for increased capacity needs or programmatic changes to the buildings

10 YEAR MODELS – JUST CRITICAL INFRASTRUCTURE

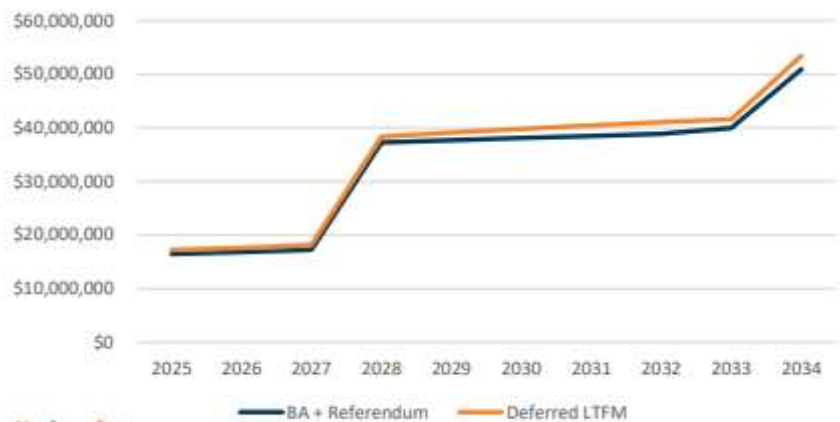
"Pay as you go"



Board Authority



BA + Referendum



- These models look at just critical infrastructure and no cosmetics
- BA + Referendum shows the best route through ensuring critical infrastructure is managed
- This pushes items into a 2028 referendum that we think we can "make last" until then
- A lot of items will go unattended, but we believe the fabric and systems of the building will be able to last until 2028
- No allowances for increased capacity needs or programmatic changes to the buildings

The background is a dark blue gradient with a complex, layered grid pattern. The grid lines are white and grey, creating a sense of depth and perspective, similar to a 3D architectural rendering or a data visualization. The lines intersect to form various rectangular shapes, some of which are slightly offset from each other, giving the impression of a multi-dimensional space.

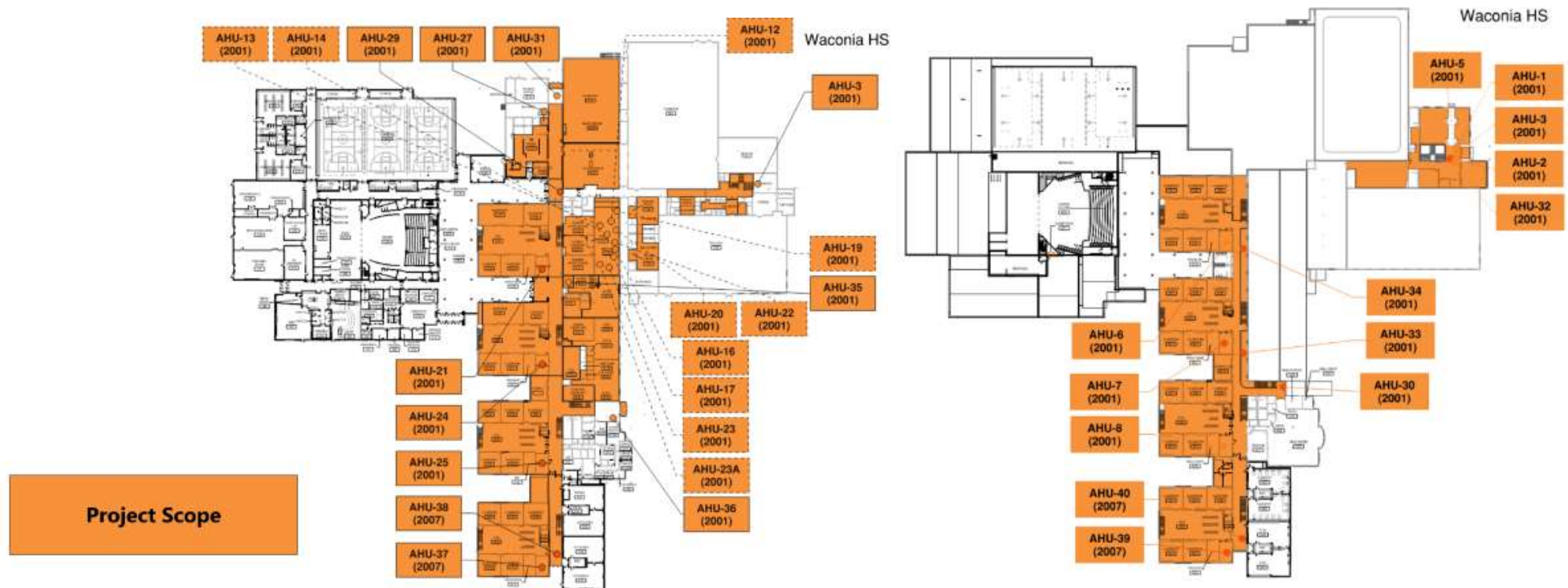
2025 Scope Solidification

2025 SCOPE OF WORK

Location	Facility Improvement Measures (FIMs)				Existing Conditions/Needs				Funding		Cost and ROI	
Facility	FIM Code	Short Description	Ideas and Opportunities	Life Expectancy	Actual Age	Remaining Life	Asset Condition	Priority	Funding Source	Project Year	Cost in Project Year	
High School	X M.1c	Classroom Ventilation Upgrades - AHU Replacement w/ Chilled Water and Hot Water Conversion	This opportunity includes replacing the original AHUs with new AHUs and a central chiller serving the classroom pods. Chiller infrastructure such as chilled water lines, acoustical barriers, and controls will be provided. The new air handlers will be provided with additional capacity to meet code compliant ventilation rates and improved energy efficiency. The AHUs will also be converted to hot water, with new hot water mains extended to the units. The multi-zone ductwork configuration and steam boilers will remain.	30	22	8	Alert	3.0	IAQ	2025	\$8,920,000	
	X M.2c	Safari Island Ventilation Upgrades - AHU Replacement w/ Chilled Water and Hot Water Conversion	This opportunity includes replacing the original AHUs with new AHUs and a central chiller serving the Safari Island area. Chiller infrastructure such as chilled water lines, acoustical barriers, and controls will be provided. The new air handlers will be provided with additional capacity to meet code compliant ventilation rates and improved energy efficiency. The AHUs will also be converted to hot water, with new hot water mains extended to the units.	30	22	8	Alert	3.0	IAQ	2025	\$1,760,000	
	X M.3c	Specialty Classroom Ventilation Upgrades - AHU Replacement w/ Chilled Water and Hot Water Conversion	This opportunity includes replacing the original AHUs with new AHUs and a central chiller serving the central classrooms. Chiller infrastructure such as chilled water lines, acoustical barriers, and controls will be provided. The new air handlers will be provided with additional capacity to meet code compliant ventilation rates and improved energy efficiency. The AHUs will also be converted to hot water, with new hot water mains extended to the units.	30	22	8	Alert	3.0	IAQ	2025	\$4,720,000	
Middle School	X G.1	Full Reconstruction of Lots - East Side Drives	This opportunity includes replacing the parking lots and drives with subgrade restoration and new asphalt on east side of the building. This excludes the guest parking and round about in front of the main entrance as that was repaired in 2023.	15	16	-1	Alarm	3.2	TA	2025	\$335,000	
	X G.2	Reclaim and Repave Lots - North Side Drives	This opportunity includes a reclaim and/or repave of the parking lots and drives on the north side of the building.	15	16	-1	Alert	3.0	TA	2025	\$280,000	
Laketown Elementary	X G.1	Parking Lot Repair - Crack Fill and Coat	This opportunity includes an allotment to crack fill and coat the primary parking lot and drives around the building.	15	7	8	Caution	2.8	TA	2025	\$145,000	
District Office	X M.1b	Rooftop Unit Replacement w/ VAV System Upgrade- RTU-6	This opportunity includes replacing RTU-6 and installing a new RTU and VAV system. New ductwork, VAV boxes with reheat, controls, and other associated equipment would be provided throughout the space.	15	19	-4	Alert	3.0	IAQ	2025	\$655,000	
Financial Impact	X	Scenario#1 Total									\$16,815,000	

HIGH SCHOOL SCOPE

- Replacing condensing units with new central chiller system
- Improving ventilation rates at classrooms and supporting spaces
- Pulling back steam distribution throughout the building and providing new hot water mains
- New controls and electrical equipment to support improved system



HIGH SCHOOL SCOPE



MIDDLE SCHOOL SCOPE



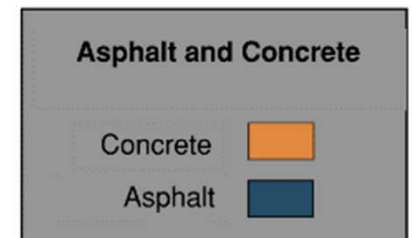
Reclaim/Repave

Full Reconstruction

Asphalt and Concrete
Concrete
Asphalt

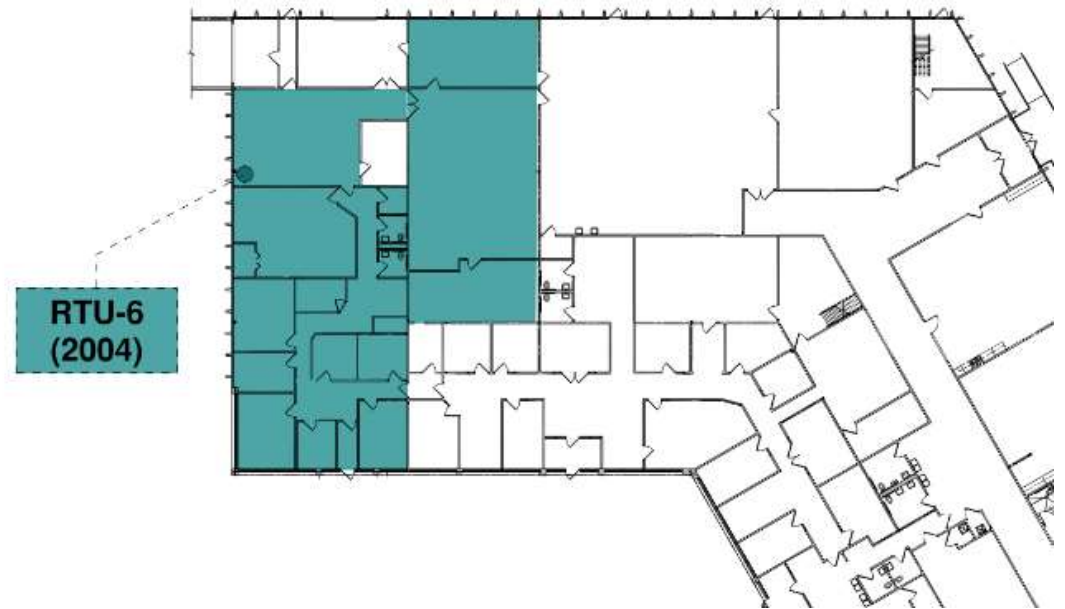
LAKETOWN ELEMENTARY SCOPE

- Asphalt crack and seal coat
- Focused on primary parking lots and driveways



DISTRICT OFFICE BUILDING SCOPE

- Replacing rooftop unit with improved capacity and energy efficiency
- Controls recommissioning and central upgrades
- Ductwork modifications to improve distribution with a new VAV system
- Cleaning, testing, and balancing existing ductwork
- Relocate DX unit from HS to District Office



The background is a complex, abstract wireframe structure in shades of blue. It consists of numerous overlapping rectangular and cubic frames that create a sense of depth and perspective, resembling a 3D architectural or technical drawing. The lines are thin and light blue, set against a darker blue gradient background.

Timeline

TO HIT THE 2025 CONSTRUCTION TIMELINE

- Summer 2025 – Construction Starts
- Early Fall – Bids completed for contractors
- Summer – Pre bid conversations
- Late Summer – Design stage complete
- May/June 2024 – Equipment Prepurchase
 - Some electrical and HVAC equipment is delayed by 50-60 weeks
- Jan 2024 - Mechanical Design Starts - Design timeline 8 months
- Jan 2024 - District works with PMA to sell bonds
- Dec 18th, 2023 - Amend Long Term Facility Maintenance Plan and submit to State - SitelogIQ, PMA, Waconia
- Dec 18th, 2023 - Board agrees 2025 scope of work according to plan and engagement with SitelogIQ is amended
- Dec 2023 - Create Indoor Air Quality Project Narrative – SitelogIQ, PMA



SiteLogIQ.com

705 Main Street, Hopkins, MN 55343

Waconia Public School District

Professional Services Agreement

December 18, 2023

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Professional Services Agreement

This Professional Services Agreement (“Agreement”) is made and entered into as of this 18th day of December, 2023 (“Effective Date”) by and between SitealogIQ, Inc., a Delaware corporation (“SitealogIQ”), having its principal offices at 705 Main Street, Hopkins, MN 55343 and Waconia Public School District (“District”), having its principal offices at 512 Industrial Blvd, Waconia, MN 55387 for the purpose of providing certain Services as defined herein.

IN WITNESS WHEREOF, the duly authorized representatives of the parties have each executed the Agreement, effective as of the date first above written.

Waconia Public School District

SitealogIQ, Inc.

Signature

Signature

Printed Name

Printed Name

Title

Title

Date

Date

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Article 1 – Services and Payments

Article 1.01 - Definitions

Unless another intention clearly appears, words and phrases (including technical words and phrases and such others as have acquired special meaning) shall be construed according to rules of grammar.

Whenever the following terms, or pronouns in place of them, are used in this Agreement, the intent and meaning shall be interpreted as follows:

<u>Agreement:</u>	This Professional Services Agreement.
<u>Bidding Documents:</u>	The unexecuted contract between the District and Contractor, all exhibits to the unexecuted contract between the District and Contractor, the general conditions of the contract for construction, all drawings, specifications, addenda, the advertisement or invitation to bid, instruction to bidders, the bid form, and any other bidding forms, exhibits, or Contract Documents later identified.
<u>Constituents of Concern:</u>	See Article 5.01(a).
<u>Change Order:</u>	A written agreement that change the scope or cost of the Work to be completed on a Project or modifying the contract time that is signed by the District, Architect/Engineer, and Contractor.
<u>Consultant:</u>	The individual, firm or corporation contracting for and undertaking prosecution of professional services on a Project arising out of this Agreement.
<u>Contractor:</u>	The individual, firm, or corporation contracting for and undertaking prosecution of Work on a Project arising out of this Agreement.
<u>Contract Documents:</u>	The documents comprising a Project, Project Services, and Work that shall be completed by the Contractor(s), and possibly Subcontractor(s).
<u>Dispute:</u>	Any dispute, controversy, or claim arising out of or relating to this Agreement or any breach thereof.
<u>District:</u>	Waconia Public School District.
<u>Effective Date:</u>	December 18, 2023.
<u>Environmental Credits:</u>	Any and all credits, allowances, or other similar tangible or intangible property rights created by or resulting from improvements in the emission or

pollution characteristics of the District’s facilities and operations caused by implementing SitelogIQ’s products or Services provided under this Agreement.

Equipment:

All machinery, tools, and apparatus, together with the necessary supplies for upkeep and maintenance, necessary for the proper construction and acceptable completion of the Work within its intended scope, including machinery or apparatus that is left on the Premises.

Long-Term Facilities Maintenance Plan:

A comprehensive overview of the systems that govern the District’s facilities and the practices that ensure the long term operation of those facilities.

Materials:

Any substance specified for use in the performance of Work.

Premises:

District Office, 512 Industrial Boulevard, Waconia, MN 55387; Laketown Elementary, 960 Airport Road, Waconia, MN 55387; Waconia High School, 1650 Community Drive, Waconia, MN 55387; Waconia Middle School, 1400 Community Drive, Waconia, MN 55387; and any other location where Materials or Equipment may be stored or where the District directs Work or Services to be provided.

Program Construction Manager (PCM):

See Part C of Schedule A.

Program Manager:

The overall operational manager that oversees and coordinates all aspects of the design, engineering, construction administration, commissioning, acceptance of a Project, and the warranty correction period.

Project:

All of the repurposing, remodeling and/or expansion of the existing facilities and or grounds.

Project Services:

The Work to be completed on a Project.

Referendum:

Any vote by the general public on a single issue related to funding sources for a Project.

Schedules:

The documents labeled as “Schedule” and identified in this Agreement.

Services:

See Article 1.02 and Schedule A.

Subcontractor:

An individual, firm, or corporation contracting with the Contractor for and undertaking prosecution of a portion of the Contractor’s Work on a Project arising out of this Agreement.

<u>System Inspector:</u>	See Part D of Schedule A.
<u>Work:</u>	The furnishing of all labor, Materials, Equipment, and other incidentals necessary or convenient to the successful completion of a Project and the performance of all duties and obligations imposed on the Contractor by its contract with the District.
<u>Work Change Directive:</u>	A written agreement between the District and SitelogIQ that changes the scope of Work or cost of the Work to be completed on a Project. Also referred to as Construction Change Directive.

Article 1.02 - Scope of Services

SitelogIQ will provide the District with the Services identified on Schedule A of this Agreement (“Services”). The District agrees to utilize all Services provided by SitelogIQ unless amended by subsequent agreement. SitelogIQ is not the general contractor for the Project.

Article 1.03 - Compensation for Services

The total price for SitelogIQ’s Services under this Agreement shall be set forth in Schedule B of this Agreement. SitelogIQ shall prepare invoices in accordance with its standard invoicing practices and shall submit its invoices to the District on a monthly basis. Invoices are due and payable within thirty (30) days of receipt.

Article 1.04 - Schedule for Rendering Services

SitelogIQ shall begin rendering Services as of the Effective Date of the Agreement and shall complete the Services as follows:

- (a) SitelogIQ shall complete its obligations within a reasonable time. Specific periods of time for rendering Services will be established upon execution of this Agreement and set forth with specific dates by which Services are to be completed and deemed to be reasonable.
- (b) If, through no fault of SitelogIQ, such periods of time or dates are changed, or the orderly and continuous progress of SitelogIQ’s Services is impaired, or SitelogIQ’s Services are delayed or suspended, then the time for completion of SitelogIQ’s Services, and the rates and amounts of SitelogIQ’s compensation, shall be adjusted equitably.
- (c) If the District authorizes changes in the scope, extent, or character of the Project, then the time for completion of SitelogIQ’s Services, and the rates and amounts of SitelogIQ’s compensation, shall be adjusted equitably.
- (d) If SitelogIQ fails to complete its Services pursuant to subpart (a) above through no fault of the District due to circumstances within SitelogIQ’s control, SitelogIQ shall compensate the District or adjust SitelogIQ’s fees upon a showing by the District that it has incurred additional costs thereby.
- (e) The District shall make decisions and carry out its other responsibilities in a timely manner so as not to delay SitelogIQ’s performance of Services.
- (f) Notwithstanding, all Services must be completed within four (4) years of the signature of this Agreement, unless changed by a subsequent amendment.

