

Finance & Facilities Committee

Monday, June 8, 2026 6:00 PM

District Office Conf Rm B, 512 Industrial Blvd., Waconia, MN 55387

1. **Excess IAQ Funds - Future Funding Options and
10-Year LTFM Planning Considerations**

Presenter: Michael
Hart



MEMORANDUM

TO: ISD 110 Finance Committee

FROM: Pam Carman, Director of Finance & Operations

DATE: June 8, 2026

SUBJECT: Excess IAQ Funds – Future Funding Options and Long-Range Planning Considerations

Purpose

The purpose of this discussion is to provide the Finance Committee with an overview of potential options for the remaining Indoor Air Quality (IAQ) bond proceeds and to obtain feedback as the District develops its 10-Year Long-Term Facilities Maintenance (LTFM) Plan. The intent is to provide additional insights based on the conversation from our May work session.

Background

At the May 11, 2026 work session, SiteLogIQ presented an update on the District's facility planning efforts, including the completion of the High School and District Office IAQ project and future facility needs identified through the District's comprehensive facilities assessment process.

The successful completion of the IAQ project, combined with favorable project outcomes and financing conditions, has resulted in approximately \$750,000 of remaining IAQ bond proceeds available for future consideration. As the District develops its 10-Year LTFM Plan, an opportunity exists to evaluate how these funds may support future facility priorities, including potential IAQ-related improvements at Waconia Middle School.

This discussion is intended to continue the conversation initiated on May 11 by providing additional financial context regarding available options, timing considerations, tax impacts, and potential tradeoffs. The discussion will also explore the risks, benefits, costs, and operational implications associated with each option, including how future capital investments, interim maintenance needs, and available funding resources may influence the District's long-range facility planning priorities.



PMA Securities part of:

PTMA
FINANCIAL SOLUTIONS

ISD 110 WACONIA PUBLIC SCHOOLS

Michael Hart

Vice President, Managing Director

Michael.hart@ptma.com

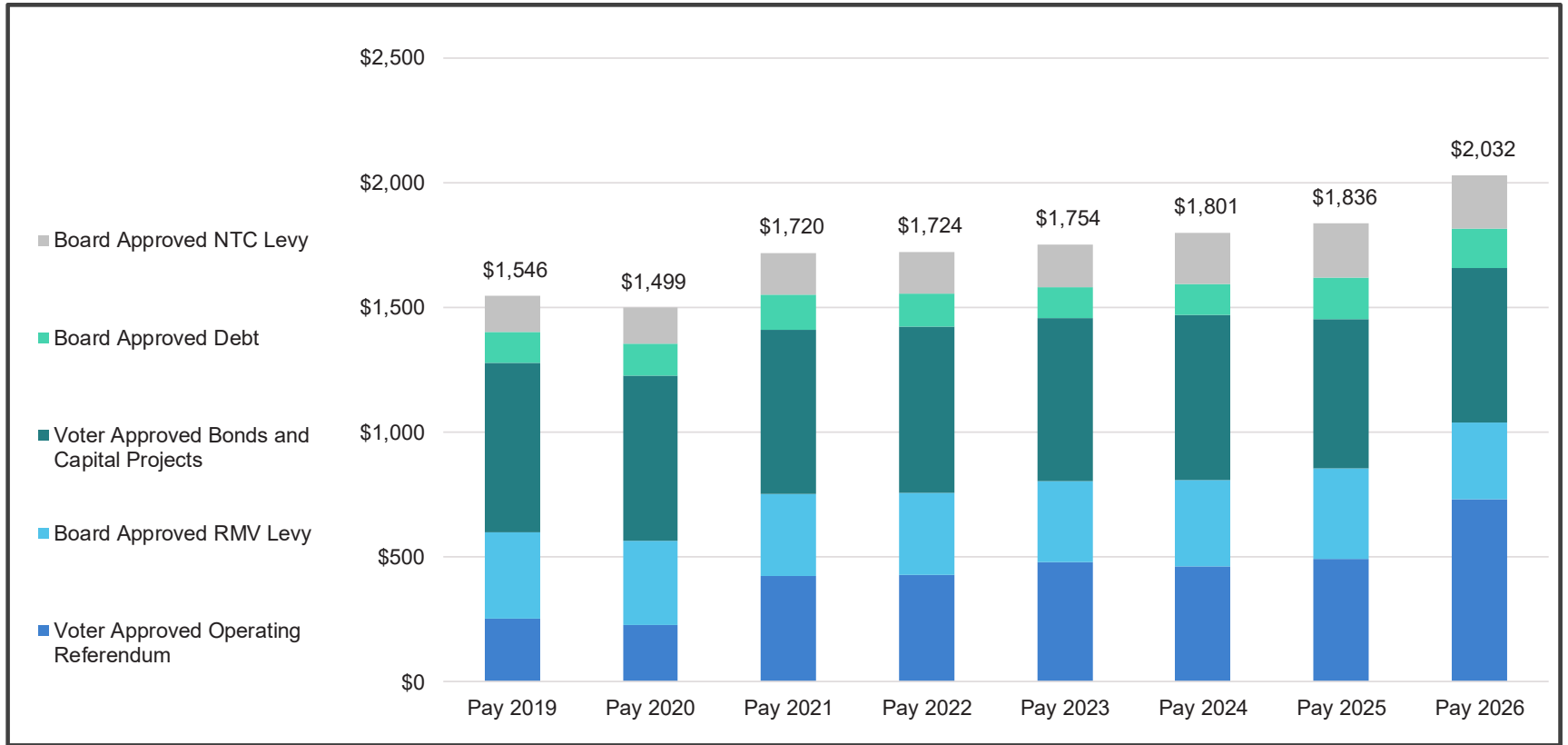
612-509-2569

June 8, 2026



Waconia Public School District

Residential Homestead School Tax Trend

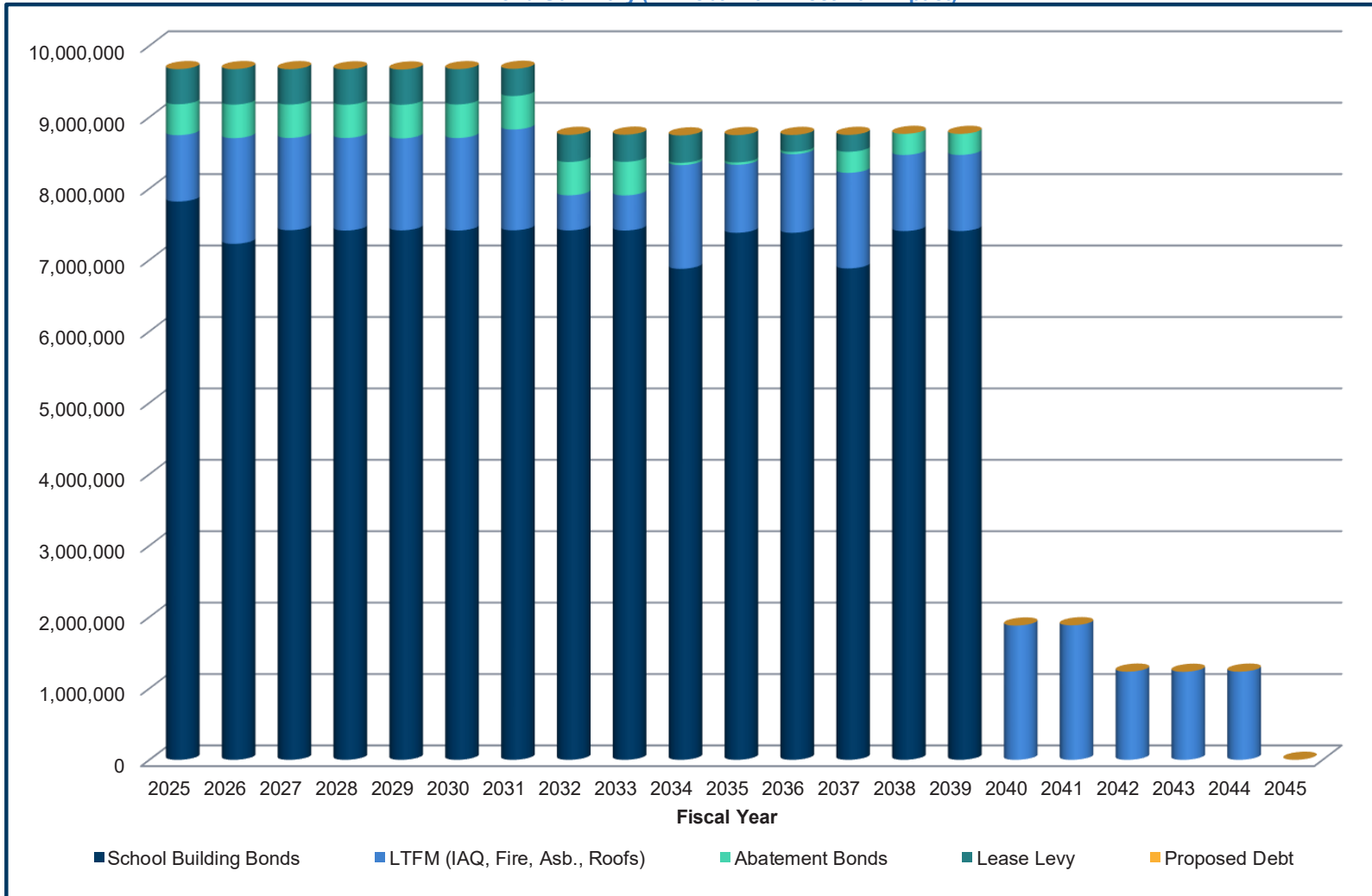


	Pay 2019	Pay 2020	Pay 2021	Pay 2022	Pay 2023	Pay 2024	Pay 2025	Pay 2026
Home Value*	291,000	299,700	308,700	318,000	394,900	418,600	428,600	450,000
Voter Approved Operating Referendum	255	229	425	428	480	465	491	731
Board Approved RMV Levy	345	336	327	329	325	342	366	307
Voter Approved Bonds and Capital Projects	677	664	659	667	651	662	597	621
Board Approved Debt	127	127	143	130	127	126	166	157
Board Approved NTC Levy	143	143	167	170	171	205	216	215
Total School Taxes	\$ 1,546	\$ 1,499	\$ 1,720	\$ 1,724	\$ 1,754	\$ 1,801	\$ 1,836	\$ 2,032



CURRENT OUTSTANDING DEBT WITH TAX IMPACT

ISD No. 110, Waconia
Bond Summary (All Debt with Direct Tax Impact)





Middle School Indoor Air Quality Project

- \$11.4 million estimated cost
 - In 2027 construction dollars
- \$750,000 remaining funds from prior IAQ project
 - Could be applied to future IAQ project or
 - Returned to taxpayers



Project Implementation Financial Consideration

- When does the project need to be completed?
- Levy Cycle Timelines?
 - LTFM plan approval process each summer for following year levy
- Construction Inflation
- Voter Approved or Board Approved Financing



Project Implementation Options

1. Align project with future referendum
2. LTFM (+) Funding approved in July 2026
 - Levy starts in Pay 2027
3. LTFM(+) Funding approved after July 2026
 - Levy starts no earlier than Pay 2028
 - Potential for construction cost inflation
4. Return Funds to taxpayers
 - Need to spend funds or return within timeframe



TAX IMPACTS

	July 2026 Approval 2027 Const.	Post July Approval 2027 Const.	Post July Approval 2028 Const.	Return Funds One year only
Project Amount	\$11,400,000	\$11,400,000	\$12,000,000	
Prior Bond Funds Applied to Project	\$750,000	\$750,000	\$750,000	
Term of Bond	20	19.5	19.5	
Pay 27 Levy Increase at 105%	\$875,737			-\$750,000
Pay 28 Levy Increase at 105%		\$946,982	\$999,410	
District NTC Value (Pay 26)	46,916,330	46,916,330	46,916,330	46,916,330
Additional NTC Tax Rate	1.87%	2.02%	2.13%	-1.60%
Property Type	Estimated Annual Tax Increase			
Est. Market Value				

Property Type	Est. Market Value	July 2026 Approval 2027 Const.	Post July Approval 2027 Const.	Post July Approval 2028 Const.	Return Funds One year only
Residential Homestead	\$200,000	\$32	\$35	\$37	-\$27
	300,000	52	57	60	-45
	400,000	73	79	83	-62
	450,000	83	90	95	-71
	500,000	93	101	106	-80
	600,000	117	126	133	-100
	700,000	140	151	160	-120

Bond scenarios assume a level debt service structure with a final maturity in 2047 with no estimated growth to the District property valuations



CONTACT US



Steve Pumper

SVP, Financial Consultant
612-509-2565
steve.pumper@ptma.com



Michael Hart

VP, Managing Director
612-509-2569
michael.hart@ptma.com



Bill Menozzi

Director, Public Finance
612-509-2567
bill.menozzi@ptma.com

Website:
www.ptma.com



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 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, institutional brokerage services and municipal advisory 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. Public Trust Advisors, LLC, PMA Financial Network, LLC, PMA Securities, LLC and PMA Asset Management, LLC are under common ownership as part of PTMA Financial Solutions, LLC ("PTMA"). Public Trust Advisors, LLC and PMA Asset Management, LLC, are two separate SEC registered investment advisers, both doing business as PTMA Investment Advisors. PTMA Investment Advisors provides investment advisory services to local government investment pools ("Funds") and separate accounts. All other products are provided by PMA Financial Network, LLC.

Securities and public finance services offered through PMA Securities, LLC are available in AZ, CA, CO, CT, FL, GA, IL, IN, IA, MI, MN, MO, NE, NH, NJ, NY, NC, 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 ptma.com.

© 2026 PMA Securities, LLC

v01.14.26

2. **Draft 26-27 Budget Book**

Presenter: Pam Carmen



2026-27

ORIGINAL ADOPTED BUDGET

Board Approved June 22, 2026



TABLE OF CONTENTS

Message from the Superintendent and Director of Finance & Operations	Page 3
School Board and District Leadership	Page 4
Introduction and Strategic Vision & Priorities	Page 5
District Overview	Page 6
Government Fund Structure	Page 7
Expenditure Structures	Page 8
Governance and Financial Oversight	Page 9
Economic Condition and Outlook	Pages 10-11
Enrollment Trends and Projections	Pages 12-17
Key Budget Highlights	Page 18
Financial Overview - All Funds	Pages 19-22
Fund 01 - General Fund Summary	Pages 23-27
Fund 02 - Food Service Fund	Pages 28-29
Fund 04 - Community Service Fund	Pages 30-32
Fund 06 - Building Construction Fund	Page 33
Fund 07 - Debt Service Fund	Page 34
Fund 08 - Trust/Scholarship Fund	Page 35
Fund 20 - Internal Service Fund	Page 36
Fund 45 - Other Post-Employment Benefits Fund	Page 37
Strategic Outlook	Page 38
Appendix A - School Board Policies	Pages 39-40
Appendix B - General Fund Expenditures by Program Code	Pages 41-43
Appendix C - Fund Balance Classifications & Historical General Fund Balance Information	Pages 44-49

Message from the Superintendent and Director of Finance & Operations

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

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

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

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


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

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

With gratitude,



Dr. Brian Gersich
Superintendent of Schools



Pam Carman
Director of Finance & Operations

INDEPENDENT SCHOOL DISTRICT NO. 110



BOARD OF EDUCATION

Kelly Amott, Chair

Jesse Bergstrom, Vice Chair/Clerk

Kimberly Kelzer-Breeden, Treasurer

Heather Arnita, Director

Melanie Hagen, Director

Ryan Rosin, Director

Amanda Wilson, Director

DISTRICT LEADERSHIP

Dr. Brian Gersich, Superintendent

Pam Carman, Director of Finance & Operations

Jeni Super, Director of Human Resources

Erika Nesvig, Director of Educational Services

Paul Tordoff, Director of Special Education

Matt Thomas, Director of Communications

Tim Bisek, Director of Buildings & Grounds

Steven Jensen, Director of Community Education

Barb Schank, Director of Nutritional Services

INTRODUCTION

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

Strategic Vision and Priorities

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

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

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

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

The graphic is a purple and white layout for the Waconia Public Schools 2024-2028 Strategic Plan. It features the district logo and name at the top right. The main content is organized into several sections: 'OUR MISSION' and 'OUR VISION' at the top; 'OUR CORE VALUES' on the left, listing Respect, Collaboration, Inclusiveness, Empathy, and Resilience; and 'OUR STRATEGIC DIRECTIONS' on the right, which includes three columns for 'Student Outcomes', 'Student & Staff Experience', and 'Systems & Structures', each with a circular image and a list of goals. A row of five small photos is placed between the mission and core values sections.

WACONIA PUBLIC SCHOOLS
2024-2028 Strategic Plan

WACONIA
PUBLIC SCHOOLS ISD 110

OUR MISSION
ISD 110 maximizes opportunities for all students to **explore their passions and create their success** by committing to a community that includes academic rigor, social growth, and emotional wellbeing.

OUR VISION
ISD 110 commits to:

- Inspiring students to explore a variety of pathways including academic offerings and extracurricular activities that will allow them to recognize who they are and who they will become.
- Fostering a community with a collective sense of belonging and wellbeing.
- Establishing efficient systems and structures as part of a world-class school district that will create opportunities for staff to engage in innovative teaching and students to experience academic success.

OUR CORE VALUES

Respect
We honor and listen to all voices to ensure everyone feels valued.