Article 1.05 - Permits and Governmental Fees

SitelogIQ shall assist in obtaining all permits associated with the Services. SitelogIQ's Services include plan review fees. The District shall be responsible for payment of permit fees and for securing at the District's expense any necessary approvals, easements, assessments, or zoning changes and shall pay any real and personal property taxes where applicable. Unless stated elsewhere in this Agreement, the total cost associated with SitelogIQ's Services **DO NOT** include permits fees and costs associated with obtaining easements, assessments, zoning changes, or real property and personal property taxes.

Article 2 – Standards and Documents

Article 2.01 - Standards of Performance

SitelogIQ shall perform the Services under this Agreement with the care and skill ordinarily used by members of the subject profession practicing under similar circumstances at the same time in the same locality. Unless required by federal law or the laws of the State of Minnesota, SitelogIQ MAKES NO OTHER WARRANTIES, EXPRESS OR IMPLIED, UNDER THIS AGREEMENT OR OTHERWISE IN CONNECTION WITH ITS SERVICES.

SitelogIQ EXPLICITLY WAIVES ANY IMPLIED WARRANTY OF MERCHANTABILITY AND ANY WARRANTY FOR FITNESS FOR AN INTENDED OR PARTICULAR PURPOSE.

Article 2.02 - Compliance with Law and Regulation

The parties hereto shall comply with the applicable federal, Minnesota, and local laws and regulations and District-mandated standards that the District has provided to SitelogIQ in writing. This Agreement is based upon these requirements as of the Effective Date of this Agreement, with any changes after the date of this Agreement constituting the basis for modifications to the parties' responsibilities, SitelogIQ's Services, times of performance and compensation. All modifications or amendments to this Agreement shall be made in writing, signed by both parties.

Article 2.03 - Documents and Supervision

SitelogIQ shall not be required to sign any documents (no matter by whom requested) that would require SitelogIQ to certify, guarantee or warrant the existence of conditions whose existence SitelogIQ cannot ascertain. The District agrees not to make resolution of any Dispute with SitelogIQ or payment of any amount due SitelogIQ contingent upon SitelogIQ signing such documents. Unless set forth by separate written agreement, SitelogIQ shall not at any time supervise, direct or have control over any Contractors or Subcontractors with respect to the Premises, nor shall SitelogIQ have any authority or responsibility for the means, methods, techniques, sequences or procedures of construction selected or used by such Contractors and Subcontractors, for site security, for safety precautions and programs incident to the Contractor's Work and Subcontractor's Work, nor any failure of a Contractor or Subcontractor on the Premises to comply with the laws and regulations applicable to the Contractor's Work and Subcontractor's Work. SitelogIQ neither guaranties the performance of any Contractor or Subcontractor nor assumes the responsibility for any Contractor's (or Subcontractor's) failure to furnish and perform its Work or Services in accordance with the underlying Contract Documents.

Article 2.04 - Use of Documents

All design documents, plans, specifications, and Bidding Documents shall be owned by the District. The District shall not rely in any way on any such document unless it is in printed form, signed or sealed by SitelogIQ or one of its Consultants. The District shall not modify, amend, or use such documents for purposes other than a Project on the Premises without SitelogIQ's prior written consent. The District shall indemnify, defend, and hold harmless SitelogIQ from any damages, claims, losses, actions, or penalties, including the costs of reasonable attorney's fees resulting from such use or modification by the District, its subsidiaries, agents, or assigns.

Article 2.05 - Electronic Documents

Design documents, plans, specifications, or Bidding Documents in electronic media format that are provided by SitelogIQ are furnished for convenience only and not reliance by the receiving party. Because data stored in electronic format can deteriorate or be modified inadvertently or otherwise without the authorization of the data's creator, the District agrees that it will perform acceptance tests or procedures within sixty (60) days, after which the District shall be deemed to have accepted the data transferred. When transferring documents in electronic format, SitelogIQ makes no representations as to the long-term compatibility, usability or readability of such documents resulting from the use of software application packages, operating systems or other hardware differing from documents used by the creator.

Article 3 – The District's Responsibilities

Article 3.01 - Provision of Information

The District shall provide SitelogIQ with all criteria and information as to the District's requirements for the Project, Project Services, and Services on the Premises, including design objections and constraints, space, capacity and performance requirements, flexibility, and any budgetary limitations; and furnish copies of all design and construction standards which the District will require to be included in the plans, drawings, specifications compromising the Project Services, and furnish to SitelogIQ and other available information pertinent to the Project Services, Services and Premises including reports and data relative to previous designs (structural, mechanical, electrical, chemical, environmental, inspections and reports required by law or the contract requirements) or investigation at or adjacent to the Premises. The District shall provide the services of geotechnical engineers when such services are required by the scope of the Project and as requested by SitelogIQ. Such services may include, but not limited to test boring, determination of soil bearing values, and evaluation of hazardous materials. All geotechnical engineer services provided by the District shall include reports and professional recommendations. SitelogIQ shall not be liable for any tasks completed by any geotechnical engineer provided by the District. Following SitelogIQ's initial assessment of the available information regarding the Services, Project Services and Premises, the District shall furnish or otherwise make available such additional Premises-related information and data as is reasonably requested to enable SitelogIQ to complete its Services. If such additionally requested Premises-related information and data is not available to the District, the District shall promptly inform SitelogIQ. The District shall also give written notice to SitelogIQ, within seven (7) days, when the District becomes aware of any problem, defect or development that materially affects the scope or performance of SitelogIQ's Services hereunder.

Article 3.02 - Assistance and Information Regarding Other Services

The District shall examine all alternate solutions, studies, reports, drawings specifications and other documents presented by SitelogIQ and render timely decisions pertaining thereto. The District shall additionally provide reviews, approvals and permits from all governmental authorities having jurisdiction to approve all phases of the Services designed or specified by SitelogIQ. The District shall provide, as required for the Services and Premises, accounting and financial advisory, independent cost estimating and insurance counseling services; legal services with regard to issues pertaining to the Premises as the District requires, the underlying Contractors raise, or SitelogIQ reasonably requests; auditing/accounting services as the District requires to ascertain how or for what purpose Contractors have used monies paid for the Project; and placement and payment for advertisement for bids for appropriate publications.

The District is responsible for removing all non-fixture items, including but not limited to desks, chairs, tables, and items hanging from the ceiling, wall, windows, or any other surface, from the areas where Work will be performed.

Article 3.03 - Meetings

The District shall designate a representative authorized to act on behalf of the District with respect to the Project. This representative shall attend any pre-bid conferences, bid openings, pre-construction conferences, construction progress and other job-relating meetings, as well as substantial completion and final payment inspections. The District, or such authorized representative, shall provide decisions in a timely manner in order to avoid unreasonable delays in the progress of SitelogIQ's Services and Project(s) timelines.

Article 3.04 - Representations and Warranties of District

The District hereby warrants and represents to SitelogIQ that:

- (a) The District has provided SitelogIQ with all records heretofore requested by SitelogIQ, and the information set forth therein is, and all information in other records to be subsequently provided pursuant to this Agreement will be, true and accurate in all material respects, except as may be disclosed by District in writing attached to this Agreement;
- (b) The District presently intends to continue to use, and agrees to use, for a period at least equal to the duration of this Agreement, the Premises in a manner similar to its present use, except as may have been disclosed by the District in writing and attached hereto and made a part thereof. If a material change in the use of any of the Premises occurs, in the operating conditions at the Premises or in the use of the District's Equipment at the Premises, an equitable adjustment shall be made;
- (c) The District is a school district of the State of Minnesota, duly organized, existing, and operating under the constitution and laws of the State of Minnesota;
- (d) The District shall provide SitelogIQ with any other documents reasonably requested to consummate this Agreement or any schedule or attachment hereto as reasonably required under this Agreement;
- (e) No approval, consent or authorization is required from any governmental authority with respect to the execution, delivery, or performance of this Agreement, or if such approval, consent, or authorization is required, it has been obtained; and
- (f) There are no suits, actions or proceedings threatened or pending against the District which would adversely affect the District's ability to perform its obligations under this Agreement.

Any default by the District of the aforementioned responsibilities will be resolved through the remedies identified in Article 8.01, Remedies Upon Default by the District.

Article 3.05 - Breach of Obligations

Each of the following events or conditions shall constitute a breach by the District and shall give SitelogIQ the right to, without an election of remedies: (a) proceed pursuant to Article 8; and (b) terminate this Agreement by delivery of written notice declaring termination, upon which event the District shall be liable to SitelogIQ for all Services furnished to date and any damages sustained by SitelogIQ:

- (a) Any failure by the District to pay amounts due more than sixty (60) days after receipt of the invoice;
- (b) Any representation or warranty furnished by the District in this Agreement that is false or misleading in any material respect when made; or
- (c) Any failure by the District to perform or comply with any material term or condition of this Agreement, including breach of any covenant contained herein, provided that such failure continues for thirty (30) days after written notice to the District demanding that such failure be cured or, if cure cannot be effected in such thirty (30) days, the District fails to begin to cure and proceed to completion thereof as quickly as is reasonable.

Article 4 – Insurance

Article 4.01 - Insurance

SitelogIQ and the District agree to the following insurance provisions:

- (a) SitelogIQ shall procure and maintain the following insurance limits:
 - ◆ *Workers' Compensation Insurance.* SitelogIQ shall procure and maintain in effect, during the term of this Agreement, Workers' Compensation Insurance in accordance with the laws of the State of Minnesota and federal law which adequately protects all labor employed by SitelogIQ during the term of this Agreement.
 - ◆ *Comprehensive General Liability Insurance.* SitelogIQ shall procure and maintain in effect during the term of this Agreement, Comprehensive General Liability Insurance, or the equivalent, in an amount not less than \$1,000,000 each occurrence and \$2,000,000 aggregate for Bodily Injury Liability and \$1,000,000 for Property Damage Liability. Underwriters will waive all rights of recovery against SitelogIQ or the District.
 - ◆ *Automobile Liability.* SitelogIQ shall carry a combined single limit of \$1,000,000, any automobile.
 - ◆ *Professional Liability.* SitelogIQ shall procure and maintain in effect during the term of this Agreement, Professional Liability Insurance in an amount not less than \$1,000,000 per claim and \$1,000,000 aggregate.
 - ◆ *Certificate of Insurance.* SitelogIQ will provide a memorandum of insurance to the District, if requested, as evidence of the coverages required herein. Such policies shall not be canceled without endeavoring to provide thirty (30) days' prior written notification to the District.
- (b) The District shall also procure and maintain general liability, automobile, and worker's compensation insurance. The District shall cause SitelogIQ and SitelogIQ's Consultants to

- be listed as additional insureds on any general liability or property insurance policies carried by the District which are applicable to the Project.
- (c) The District shall require Contractors to purchase and maintain general liability and establish other insurance requirements and to cause SitelogIQ and SitelogIQ's Consultants to be listed as additional insureds with respect to such liability and other insurance purchased and maintained by Contractors for the Project.
 - (d) The District and SitelogIQ shall each deliver to the other evidence of the insurance coverages indicated above. Such evidence shall be furnished prior to commencement of SitelogIQ's Services and at renewals thereafter during the duration of the Agreement.
 - (e) All policies of property insurance relating to the Project shall contain provisions to the effect that SitelogIQ's and SitelogIQ's Consultants' interests are protected, shall include a builder's risk endorsement and will provide a waiver of subrogation so that in the event of payment of any loss or damage the insurers will have no rights of recovery against SitelogIQ or its Consultants, or any insureds or additional insureds thereunder.
 - (f) At any time, the District may request that SitelogIQ or its Consultants, at the District's sole expense, provide additional insurance coverage, increased limits, or revised deductibles that are more protective than those currently required. If such additional insurance coverage is requested by the District and commercially available, SitelogIQ shall obtain and shall require its Consultants to obtain such additional insurance coverage, different limits, or revised deductibles for such periods of time as requested by the District.

Article 5 – Environmental Condition of Site

Article 5.01 - Environmental Condition of Site

- (a) The District has disclosed to SitelogIQ in writing the existence of all known and suspected asbestos, polychlorinated biphenyls (PCBs), petroleum, hazardous waste, radioactive material, mold, hazardous substances, and other Constituents of Concern located at or near the Premises, including type, quantity, and location (collectively referred to as "Constituents of Concern").
- (b) The District represents to SitelogIQ that to the best of its knowledge no Constituents of Concern, other than those disclosed in writing to SitelogIQ, exist at the Premises.
- (c) If SitelogIQ encounters an undisclosed Constituent of Concern, then SitelogIQ shall notify (1) the District and (2) appropriate governmental officials if SitelogIQ reasonably concludes that doing so is required by applicable laws or regulations.
- (d) It is acknowledged by both parties that SitelogIQ's scope of Services does not include any Services related to Constituents of Concern. If SitelogIQ or any other party encounters an undisclosed Constituent of Concern, or if investigative or remedial action, or other professional services, are necessary with respect to disclosed or undisclosed Constituents of Concern, then SitelogIQ may, at its option and without liability for consequential or any other damages, suspend performance of Services on the portion of the Project affected thereby until the District: (1) retains appropriate specialist Consultant(s) or Contractor(s) to identify and, as appropriate, abate, remediate, or remove the Constituents of Concern; and (2) warrants that the Premises is in full compliance with applicable Laws and Regulations.
- (e) If the presence at the Premises of undisclosed Constituents of Concern adversely affects the performance of SitelogIQ's Services under this Agreement, then the SitelogIQ shall have the option of (1) accepting an equitable adjustment in its compensation or in the time of completion, or both; or (2) terminating this Agreement for cause on thirty (30) days' notice.

- (f) The District acknowledges that SitelogIQ is performing professional services for the District and that SitelogIQ is not and shall not be required to become an “arranger,” “operator,” “generator,” or “transporter” of Constituents of Concern or hazardous substances, as defined in the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) (or corresponding Minnesota statutes), as amended, which are or may be encountered at or near the Premises in connection with SitelogIQ’s activities under this Agreement.
- (g) In furtherance of the foregoing the District agrees to release, indemnify, defend and hold harmless SitelogIQ, its directors, Consultants, Contractors, and officers, agents, assignees and employees of and from all costs, claims, damages and liability arising out of or relating to any Constituents of Concern, including any acts, negligence, or omissions of SitelogIQ or third parties relating thereto, or injury caused thereby, except only as such costs, claims, damages or liability directly result of any gross negligence or willful misconduct of SitelogIQ.
- (h) Upon disposition of Constituents of Concern by the District, the District shall provide to SitelogIQ copies of all manifests or other evidence or confirmation of removal of such Constituents of Concern showing the District as the sole generator of such Constituents of Concern upon SitelogIQ’s request for the same.

Article 6 – Indemnification and Limitation of Liability

Article 6.01 - Indemnification

SitelogIQ and the District shall each defend, indemnify, and hold the other harmless from any and all claims, actions, costs, expenses, damages, and liabilities, including reasonable attorney’s fees, resulting from death or bodily injury or damage to property of the other or third parties, to the extent caused by the sole negligence or willful misconduct of their respective employees or other authorized agents in connection with their activities with the scope of this Agreement. Neither party shall indemnify the other against claims, damages, expenses, or liabilities to the extent attributable to the negligence, gross negligence, or intentional misconduct of the other party. If the parties are both at fault, then the obligation to indemnify shall be proportional to their relative fault as determined by (a) agreement of the parties, (b) a jury or court, (c) a third party neutral, or (d) any other mutual agreed upon process. The District agrees to defend, indemnify, and hold SitelogIQ harmless with respect to strict liability under environmental laws as permitted by Minnesota Statutes section 337.02. The duty to indemnify and defend will continue in full force and effect, notwithstanding the expiration or early termination of this Agreement, with respect to any claims based on facts or conditions which occurred prior to expiration or termination. Notwithstanding any provision to the contrary herein, neither party shall be liable to the other for any special, indirect, consequential, or punitive damages.

Article 6.02 - Limits of Liability

- (a) SitelogIQ’s total liability to the District for damages or injury to persons or property that may be caused by or arise through performing any obligation under this Agreement shall be limited only to losses proximately caused by SitelogIQ’s negligence and only to the extent of the compensation received by SitelogIQ under this Agreement. Neither party will be liable to the other for any indirect or consequential damages, whether in contract or tort, including negligence.
- (b) NOTWITHSTANDING ANY PROVISION IN THIS AGREEMENT TO THE CONTRARY, NEITHER PARTY, NOR ITS OFFICERS, EMPLOYEES, AGENTS, OR AFFILIATES SHALL BE LIABLE TO

THE OTHER PARTY, ITS OFFICERS, EMPLOYEES, AGENTS, PARTNERS, AFFILIATES OR CONTRACTORS, FOR INCIDENTAL, INDIRECT, CONSEQUENTIAL, EXEMPLARY, PUNITIVE, OR OTHER SPECIAL DAMAGES, INCLUDING BUT NOT LIMITED TO DAMAGES FOR LOSS OF ANTICIPATED PROFITS (EXCEPT AS DERIVED FROM PAYMENT OR OTHER COMPENSATION DUE FOR PERFORMANCE HEREUNDER), LOSS OF USE OR REVENUE, LOSSES BY REASON OF COST OF CAPITAL CONNECTED WITH OR RESULTING FROM ANY PERFORMANCE OR LACK OF PERFORMANCE HEREUNDER REGARDLESS WHETHER A CLAIM IS BASED ON THIS AGREEMENT, TORT (INCLUDING NEGLIGENCE AND EXCLUDING INTENTIONAL ACTS, GROSS NEGLIGENCE, AND WANTON MISCONDUCT) OR A THEORY OF STRICT LIABILITY; PROVIDED, HOWEVER, THAT THE FOREGOING LIMITATION IS NOT INTENDED TO APPLY TO, AND SHALL NOT BE CONSTRUED TO LIMIT OR EXCLUDE, THE DISTRICT'S OBLIGATIONS UNDER THIS AGREEMENT. NEITHER PARTY SHALL HAVE ANY REMEDY AT LAW OR IN EQUITY WHICH IS INCONSISTENT WITH ANY PROVISION OF THIS AGREEMENT, AND NEITHER PARTY SHALL HAVE A RIGHT TO TERMINATE THIS AGREEMENT EXCEPT AS SPECIFICALLY AND EXPLICITLY SET FORTH HEREIN.

Article 7 – Default

Article 7.01 - Default by the District

Events which shall be deemed irrefutably a default by the District include:

- (a) Any failure by the District to pay SitelogIQ, or its assigns any sum due, within thirty (30) days after written notice by SitelogIQ to the District of any such failure.
- (b) Any failure by the District to perform or comply with the terms and conditions of this Agreement and its Schedules, provided that such failure shall not be a default if it is corrected or cured within thirty (30) days after SitelogIQ provides written notice to the District demanding that such failure to perform be cured, and SitelogIQ is compensated for any loss suffered by reason of said failure.

Article 7.02 - Default by SitelogIQ

Events that shall be deemed irrefutably a default by SitelogIQ include the failure by SitelogIQ to materially perform or comply with the terms and conditions of this Agreement and its Schedules, except where the additional insurance requested by the District in Article 4(f) is not commercially available. However, such events triggering default shall not be deemed a default if said events triggering default are corrected or cured within thirty (30) days after the District provides written notice to SitelogIQ demanding that such failure to perform be cured.

Such events triggering default shall be deemed cured upon payment to the District of any loss suffered by reason of such failure. The District shall provide all documentation to support its claimed loss resulting from the event triggering default. If no such loss exists, the event shall be deemed cured upon completion of corrective action by SitelogIQ.

Article 8 – Remedies Upon Default

Article 8.01 - Remedies Upon Default by the District

In the event the District defaults, SitelogIQ may, without a waiver of any other remedies that exist in law or equity, exercise any and all remedies at law or equity, or institute other proceedings

including, without limitation, bringing an action or actions for specific performance, and/or for the recovery of amounts due and unpaid and/or for damages. The prevailing party in any such proceeding shall be entitled to recover all costs and expenses reasonably incurred including attorney’s fees. SitelogIQ may, after the pertinent notice period and the District’s failure to cure, suspend Services under this Agreement until the District has paid in full all amounts due for the Services. The District waives and/or releases any claims against SitelogIQ for such suspension of Services as a result of the District’s breach. To the extent such a suspension of Services occurs, the time for SitelogIQ to complete its Services shall be extended by, at least, the number of days its Services were suspended.

Article 8.02 - Remedies Upon Default by SitelogIQ

In the event of default by SitelogIQ with respect to SitelogIQ’s performance pursuant to this Agreement, the District shall have the choice of terminating this Agreement and/or exercising any and all remedies at law including its right to institute other proceedings including, without limitation, bringing an action or actions from time to time for specific performance, and/or for the recovery of amounts due and unpaid and/or for damages.

Article 9 – Suspension and Termination

Article 9.01 - Suspension

Upon the occurrence of a default as referenced in Article 7, the non-defaulting party may suspend further Services on the Premises upon seven (7) days written notice following the termination of the cure period referenced in Article 7. In addition, if SitelogIQ’s Services are substantially delayed through no fault of SitelogIQ, SitelogIQ may, after providing seven (7) days written notice to the District, suspend Services under this Agreement.

Article 9.02 - Termination

The parties’ respective obligations to provide further Services under this Agreement may be terminated for cause: (1) by either party upon completion of the thirty (30) day cure period as set forth in Article 8, effective upon the date of written notice forwarded to the defaulting party; (2) by SitelogIQ upon the appropriate notice period set forth in Article 7 in the event the District demands SitelogIQ furnish or perform Services contrary to SitelogIQ’s responsibilities as a licensed professional, or if SitelogIQ’s Services for the Premises are delayed or suspended for more than ninety (90) days for reasons beyond SitelogIQ’s control. In the event of termination by SitelogIQ under such conditions, SitelogIQ shall have no liability to the District on account of such termination.

Article 9.03 - Effective Date of Termination

The terminating party under this Article may set the effective date of termination at a time of up to thirty (30) days later than otherwise provided to allow SitelogIQ to demobilize personnel and Equipment from the Premises to complete tasks whose value would otherwise be lost, to prepare notes as to the status of completed and uncompleted tasks, and to assemble the Premises, Equipment, and Materials in orderly files. In the event of any termination under this Article, SitelogIQ will be entitled to invoice the District and to receive full payment for all Services performed or furnished and all reimbursable expenses incurred through the effective date of termination. In the event of termination by SitelogIQ for cause, SitelogIQ shall be entitled to invoice the District and to payment of a reasonable amount of Services and expenses directly

attributable to termination, both before and after the effective date of termination, such as reassignment of personnel, costs of terminating contracts with SitelogIQ's Consultants, and other related close-out costs using methods and rates set forth in Schedule B herein.

Article 10 – General Provisions

Article 10.01 - Dispute Resolution

To the extent allowable by Minnesota law, upon the request of either party, any Dispute shall first be submitted to mediation. Said mediation shall commence no later than thirty (30) days after the submission of the Dispute and shall be conducted in the locality where the Premises are situated and in accordance with the then prevailing rules of the Construction Industry Mediation Rules of the American Arbitration Association. Such time for mediation may be extended in the event that a mediator is not able to hold a mediation within the thirty (30) days after the submission of the Dispute. In the event that the Dispute is not resolved by the mediation, either party may proceed to initiate a legal action in a court of competent jurisdiction as indicated in Article 10.06.

Article 10.02 - Conditions beyond Control of Parties

Except as otherwise provided herein, if either party shall be unable to carry out any material obligation under this Agreement due to events beyond its control, such as acts of God, governmental or judicial authority, insurrections, riots, labor disputes, labor or material shortages, fires, explosions, or floods, this Agreement shall, at the election of either party, (i) remain in effect but the affected party's obligations shall be suspended until the uncontrollable event terminates; or (ii) be terminated upon seven (7) calendar days' notice to the other party, in which event, the District shall pay SitelogIQ for Services furnished to the date of termination.

SitelogIQ is not responsible for unforeseen increases in costs resulting from acts beyond its control, including but not limited to governmental acts, inflation, labor or material shortages, labor disputes, and supply chain issues.

Article 10.03 - Notice and Changes of Address

All notices to be given by either party to the other shall be in writing and must be either delivered, emailed, or mailed by registered or certified mail, return receipt requested, addressed as follows:

If to SitelogIQ:

SitelogIQ, Inc.
 80 South 8th Street, Suite 1850
 Minneapolis, MN 55402
Attention: Mr. Kevin Thueringer
kevin.thueringer@sitelogiq.com
 cc: legal@sitelogiq.com

If to the District:

Waconia Public School District
 512 Industrial Blvd
 Waconia, MN 55387
Attention: Mr. Brian Gersich
bgersich@isd110.org

or such other addresses as either party may hereinafter designate by notice to the other. Notices are deemed delivered or given and become effective upon mailing if mailed as aforesaid or upon actual receipt if otherwise delivered or emailed.

Article 10.04 - Assignment

Neither SitelogIQ nor the District may assign, transfer, or convey this Agreement, or any part hereof, or its right, title or interest herein, without the written consent of the other party. Written consent may not be unreasonably withheld by SitelogIQ or the District.

Article 10.05 – Environmental Credits and Tax Deductions

Any and all credits, allowances, or other similar tangible or intangible property rights created by or resulting from improvements in the emission or pollution characteristics of the District's facilities and operations caused by implementing SitelogIQ's products or Services provided under this Agreement shall be the sole property of SitelogIQ, and the District agrees to execute any and all certifications, assignments, or other documents reasonably required by SitelogIQ to create, convey, or perfect SitelogIQ's rights in such Environmental Credits. SitelogIQ shall have the right to trade, sell, or use these Environmental Credits in its sole discretion and without the approval of the District.

The District and SitelogIQ recognize that the designer under this Project may be eligible for a tax deduction for energy efficient commercial buildings under Internal Revenue Code §179D. The District and SitelogIQ agree and recognize that SitelogIQ will be the designer of this Project for purposes of the §179D deduction. The District will cooperate with SitelogIQ in completing the paperwork and certifications necessary to allow SitelogIQ to claim any §179D or other energy efficient commercial buildings tax deduction.

Article 10.06 - Applicable Law; Severability; Venue; Interpretation

This Agreement is made and shall be interpreted and enforced in accordance with the laws of the State of Minnesota. To the extent of any inconsistency between the language of this Agreement and that of the aforesaid applicable Minnesota law, the language contained in this Agreement shall control and/or prevail, to the fullest extent permitted by Minnesota law. If a court of competent jurisdiction adjudicates any provision of this Agreement to be invalid or unenforceable, the remaining provisions of this Agreement shall nevertheless continue in full force and effect. The court of competent jurisdiction shall be the Courts of the State of Minnesota. The parties hereby waive all rights to bring a claim in Federal Court. Any clause that may be interpreted as a covenant, promise to agree, or agreement to agree, shall be interpreted as a condition precedent to performance of the parties to this Agreement.

Article 10.07 - No Waiver

The failure of SitelogIQ or the District to insist upon the strict performance of the terms and conditions hereof shall not constitute or be construed as a waiver or relinquishment of either party's right to thereafter enforce the same in accordance with this Agreement in the event of a continuing or subsequent default on the part of SitelogIQ or the District. Any waiver, permit, consent, or approval on the part of one party of any breach or default of the other party under this Agreement, any Agreement document or any provision or condition thereof, must be in writing specifically set forth herein.

Article 10.08 - Complete Agreement

This Agreement, together with any documents incorporated herein by reference, shall constitute the entire Agreement between both parties and this Agreement may not be amended, modified, or terminated except by a writing signed by the parties hereto.

Article 10.09 - Further Documents

The parties shall timely execute and deliver all documents and perform all acts that may be reasonably necessary to effectuate the provisions of this Agreement.

Article 10.10 - Schedules

The following Schedules are attached hereto and incorporated herein by this reference:

- Schedule A: Scope of Services
- Schedule B: Compensation for Services
- Schedule C: Facility Improvement Measures

Schedule A – Scope of Services

Article 1.02 of the Agreement is supplemented to include the following agreement of the parties. SitelogIQ shall provide Services as set forth below.

Part A – Program Management Services

The primary role of the Program Manager is to act as the overall operational manager to oversee and coordinate all aspects of the design, engineering, construction administration, commissioning, acceptance of the Project, and the warranty correction period. These Program Management Services ensure that the final product is of sufficient quality and that there is primary point of contact throughout the Project.

General Services

SitelogIQ shall:

- Provide support for all aspects of the Long-Term Facilities Maintenance Plan.
- Conduct an initial comprehensive facility assessment of the District's facilities which will identify deferred maintenance and facility improvements that will comprise the District's initial Long-Term Facilities Maintenance Plan. As requested by the District, annually perform a comprehensive facility assessment to gather the information to update the Long-Term Facilities Maintenance Plan.
- With the information gathered initially develop and implement a dynamic cloud-based database that will prioritize all of the identified Projects by facility, by system and by proposed year to address. This database will be updated annually removing projects implemented and adding newly identified projects to the data base.
- Provide lead point of contact in assisting the District with all correspondence and supporting documentation required with the Minnesota Department of Education. This will include assisting the District with the required project tracking of each of the individual projects that make up the complete a Project.
- Provide support for reporting/presentation to the relevant stakeholders including, but not limited to, administration, board of directors, staff, and community.
- Develop and maintain master construction plan for all aspects of the Project. Communicate master construction to relevant stakeholders as required.
- Provide any required engineering analysis of the new and original systems and contrast operating costs of the new systems versus the original building mechanical systems. Provide the same engineering analysis of any competitive new system options (difference in Equipment efficiencies and technologies).
- Assist in the rebate processing of application to take advantage of the custom rebate opportunities that may exist with utility companies.
- Provide life-cycle costing including maintenance analysis of facility improvement recommendations and options. Meet with the District maintenance staff to solicit input on key system operating and maintenance preferences. This will be an important

resource of information for the District to use in evaluating improvement options including the long-term financial impact of performing the upgrades.

Comprehensive Facility Management Planning

- Comprehensive Facility Management Planning Services to be provided by SitelogIQ include:
 - ◆ Provide overall program management overseeing all Services including facility assessments, pre-design/engineering, final design/engineering, construction management, commissioning, ongoing technical resource Services including measurement and verification of projected and guaranteed savings.
 - ◆ Consult with the District to define and clarify the District's long-term needs and use of facilities.
 - ◆ Develop an understanding of current facility condition, staffing levels and capabilities, the District's long-term funding parameters and future expansion plans.
 - ◆ Develop a long-term goal for the District's facilities and alternate strategies for attaining that long-term goal.
 - ◆ Consult with the District on a wide range of financial options available and model cash flow scenarios depicting the potential budget impact.
 - ◆ Discuss possible funding mechanisms, tax incentives and other programs that could apply to the District with the understanding that SitelogIQ is not a financial advisor nor guarantees any funding mechanism, tax incentive or other program. Any advice provided by SitelogIQ with respect to municipal financial products or issuance of municipal securities should be discussed with the District's registered municipal advisor before the District acts
- Clarifications on Comprehensive Facility Management Planning Services:
 - ◆ SitelogIQ will not provide advice that implicates 5 U.S.C. *et. seq* (Securities and Exchange Act of 1936).
 - ◆ SitelogIQ will not serve as a financial advisor regarding the funding of this Project.
 - ◆ SitelogIQ does not engage in financial products and services.
 - ◆ The District, at its discretion, may authorize SitelogIQ to directly contact its municipal advisor.
 - ◆ SitelogIQ is not a municipal advisor of any kind, including under the definition provided in Securities and Exchange Rule 15Ba1-1 (17 C.F.R § 240.15Ba1); SitelogIQ is not subject to the fiduciary duty required of municipal advisors when providing advice on municipal financial products or issuance of municipal securities.

Pre-Construction Services

SitelogIQ shall:

- Coordinate the overall design team in the development, documentation, and progress throughout the design phases.
- Advise on the division of the Project into individual contracts for various bid packages of Work, including the method used for selecting Contractors and awarding the contracts.

- If multiple bid packages are to be bid, SitelogIQ will review the construction documents and ensure that the Work of the Contractors are coordinated, all requirements of the various trades have been assigned to the appropriate bid package, the likelihood of jurisdictional disputes has been reduced to a minimum, and proper coordination has been accounted for within phased portions of the Work.
- Develop cash flow reports and forecasts for the Project and advise the District of the variances between the actual and estimated costs.

Construction Services

SitelogIQ shall:

- Review and take appropriate action in respect to shop drawings and samples and other data which Contractor is required to submit, but only for conformance with the general intent of information given in the Contract Documents and compatibility with the design concept of the completed Project as a functioning whole as indicated by the Contract Documents. Distribute submittals in parallel to the various reviewing representatives to expedite this process versus a long sequential process. Such reviews and approvals or other action will not extend to means, methods, techniques, sequences, or procedures of construction or to safety precautions and programs incident thereto, and do not relieve the Contractors or Subcontractors of their duty to comply with the Contract Documents.
- Act as an assistant to the various trades to remedy daily installation questions and obstacles directly with the specific portion of the design team. This will allow the various trade foremen to keep the trades working while the Program Manager resolves the issues and reports back to them.
- Coordinate the sequence of construction and assignment of space in areas where the Contractors and Subcontractors are performing Work.
- Coordinate the field verification process of the installation through the field installation verification reporting system. This shall include the visual inspection of the installation as well as the consolidation of the startup process.
- Ensure that copies of various start-up report and manufacturer's recommended start-up procedures are completed and forwarded to the architect/engineer for review and inclusion in the final operation & maintenance manuals.
- Ensure that the various Contractors and Subcontractors have completed all architect/engineering punch list items to date and have all discrepancies completed before the testing and balancing Contractor begins its Work.
- Communicate with the Equipment manufacturers to determine their specific requirements for installation and start-up operation.
- Assist in clarifying the operation and control of tested Equipment in areas where the specifications, control drawings, or Equipment documentation is not sufficient for writing detailed testing procedures.
- Ensure that all Contractors and Subcontractors complete their system inspection responsibilities according to the Contract Documents in a timely fashion.
- Ensure that commissioning activities are being scheduled into the master schedule.
- Review the commissioning progress. Coordinate Contractor and Subcontractor efforts to correct deficiencies noted by the architect/engineer in a timely manner.

- Coordinate the resolution of non-compliance and design deficiencies identified in the installation phase by the architect/engineer.
- Assist the Contractors and Subcontractors in the coordination of training of District personnel.

Post-Construction Services

SitelogIQ shall:

- Coordinate the resolution of non-compliance and design deficiencies identified in the Functional Performance Test (FPT) phase by the architect/engineer.
- Coordinate Contractor efforts to correct deficiencies in a timely manner.

Part B – Architect/Design/Engineering Services

Assessment Phase

SitelogIQ shall:

- Consult with the District to define and clarify the District’s requirements for the Project and available data.
- Identify, consult with, and analyze requirements of governmental authorities having jurisdiction to approve the portions of the Project designed or specified by SitelogIQ.
- Provide any further survey and assessment of existing conditions to allow design to proceed.

Preliminary Design Phase

- Upon the District’s selection of the recommended solutions and indication of any specific modifications or changes in the scope, extent, character, or design requirements of the Project desired by the District, consisting of two subphases schematic design and design development:
 - ◆ **Schematic Design Phase**
 - Prepare any required schematic design phase documents consisting of final design criteria, preliminary drawings, outline specifications, and written descriptions of the Project.
 - Advise the District of additional reports, data, information, or services of the types described in Article 3 are necessary and assist the District in obtaining such reports, data, information, or services.
 - SitelogIQ shall, in good faith, design a Project within the District’s budget.
 - Furnish review copies of the schematic design phase documents and any other deliverables to the District and review them with the District. The District shall submit to SitelogIQ any comments regarding the schematic design phase documents and any other deliverables.

◆ **Design Development**

- Revise the schematic design documents and any other deliverables in response to the District's comments, as appropriate, and furnish to the District revised development design phase documents and any other deliverables.
- SitelogIQ's services under the Preliminary Design Phase will be considered complete on the date when the revised Preliminary Design Phase documents and any other deliverables have been delivered to the District.
- At the conclusion of the individual subphases of the Preliminary Design Phase, the District shall sign a design sign-off document indicating the District understands, approves, and agrees that the documents provided during the subphase satisfy SitelogIQ's scope of Services under each subphase and includes all scopes of Work the District seeks to include in the Project.

Final Design/Construction Document Phase

- Upon the District's approval of the Preliminary Design Phase documents as determined in the Preliminary Design Phase, and any other deliverables subject to any District-directed modifications or changes in the scope, extent, character, or design requirements of or for the Project, and upon written authorization from the District, SitelogIQ shall begin the Final Design/Construction Document Phase:
 - ◆ Prepare final drawings and specifications indicating the scope, extent, and character of the Work to be performed and furnished by Contractor (construction document). If appropriate, Specifications shall conform to the 52-division format of the Construction Specifications Institute.
 - ◆ Provide technical criteria, written descriptions, and design data for the District's use in filing applications for permits from or approvals of governmental authorities having jurisdiction to review or approve the final design of the Project; assist the District in consultations with such authorities; and revise the drawings and specifications in response to directives from such authorities.
 - ◆ Advise the District of any adjustments to the probable construction cost known to SitelogIQ.
 - ◆ Prepare and furnish Bidding Documents for review by the District. The District shall submit to SitelogIQ any comments and instructions for revisions.
 - ◆ Revise the Bidding Documents in accordance with comments and instructions from the District and any other deliverables to the District.
- SitelogIQ's Services under the Final Design/Construction Document Phase will be considered complete on the date when the submittals required have been delivered to the District.
- At the conclusion of the Final Design/Construction Document Phase, the District shall sign a design sign-off document indicating the District understands, approves, and agrees that the documents provided during the Final Design/Construction Document Phase satisfies SitelogIQ's scope of Services under the Final Design/Construction Document Phase and includes all scopes of Work the District seeks to include in the Project.

Bidding or Negotiating Phase

- Upon the District's approval of the Bidding Documents and the District's written authorization to proceed, SitelogIQ shall:
 - ◆ Assist the District in advertising for and obtaining bids or proposals for the Work and, where applicable, maintain a record of prospective bidders to whom Bidding Documents have been issued, attend pre-Bid conferences, and receive and process Contractor deposits or charges for the Bidding Documents.
 - ◆ Issue addenda as appropriate to clarify, correct, or change the Bidding Documents.
 - ◆ Provide information or assistance needed by the District in the course of any negotiations with prospective Contractors.
 - ◆ Make recommendations to the District regarding the acceptability of Subcontractors, suppliers, manufacturers, and other individuals and entities proposed by prospective Contractors for those portions of the Work as to which such acceptability is required by the Bidding Documents..
- The Bidding or Negotiating Phase will be considered complete upon the bid award recommendation to the Board.