Collaboration
We achieve our common goals through trust, teamwork, and partnership.

Inclusiveness
We welcome all and seek multiple perspectives to create one connected community.

Empathy
We listen and act with genuine care.

Resilience
We empower one another and persevere with courage, determination, and optimism.

OUR STRATEGIC DIRECTIONS

Student Outcomes

- Evaluation of elementary student performance on MCAs.
- Assessment of middle school student performance on MCAs.
- Evaluation of high school student readiness for post-high school success.

Student & Staff Experience

- Foster a physically and emotionally safe environment within the school.
- Promote recognition and responsiveness to cultural commonalities and differences, ensuring all individuals feel welcomed, respected, and heard.
- Provide access to inclusive academic, leadership, service, and social opportunities for all community members.

Systems & Structures

- Effective management of financial resources to support the school's mission and goals.
- Proactive planning for and maintenance of facilities to ensure a conducive learning environment.
- Monitoring and promotion of student enrollment to sustain and enhance the school community.

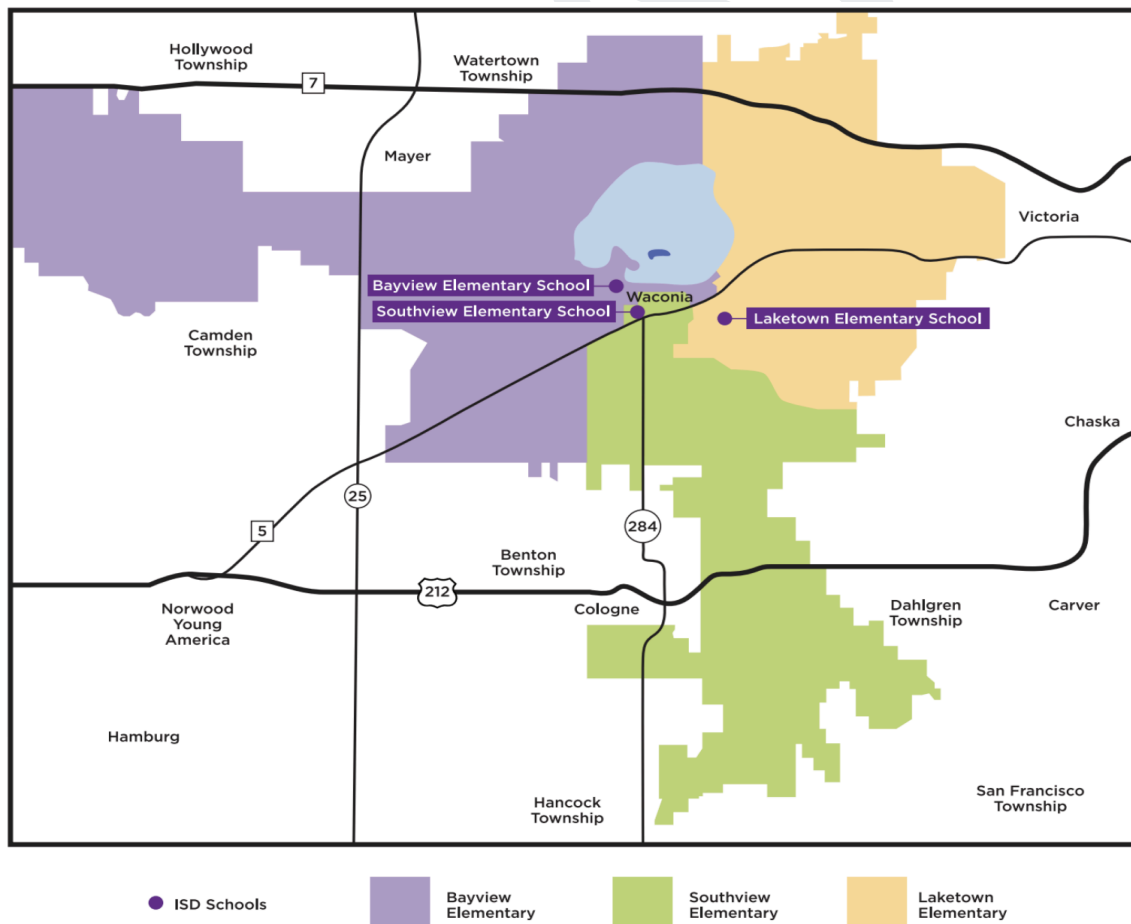
DISTRICT OVERVIEW

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

The district includes:

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

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



GOVERNMENT FUND STRUCTURE

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

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

General Fund (Fund 01)

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

Food Service Fund (Fund 02)

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

Community Services Fund (Fund 04)

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

Building Construction Fund (Fund 06)

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

Debt Service Fund (Fund 07)

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

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

EXPENDITURE STRUCTURES

EXPENDITURES BY PROGRAM

ADMINISTRATION

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

DISTRICT SUPPORT SERVICES

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

ELEMENTARY AND SECONDARY REGULAR INSTRUCTION

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

VOCATIONAL INSTRUCTION

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

SPECIAL EDUCATION INSTRUCTION

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

INSTRUCTIONAL SUPPORT SERVICES

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

PUPIL SUPPORT SERVICES

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

SITES AND BUILDINGS

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

FISCAL AND OTHER FIXED COSTS

Fiscal and fixed cost activities that are recorded elsewhere.

EXPENDITURES BY OBJECT

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

SALARIES

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

BENEFITS

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

PURCHASED SERVICES

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

SUPPLIES AND MATERIALS

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

CAPITAL

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

DEBT SERVICE

Principal and interest payments for bonded debt.

OTHER EXPENDITURES

All other expenditure not classified in other categories.

GOVERNANCE AND FINANCIAL OVERSIGHT

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

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

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

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

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

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

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

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

ECONOMIC CONDITION AND OUTLOOK

State Funding Landscape

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

Legislative Update

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

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

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

Key statewide education policy changes include:

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

Local Referenda and Voter Support

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

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

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

ENROLLMENT TRENDS AND PROJECTIONS

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

Understanding ADM

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

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

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

Factors Influencing Future Enrollment

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

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

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

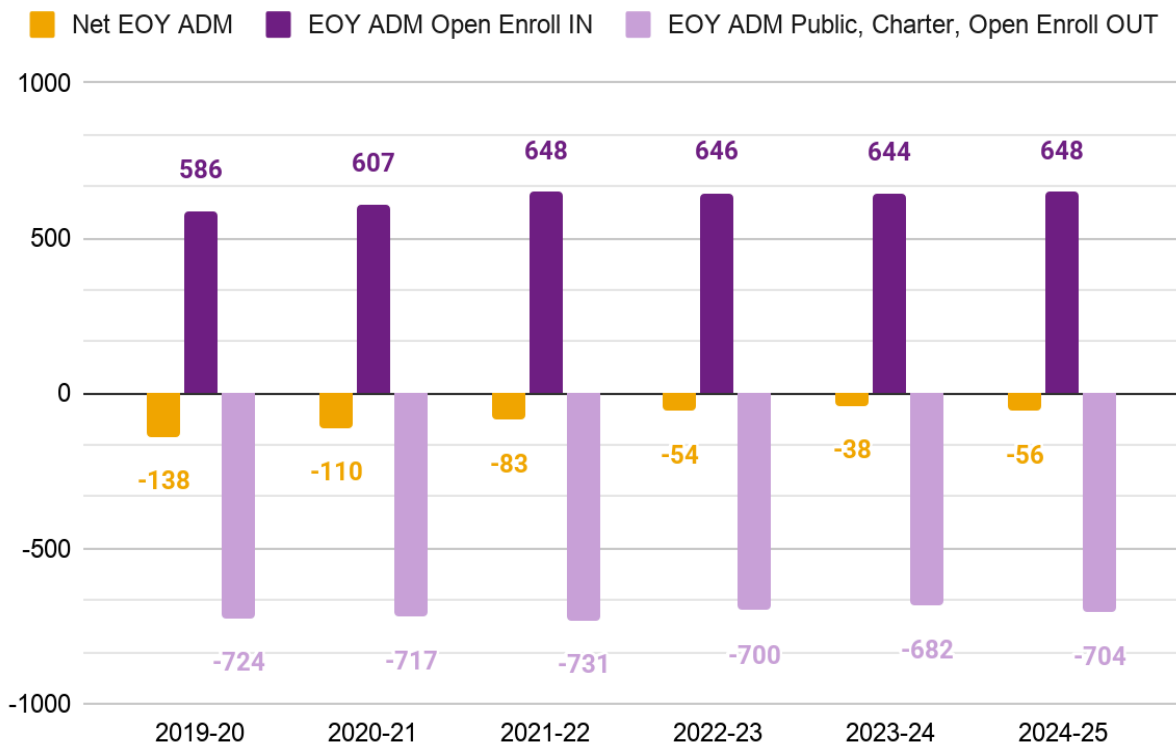
Open Enrollment Patterns

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

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

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

EOY ADM Net Open Enrollment Including Charter



Resident Capture Rate (EC-12)