Part C – Construction Management Services

Construction Phase

General

Upon successful completion of the Bidding or Negotiating Phase, and upon the District's written authorization, SitelogIQ shall:

- *General Administration of Construction Contract.* Consult with the District and act as the District's on-site representative in all matters arising out of or relating to the Project, including communications regarding the acceptability of Work completed on the Project and status of the Project.
- *Program Construction Manager (PCM).* Provide site project management to monitor construction activities in conjunction with the architectural, engineering, construction and close out phases of the Project. The PCM shall provide recommendations and information to the District regarding the allocation of responsibilities for safety programs among the Contractors, provide administration of the contract for construction documents, coordinate scheduling activities, conduct regularly scheduled construction meetings, prepare and distribute meeting minutes, monitor Work done by Contractors to ensure schedule and contractual compliance, and assist in the monitoring of budget expenditure accounting records.
- *Pre-Construction Conference.* Participate in a Pre-Construction Conference prior to commencement of Work at the Site.
- *Schedules.* Receive, review, and determine the acceptability of any and all schedules that Contractor is required to submit to SitelogIQ, including the progress schedule, schedule of submittals, and schedule of values. If a schedule update indicates that a previously agreed schedule may not be met, SitelogIQ shall make corrective recommendations to the District.

- *Baselines and Benchmarks.* As appropriate, establish baselines and benchmarks for locating the Work which in SitelogIQ's judgment are necessary to enable Contractor to proceed.
- *Visits to Premises and Observation of Construction.* In connection with observations of Contractor's Work and Subcontractor's Work while it is in progress:
 - ◆ Make visits to the Premises at intervals appropriate to the various stages of construction, as SitelogIQ deems necessary, to observe as an experienced and qualified design professional the progress and quality of Contractor's or Subcontractor's executed Work. Based on information obtained during such visits and observations, SitelogIQ will determine in general if the Work is proceeding in accordance with the Contract Documents, and SitelogIQ shall keep the District informed of the progress of the Work.
 - ◆ The purpose of SitelogIQ's visits will be to enable SitelogIQ to better carry out the duties and responsibilities assigned to and undertaken by SitelogIQ during the Construction Phase, and, in addition, by the exercise of SitelogIQ's efforts as an experienced and qualified design professional, to provide for the District a greater degree of confidence that the completed Work will conform in general to the Contract Documents and that Contractor has implemented and maintained the integrity of the design concept of the completed Project as a functioning whole as indicated in the Contract Documents. SitelogIQ shall not, during such visits or as a result of such observations of Contractor's Work in progress, supervise, direct, or have control over Contractor's Work or Subcontractor's Work, nor shall SitelogIQ have authority over or responsibility for the means, methods, techniques, sequences, or procedures of construction selected or used by Contractor or Subcontractor, for security or safety on the Site, for safety precautions and programs incident to Contractor's Work or Subcontractor's Work, nor for any failure of Contractor or Subcontractor to comply with Laws and Regulations applicable to Contractor's furnishing and performing the Work or Subcontractor's furnishing and performing the Work. SitelogIQ will promptly notify the District if it observes any of the foregoing and advise the District of its options to respond to such observed violations. Accordingly, SitelogIQ neither guarantees the performance of any Contractor or Subcontractor nor assumes responsibility for any Contractor's failure to furnish and perform the Work in accordance with the Contract Documents or any Subcontractor's failure to furnish and perform the Work in accordance with the Contract Documents, unless such failure is caused in whole or in part by SitelogIQ's negligence or breach of this Agreement.
- *Defective Work.* Recommend that the District reject Contractor's Work or Subcontractor's Work while it is in progress if, on the basis of SitelogIQ's observations, SitelogIQ believes that such Work will not produce a completed Project that conforms generally to the Contract Documents or that it will threaten the integrity of the design concept of the completed Project as a functioning whole as indicated in the Contract Documents.
- *Clarifications and Interpretations; Field Orders.* Issue necessary clarifications and interpretations of the Contract Documents as appropriate to the orderly completion of Contractor's Work and Subcontractor's Work. Such clarifications and interpretations will be consistent with the intent of and reasonably inferable from the Contract Documents. SitelogIQ may issue field orders authorizing minor variations in the Work from the requirements of the Contract Documents. SitelogIQ may not issue a field order if it will increase the cost of the Contractor's Work.

- *Change Orders and Work Change Directives.* Recommend Change Orders and Work Change Directives to the District, as appropriate, and prepare Change Orders and Work Change Directives as required.
- *Shop Drawings and Samples.* Review and take appropriate action in respect to shop drawings and samples and other data which Contractor is required to submit, but only for conformance with general intent the information given in the Contract Documents and compatibility with the design concept of the completed Project as a functioning whole as indicated by the Contract Documents. Such reviews and approvals or other action do not control the means, methods, techniques, sequences, or procedures of construction or to safety precautions and programs incident thereto, and do not relieve the Contractors of their duty to comply with the Contract Documents.
- *Substitutes and “or-equal.”* Evaluate and offer an opinion to the District regarding the acceptability of substitute or “or-equal” Materials and Equipment proposed by Contractor. Any decision by the District to accept a substitution in contravention of the Opinion of SitelogIQ shall be at the District’s sole risk.
- *Inspections and Tests.* Require such special inspections or tests of Contractor’s Work or Subcontractor’s Work as deemed reasonably necessary, and receive and review all certificates of inspections, tests, and approvals required by the laws and regulations imposed by the State of Minnesota or the Contract Documents. SitelogIQ’s review of such certificates will be for the purpose of determining that the results certified indicate compliance with the Contract Documents and will not constitute an independent evaluation that the content or procedures of such inspections, tests, or approvals comply with the requirements of the Contract Documents. SitelogIQ shall be entitled to rely on the results of such tests. With the District’s maintenance personnel, SitelogIQ shall observe the Contractor’s final testing and start-up of utilities, operational systems, and Equipment.
- *Disagreements between the District and Contractor.* Render formal written decisions on all duly submitted issues relating to the acceptability of Contractor’s Work or Subcontractor’s Work and the interpretation of the requirements of the Contract Documents pertaining to the execution, performance, or progress of Contractor’s Work or subcontractor’s Work; review each duly submitted claim by the District or Contractor, and in writing either deny such claim in whole or in part, approve such claim, or decline to resolve such claim if SitelogIQ in its discretion concludes that to do so would be inappropriate. In rendering such decisions, SitelogIQ shall be fair and not show partiality to the District or Contractor and shall not be liable in connection with any decision rendered in good faith in such capacity.
- *Applications for Payment.* Based on SitelogIQ’s observations as an experienced and qualified design professional and on review of applications for payment and accompanying supporting documentation:
 - ◆ Recommend the amounts that Contractor is paid for Work properly completed. SitelogIQ may make such recommendations in conjunction with the architect of record, if SitelogIQ does not serve as the architect of record. Such recommendations of payment will be in writing and will constitute SitelogIQ’s representation to the District, based on such observations and review, that, to the best of SitelogIQ’s knowledge, information and belief, Contractor’s Work has progressed to the point indicated, the quality of such Work is generally in accordance with the Contract Documents (subject to an evaluation of the Work as a functioning whole prior to or

upon substantial completion, to the results of any subsequent tests called for in the Contract Documents, and to any other qualifications stated in the recommendation), and the conditions precedent to Contractors being entitled to such payment appear to have been fulfilled in so far as it is SitelogIQ's responsibility to observe Contractor's Work. In the case of unit price work, SitelogIQ's recommendations of payment will include final determinations of quantities and classifications of Contractor's Work (subject to any subsequent adjustments allowed by the Contract Documents).

- ◆ By recommending any payment, SitelogIQ shall not thereby be deemed to have represented that observations made by SitelogIQ to check the quality or quantity of Contractor's Work as it is performed and furnished have been exhaustive, extended to every aspect of Contractor's Work in progress, or involved detailed inspections of the Work beyond the responsibilities specifically assigned to SitelogIQ in this Agreement and the Contract Documents. Neither SitelogIQ's review of Contractor's Work for the purposes of recommending payments nor SitelogIQ's recommendation of any payment, including final payment, will impose on SitelogIQ any responsibility to supervise, direct, or control Contractor's Work in progress or for the means, methods, techniques, sequences, or procedures of construction or safety precautions or programs incident thereto, or Contractor's compliance with the laws and regulations of the State of Minnesota applicable to Contractor's furnishing and performing the Work. It will also not impose responsibility on SitelogIQ to make any examination to ascertain how or for what purposes Contractor has used the moneys paid on account of the contract price, or to determine that title to any portion of the Work in progress, materials, or Equipment has passed to the District free and clear of any liens, claims, security interests, or encumbrances, or that there may not be other matters at issue between the District and Contractor that might affect the amount that should be paid.
- *Contractor's Completion Documents.* Receive, review, and transmit to the District maintenance and operating instructions, schedules, guarantees, bonds, certificates, or other evidence of insurance required by the Contract Documents, certificates of inspection, tests and approvals, shop drawings, samples, and other data approved and the annotated record documents which are to be assembled by Contractor in accordance with the Contract Documents to obtain final payment.
- *Substantial Completion.* Promptly after notice from Contractor that Contractor considers the entire Work ready for its intended use, in company with the District and Contractor, conduct an inspection to determine if the Work is substantially complete. If after considering any objections of the District, SitelogIQ considers the Work substantially complete; SitelogIQ shall deliver a certificate of substantial completion to the District and Contractor. Providing a certificate of substantial completion to the District and Contractor does not make SitelogIQ responsible for any of Contractor's Work, including but not limited to Work that may possess a latent defect or defect unknown to SitelogIQ at the time the certificate of substantial completion is issued.
- *Final Notice of Acceptability of the Work.* Conduct a final inspection to determine if the completed Contractor's Work is acceptable so that SitelogIQ may recommend, in writing, final payment to Contractor. Accompanying the recommendation for final payment, SitelogIQ shall also provide a notice to Contractor and the District that the Work is acceptable to the best of SitelogIQ's knowledge, information, and belief and based on the extent of the Services provided by SitelogIQ under this Agreement. Providing final notice of acceptability of the Work does not make SitelogIQ responsible for any of Contractor's Work, including but not limited to Work completed by Subcontractors or Work that may

possess a latent defect or defect unknown to SitelogIQ at the time final notice of acceptability of the Work is issued.

Duration of Construction Phase.

The Construction Phase will commence upon the completion of the Bidding or Negotiation Phase and the District providing SitelogIQ written authorization to proceed. The Construction Phase shall terminate upon written recommendation by SitelogIQ for final payment to Contractors.

Limitation of Responsibilities.

SitelogIQ shall not be responsible for the acts or omissions of any Contractor, or of any Subcontractors, suppliers, or other individuals or entities performing or furnishing any of the Work, Materials, or Equipment on the Project. SitelogIQ shall not be responsible for the failure of any Contractor or Subcontractor to perform or furnish the Work in accordance with the Contract Documents.

Post-Construction Phase

- Upon completion of the Construction Phase and with written authorization from the District, SitelogIQ, during the Post-Construction Phase, shall:
 - ♦ Provide assistance in connection with the adjusting of the Project Equipment and systems.
 - ♦ Assist the District in training the District's staff to operate and maintain the Project Equipment and systems.
 - ♦ Assist the District in developing procedures for control of the operation and maintenance of, and record keeping for the Project Equipment and systems.
 - ♦ Together with the District, visit the Project to observe any apparent defects in the Work, assist the District in consultations and discussions with Contractor concerning correction of any such defects, and make recommendations as to replacement or correction of defective Work, if present.
- The Post-Construction Phase Services may commence during the Construction Phase, if mutually agreed to by the District and SitelogIQ. Unless otherwise modified elsewhere in this Schedule A or by subsequent amendment, the Post-Construction Phase will terminate at the end of the any correction period noted in the Contract Documents or this Agreement.

Contingent or Optional Services

- SitelogIQ will provide, at the District's request, additional Contingent or Optional services which are not included in SitelogIQ's initial Services, and may include but not be limited to the following:
 - ♦ Consultation for or services required to coordinate replacement of work caused by fire or others during construction.
 - ♦ Services necessary due to default or termination of Contractor.
 - ♦ Services in connection with public hearings, arbitration proceedings, or legal proceedings (unless SitelogIQ is a party).

- ◆ Services for coordination of construction performed by the District's own work forces and connection with Equipment supplied by the District.
- ◆ Services in connection with separate Consultants retained by the District.
- ◆ Services of Consultants other than architectural, structural, mechanical, and electrical portions of this Project.
- ◆ Other services required that are not part of the Professional Services Agreement.
- ◆ To the extent that SitelogIQ provides Contingent or Optional Services, SitelogIQ shall receive additional compensation or other form of consideration for such Services.

Part D – Commissioning Services

Commissioning Phase

SitelogIQ shall, or cause the architect of record to, complete an Architect Review and an HVAC Mechanical and Electrical Review.

Architect Review

Document the District's building criteria, needs, etc. for a programming report.

- Design Development Phase. Document the design intent for general building design and function.
- Construction Documents Phase.
 - ◆ Coordinate the development of the design intent by all design team members.
 - ◆ Document the design intent, design narrative and design parameters.
 - ◆ Include appropriate system inspection sections into the specification, including specialty systems such as food service, swimming pool, etc. The System Inspector will prepare sections.
- Construction and Acceptance Phase.
 - ◆ Coordinate resolution of system deficiencies identified during the system inspection process, according to the Contract Documents.
 - ◆ Prepare and submit final record drawings for inclusion in the operation and maintenance (O&M) manuals. Review and approve the O&M manuals.
 - ◆ Coordinate the review of applications for payment with SitelogIQ and System Inspector.
- One Year Correction Period.
 - ◆ Coordinate resolution of design nonconformance and design deficiencies identified during the one year correction period.

HVAC Mechanical and Electrical Review

Document the District's mechanical and electrical system requirements.

- Design Development. Document design intent and general operating parameters.
- Construction Documents Phase.
 - ◆ Complete the documentation of the design intent and operating parameters.

- ◆ Include in the division 20-25 (HVAC mechanical designer) and division 26-28 (electrical designer) of the specification, the Contractor requirements for system inspections, as prepared by the System Inspector or attached as a supplemental document.
- Construction and Acceptance Phase.
 - ◆ Assist (along with the Contractors) in clarifying the operation and control of Equipment in areas where the specifications, control drawings, or Equipment documentation are not sufficient for writing detailed testing procedures.
 - ◆ Participate in the resolution of mechanical and electrical system deficiencies identified during the system inspection process.
 - ◆ Prepare and submit the division mechanical and electrical final record drawing documentation for inclusion in the O&M manuals.
 - ◆ Review and approve the O&M manuals.
- One Year Correction Period.
 - ◆ Coordinate resolution of design nonconformance and design deficiencies identified during the one year correction period.

System Inspector

SitelogIQ shall serve as the System Inspector for this Project. The primary role of the System Inspector is to review the design intent and Construction Documents, observe that construction is performed according to the design documents, develop, and coordinate the execution of a testing plan, and document the testing results in order to be reasonably assured that the installed systems operate according to design intent and in accordance with the Contract Documents.

The District's Role and Obligations

Programming through Design Development Phases. The District shall assist SitelogIQ to identify which building systems will undergo the commissioning or system inspection process, (e.g., HVAC and others required by the law of the State of Minnesota, or others, such as fire alarm, security, card access, CCTV, telephone, data, fire sprinkler, windows, walls, roofs, etc.). In addition, the District's responsibilities include:

- Construction Documentation Phase.
 - ◆ Working with the System Inspector to identify the sampling rates for system testing.
 - ◆ With the advice of SitelogIQ, approving the final system inspection-testing plan.
 - ◆ Working with architects, engineers, and PCM and the System Inspector to provide language in the specifications that the Contractors will provide in their bid a specific dollar amount for their part of the system inspection process. This amount will be indicated on the schedule of values form, with draws made against this amount throughout the system inspections process.
 - ◆ Reviewing and approve the design intent documentation.
 - ◆ Reviewing and approve the system inspection specification sections.
- Construction and Acceptance Phase.
 - ◆ Managing the Contractor's contracts.

- ◆ Providing final approval for the successful completion of the system inspections.
- ◆ Withholding Contractor's retainage until all Work is complete and operates properly.
- One Year Correction Period.
 - ◆ Withholding adequate funds from the Contractors, architects, engineers, and System Inspectors until all system inspection activities have been successfully completed. Coordinate Contractor efforts to correct deficiencies in a timely manner.

Schedule B – Compensation for Services

The Compensation for Services shall be paid in the currency of the United States of America by the District to SitelogIQ on a progress payment basis identified below. This Schedule applies only to the Services identified in Schedule A, Scope of Services.

Compensation for Services

The Compensation for Services to be paid by the District to SitelogIQ for the Services set forth in Schedule A shall be as follows:

General

The lump sum fee is \$3,152,812.50¹ (three million, one hundred fifty-two thousand eight hundred twelve dollars and fifty cents) based upon the proposed Project scope of Work and estimated Project costs identified in Schedule C.

To the extent that the lump sum fee increases or decreases, the parties shall execute an amendment to this Agreement.

Basis for Payments

As a basis for payment to SitelogIQ, Project costs will be based on one or more of the following determinations with precedence in the order listed for Work designed or specified by SitelogIQ:

- For Work designed or specified and incorporated in the completed Project, the actual final cost of the Services performed SitelogIQ, including overhead and profit.
- For Work designed or specified but not constructed, the actual cost of the Work, including overhead and profit, performed by SitelogIQ pursuant to the fee schedule set forth herein and reimbursable expenses.
- No deduction shall be made from SitelogIQ's compensation due to any penalty, liquidated damages, or other amounts withheld from payments to Contractor(s).

Progress Payments

- The portion of the amounts billed for SitelogIQ's Services, which is on account of the percentage of construction costs, will be based upon SitelogIQ's estimate of the proportion of the total Services actually completed during the billing period to the percentage of construction cost.
- Upon conclusion of each phase of Services, the District shall pay such additional amount, if any, as may be necessary to bring total compensation paid during such phase on account of the percentage of construction cost to the following estimated percentages of total compensation payable on account of the percentage of construction cost for all phases of Services:

Project/Service	Percent of Total Compensation
Design Document Phase	70%
Construction Implementation Phase	25%
Post Construction	5%
Total	100%

- SitelogIQ may alter the distribution of compensation between individual phases of the Work noted herein but shall not exceed the total percent fee unless approved in writing by the District.

Schedule C – Facility Improvement Measures

Waconia Public School District Phase 1

The scope of Work for the Project includes the replacement of air handling units (AHUs) with a conversion to chilled and hot water system in identified classrooms, corridors, specialty classrooms, and Safari Island at Waconia High School; reconstruction of the east side driveways and repaving of the north side drives at the Waconia Middle School; repair of parking lots at Laketown Elementary; and the replacement of a rooftop unit with a Variable Air Volume (VAV) system at the District Office.

The parties agree that the above constitutes a preliminary agreement on the scope of Work. Changes to the above listed scope of Work that increase the scope of design Services provided by SitelogIQ may require additional compensation. SitelogIQ shall inform the District when a change would require additional compensation. The parties agree that SitelogIQ's fee shall not increase for minor changes within the above listed scope of Work. The parties further agree that the final construction documents produced by SitelogIQ or its Consultants and agreed to in writing by the District shall constitute the final agreed upon scope of Work for the Project.

The District will furnish SitelogIQ a Project budget value to which SitelogIQ shall design. SitelogIQ will design the Project to match the District's available budget, which may include one or more of the following revenue sources: general obligation bond, refinancing debt, or any other lawful source of revenue at the District's disposal.

SitelogIQ estimates the total Project costs are \$16,815,000 (Sixteen Million Eight Hundred Fifteen Thousand dollars).

To the extent required, District and SitelogIQ shall execute amendments to Schedule C of this Agreement to reflect the scope of Work to be performed and budgets (up to the estimated Project costs) for the Project consistent with the meeting minutes and design phase review documents.

3. PMA Finance Presentation



PMATM
SECURITIES

December 11, 2023

ISD 110
Waconia Public Schools

LTFM (+) Indoor Air Quality and Parking Lot
Project Financing

Michael Hart

Director, Public Finance
mhart@pmanetwork.com
612-509-2569

Steve Pumper

Senior Vice President
spumper@pmanetwork.com
612-509-2565



Project Financing Overview

Project

- Indoor Air Quality/HVAC Improvement Projects
- Parking Lot Projects

Funding

- LTFM (+) Funding - G.O. Facilities Maintenance Bond (Not to exceed \$16,750,000)
- Parking Lot Funding – G.O. Tax Abatement Bond (Not to exceed \$1,550,000 over 14 years)

Impact

- Tax neutral structure



Long Term Facilities Maintenance Plus (+)

Eligible uses include:

Indoor Air Quality

Fire Suppression

Asbestos Abatement

- ▶ Additional revenue beyond \$380 / pupil
 - ▶ Creates Tax Impact
- ▶ Revenue limited only by costs of eligible projects
- ▶ Projects >\$100,000 per site per year
- ▶ Revenue used for Pay-As-You-Go or Bonding
- ▶ No voter approval



Abatement Bonds

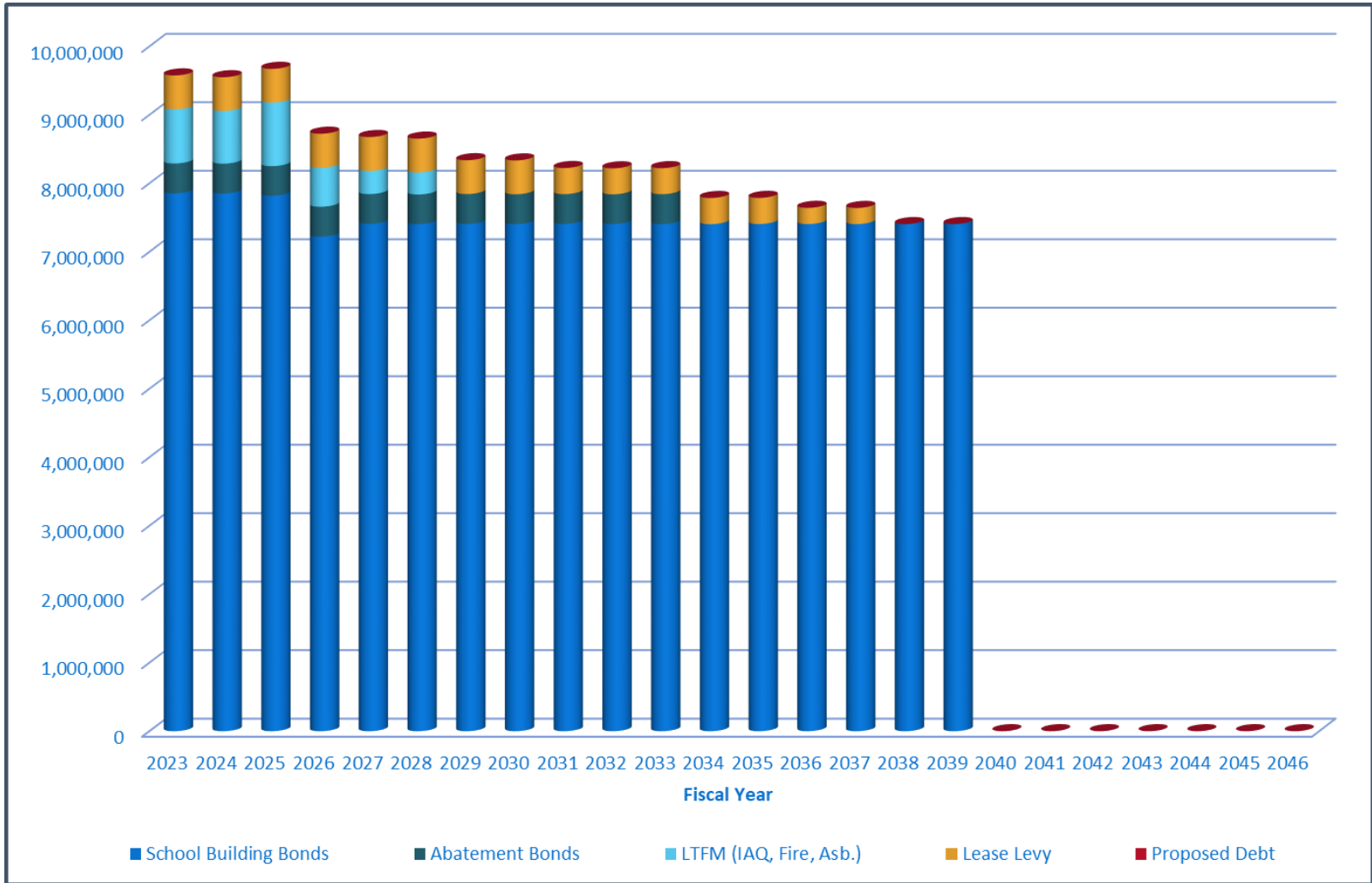
Eligible uses
include:

Parking Lot projects

- ▶ No voter approval; requires public hearing
- ▶ Creates new revenue source = tax impact
- ▶ Bonds limited to 15 years under most circumstances
- ▶ Review and comment required for projects over \$2,000,000



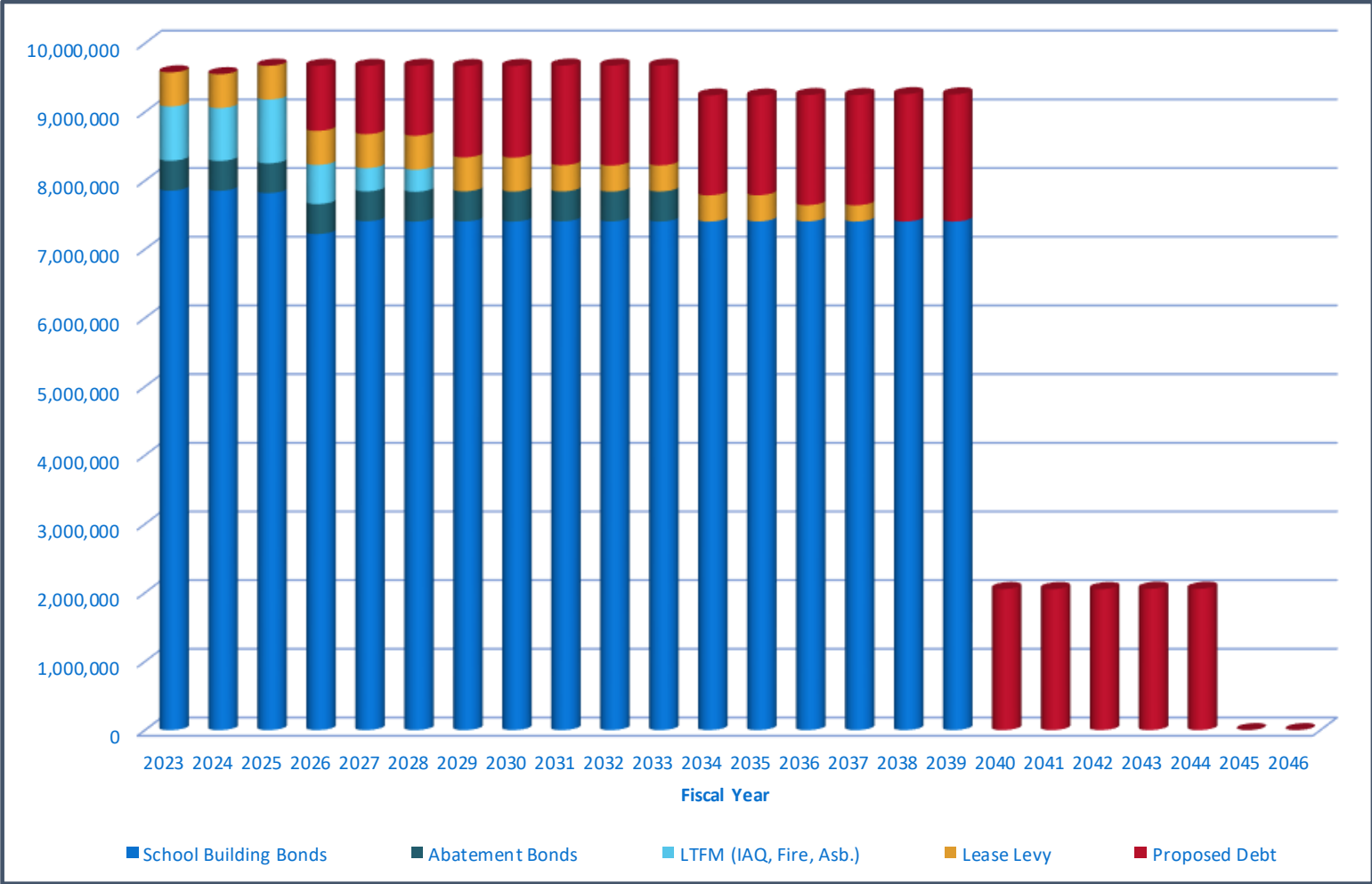
Outstanding Bond Annual Payments





Bond Structure with Other Debt

Bond Summary (All Debt with Direct Tax Impact)





Sources and Uses – 2 Issues

	2024A - LTFM - IAQ Bonds	2024A - Abatement Bonds	2025A - LTFM - IAQ Bonds	LTFM - IAQ Total	Combined Total
Sources Of Funds					
Par Amount of Bonds	\$5,165,000.00	\$765,000.00	\$10,320,000.00	\$15,485,000.00	\$16,250,000.00
Reoffering Premium	174,678.15	44,941.10	973,130.70	1,147,808.85	1,192,749.95
Total Sources	\$5,339,678.15	\$809,941.10	\$11,293,130.70	\$16,632,808.85	\$17,442,749.95
Uses Of Funds					
Deposit to Project Construction Fund	5,000,000.00	760,000.00	11,055,000.00	16,055,000.00	16,815,000.00
Deposit to Capitalized Interest (CIF) Fund	227,403.47	33,681.25	15,000.00	242,403.47	276,084.72
Total Underwriter's Discount (1.000%)	51,650.00	7,650.00	103,200.00	154,850.00	162,500.00
Cost of Issuance	60,624.68	8,609.85	119,930.70	180,555.38	189,165.23
Total Uses	\$5,339,678.15	\$809,941.10	\$11,293,130.70	\$16,632,808.85	\$17,442,749.95

Estimated interest rates as of December 1, 2023 (Series 2024 plus 0.50%, Series 2025 plus 1.00%).

Scenarios where a greater portion of the overall debt is issued in advance of the expenditures of the proceeds will likely result in higher fees earned by the investment manager of the debt proceeds.



Bond Payments Illustrated

Fiscal Year	Outstanding Debt Service	Estimated 2024A LTFM - IAQ Bonds			Estimated 2024A Abatement Bonds			Estimated 2025A LTFM - IAQ Bonds			Capitalized Interest	Combined Debt
		Principal	Interest	Fiscal Total				Principal	Interest	Fiscal Total	Fiscal Total	
2025	\$9,234,879		\$227,403	\$227,403		\$33,681	\$33,681				(\$261,085)	\$9,234,879
2026	\$8,332,814		\$258,250	\$258,250		\$38,250	\$38,250		\$619,200	\$619,200	(\$15,000)	\$9,233,514
2027	\$8,286,926		\$258,250	\$258,250		\$38,250	\$38,250	\$30,000	\$619,200	\$649,200		\$9,232,626
2028	\$8,264,702		\$258,250	\$258,250		\$38,250	\$38,250	\$55,000	\$617,400	\$672,400		\$9,233,602
2029	\$7,964,593		\$258,250	\$258,250		\$38,250	\$38,250	\$355,000	\$614,100	\$969,100		\$9,230,193
2030	\$7,961,622		\$258,250	\$258,250		\$38,250	\$38,250	\$380,000	\$592,800	\$972,800		\$9,230,922
2031	\$7,850,486		\$258,250	\$258,250		\$38,250	\$38,250	\$515,000	\$570,000	\$1,085,000		\$9,231,986
2032	\$7,846,280		\$258,250	\$258,250		\$38,250	\$38,250	\$550,000	\$539,100	\$1,089,100		\$9,231,880
2033	\$7,848,436		\$258,250	\$258,250		\$38,250	\$38,250	\$580,000	\$506,100	\$1,086,100		\$9,231,036
2034	\$7,433,930		\$258,250	\$258,250		\$38,250	\$38,250	\$615,000	\$471,300	\$1,086,300		\$8,816,730
2035	\$7,435,144		\$258,250	\$258,250		\$38,250	\$38,250	\$650,000	\$434,400	\$1,084,400		\$8,816,044
2036	\$7,289,900		\$258,250	\$258,250		\$38,250	\$38,250	\$835,000	\$395,400	\$1,230,400		\$8,816,800
2037	\$7,288,213		\$258,250	\$258,250	\$245,000	\$38,250	\$283,250	\$640,000	\$345,300	\$985,300		\$8,815,013
2038	\$7,051,963		\$258,250	\$258,250	\$255,000	\$26,000	\$281,000	\$920,000	\$306,900	\$1,226,900		\$8,818,113
2039	\$7,051,975		\$258,250	\$258,250	\$265,000	\$13,250	\$278,250	\$975,000	\$251,700	\$1,226,700		\$8,815,175
2040		\$935,000	\$258,250	\$1,193,250				\$570,000	\$193,200	\$763,200		\$1,956,450
2041		\$980,000	\$211,500	\$1,191,500				\$605,000	\$159,000	\$764,000		\$1,955,500
2042		\$1,030,000	\$162,500	\$1,192,500				\$640,000	\$122,700	\$762,700		\$1,955,200
2043		\$1,085,000	\$111,000	\$1,196,000				\$680,000	\$84,300	\$764,300		\$1,960,300
2044		\$1,135,000	\$56,750	\$1,191,750				\$725,000	\$43,500	\$768,500		\$1,960,250
Total	\$117,141,864	\$5,165,000	\$4,642,903	\$9,807,903	\$765,000	\$531,931	\$1,296,931	10,320,000	\$7,485,600	\$17,805,600	(276,085)	145,776,214



Why 2 Bond Sales?

- ▶ Provides initial funding for design
- ▶ Better understanding of firm project costs after construction bids are received
 - ▶ Will help avoid over issuance
- ▶ Limits need for capitalized interest
 - ▶ No levy in place for taxes payable in 2024 to make initial interest payments
- ▶ Lower interest rates when issuing less than \$10 million in a calendar year (Bank Qualified)



Why 2 Bond Sales?

- ▶ No interest cost on the Series 2025A Bond until after they are issued in early 2025
- ▶ Risk: Interest Rates may increase
- ▶ Costs: Higher Issuance Fees



Preliminary Timeline Series 2024A Bonds

Date	Action Item
December 18, 2023	Resolution to set abatement public hearing and approve 10 yr. LTFM plan and intent to issue LTFM Bonds
End of December 2023	Submit updated LTFM Plan to MDE for approval
End of December 2023	Publish Notice of Public Hearing and notice of intent to issue LTFM Bonds
January 22, 2024	Abatement public hearing, consideration of abatement resolution and resolution calling for the sale of the bonds
Week of January 22, 2024	Rating Call
Week of February 5, 2024	Rating Received & POS released
Week of February 19, 2024	Bond Pricing (Interest Rates Locked)
February 26, 2024	Board Considers Ratifying Resolution
March 14, 2024	Bond Closing (Funds Received)



Timeline – Series 2025A Bonds

Date	Action Item
Summer/Fall 2024	Receive Construction Bids on Projects
September 1, 2024	Include Series 2024A and proposed Series 2025A Bond levy in preliminary levy certification
Early 2025	Proceed with Series 2025A Bond Sale as funds are needed



LTFM Board Resolution

Authorizes the Following:

- ▶ Approval of revised LTFM Plan and submission to MDE
- ▶ Intent to Issue Facility Maintenance Bonds
 - ▶ Not to Exceed \$16,750,000
- ▶ Approval of required Public Notice
- ▶ Allows the submission of the State Credit Enhancement Application
- ▶ Allows for reimbursement of project expenses



Abatement Board Resolution

- ▶ Calls for Public Hearing on January 22
- ▶ Notice to be published at least 10 days prior to hearing
- ▶ Maximum amount of abatement in notice is \$1,550,000
 - ▶ Inclusive of both principal and interest on the bonds
 - ▶ Includes a cushion to account for market risk of interest rates rising



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Disclosure

The information contained herein is solely intended to suggest/discuss potentially applicable financing applications and is not intended to be a specific buy/sell recommendation, nor is it an official confirmation of terms. Any terms discussed herein are preliminary until confirmed in a definitive written agreement.

The analysis or information presented herein is based upon hypothetical projections and/or past performance that have certain limitations. No representation is made that it is accurate or complete or that any results indicated will be achieved. In no way is past performance indicative of future results. Changes to any prices, levels, or assumptions contained herein may have a material impact on results. Any estimates or assumptions contained herein represent our best judgment as of the date indicated and are subject to change without notice. Examples are merely representative and are not meant to be all-inclusive. The information set forth herein was gathered from sources which we believe, but do not guarantee, to be accurate. Neither the information, nor any options expressed, constitute a solicitation by us for purposes of sale or purchase of any securities or commodities. Investment/financing decisions by market participants should not be based on this information.

You should consider certain economic risks (and other legal, tax, and accounting consequences) prior to entering into any type of transaction with PMA Securities, LLC or PMA Financial Network, LLC. It is imperative that any prospective client perform its own research and due diligence, independent of us or our affiliates, to determine suitability of the proposed transaction with respect to the aforementioned potential economic risks and legal, tax, and accounting consequences. Our analyses are not and do not purport to be appraisals of the assets, or business of the Issuer or any other entity. PMA makes no representations as to the actual value which may be received in connection with a transaction nor the legal, tax, or accounting effects of consummating a transaction. PMA cannot be relied upon to provide legal, tax, or accounting advice. You should seek out independent and qualified legal, tax, and accounting advice from outside sources. This information has been prepared for informational and educational purposes and does not constitute a solicitation to purchase or sell securities, which may be done only after client suitability is reviewed and determined.