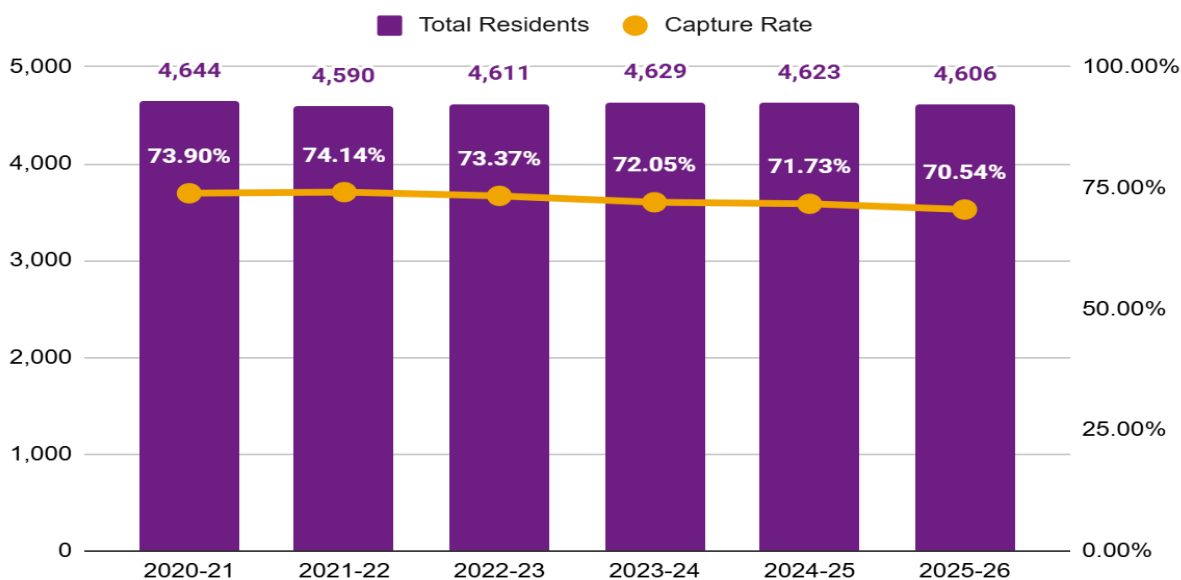
Resident capture rate represents the percentage of school-age children residing within the District who attend Waconia Public Schools. This metric provides insight into the District's ability to attract and retain resident students in an environment where families have a variety of educational choices.

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

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

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

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



Kindergarten Capture Rate

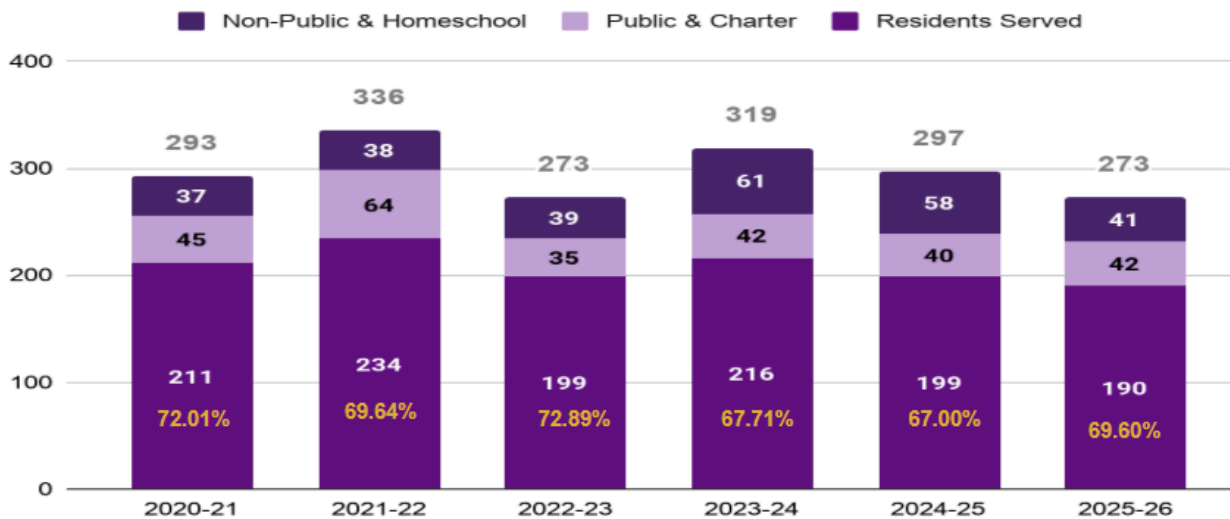
Kindergarten enrollment trends often serve as an early indicator of longer-term enrollment patterns and provide insight into the educational choices families make when entering the K–12 system.

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

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

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

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



Other Public, Private, Parochial, and Homeschool Impact

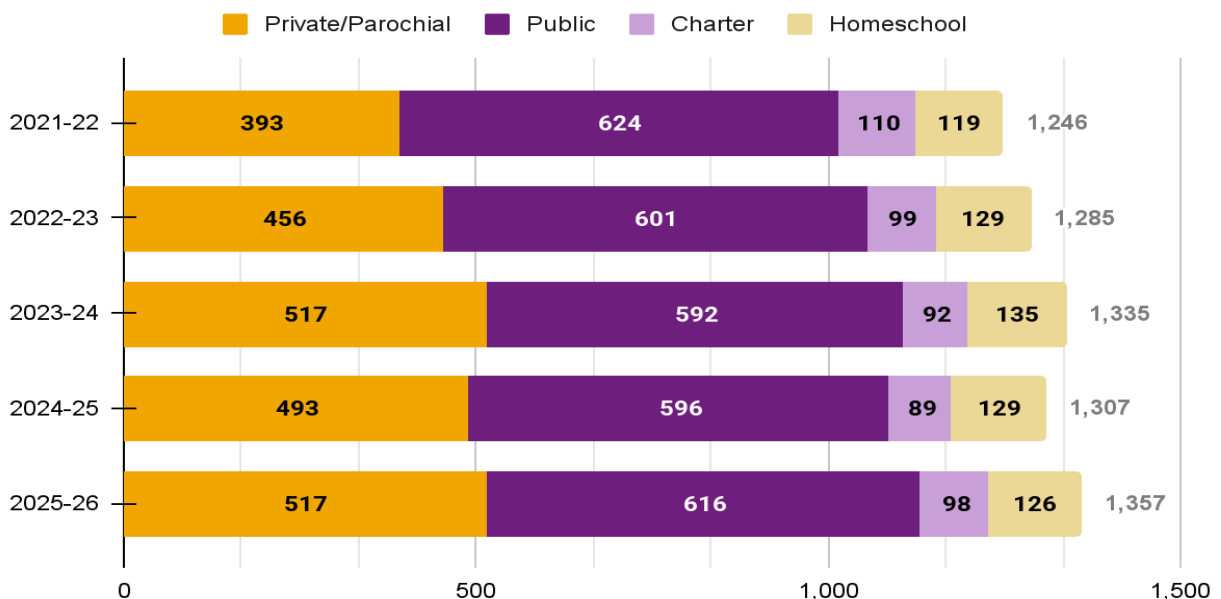
Resident students attending other public school districts, charter schools, private and parochial schools, and homeschool programs represent a significant portion of the District's school-age population.