Securities, public finance and institutional brokerage services are offered through PMA Securities, LLC. PMA Securities, LLC is a broker-dealer and municipal advisor registered with the SEC and MSRB, and is a member of FINRA and SIPC. PMA Asset Management, LLC, an SEC registered investment adviser, provides investment advisory services to local government investment pools. All other products and services are provided by PMA Financial Network, LLC. PMA Financial Network, LLC, PMA Securities, LLC, and PMA Asset Management, LLC (collectively "PMA") are under common ownership. Securities and public finance services offered through PMA Securities, LLC are available in CA, CO, FL, IL, IN, IA, MI, MN, MO, NE, NY, OH, OK, PA, SD, TX and WI. This document is not an offer of services available in any state other than those listed above, has been prepared for informational and educational purposes only and does not constitute a solicitation to purchase or sell securities, which may be done only after client suitability is reviewed and determined. All investments mentioned herein may have varying levels of risk, and may not be suitable for every investor. For more information, please visit us at www.pmanetwork.com. For institutional use only.



MUNICIPAL ADVISORY AGREEMENT

This Municipal Advisory Agreement (the “Agreement”) is made and entered into by and between the Independent School District No. 110 (Waconia Public Schools), Carver and Hennepin Counties, Minnesota (“Issuer”) and PMA Securities, LLC (“PMA”) effective as of November 6, 2023 (the “Effective Date”). The Issuer and PMA collectively constitute the “Parties” hereunder.

WITNESSETH:

WHEREAS, the Issuer intends to issue \$18,000,000* General Obligation Facilities Maintenance and Tax Abatement Bonds (the “Securities”) for facilities maintenance and parking lot projects, which may be issued in one or more series of issues, and in connection with the authorization, sale, issuance and delivery of such indebtedness, the Issuer desires to retain a Municipal Advisor to advise the Issuer regarding the issuance of the Securities;

WHEREAS, PMA is willing to provide its professional services and its facilities as Municipal Advisor in connection with the Securities as may be considered and authorized by the Issuer during the period in which this Agreement shall be effective;

WHEREAS, the Issuer is a municipal entity and the Securities are municipal securities as defined by the Securities Exchange Act of 1934 and the rules of the Municipal Securities Rulemaking Board (“MSRB”);

WHEREAS, PMA is registered as a municipal advisor with the U.S. Securities Exchange Commission (“SEC”) and the MSRB and thus, may provide municipal advisor services to a municipal entity such as the Issuer, including advice with respect to the issuance of municipal securities; and

WHEREAS, the Municipal Advisory services described herein are provided by PMA exclusively as a Municipal Advisor as described under MSRB Rule G-3(d).

NOW, THEREFORE, the Issuer and PMA, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, do hereby agree as follows:

SECTION I SCOPE OF SERVICES

Upon the request of an authorized representative of the Issuer, PMA agrees to perform the Municipal Advisory services (hereinafter “Services” or “Scope of Services”) stated in the following provisions of this Section I; and for having rendered such services, the Issuer agrees to pay PMA the compensation as provided in Section VI hereof. The Scope of Services to be performed in connection with the issuance of the Securities are only those listed below.

A. Financial Planning. At the direction of the Issuer, PMA shall:

1. Analysis. Conduct an analysis of the financial resources of the Issuer to determine the extent of its capacity to authorize, issue and service the Securities contemplated. This analysis will include reviews of any existing debt structure as compared with the existing and projected sources of revenues which may be pledged to secure payment of debt service and, where appropriate, may include an analysis of the trend of the assessed valuation, taxing power and present and future taxing requirements of the Issuer. The analysis may take into account any outstanding indebtedness payable from the revenues of existing or projected facilities operated by the Issuer, additional revenues to be available from any

*Preliminary, subject to change, and reflects the current estimated par amount. Currently, the expected estimated public offering price of the Securities is \$18,500,000, from which the fee may be calculated. See Section VI herein.

proposed rate increases and additional revenues, as projected through internal proprietary systems of PMA and its affiliates or through other parties employed by the Issuer, resulting from improvements to be financed by the Securities under consideration.

2. Future Financings. Consider and analyze future financing needs as projected by the Issuer's staff, through internal proprietary systems of PMA and its affiliates or through other parties, if any, employed by the Issuer.
3. Recommendations for Securities. Submit recommendations to the Issuer regarding the Securities under consideration, including such elements as the date of issue, interest payment dates, schedule of principal maturities, options of prior payment, security provisions, and such other provisions as may be appropriate in order to make the issue attractive to investors while achieving the objectives of the Issuer. All recommendations will be consistent with the goal of designing the Securities to be sold on terms that are advantageous to the Issuer, including the lowest interest cost consistent with all other considerations.
4. Market Information. Advise the Issuer of current bond market conditions, other related forthcoming bond issues, economic data and other market information, which might normally be expected to influence interest rates or bidding conditions so that the date of sale of the Securities may be set at a favorable time.
5. Elections. Assist in coordinating the assembly of data for the preparation of any necessary petitions, orders, resolutions, ordinances, notices and certificates in connection with the issuance of municipal securities, including assistance in the transmission of such data to any law firm retained by the Issuer, such as issuer counsel, bond counsel, disclosure counsel or otherwise, in the event it is necessary to hold an election to authorize the Securities.

B. Debt Management and Financial Implementation. At the direction of the Issuer, PMA shall:

1. Method of Sale. Evaluate the particular financing of Securities being contemplated, giving consideration to the complexity, market acceptance, rating, size and structure in order to make a recommendation as to an appropriate method of sale, and:
 - a. If the Securities are to be sold by an advertised competitive sale, PMA will:
 - (1) Oversee the sale of the Securities;
 - (2) Disseminate information to prospective bidders, organize such informational meetings as may be necessary, and facilitate prospective bidders' efforts in making timely submission of proper bids which may include the use of a third party auction platform;
 - (3) Assist the staff of the Issuer in coordinating the receipt of bids, the safekeeping of good faith checks and the tabulation and comparison of submitted bids; and
 - (4) Advise the Issuer regarding the best bid and provide advice regarding acceptance or rejection of the bids.
 - b. If the Securities are to be sold by negotiated sale, PMA will:
 - (1) Recommend, for the Issuer's formal approval and acceptance, one or more investment banking firms as managers of an underwriting syndicate to negotiate the purchase of the Securities. This may include a request for proposal for underwriting services. A

recommendation will be based upon but not limited to the following: proposed underwriter fees, indicative interest rates and yields, recent comparable bond sales that support the indicative rates and yields, quality of structuring ideas proposed, experience of the underwriter and its personnel, and willingness to commit capital. In keeping with the provisions of Rule G-23 of the MSRB, PMA will not participate in an underwriting syndicate in connection with the negotiated purchase of the Securities.

- (2) Cooperate with and assist the underwriter(s) in the review of a bond purchase contract and other related documents. The costs incurred in such efforts, including the printing of the documents, will be paid in accordance with the terms of the Issuer's agreement with the underwriter(s), but shall not be or become an obligation of PMA, except to the extent specifically provided otherwise in this Agreement or assumed in writing by PMA.
 - (3) Assist the staff of the Issuer in the safekeeping of any good faith checks, to the extent there are any, and provide a cost comparison for both expenses and interest, which are suggested by the underwriter(s), to the then current market.
 - (4) Advise the Issuer as to the fairness of the prices/yields offered by the underwriter(s).
- c. If the Securities are to be sold as a placement:
- (1) Direct Sale. The Issuer shall identify the potential purchasers and provide the information to PMA in a direct sale. At the request of the Issuer, PMA will disseminate information, including any offering documents, to prospective purchasers and collect prospective purchasers' timely submission of offers to purchase. PMA will analyze such offers to purchase and make a recommendation to the Issuer regarding the acceptance of one or more offers to purchase the Securities according to parameters set out by the Issuer or based on the Issuer's best interest.
 - (2) Private Placement. PMA may recommend that the Issuer engage a placement agent for a private placement of the Securities, under certain circumstances. The recommendation to engage a placement agent will be based upon, but not limited to, the following factors: the size and complexity of the Securities, the credit of the Issuer, the amortization length of the Securities and whether DTC eligibility is appropriate for the issuance. If PMA recommends the use of a placement agent, PMA will then recommend, for the Issuer's formal approval and acceptance, an investment banking firm as placement agent for the Securities. This may include a request for proposal for placement agent services. A recommendation will be based upon, but not limited to the following: proposed fee, indicative interest rates, recent comparable bond sales that support the rates, quality of structuring ideas proposed and experience of the placement agent and its personnel.
2. Issuer Meetings. Attend meetings of the governing body of the Issuer, its staff, representatives or committees as requested and at all times when PMA may be of assistance or service and the subject matter is related to the Securities.
 3. Review of Third Party Recommendations. Review of a recommendation of another party if requested by the Issuer and the request is within the Scope of Services. PMA will determine, based on the information obtained through reasonable diligence, whether the municipal securities transaction or municipal financial product is or is not suitable for the Issuer. In addition, PMA will inform the Issuer of:

- (1) PMA's evaluation of the material risks, potential benefits, structure and other characteristics of the recommended municipal securities transaction or municipal financial product;
 - (2) The basis upon which PMA reasonably believes that the recommended municipal securities transaction or municipal financial product is, or is not, suitable for the Issuer; and
 - (3) Whether PMA has investigated or considered other reasonably feasible alternatives to the recommended municipal securities transaction or municipal financial product that might also or alternatively serve the Issuer's objectives.
4. Offering Documents. Draft the preliminary and final Official Statements, Offering Memoranda or Term Sheets ("Offering Documents") based on information provided by the Issuer as well as information derived from other sources. The information contained in the Offering Documents will be derived from the sources stated or, if not otherwise sourced, from the Issuer. PMA makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in the Offering Document, and its assistance in preparing the Offering Document should not be construed as a representation that it has independently verified such information. The Issuer will be expected to examine, approve and make certifications with respect to the information in the Offering Documents in accordance with its obligations under the federal securities laws.
- (1) In a competitive sale, PMA will coordinate the preparation of the notice of sale and bidding instructions, official bid form and such other documents as may be required and submit all such documents to the Issuer for examination, approval and certification.
 - (2) PMA will electronically distribute the Offering Documents.
 - (3) Some of the data collected may require a fee, such as overlapping debt or an auditor's certificate. Upon the request of an authorized representative of the Issuer, any fees for data will be sent to the Issuer for prior approval.
 - (4) As needed for Offering Documents disclosure purposes, PMA will file reportable event notices and other information to the MSRB's Electronic Municipal Market Access ("EMMA") as directed by the Issuer.
5. Credit Ratings and Insurance. Make recommendations to the Issuer as to the advisability of obtaining a credit rating and/or insurance for the Securities. Where insurance for the Securities is advised, PMA will request bids from insurance agencies. When directed by the Issuer, coordinate the preparation of such information as may be appropriate for submission to the rating agency and/or insurance agencies. If PMA's advice includes personal presentation of information to the rating agency and/or insurance agencies, PMA will arrange for such personal presentations by the Issuer's representatives.
6. Trustee, Paying Agent, Registrar. Assist the Issuer in the selection of a trustee and/or paying agent/registrar for the Securities and assist in the negotiation of agreements pertinent to these services and the fees incident thereto.
7. Escrow Bidding Agent, Escrow Agent, Verification Agent. Assist the Issuer in the selection of an escrow bidding agent, an escrow agent and/or a verification agent for the Securities and assist in the negotiation of agreements pertinent to those services and the fees incident thereto, if needed.

8. Financial Publications. Advise financial publications of the forthcoming sale of the Securities and provide them with all pertinent information, when appropriate. Upon request, PMA will coordinate the publication of legal notices when required by law for the issuance of the Securities.
9. Consultants. Arrange for reports and opinions of recognized independent consultants as may be appropriate for the successful marketing of the Securities and assist in the negotiation of agreements pertinent to those services and the fees incident thereto.
10. Legal Counsel. Maintain liaison with bond counsel, disclosure counsel and local counsel, if any, in the preparation of legal documents pertaining to the authorization, sale and issuance of the Securities.
11. Delivery of the Securities. Coordinate the efforts of the working group for the Securities, which typically includes the Issuer, underwriter, bond counsel, and other counsel, as applicable, rating agency, bond registrar, paying agent, and any other third party engaged by the Issuer, as soon as a bid for the Securities is accepted by the Issuer, so that the Securities may be delivered and paid for as expeditiously as possible. Assist the Issuer in the preparation or verification of final closing figures incident to the delivery of the Securities.

C. Services Not Related to an Issuance of Municipal Securities. If requested by the Issuer, PMA will perform the services following this paragraph for the Issuer, with respect to the Securities, with no additional compensation required. This Agreement hereby terminates any prior Municipal Advisory Agreement or Municipal Advisory Engagement Letter for the provision of the following services:

1. Rating surveillance preparation;
2. Debt summary and debt book updates;
3. Educational presentations to the Issuer's governing body, community and/or staff;
4. Review paying agent/DTC invoices for accuracy;
5. Review and provide advice related to a bond levy;
6. Advise the Issuer of filings related to tax credit bonds and the need to approve abatement resolutions and debt service extension base modification resolutions;
7. Assist with filing debt-related documents with other government entities, such as the state;
8. Assist with FOIA-related documentation and questions; and
9. Assist with post-issuance compliance per the rules of the Internal Revenue Service ("IRS").

D. Limitations on Services. The Services are subject to the following limitations:

1. The Services are limited solely to the services described herein and are subject to any limitations set forth within the Scope of Services.
2. PMA is not responsible for certifying as to the accuracy or completeness (including the accuracy or completeness of any description of the Issuer's compliance with its continuing disclosure obligations) of any preliminary or final Offering Documents, other than with respect to any information about PMA provided by PMA for inclusion in such documents.

3. The Services do not include tax, legal, accounting or engineering advice with respect to the Securities, services not related to an issuance of municipal securities (except as provided in Section I.C. above) or in connection with any opinion or certificate rendered by bond counsel or any other person at closing, and does not include review or advice on any feasibility study.
4. Unless requested by the Issuer, PMA will not negotiate fees or send out a request for proposal for legal services including issuer counsel, bond counsel or disclosure counsel.
5. Dissemination Agent services for continuing disclosure are not included under this Agreement except as provided under Section I.B.4.(4). Dissemination Agent services include, for example, annual financial information and annual financial statement filings to EMMA. PMA is engaged as Dissemination Agent pursuant to a separate engagement to provide services not covered under Section 1.B.4.(4).

E. Amendment to Scope of Services. The Scope of Services may be amended as set forth in Section VIII.D. The Parties agree to amend or supplement the Scope of Services described herein promptly to reflect any material changes or additions to the Scope of Services. Changes to the Scope of Services may result in an increased fee.

SECTION II POTENTIAL BENEFITS & RISKS OF ISSUING THE SECURITIES

A. The potential benefits involved with issuing the Securities include, among other things:

1. Meeting the Issuer's Funding Needs. The Securities are being issued to meet the Issuer's stated funding needs.
2. Relative Low Cost of Financing. Municipal obligations, such as the Securities, generally offer a lower cost of financing than other available alternatives.
3. Ability to Lower Cost of Financing in the Future. To the extent the Securities, or a portion of the Securities, are subject to a prepayment provision, the Issuer may be able to lower the cost of financing with a future refinancing of the Securities.
4. Ability to Restructure Payments in the Future. To the extent the Securities, or a portion of the Securities, are subject to a prepayment provision, the Issuer may be able to restructure the repayment schedule with a future refinancing or defeasance of the Securities.

B. The potential risks involved with issuing the Securities include, among other things:

1. Interest Rate Risk. The Securities are issued at a fixed rate(s). If market interest rates decline subsequent to the sale of the Securities, the Issuer will not be able to take advantage of lower market interest rates for the Securities unless and until the Securities can be prepaid or refinanced.
2. Prepayment Risk. To the extent the Securities, or a portion of the Securities, are not subject to a prepayment provision, the Issuer cannot prepay the Securities prior to their maturity date(s).
3. Closing Risk. If the Securities fail to attract an appropriate purchaser, or fail to be delivered at closing, the Issuer will not receive proceeds from the Securities.

4. Default Risk. If the Issuer fails to make the scheduled principal and/or interest payment(s) on the Securities in a timely manner, a default will occur, which negatively affects the Issuer's ability to get financing for other needs.
5. Tax Risk. If the opinion of bond counsel for the Securities identifies the Securities as tax-exempt or tax advantaged, and the IRS subsequently determines the Securities are taxable or ineligible for a tax credit, this determination could cause the IRS to change the designation of the Securities to taxable or to revoke the tax credits, resulting in potential adverse publicity, impairment of the Issuer's ability to issue municipal securities in the future, litigation from bondholders and others or a settlement agreement between the IRS and the Issuer resulting in a payment from the Issuer to the IRS to maintain the tax-exempt or tax advantaged status of the Securities. Potential causes of such a determination may include, but are not limited to the following: the Issuer does not spend the proceeds of the Securities in a timely manner, change in use of the project financed by the Securities and any other determination by the IRS that rules governing the issuance of tax-exempt obligations were violated.
6. Disclosure Risk. To the extent the SEC determines that a material fact was omitted from the Offering Documents or a material misstatement was made in the Offering Documents, the SEC could determine that the Issuer violated federal securities laws.

SECTION III COOPERATION IN MEETING REGULATORY REQUIREMENTS

The Issuer acknowledges that PMA has regulatory duties as municipal advisor to the Issuer, and the Issuer agrees to cooperate, and to cause its agents to cooperate, in carrying out these regulatory duties, including providing complete information and reasonable access to relevant documents, other information and personnel needed to fulfill such duties. In addition, the Issuer agrees that, to the extent the Issuer seeks to have PMA provide advice with regard to any recommendation made by a third party in accordance with Section I.B.3, the Issuer will provide to PMA written direction to do so and any information it has received from such third party relating to its recommendation.

SECTION IV TERM OF AGREEMENT

The terms of this Agreement are effective as of the Effective Date and shall remain in effect, unless earlier terminated by PMA or at the direction of the Issuer pursuant to the following section, until the closing of the Securities. For only the services (i.e. continuing services) set forth in Section I.C., this Agreement may be renewed for a maximum of three (3) years beyond the Effective Date of this Agreement or any amendment to this Agreement as set forth in Section VIII.D at the Issuer's request for PMA to perform such services.

SECTION V TERMINATION

This Agreement may be terminated with or without cause by the Issuer upon prior written notice to PMA or by PMA upon at least thirty (30) days' prior written notice to the Issuer of the Party's intention to terminate, specifying in such notice the effective date of such termination. In the event the termination occurs before the Securities close, it is understood and agreed that no amounts are due to PMA for services provided or expenses incurred, unless otherwise stated in Section VI below. No penalty will be assessed for termination of this Agreement. The provisions of Section VII.B. shall survive any termination of this Agreement pursuant to this Section V or the expiration of the term of this Agreement pursuant to Section IV.

**SECTION VI
COMPENSATION AND EXPENSE REIMBURSEMENT**

A. Compensation. The fees due to PMA for the Scope of Services set forth and described in Section I of this Agreement shall be based on the table following this paragraph calculated on a per issue basis. Such fees, for which PMA is entitled to reimbursement, shall become due and payable concurrently with the delivery of the Securities to the purchaser. No fee shall be due from the Issuer to PMA unless the Securities close.

<u>Public Offering Price</u>		Standard Fee Amount For
>	< or = to	Municipal Advisory Services Described in Section I
\$0	- \$500,000	\$0 plus \$10,000
\$500,000	- \$2,000,000	\$10,000 plus \$8.00 / \$1,000 for amount > \$500,000
\$2,000,000	- \$5,000,000	\$22,000 plus \$3.50 / \$1,000 for amount > \$2,000,000
\$5,000,000	- \$10,000,000	\$32,500 plus \$2.00 / \$1,000 for amount > \$5,000,000
\$10,000,000	- ∞	\$42,500 plus \$1.25 / \$1,000 for amount > \$10,000,000

For example, for an issuance of Securities with a par amount of \$18,000,000 and a public offering price of \$18,500,000, the fees due to PMA for the Scope of Services set forth and described in Section I of this Agreement would be \$53,125, which calculates to \$2.87 per \$1,000.

As set forth in PMA's *Municipal Advisor Disclosure Statement*, PMA notes that this Agreement may involve contingent based compensation subject to compensation based conflict. Also, we note how it relates to different structures or scenarios. For example, recommending a multi-issuance strategy versus a single issuance strategy could result in additional compensation for PMA and the application of minimum fees, if any. However, this recommendation would be made only if the benefits exceed the costs. Such benefits could include bank qualification, reduced negative arbitrage in the investment of bond proceeds and meeting the financial goals of the Issuer. Also, the additional compensation would be paid over time, subject to the retention of PMA for subsequent issuances.

B. Issuer Expenses.

1. Customary fees and expenses incident to a sale are payable by the Issuer. These fees and expenses, depending upon the final structure, can include fees for underwriter(s), bond counsel, local counsel, disclosure counsel, rating agency, insurance premium, trustee/paying agency, competitive sale auction platform, escrow bidding agent and verification agent.
2. Customary fees and expenses incident to the preparation of the Offering Documents, such as overlapping debt and auditor's certificates, are payable by the Issuer. In the event PMA must pay these fees and expenses before the Securities close, the Issuer will be responsible for reimbursing PMA for the pre-paid fees and expenses.

**SECTION VII
DISCLOSURES**

A. Disclosures. The *Municipal Advisor Disclosure Statement*, and each delivery thereof, as provided from time to time, shall be incorporated by reference into this Agreement as of the date thereof to the same extent as if set forth herein. As set forth in the *Municipal Advisor Disclosure Statement*, PMA Securities, LLC is a broker-dealer and municipal advisor registered with the SEC and MSRB and is a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. In these roles, PMA generally

provides fixed income brokerage services and public finance services to institutional clients, including Municipal Advisory services and advice with respect to the investment of proceeds of municipal securities. PMA is affiliated with PMA Financial Network, LLC, a financial services provider, and PMA Asset Management, LLC, an investment adviser registered with the SEC (the "Advisory Affiliate"). These entities operate under common ownership with the Firm and are referred to in this disclosure as the "Affiliates." Each of these Affiliates also provides services to municipal entity clients. Unless otherwise stated, separate fees are charged for each of these products and services and referrals to its Affiliates result in an increase in revenue to the overall Affiliated companies.

PMA's duties, responsibilities, and fees arise from that as a municipal advisor to the Issuer in connection with the issuance of the Securities. PMA receives additional fees for the services used by the Issuer, if any, described in the paragraph above. The fees for these services arise from separate agreements with the Issuer and with institutions of which the Issuer may be a member.

Additional disclosures are required with the implementation of MSRB Rule G-42. PMA is required to provide the Issuer with disclosures of material conflicts of interest and of information regarding certain legal events and disciplinary history. By signing this Agreement, the Issuer acknowledges that PMA has provided the Issuer with the *Municipal Advisor Disclosure Statement*, which contains important disclosures on matters such as all material conflicts of interest and all legal and disciplinary events that are material to a client's evaluation of us relevant to our provision of municipal advisory services. This disclosure document will also specify the date of the last material change or addition to the legal or disciplinary event disclosures, if any, on any Form MA or Form MA-I that PMA files with the SEC and a brief explanation regarding the materiality of the change or addition.

B. Scope of Liability. PMA, at all times, will act in good faith with respect to its Services under this Agreement. The Issuer agrees that PMA shall not be liable to the Issuer for any act or omission in connection with the performance of PMA's services hereunder, other than as a result of PMA's negligent acts or omissions, reckless conduct, intentional misconduct, bad faith, violation of applicable law or material breach of any of the material terms of this Agreement. PMA will have no duty, responsibility or liability under this Agreement as to any services identified in Section I.D. of this Agreement, relating to the services included in the Limitations on Services section. PMA shall not be responsible for any loss incurred by reason of any act or omission of the Issuer, or any member of the working group for the Securities. No recourse may be had against PMA for loss, damage, liability, cost or expense (whether direct, indirect or consequential) of the Issuer arising out of or in defending, prosecuting, negotiating or responding to any inquiry, questionnaire, audit, suit, action or other proceeding brought by or received from the IRS in connection with the Securities or otherwise relating to the tax treatment of the Securities, or in connection with any opinion or certificate rendered by counsel or any other party.

It is understood that nothing herein shall in any way constitute a waiver or limitation of any of the obligations which PMA may have under federal securities laws or under applicable state law.

SECTION VIII MISCELLANEOUS

A. Choice of Law. This Agreement shall be construed and given effect in accordance with the laws of the state in which the Issuer is located without regard to conflict of law principles.

B. Binding Effect: Assignment. This Agreement shall be binding upon and inure to the benefit of the Issuer and PMA, their respective successors and assigns; provided however, neither Party hereto may assign or transfer any of its rights or obligations hereunder without the prior written consent of the other Party.

C. Prior Agreement or Documentation. Each Party acknowledges and agrees that the provisions of this Agreement modify and supersede any prior agreement or documentation with regards to the issuance of the Securities (“Prior Documentation”). The provision(s) set forth in this Agreement shall control in the event that any provision(s) of this Agreement conflict with any provision(s) contained in any Prior Documentation.

D. Entire Agreement. This instrument contains the entire agreement between the Parties relating to the rights herein granted and obligations herein assumed. Any oral or written representations or modifications concerning this Agreement shall be of no force or effect except for a subsequent modification in writing signed or acknowledged by each Party hereto. The form of this modification may include an email acknowledged by each Party. The Parties agree to amend or supplement this Agreement promptly to reflect any material changes or additions to the Agreement.

[The remainder of this page is intentionally left blank.]

PMA Securities, LLC

Independent School District No. 110
(Waconia Public Schools)
Carver and Hennepin Counties, Minnesota

By: Michael Hart

Michael Hart
Director, Public Finance

Date: 11/6/23

By: _____

James O. Davis
Chief Executive Officer

Date: _____

By⁽¹⁾: _____

Print Name

Title: _____

Date: _____

(1) By signing this Agreement, as representative of the Issuer, the representative acknowledges that he or she has the ability to bind the Issuer by contract with PMA and that he or she is not a party to a disclosed conflict.

PMA Use Only:

Reviewed: _____ Date: _____

Revised 3/2023

CERTIFICATION OF MINUTES RELATING TO
\$16,750,000 GENERAL OBLIGATION FACILITIES MAINTENANCE BONDS,
SERIES 2024A AND SERIES 2025A

Issuer: Independent School District No. 110 (Waconia Public Schools), Minnesota

Governing Body: School Board

Kind, date, time and place of meeting: A regular meeting held on December 18, 2023 at 7:00 p.m. at Waconia City Hall.

Members present:

Members absent:

Documents attached:

Minutes of said meeting (including):

RESOLUTION RELATING TO \$16,750,000 GENERAL OBLIGATION FACILITIES MAINTENANCE BONDS, SERIES 2024A AND SERIES 2025A; STATING OFFICIAL INTENT TO PROCEED WITH AND AUTHORIZING THE ISSUANCE AND SALE THEREOF AND PROVIDING FOR CREDIT ENHANCEMENT WITH RESPECT THERETO

I, the undersigned, being the duly qualified and acting recording officer of the public corporation issuing the bonds referred to in the title of this certificate, certify that the documents attached hereto, as described above, have been carefully compared with the original records of said corporation in my legal custody, from which they have been transcribed; that said documents are a correct and complete transcript of the minutes of a meeting of the governing body of said corporation, and correct and complete copies of all resolutions and other actions taken and of all documents approved by the governing body at said meeting, so far as they relate to said bonds; and that said meeting was duly held by the governing body at the time and place and was attended throughout by the members indicated above, pursuant to call and notice of such meeting given as required by law.

WITNESS my hand officially as such recording officer this 18th day of December, 2023.

School District Clerk

Member _____ introduced the following resolution and moved its adoption, which motion was seconded by Member _____:

RESOLUTION RELATING TO \$16,750,000 GENERAL OBLIGATION FACILITIES MAINTENANCE BONDS, SERIES 2024A AND SERIES 2025A ; STATING OFFICIAL INTENT TO PROCEED WITH AND AUTHORIZING THE ISSUANCE AND SALE THEREOF AND PROVIDING FOR CREDIT ENHANCEMENT WITH RESPECT THERETO

BE IT RESOLVED by the School Board (the Board) of Independent School District No. 110 (Waconia Public Schools), Minnesota (the District), as follows:

SECTION 1. AUTHORIZATION AND DISTRICT INDEBTEDNESS. The District is authorized, pursuant to Minnesota Statutes, Section 123B.595 and Chapter 475, to borrow money by the issuance of its general obligation facilities maintenance bonds. This Board hereby determines that it is necessary and desirable and in the best interest of the District to issue its General Obligation Facilities Maintenance Bonds in an aggregate principal amount not to exceed \$16,750,000 (the Bonds), in two series, Series 2024A (in an approximate principal amount of \$5,400,000) and Series 2025A (in an approximate principal amount of \$11,350,000), pursuant to Minnesota Statutes, Section 123B.595 and Chapter 475, to finance indoor air quality projects at various District facilities (collectively, the Projects), as described in the District’s ten-year facility plan for Fiscal Year 2025 (the Facility Plan) hereby approved by this Board. Pursuant to the provisions of Minnesota Statutes, Section 123B.595, subdivision 5 it is hereby determined that the total amount of District indebtedness as of December 1, 2023 is \$101,941,000.

SECTION 2. APPROVAL BY COMMISSIONER OF EDUCATION OF THE STATE OF MINNESOTA. The Facility Plan will be submitted for approval by the Commissioner of Education of the State of Minnesota as required by Minnesota Statutes, Section 123B.595, subdivision 5 and such approval will be received prior to the date on which the Bonds will be issued.

SECTION 3. NOTICE PUBLICATION. The Clerk is authorized and directed to cause notice of the intended Projects, the amount of the Bonds to be issued, and the total amount of the District’s indebtedness to be published in a legal newspaper of general circulation in the District.

Upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon the resolution was declared duly passed and adopted.

CERTIFICATION OF MINUTES RELATING TO PROPOSED PROPERTY TAX
ABATEMENT FOR PARKING LOT CONSTRUCTION PROJECTS

School District: Independent School District No. 110 (Waconia Public Schools), Minnesota

Governing Body: School Board

Kind, date, time and place of meeting: A regular meeting held on December 18, 2023 at
7:00 p.m. at Waconia City Hall.

Members present:

Members absent:

Documents attached:

Minutes of said meeting (including):

RESOLUTION RELATING TO PROPOSED PROPERTY TAX ABATEMENT FOR
PARKING LOT CONSTRUCTION PROJECTS; CALLING PUBLIC HEARING

I, the undersigned, being the duly qualified and acting recording officer of the public corporation proposing the abatement referred to in the title of this certificate, certify that the documents attached hereto, as described above, have been carefully compared with the original records of said corporation in my legal custody, from which they have been transcribed; that said documents are a correct and complete transcript of the minutes of a meeting of the governing body of said corporation, and correct and complete copies of all resolutions and other actions taken and of all documents approved by the governing body at said meeting, so far as they relate to said proposed abatement; and that said meeting was duly held by the governing body at the time and place and was attended throughout by the members indicated above, pursuant to call and notice of such meeting given as required by law.

WITNESS my hand officially as such recording officer on this 18th day of December,
2023.

School District Clerk

Member _____ introduced the following resolution and moved its adoption, which motion was seconded by Member _____:

RESOLUTION RELATING TO PROPOSED PROPERTY TAX ABATEMENT FOR PARKING LOT CONSTRUCTION PROJECTS; CALLING PUBLIC HEARING

BE IT RESOLVED by the School Board (the Board) of Independent School District No. 110 (Waconia Public Schools), Minnesota (the District), as follows:

1. Proposed Property Tax Abatement.

The District, pursuant to Minnesota Statutes, Sections 469.1812 to 469.1815, as amended, is authorized to grant an abatement of the property taxes imposed by the District on all properties within the District boundaries (collectively, the Property), if certain conditions are met, through the adoption of a resolution specifying the terms of the abatement. It has been proposed that the District undertake parking lot construction projects at various District facilities, which will enable District residents to continue to conveniently and safely access these District facilities, and benefiting the Property (the Improvements). In order to finance the Improvements, it has been proposed that the Board grant a property tax abatement on the Property in an amount not to exceed \$1,550,000 over fourteen (14) years (the Proposed Property Tax Abatement), and that this Board hold a public hearing on the Proposed Property Tax Abatement as required by Minnesota Statutes, Section 469.1813, subdivision 5.

2. Public Hearing.

A public hearing is hereby scheduled to be held on the Proposed Property Tax Abatement on Monday, January 22, 2024 at 7:00 p.m. at Waconia City Hall, 201 South Vine Street, Waconia, Minnesota. The School District Clerk is hereby authorized and directed to cause notice of such public hearing in substantially the form of Exhibit A hereto to be published in the official newspaper of the District more than ten (10) days but less than thirty (30) days prior to the date of the hearing.

Upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon the resolution was declared duly passed and adopted.

EXHIBIT A

NOTICE OF PUBLIC HEARING ON CONSIDERATION AND APPROVAL OF PROPERTY TAX ABATEMENT

NOTICE IS HEREBY GIVEN that the School Board of Independent School District No. 110 (Waconia Public Schools), Minnesota (the District) will hold a public hearing on Monday, January 22, 2024 at 7:00 p.m. at Waconia City Hall, 201 South Vine Street, Waconia, Minnesota to consider granting an abatement of the property taxes imposed by the District (the Proposed Property Tax Abatement) on all properties within the District boundaries.

The purpose of granting the Proposed Property Tax Abatement is to provide funds to finance parking lot construction projects at various District facilities which will enable District residents to continue to conveniently and safely access these District facilities. The total estimated amount of the Proposed Property Tax Abatement by the District is \$1,550,000 over fourteen (14) years.

All who wish to be heard as to the Proposed Property Tax Abatement will be given an opportunity to express their views at the time of the public hearing or may file written comments with the Superintendent prior to the public hearing.



Division of School Finance
400 NE Stinson Blvd
Minneapolis, MN 55413

Long-Term Facility Maintenance Ten-Year Expenditure Application (LTFM) - Fund 01 and Fund 06 Projects Only

ED - 02478-09

Instructions: Enter estimated, allowable LTFM expenditures (Fund 01 and/or Fund 06 only) under Minnesota Statutes 2021, section 123B.595, subd. 10. Enter by Uniform Financial and Accounting Reporting Standards (UFARS) finance code and by fiscal year in the cells provided.

Table with District Info and Enter Information sections. Includes fields for District Name (Waconia Public Schools), District Number (ISD 110), District Contact Name (Ra Chhoth), Contact Phone # (952-442-0602), Date (12/18/2023), and Email (rchhoth@isd110.org).

Fiscal Year (FY) Ending June 30

Expenditure Categories: Health and Safety - this section excludes project costs in Category 2 of \$100,000 or more for which additional revenue is requested for Finance Codes 358, 363 and 366.

Table for Expenditure Categories (Health and Safety - Category 1). Columns: Finance Code, Category (1), 2023 (base year), 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033. Rows include Physical Hazards, Other Hazardous Materials, Environmental Health and Safety Management, Asbestos Removal and Encapsulation, Fire Safety, and Indoor Air Quality.

Table for Expenditure Categories (Health and Safety - Category 2). Columns: Finance Code, Category (2), 2023 (base year), 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033. Rows include Asbestos Removal and Encapsulation, Fire Safety, and Indoor Air Quality.

Table for Expenditure Categories (Remodeling for Approved Voluntary Pre-K under Minnesota Statutes, section 124D.151 - Category 3 (a)). Columns: Finance Code, Category 3 (a), 2023 (base year), 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033. Row includes Remodeling for prekindergarten (Pre-K) instruction approved by the commissioner.

Table for Expenditure Categories (Remodeling for Gender-Neutral Single-User Restrooms - Category 3 (b) LTFM REVENUE EFFECTIVE FY 2025). Columns: Finance Code, Category 3 (b) LTFM REVENUE EFFECTIVE FY 2025, 2023 (base year), 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033. Row includes Remodeling for gender-neutral single user restroom per site.

Table for Expenditure Categories (Accessibility - Category 4). Columns: Finance Code, Category (4), 2023 (base year), 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033. Row includes Accessibility.

Table for Expenditure Categories (Deferred Capital Expenditures and Maintenance Projects - Category 5). Columns: Finance Code, Category (5), 2023 (base year), 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033. Rows include Building Envelope, Building Hardware and Equipment, Electrical, Interior Surfaces, Mechanical Systems, Plumbing, Professional Services and Salary, Roof Systems, and Site Projects.

Total Annual 10-Year Plan Expenditures: \$505,120, \$2,329,590, \$10,135,343, \$5,504,288, \$775,693, \$827,814, \$876,214, \$931,659, \$983,827, \$1,034,567, \$1,078,287

Fund Balance Section

Table for Fund 01. Columns: Description, 2023 (base year), 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033. Rows include Beginning Fund Balance 01-467-XX, LTFM Fiscal Year Revenue - Levy, LTFM Fiscal Year Revenue - AID if Applicable, LTFM Fiscal Year Revenue Other, LTFM Transfer IN from Fund 06 if applicable, LTFM Transfer OUT from Fund 01 if applicable, LTFM Transfer OUT if applicable - Special Legislation, and LTFM Estimated Fiscal Year Expenditures.

Ending Fiscal Year Fund Balance 01-467-XX: \$183,371, -\$1,530,867, -\$10,994,342, -\$15,778,594, -\$15,785,240, -\$15,794,368, -\$15,801,837, -\$15,814,219, -\$15,833,015, -\$15,850,916, -\$15,860,430

Table for Fund 06. Columns: Description, 2023 (base year), 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033. Rows include Beginning Fund Balance 06-467-XX, LTFM Fiscal Year Bonded Revenue, LTFM Fiscal Year Revenue Other, LTFM Transfer IN from Fund 01 if applicable, LTFM Transfer OUT from Fund 06 if applicable, Other Transfers, and LTFM Estimated Fiscal Year Expenditures.