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

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

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

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

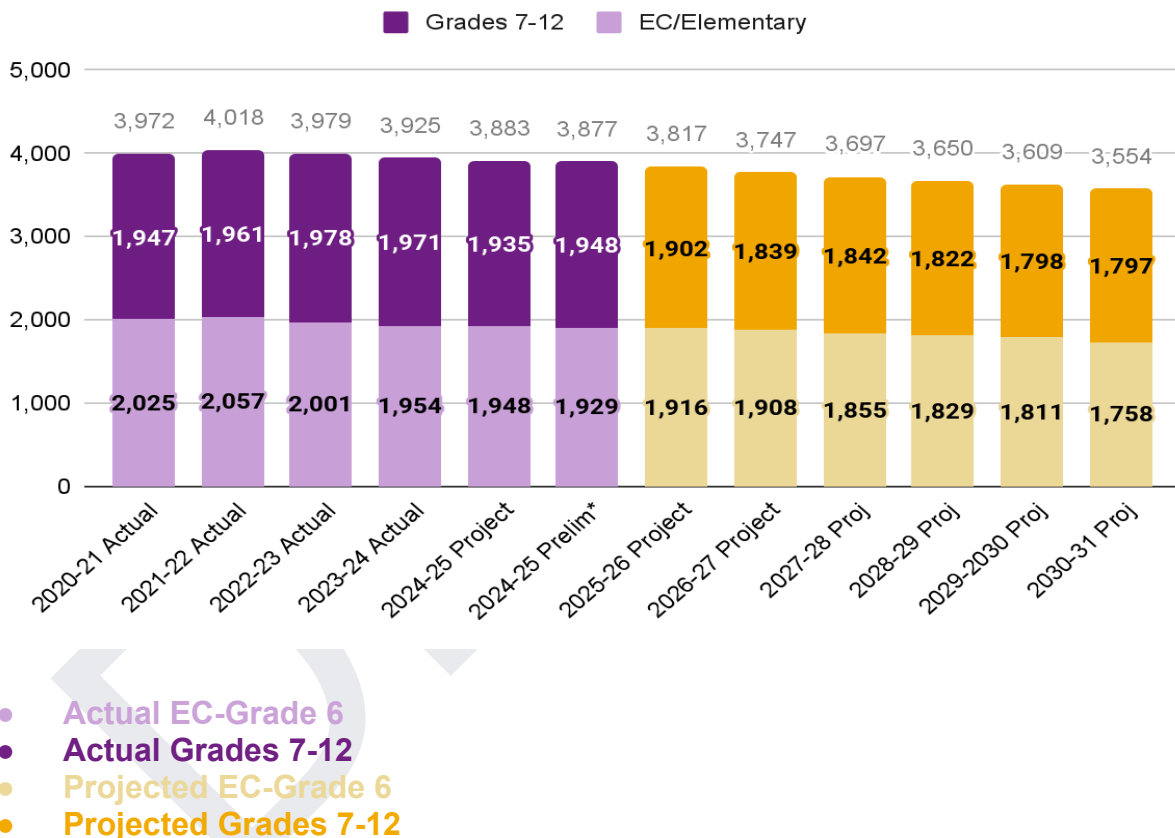


Enrollment History & Projections

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

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

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



Key Enrollment Takeaways:

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

Key Budget Highlights

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

Positive Fund Balance

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

Stable Enrollment Outlook

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

Student-Centered Investment

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

Operational Efficiency

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

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

FINANCIAL OVERVIEW – ALL FUNDS

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

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

The annual budget is developed and maintained in compliance with:

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

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

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

BUDGET OVERVIEW

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

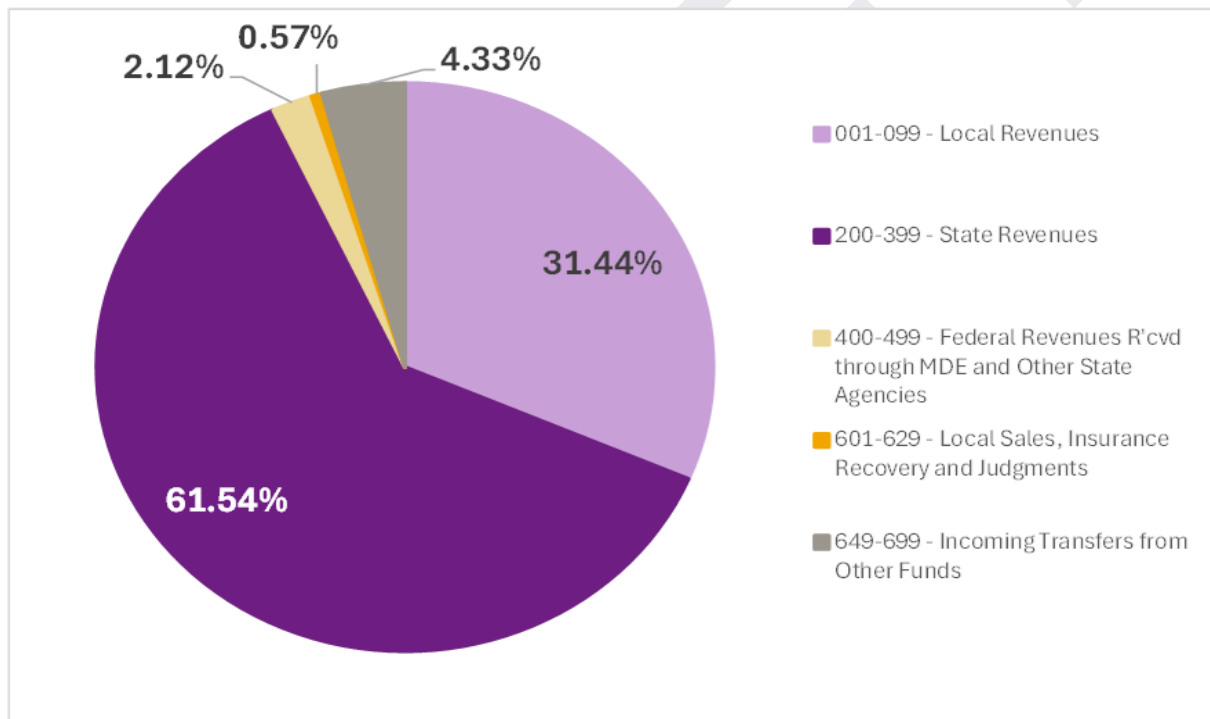
	Operating and Non-Operating Funds		
	Budget Fiscal Year 2027		
	2024-25	2025-26	2026-27
	Audited Results	Revised Budget	Original Adopted Budget
Revenues:			
General Fund - Fund 01	\$ 56,900,516	\$ 56,890,482	\$ 60,205,991
Food Service - Fund 02	\$ 3,304,656	\$ 3,125,976	\$ 3,068,976
Community Service - Fund 04	\$ 4,247,810	\$ 4,240,702	\$ 4,472,973
Debt Service - Fund 07	\$ 9,649,275	\$ 9,737,900	\$ 9,938,723
Total Revenue Excluding Construction	\$ 74,102,257	\$ 73,995,060	\$ 77,686,663
Building Construction - Fund 06	\$ 255,958	\$ 246,000	\$ 55,000
Total Revenues - Operating and Non-Operating Funds	\$ 74,358,215	\$ 74,241,060	\$ 77,741,663
Expenditures:			
General Fund - Fund 01	\$ 51,795,270	\$ 56,353,420	\$ 59,269,889
Food Service - Fund 02	\$ 3,138,795	\$ 3,708,610	\$ 3,564,549
Community Service - Fund 04	\$ 4,136,903	\$ 4,238,543	\$ 4,382,625
Debt Service - Fund 07	\$ 21,790,483	\$ 9,737,900	\$ 9,938,723
Total Expenditures Excluding Construction	\$ 80,861,451	\$ 74,038,473	\$ 77,155,786
Building Construction - Fund 06	\$ 5,459,450	\$ 9,384,517	\$ -
Total Expenditures - Operating and Non-Operating Funds	\$ 86,320,901	\$ 83,422,990	\$ 77,155,786
Proprietary & Fiduciary Funds			
Budget Fiscal Year 2027			
	2024-25	2025-26	2026-27
	Audited Results	Revised Budget	Original Adopted Budget
Revenues:			
Trust/Scholarship Fund - Fund 08	\$ 12,950	\$ 10,000	\$ -
Proprietary Fund - Internal Service Fund - Fund 20	\$ 418,183	\$ 485,000	\$ 485,000
Fiduciary Fund - Other Post-Employment Benefits (OPEB) - Fund 45	\$ 439,769	\$ 147,000	\$ 147,000
Total Revenues - Proprietary and Fiduciary Funds	\$ 870,902	\$ 642,000	\$ 632,000
Total Revenues - ALL FUNDS	\$ 75,229,117	\$ 74,883,060	\$ 78,373,663
Expenditures:			
Trust/Scholarship Fund - Fund 08	\$ 10,250	\$ 10,000	\$ -
Proprietary Fund - Internal Service Fund - Fund 20	\$ 442,895	\$ 485,000	\$ 485,000
Fiduciary Fund - Other Post-Employment Benefits (OPEB) - Fund 45	\$ 361,101	\$ 147,000	\$ 147,000
Total Expenditures - Proprietary and Fiduciary Funds	\$ 814,246	\$ 642,000	\$ 632,000
Total Expenditures - ALL FUNDS	\$ 87,135,147	\$ 84,064,990	\$ 77,787,786

Revenue Overview

Waconia Public Schools receives funding from the following sources:

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

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



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

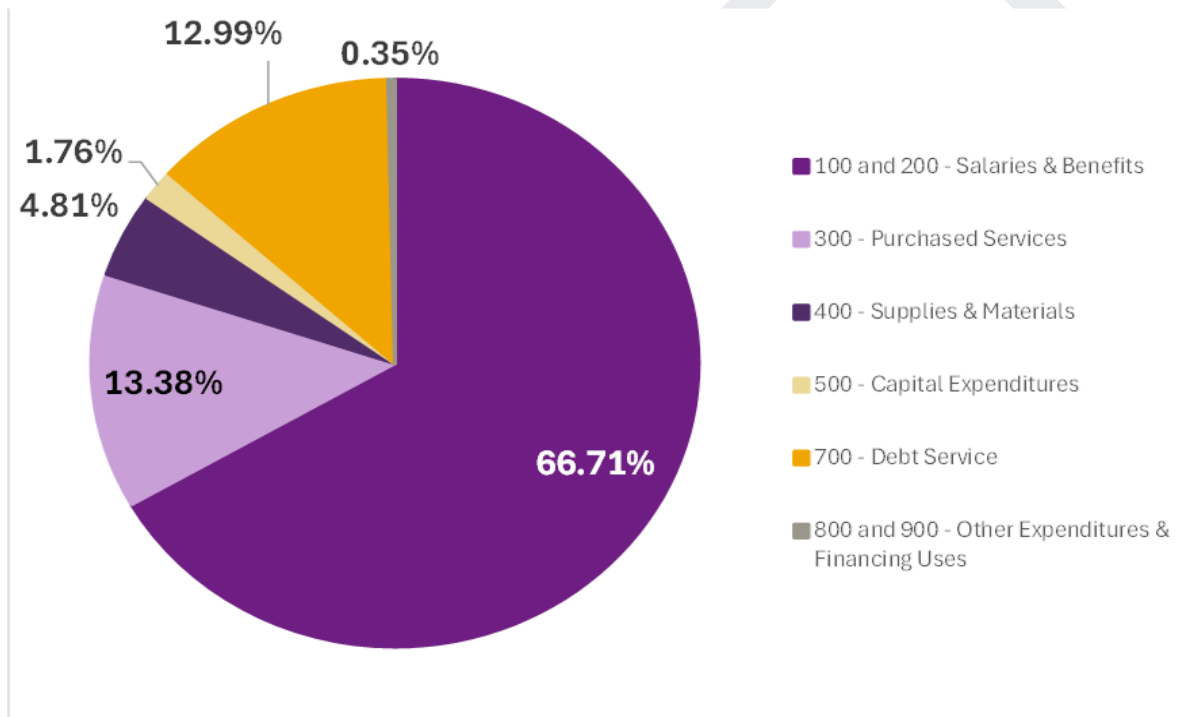
Please note that Fiduciary and Proprietary Funds are not included in the above chart.

Expenditure Overview

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

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

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



Expenditure Object Category	Amount
100 and 200 - Salaries & Benefits	\$ 51,470,653
300 - Purchased Services	\$ 10,321,999
400 - Supplies & Materials	\$ 3,714,118
500 - Capital Expenditures	\$ 1,355,976
700 - Debt Service	\$ 10,020,010
800 and 900 - Other Expenditures & Financing Uses	\$ 273,030
Total Expenditures - Operating and Non-Operating Funds	\$ 77,155,786

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

FUND 01 – GENERAL FUND SUMMARY

	General Fund - Fund 01		
	Budget Fiscal Year 2027		
	2024-25	2025-26	2026-27
	Audited Results	Revised Budget	Original Adopted Budget
Revenues:			
Local Property Taxes	\$ 10,260,902	\$ 10,089,990	\$ 12,913,947
Investment Earnings	\$ 429,245	\$ 250,000	\$ 300,000
Other Local Revenue	\$ 1,609,460	\$ 1,494,246	\$ 1,381,760
State Aid	\$ 43,706,015	\$ 43,976,030	\$ 44,715,244
Federal Aid	\$ 894,894	\$ 1,074,916	\$ 895,040
Local Sales, Insurance Recovery & Judgements	\$ -	\$ 5,300	\$ -
Total Revenues	\$ 56,900,516	\$ 56,890,482	\$ 60,205,991
Expenditures:			
Salaries & Benefits	\$ 39,936,263	\$ 43,208,364	\$ 46,683,038
Purchased Services	\$ 8,344,460	\$ 8,873,625	\$ 9,040,517
Supplies & Materials	\$ 1,869,383	\$ 2,300,452	\$ 1,998,191
Capital Expenditures	\$ 1,293,468	\$ 1,618,849	\$ 1,199,776
Debt Service	\$ 83,267	\$ 81,287	\$ 81,287
Other Expenditures	\$ 268,429	\$ 270,843	\$ 267,080
Total Expenditures	\$ 51,795,270	\$ 56,353,420	\$ 59,269,889
Other Financing Sources (Uses):			
Transfers In	\$ -	\$ -	\$ -
Transfer Out	\$ -	\$ -	\$ -
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -
Fund Balances:			
Net Change in Fund Balance	\$ 5,105,246	\$ 537,062	\$ 936,102
Beginning of Year	\$ 4,555,778	\$ 9,661,024	\$ 10,198,086
End of Year	\$ 9,661,024	\$ 10,198,086	\$ 11,134,188

GENERAL FUND

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

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

Revenue Assumptions for FY2026-27

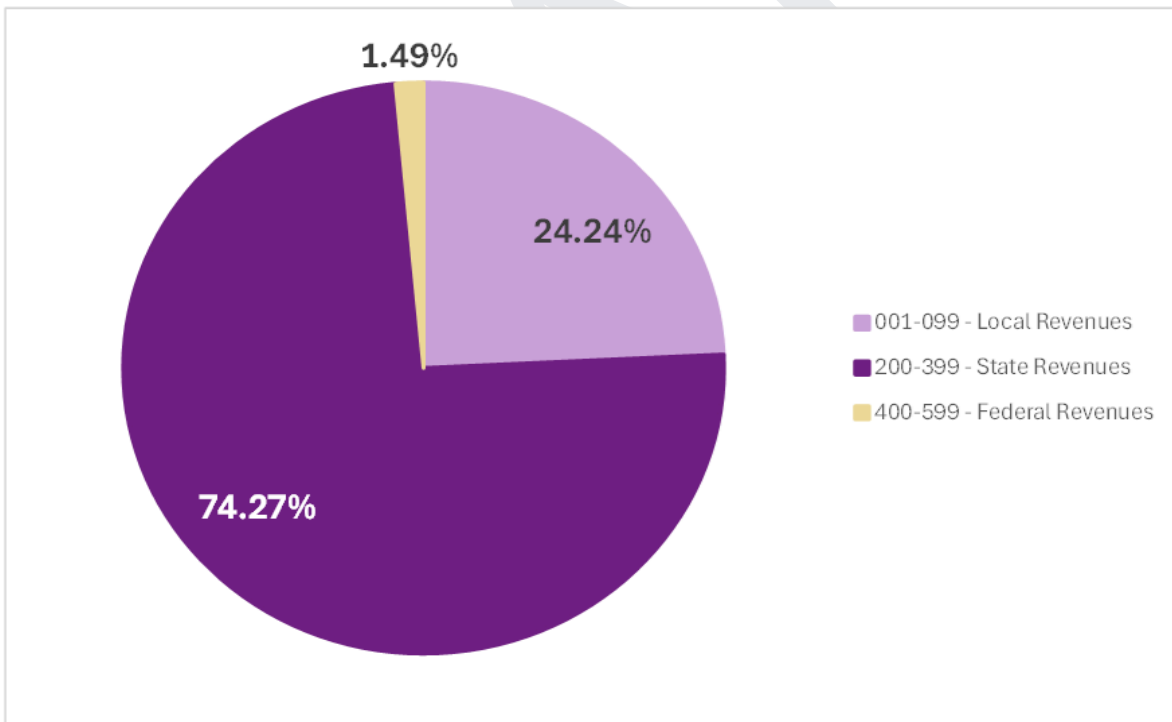
- **Student Enrollment:** The adopted budget is based on an ADM of 3,747 students.
- **General Education Formula Allowance:** Reflects a 2.69% increase to \$7,683 per pupil unit.
- **Operating Referendum:** Includes voter approval of the \$731 per pupil unit operating referendum.
- **Compensatory Revenue:**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

Revenue Outlook

Estimated General Fund Revenues: \$60,205,991

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

**2026-27 Revenue Budget
General Fund – By Source**



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

Expenditure Assumptions:

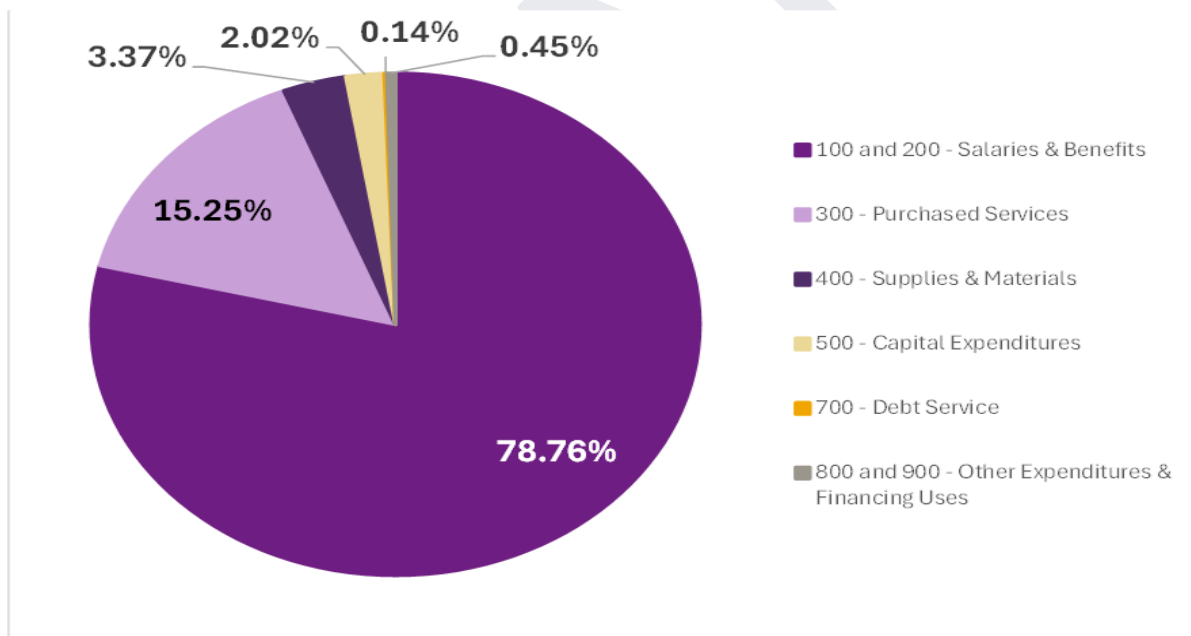
- **Staffing Adjustments:** Addition of 1.00 FTE Elementary Media Specialist, and all other staffing levels have been adjusted to align with projected enrollment trends across elementary, middle school, and high school grade levels.
- **Employee Salary & Benefits:** Reflects salary and benefit increases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

Expenditure Outlook

Estimated General Fund Expenditures: \$59,269,889

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

2026-27 Expenditure Budget General Fund – By Object



Expenditure Object Category	Amount
100 and 200 - Salaries & Benefits	\$ 46,683,038
300 - Purchased Services	\$ 9,040,517
400 - Supplies & Materials	\$ 1,998,191
500 - Capital Expenditures	\$ 1,199,776
700 - Debt Service	\$ 81,287
800 and 900 - Other Expenditures & Financing Uses	\$ 267,080
Total Expenditures - Operating and Non-Operating Funds	\$ 59,269,889

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

Fund Balance Policy - General Fund

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

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

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

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

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

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

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

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

General Fund Balance Report

Equity Balance Sheet Code	FY2025	FY2026	FY2026	FY2026	FY2026	FY2027	FY2027	FY2027	FY2027	
	Ending Fund	Final Budgeted	Final Budgeted	Final Budgeted	Projected	Proposed	Proposed	Final	Projected	
	Balances	Revenues	Expenditures	Transfers In / (Out)	Ending Fund Balances	Budgeted Revenues	Budgeted Expenditures	Budgeted Transfers In / (Out)	Ending Fund Balances	
Total Non-Spendable Fund Balance	\$ 341,858				\$ 341,858				\$ 341,858	
Restricted - Student Activities	Q 401	\$ 400,557	\$ -	\$ -	\$ -	\$ 400,557	\$ -	\$ -	\$ 400,557	
Restricted - Staff Development	Q 403	\$ 178,876	\$ 627,859	\$ 482,179	\$ -	\$ 324,556	\$ 631,942	\$ 513,660	\$ 442,838	
Restricted - Literacy Incentive Aid	Q 412	\$ 393,326	\$ 215,211	\$ 165,044	\$ -	\$ 443,493	\$ 215,211	\$ 144,352	\$ 514,352	
Restricted - American Indian Education Aid	Q 420	\$ 9,598	\$ 46,000	\$ 46,000	\$ -	\$ 9,598	\$ 46,000	\$ 46,000	\$ 9,598	
Restricted - Operating Capital	Q 424	\$ -	\$ 952,517	\$ 931,543	\$ -	\$ 20,974	\$ 928,057	\$ 892,962	\$ 56,069	
Restricted - Learning & Development	Q 428	\$ 1,590,182	\$ 814,632	\$ 598,763	\$ -	\$ 1,806,051	\$ 810,236	\$ 1,102,530	\$ 1,513,757	
Restricted - Area Learning Center	Q 434	\$ -	\$ -	\$ 325,041	\$ 325,041	\$ -	\$ -	\$ 352,339	\$ 352,339	
Restricted - Gifted & Talented	Q 438	\$ 131,571	\$ 54,690	\$ 15,088	\$ -	\$ 171,173	\$ 53,464	\$ 90,448	\$ 134,189	
Restricted - English Learner	Q 439	\$ 1,164	\$ -	\$ -	\$ -	\$ 1,164	\$ 108,275	\$ 478,791	\$ 369,352	
Restricted - Basic Skills	Q 441	\$ 100,287	\$ 413,188	\$ 336,358	\$ -	\$ 177,117	\$ 334,558	\$ 334,030	\$ 177,645	
Restricted - School Library Aid	Q 443	\$ 138,355	\$ 43,205	\$ 72,479	\$ -	\$ 109,081	\$ 42,260	\$ 204,143	\$ 52,802	
Restricted - Safe Schools Revenue	Q 449	\$ 324,564	\$ 161,640	\$ 267,852	\$ -	\$ 218,352	\$ 147,858	\$ 150,131	\$ 216,079	
Restricted - Literacy Aid	Q 456	\$ 159,760	\$ -	\$ 159,760	\$ -	\$ -	\$ -	\$ -	\$ -	
Restricted - Teacher Compensation Read ACT Training	Q 457	\$ 52,501	\$ -	\$ 52,501	\$ -	\$ -	\$ -	\$ -	\$ -	
Restricted - Long-Term Facilities Maintenance (LTFM)	Q 467	\$ 479,866	\$ 774,798	\$ 617,878	\$ -	\$ 636,786	\$ 672,681	\$ 690,540	\$ 618,927	
Restricted - Student Support Personnel Aid	Q 471	\$ 124,482	\$ 126,418	\$ -	\$ -	\$ 250,900	\$ 123,653	\$ 66,588	\$ 307,965	
Restricted - Medical Assistance	Q 472	\$ 683,205	\$ 275,000	\$ 252,921	\$ -	\$ 705,284	\$ 275,000	\$ 350,234	\$ 630,050	
Total Restricted		\$ 4,768,294	\$ 4,505,158	\$ 4,323,407	\$ 325,041	\$ 5,275,086	\$ 4,389,195	\$ 5,416,748	\$ 774,493	\$ 5,022,026
Total Committed Fund Balance		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Assigned Fund Balance		\$ 1,385,000	\$ -	\$ -	\$ (185,000)	\$ 1,200,000			\$ (200,000)	\$ 1,000,000
Total Unassigned Fund Balance		\$ 3,165,874	\$ 52,385,324	\$ 52,030,013	\$ (140,041)	\$ 3,381,144	\$ 55,816,796	\$ 53,853,141	\$ (574,493)	\$ 4,770,306
Unassigned Fund Balance %		6.11%				6.50%				8.05%
Total General Fund Balance		\$ 9,661,026	\$ 56,890,482	\$ 56,353,420	\$ -	\$ 10,198,088	\$ 60,205,991	\$ 59,269,889	\$ -	\$ 11,134,190
		18.65%				18.10%				18.79%

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

FUND 02 – FOOD SERVICE FUND

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

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

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

Excess Net Cash Resource Limitation

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

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

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

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

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

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

FUND 04 - COMMUNITY SERVICE FUND

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

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

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

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

Waconia Community Education

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

Wildcat Preschool

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

Early Childhood Family Education (ECFE)

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

KidSpace Childcare

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

Youth Recreation

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

Youth Enrichment

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

Adult Enrichment

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

Community Education Fund Balance Overview

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

Community Service Fund Balance Report

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

FUND 06 - BUILDING CONSTRUCTION FUND

The Building Construction Fund is used for two purposes:

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

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

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

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

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

FUND 07 - DEBT SERVICE FUND

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

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

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

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

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

FUND 08 - TRUST FUND (Scholarships)