Ending Fiscal Year Fund Balance 06-467-XX: \$0, \$3,185,910, \$4,777,350, \$0, \$0, \$0, \$0, \$0, \$0, \$0, \$0

End of worksheet

FY 25 Long-Term Facilities Maintenance (LTFM) Ten-Year Revenue Projection				Revised 12/18/2023											
110 <= Type in School District Number															
WACONIA PUBLIC SCHOOL DISTRICT															
Calculations for Ten Year Projection				Pay 23	Change only if requiring levy adjustments	Payable 2023 LLC Certification	Current Estimate								
LLC #				FY 2023	FY 2024	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033
1	Type your district number in cell A2 (Minneapolis = 1.2)														
2	Type APU, health and safety and alternative facilities project, and bond estimates in lines 6a, 14, 16b to 18, 20, 21, 26, 27 and 50b														
3	Type debt excess, intermediate/coop district, and revenue reduction data in lines 13, 15, 23, 31, and 33														
4	Look-up data from following tabs														
5	Initial Formula Revenue														
6	Current year APU	57	4,515.80	4,541.64	4,552.71	4,552.71	4,552.71	4,552.71	4,552.71	4,552.71	4,552.71	4,552.71	4,552.71	4,552.71	4,552.71
6a	Additional Pre-K Pupil Units (line 19 of Pre-K application)														
6b	Total Adjusted Pupil Units = (6) + (6a)			4,541.64	4,552.71	4,552.71	4,552.71	4,552.71	4,552.71	4,552.71	4,552.71	4,552.71	4,552.71	4,552.71	4,552.71
7	District average building age (uncapped)	401	25.76	25.75	26.75	27.75	28.75	29.75	30.75	31.75	32.75	33.75	34.75	35.75	36.75
8	Formula allowance		\$ 380.00	\$ 380.00	\$ 380.00	\$ 380.00	\$ 380.00	\$ 380.00	\$ 380.00	\$ 380.00	\$ 380.00	\$ 380.00	\$ 380.00	\$ 380.00	\$ 380.00
9	Building age ratio = (Lesser of 1 or (7) / 35)	402		0.73571	0.76429	0.79286	0.82143	0.85000	0.87857	0.90714	0.93571	0.96429	0.99286	1.02143	1.05000
10	Initial revenue = (6) * (8) * (9)	403	1,262,979	1,269,712	1,322,237	1,371,667	1,421,096	1,470,526	1,519,955	1,569,385	1,618,814	1,668,244	1,717,673	1,767,103	1,816,532
11	Added revenue for Eligible H&S Projects > \$100,000 / site														
12	Debt service for existing Alt facilities H&S bonds (1B) - gross before debt excess	702													
13	Debt Excess related to Debt service for existing Alt facilities H&S bonds (1B)	756													
14	Debt service for portion of existing Alt facilities bonds from line (22) attributable to eligible H&S Projects > \$100,000 per site (1A)	701													
15	Debt Excess related to Debt service for portion of existing Alt facilities bonds attributable to eligible H&S Projects > \$100,000 per site (1A)	755													
16a	Existing Net debt service for LTFM bonds for eligible new H&S projects > \$100,000 / site = (principal + interest)*1.05 - portion of bond paid by initial revenue from "IAQFAA Bonds" tab				769,755	928,725	569,730	338,310	321,300	-	-	-	-	-	-
16b	New debt service for LTFM bonds for eligible new H&S projects > \$100,000 / site = (principal + interest)*1.05 - portion of bond paid by initial revenue				-	-	905,573	952,823	977,183	1,288,718	1,292,603	1,410,413	1,414,718	1,411,568	1,411,568
17	Net debt service for LTFM bonds for eligible new H&S projects > \$100,000 / site = (principal + interest)*1.05 - portion of bond paid by initial revenue = (16a) + (16b)	767			769,755	928,725	1,475,303	1,291,133	1,298,483	1,288,718	1,292,603	1,410,413	1,414,718	1,411,568	1,411,568
18	Pay as you go revenue for eligible new H&S projects > \$100,000 / site	405			-	-	-	-	-	-	-	-	-	-	-
19	Total additional revenue for eligible H&S projects >\$100,000 / site (12) - (13) + (14) -(15) + (17) + (18)	406	725,156	769,755	928,725	1,475,303	1,291,133	1,298,483	1,288,718	1,292,603	1,410,413	1,414,718	1,411,568	1,411,568	1,411,568
Added revenue for Pre-K remodeling (for VPK approvals only)															
20a	Net debt service for bonds approved for Pre-K remodeling	768			-	-	-	-	-	-	-	-	-	-	-
20b	Pay as you go for projects approved for Pre-K remodeling	407			-	-	-	-	-	-	-	-	-	-	-
20c	Total Pre-K revenue				-	-	-	-	-	-	-	-	-	-	-
20d	Total New Law Revenue (10) + (19) + (20c)	408			2,039,467	2,250,962	2,846,970	2,712,229	2,769,009	2,808,673	2,861,988	3,029,227	3,082,962	3,129,241	3,176,100

FY 25 Long-Term Facilities Maintenance (LTFM) Ten-Year Revenue Projection				Revised 12/18/2023										
110 <= Type in School District Number														
WACONIA PUBLIC SCHOOL DISTRICT														
			Change only											
			if requiring levy	Payable 2023										
<i>Calculations for Ten Year Projection</i>		Pay 23	adjustments	LLC Certification	Current Estimate									
	LLC #	FY 2023	FY 2024	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	
57	Total General Fund Revenue = (34) - (51)	441		615,352	671,867	720,037	769,046	818,686	868,745	919,277	965,032	1,016,666	1,068,773	
58	General Fund Equalized Revenue = (43) - (52)	442		301,707	150,935	-	-	-	-	-	-	-	-	
59	Total General Fund Aid = (46) - (53)	443		100,028	49,440	-	-	-	-	-	-	-	-	
60	General Fund Equalized Levy = (58) * (41)	444		201,679	101,495	-	-	-	-	-	-	-	-	
61	General Fund Unequalized levy = (57) - (58)	445		313,645	520,932	720,037	769,046	818,686	868,745	919,277	965,032	1,016,666	1,068,773	
62	Total General Fund Levy = (60) + (61)	446		515,324	622,427	720,037	769,046	818,686	868,745	919,277	965,032	1,016,666	1,068,773	
Notes:														
1. Underlevy on general fund equalized levy results in proportionate reduction in associated aid.														
2. Total Debt Service revenue on line 49 must not exceed total LTFM revenue for individual district projects (line 30) for any of the 10 years in the plan.														
3. For 1A districts with old Alt Facilities bonding, the amount on line 22 will reduce initial revenue on line 10, less the H & S portion entered on line 14.														



Fiscal Year (FY) 2025 Application for Long-Term Facilities Maintenance Revenue Statement of Assurances

General Information: Minnesota school districts, intermediate school districts, cooperative districts, joint powers applying for Long-Term Facilities Maintenance revenue (LTFM) under Minnesota Statutes 2022, section 123B.595 must annually complete the Application for Long-Term Facilities Maintenance Revenue – Statement of Assurances (ED-02477). The application must be submitted to the Minnesota Department of Education (MDE) by July 31, 2023. Submit to [Sarah C. Miller](mailto:Sarah.C.Miller@mde.state.mn.us) (MDE.Facilities@state.mn.us) along with other required LTFM documentation. **Do not mail a hard copy. Please email this form with other required documentation.**

Identification Information

Name of District, Intermediate/Cooperative/Joint Powers Waconia Public Schools	District Number and Type: ISD #110	Date Submitted: 12/19/2023
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Statement of Assurances

1. All estimated expenditures included in the attached Ten-Year Plan Expenditure spreadsheet under Health and Safety and entered into the MDE Health and Safety data submission system are for allowed health and safety uses under Minnesota Statutes 2022, section 123B.595, subd. 10, paragraph (a), clause (3), Minnesota Statutes 2022, section 123B.57, subd. 6, and the MDE Long-Term Facilities Maintenance Guide for Allowable Expenditures, Section E, Health and Safety Qualifying Criteria, and Section F, Additional Requirements Regarding Health and Safety. None of the estimated expenditures included in the attached Ten-Year Plan Expenditure spreadsheet under Health and Safety and entered into the MDE Health and Safety System are for uses prohibited under Minnesota Statutes 2022, section 123B.595, subd. 11.
2. All estimated expenditures included in the attached Ten-Year Plan Expenditure spreadsheet under Accessibility and Deferred Maintenance are for allowed uses under Minnesota Statutes 2022, section 123B.595, subd. 10, paragraph (a), clauses (1) and (2), and the MDE Long-Term Facilities Maintenance Guide for Allowable Expenditures, Section C, Deferred Maintenance Qualifying Criteria or Section D, Disabled Access Qualifying Criteria. None of the estimated expenditures included in the attached Ten-Year Plan Expenditure spreadsheet under Accessibility and Deferred Maintenance are for uses prohibited under Minnesota Statutes 2022, section 123B.595, subd. 11.
3. All actual expenditures to be reported in Uniform Financial Accounting and Reporting Standards (UFARS) for FY 2025 under Finance Codes 347, 349, 352, 358, 363 and 366 will be for allowed health and safety uses under Minnesota Statutes 2022, section 123B.595, subd. 10, paragraph (a), clause (3), Minnesota Statutes 2022, section 123B.57, subd. 6, and the MDE Long-Term Facilities Maintenance Guide for Allowable Expenditures, Section E, Health and Safety Qualifying Criteria, and Section F, Additional Requirements Regarding Health and Safety. None of the actual expenditures reported in these finance codes will be for uses prohibited under Minnesota Statutes 2022, section 123B.595, subd. 11.
4. All actual expenditures to be reported in UFARS for FY 2025 under Finance Codes 367, 368, 369, 370, 379, 380, 381, 382, 383 and 384 for Accessibility and Deferred Maintenance will be for allowed uses under Minnesota Statutes 2022, section 123B.595, subd. 10, paragraph (a), clauses (1) and (2), and the MDE Long-Term Facilities Maintenance Guide for Allowable Expenditures, Section C, Deferred Maintenance Qualifying Criteria or Section D, Disabled Access Qualifying Criteria. None of the actual expenditures reported in these finance codes will be for uses prohibited under Minnesota Statutes 2022, section 123B.595, subd. 11.
5. The district will maintain a description of each project funded with long-term facilities maintenance revenue that will provide enough detail for an auditor to determine the cost of the project and if the work qualifies for revenue (Minn. Stat. 127A.41, subd. 3[2022]).
6. The district’s plan includes provisions for implementing a health and safety program that complies with health, safety and environmental regulations and best practices, including indoor air quality management and mandatory lead in water testing, remediation and reporting (Minn. Stat. 121A.335 [2022]). ***The district’s ten-year plan does not include a request for a second-time project cost for: (1) replacement of an existing mechanical ventilation system to the current Minnesota State Mechanical Code/American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) guidelines; or, (2) to provide a level of approximately 15 Cubic Feet per Minute (CFM) per person.***

Certification of Statement of Assurances

Signature – Must be signed by Superintendent or Cooperative Unit Director:	Name – Superintendent or Cooperative Director (Please print) Brian Gersich	Date: 12/18/2023
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ISD No. 110 (Waconia)

\$5,165,000 - G.O. Facilities Maintenance Bonds, Series 2024A

Dated: March 14, 2024

LTFM - IAQ Bonds

MN 105% Net Debt Service

Date	Principal	Interest	Total P+I	CIF	105% Debt Serv.	Fiscal Total
03/14/2024	-	-	-	-	-	-
08/01/2024	-	98,278.47	98,278.47	(98,278.47)	-	-
02/01/2025	-	129,125.00	129,125.00	(129,125.00)	-	-
08/01/2025	-	129,125.00	129,125.00	-	135,581.25	-
02/01/2026	-	129,125.00	129,125.00	-	135,581.25	271,162.50
08/01/2026	-	129,125.00	129,125.00	-	135,581.25	-
02/01/2027	-	129,125.00	129,125.00	-	135,581.25	271,162.50
08/01/2027	-	129,125.00	129,125.00	-	135,581.25	-
02/01/2028	-	129,125.00	129,125.00	-	135,581.25	271,162.50
08/01/2028	-	129,125.00	129,125.00	-	135,581.25	-
02/01/2029	-	129,125.00	129,125.00	-	135,581.25	271,162.50
08/01/2029	-	129,125.00	129,125.00	-	135,581.25	-
02/01/2030	-	129,125.00	129,125.00	-	135,581.25	271,162.50
08/01/2030	-	129,125.00	129,125.00	-	135,581.25	-
02/01/2031	-	129,125.00	129,125.00	-	135,581.25	271,162.50
08/01/2031	-	129,125.00	129,125.00	-	135,581.25	-
02/01/2032	-	129,125.00	129,125.00	-	135,581.25	271,162.50
08/01/2032	-	129,125.00	129,125.00	-	135,581.25	-
02/01/2033	-	129,125.00	129,125.00	-	135,581.25	271,162.50
08/01/2033	-	129,125.00	129,125.00	-	135,581.25	-
02/01/2034	-	129,125.00	129,125.00	-	135,581.25	271,162.50
08/01/2034	-	129,125.00	129,125.00	-	135,581.25	-
02/01/2035	-	129,125.00	129,125.00	-	135,581.25	271,162.50
08/01/2035	-	129,125.00	129,125.00	-	135,581.25	-
02/01/2036	-	129,125.00	129,125.00	-	135,581.25	271,162.50
08/01/2036	-	129,125.00	129,125.00	-	135,581.25	-
02/01/2037	-	129,125.00	129,125.00	-	135,581.25	271,162.50
08/01/2037	-	129,125.00	129,125.00	-	135,581.25	-
02/01/2038	-	129,125.00	129,125.00	-	135,581.25	271,162.50
08/01/2038	-	129,125.00	129,125.00	-	135,581.25	-
02/01/2039	-	129,125.00	129,125.00	-	135,581.25	271,162.50
08/01/2039	-	129,125.00	129,125.00	-	135,581.25	-
02/01/2040	935,000.00	129,125.00	1,064,125.00	-	1,117,331.25	1,252,912.50
08/01/2040	-	105,750.00	105,750.00	-	111,037.50	-
02/01/2041	980,000.00	105,750.00	1,085,750.00	-	1,140,037.50	1,251,075.00
08/01/2041	-	81,250.00	81,250.00	-	85,312.50	-
02/01/2042	1,030,000.00	81,250.00	1,111,250.00	-	1,166,812.50	1,252,125.00
08/01/2042	-	55,500.00	55,500.00	-	58,275.00	-
02/01/2043	1,085,000.00	55,500.00	1,140,500.00	-	1,197,525.00	1,255,800.00
08/01/2043	-	28,375.00	28,375.00	-	29,793.75	-
02/01/2044	1,135,000.00	28,375.00	1,163,375.00	-	1,221,543.75	1,251,337.50
Total	\$5,165,000.00	\$4,642,903.47	\$9,807,903.47	(227,403.47)	\$10,059,525.00	-

Date And Term Structure

Dated	3/14/2024
Delivery Date	3/14/2024
First Coupon Date	8/01/2024

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ISD No. 110 (Waconia)

\$10,320,000 - G.O. Facilities Maintenance Bonds, Series 2025A

Dated: February 1, 2025

Rates as of 12-1-23 + 100 bps

MN 105% Net Debt Service

Date	Principal	Interest	Total P+I	CIF	105% Debt Serv.	Fiscal Total
02/01/2025	-	-	-	-	-	-
08/01/2025	-	309,600.00	309,600.00	(15,000.00)	309,330.00	-
02/01/2026	-	309,600.00	309,600.00	-	325,080.00	634,410.00
08/01/2026	-	309,600.00	309,600.00	-	325,080.00	-
02/01/2027	30,000.00	309,600.00	339,600.00	-	356,580.00	681,660.00
08/01/2027	-	308,700.00	308,700.00	-	324,135.00	-
02/01/2028	55,000.00	308,700.00	363,700.00	-	381,885.00	706,020.00
08/01/2028	-	307,050.00	307,050.00	-	322,402.50	-
02/01/2029	355,000.00	307,050.00	662,050.00	-	695,152.50	1,017,555.00
08/01/2029	-	296,400.00	296,400.00	-	311,220.00	-
02/01/2030	380,000.00	296,400.00	676,400.00	-	710,220.00	1,021,440.00
08/01/2030	-	285,000.00	285,000.00	-	299,250.00	-
02/01/2031	515,000.00	285,000.00	800,000.00	-	840,000.00	1,139,250.00
08/01/2031	-	269,550.00	269,550.00	-	283,027.50	-
02/01/2032	550,000.00	269,550.00	819,550.00	-	860,527.50	1,143,555.00
08/01/2032	-	253,050.00	253,050.00	-	265,702.50	-
02/01/2033	580,000.00	253,050.00	833,050.00	-	874,702.50	1,140,405.00
08/01/2033	-	235,650.00	235,650.00	-	247,432.50	-
02/01/2034	615,000.00	235,650.00	850,650.00	-	893,182.50	1,140,615.00
08/01/2034	-	217,200.00	217,200.00	-	228,060.00	-
02/01/2035	650,000.00	217,200.00	867,200.00	-	910,560.00	1,138,620.00
08/01/2035	-	197,700.00	197,700.00	-	207,585.00	-
02/01/2036	835,000.00	197,700.00	1,032,700.00	-	1,084,335.00	1,291,920.00
08/01/2036	-	172,650.00	172,650.00	-	181,282.50	-
02/01/2037	640,000.00	172,650.00	812,650.00	-	853,282.50	1,034,565.00
08/01/2037	-	153,450.00	153,450.00	-	161,122.50	-
02/01/2038	920,000.00	153,450.00	1,073,450.00	-	1,127,122.50	1,288,245.00
08/01/2038	-	125,850.00	125,850.00	-	132,142.50	-
02/01/2039	975,000.00	125,850.00	1,100,850.00	-	1,155,892.50	1,288,035.00
08/01/2039	-	96,600.00	96,600.00	-	101,430.00	-
02/01/2040	570,000.00	96,600.00	666,600.00	-	699,930.00	801,360.00
08/01/2040	-	79,500.00	79,500.00	-	83,475.00	-
02/01/2041	605,000.00	79,500.00	684,500.00	-	718,725.00	802,200.00
08/01/2041	-	61,350.00	61,350.00	-	64,417.50	-
02/01/2042	640,000.00	61,350.00	701,350.00	-	736,417.50	800,835.00
08/01/2042	-	42,150.00	42,150.00	-	44,257.50	-
02/01/2043	680,000.00	42,150.00	722,150.00	-	758,257.50	802,515.00
08/01/2043	-	21,750.00	21,750.00	-	22,837.50	-
02/01/2044	725,000.00	21,750.00	746,750.00	-	784,087.50	806,925.00
Total	\$10,320,000.00	\$7,485,600.00	\$17,805,600.00	(15,000.00)	\$18,680,130.00	-

Date And Term Structure

Dated	2/01/2025
Delivery Date	2/01/2025
First Coupon Date	8/01/2025

4. **Superintendent Updates**

Presenter: Brian
Gersich,
Superintendent

5. **Enter Closed Meeting RE: Superintendent
Evaluation**