Proprietary Fund

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

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

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

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

FUND 20 - INTERNAL SERVICE FUND

Proprietary Fund

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

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

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

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

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

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

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

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

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

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

Strategic Outlook

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

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

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

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

APPENDIX A

School Board Policies

Appendix A: Relevant Board Policies for Governance and Financial Oversight

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

APPENDIX B

2025-26 General Fund Expenditures by Program Code

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

Program Category	Program Code	Program Description	FY27 Budget	Subtotal by Category
Administration	010	Board Of Educat	\$ 151,306	\$ 1,717,622
	020	Office Of The S	\$ 363,494	
	050	School Administ	\$ 1,202,822	
Community Education and Services	505	General Communi	\$ 17,617	\$ 17,617
Direct Support Services	105	Gen Admin Suppo	\$ 728,288	\$ 2,372,494
	107	Other Admin Sup	\$ 220,149	
	108	Tech Director	\$ 455,947	
	110	Business Servic	\$ 962,328	
	199	School Election	\$ 5,782	
Elementary and Secondary Regular Instruction	200	Voluntary Pre-K	\$ 200,992	\$ 26,462,323
	201	Ed - Kindergart	\$ 1,399,425	
	203	Grades 1 - 6	\$ 9,590,012	
	204	Title II Teach/	\$ 40,331	
	205	Title III Eng L	\$ -	
	206	Title IV	\$ 10,000	
	211	Ed - Secondary	\$ 1,942,383	
	212	Visual Art	\$ 641,943	
	215	Business	\$ 116,373	
	216	Educ Disadvanta	\$ 64,609	
	217	Assurance Of Ma	\$ 315	
	218	Gifted And Tale	\$ 90,518	
	219	Limited English	\$ 478,791	
	220	English-Languag	\$ 1,933,921	
	221	Reading	\$ 3,114	
	222	Drama/Theater	\$ 1,289	
	230	Foreign/Native	\$ 510,642	
	240	Health-Phyed-Re	\$ 1,006,393	
	241	Health	\$ -	
	242	Physical Educat	\$ 390,331	
	250	Fam Living Scie	\$ 143,480	
	255	Industrial Educ	\$ 172,365	
	256	Mathematics	\$ 1,911,898	
	257	Computer Sci/Te	\$ 991	
	258	Music	\$ 1,008,072	
	260	Natural Science	\$ 1,335,595	
	270	Soc Science/Soc	\$ 1,384,523	
	281	Keyboarding	\$ -	
	291	Co-Curricular	\$ -	
	292	Boys/Girls Athl	\$ 536,331	
	294	Boys Athletics	\$ 468,123	
	296	Girls Athletics	\$ 465,722	
	298	Extra-Curricula	\$ 613,841	

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

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

Program Category	Program Code	Program Description	FY27 Budget	Subtotal by Category
Vocational Education Instruction	331	Personal Family	\$ 130,799	\$ 682,366
	341	Business/Office	\$ 99,097	
	361	Trade/Industria	\$ 445,151	
	380	Work Experience	\$ 7,319	
Special Education Instruction	400	Special Ed Inst	\$ -	\$ 12,807,646
	401	Speech/Language	\$ 569,429	
	402	Ment Impair:Mil	\$ 885,194	
	403	Ment Impair:Mod	\$ 568,112	
	404	Physically Impa	\$ 159,450	
	405	Deaf-Hard Of He	\$ 137,494	
	406	Visually Impair	\$ 14,000	
	407	Specific Learn	\$ 1,871,418	
	408	Emot/Behav Diso	\$ 860,260	
	409	Deaf-Blind	\$ -	
	410	Other Health Im	\$ 1,009,639	
	411	Autistic Spectr	\$ 2,872,033	
	412	Develp Delay	\$ 1,253,775	
	414	Traumatic Brain	\$ 53,575	
	416	Multiple Handic	\$ 435,360	
	420	Special Ed - Ge	\$ 1,468,892	
421	Adaptive Phy Ed	\$ 128,041		
422	Stud w/o Disab	\$ 520,974		
Instructional Support Services	605	Gen Instruction	\$ 724,747	\$ 2,822,744
	610	Cur Consult & D	\$ 566,437	
	620	Educational Med	\$ 442,994	
	630	INSTR-TECH	\$ 843,233	
	640	Staff Developme	\$ 245,333	
Pupil Support Services	691	Computer Assist	\$ -	\$ 5,974,817
	710	Sec Counseling	\$ 727,745	
	712	Elem Counseling	\$ 161,524	
	715	School Security	\$ 143,595	
	718	School Safety	\$ 6,536	
	720	Health Services	\$ 505,132	
	721	Wellness Progra	\$ 700	
	740	Districtwide Re	\$ 66,588	
	760	Pupil Transport	\$ 4,265,363	
	761	School Owned Tr	\$ 221	
	770	Food Services	\$ 80,825	
790	Other Pupil Sup	\$ -		
Sites and Buildings	793	Graduation	\$ 16,588	\$ 5,867,358
	810	Operations & Ma	\$ 4,004,474	
	811	Groundskeeping	\$ 218,383	
	813	Generator	\$ 66,148	
	817	Permit Fees	\$ 12,600	
	820	Telephone Syste	\$ 15,000	
	850	Capital Facilit	\$ 860,213	
865	LTFM & H & S	\$ 690,540		
Fiscal and Other Fixed-Cost Programs	920	Retire Nonbond	\$ -	\$ 544,902
	930	Employee Benefi	\$ -	
	940	Insurances	\$ 544,902	
	950	Transfers	\$ -	
	960	Other Non-Recur	\$ -	
Grand Total - General Fund Expenditures by Program				\$ 59,269,889

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

APPENDIX C

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

GENERAL FUND BALANCE CLASSIFICATIONS:

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

Nonspendable

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

Restricted

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

Common Restricted Fund Balance Codes:

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

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

Committed

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

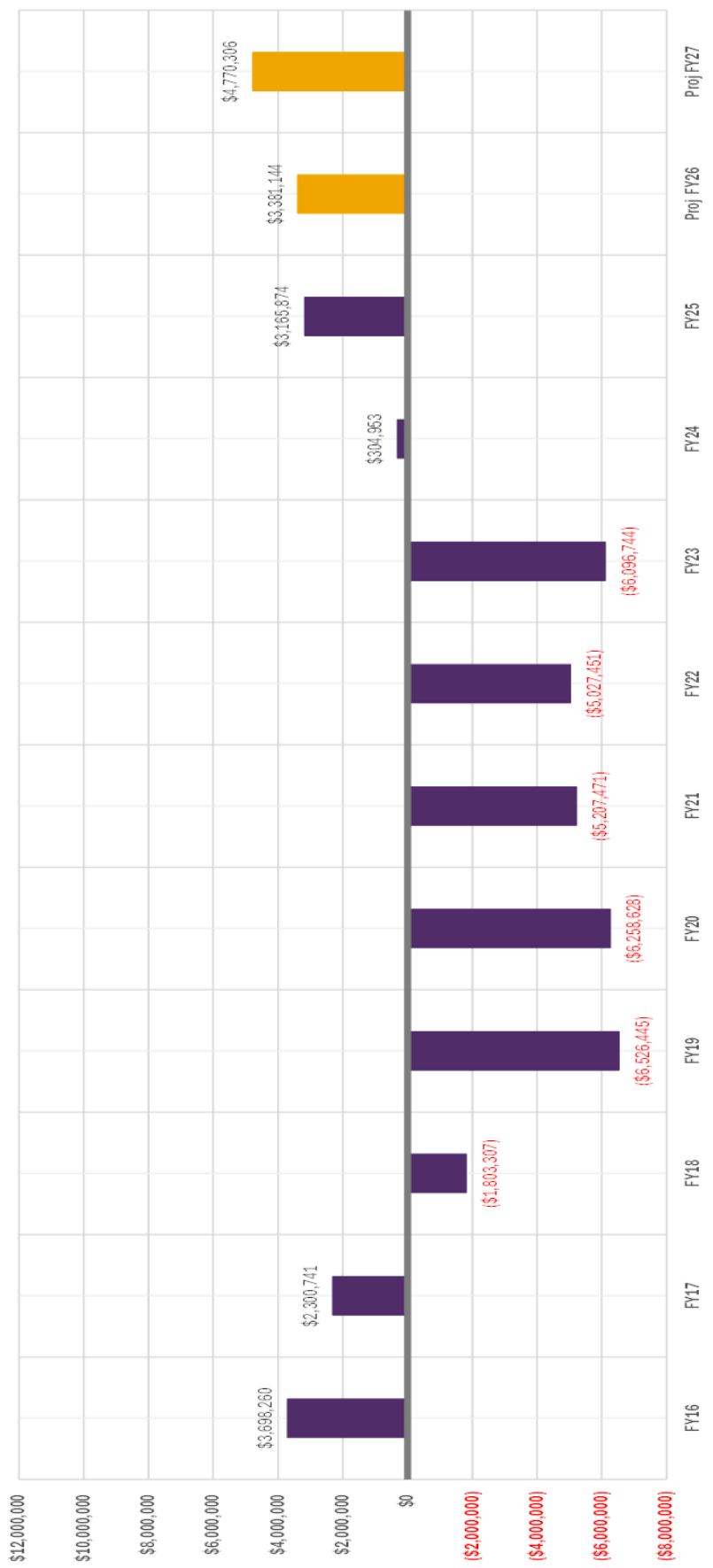
Assigned

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

Unassigned

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

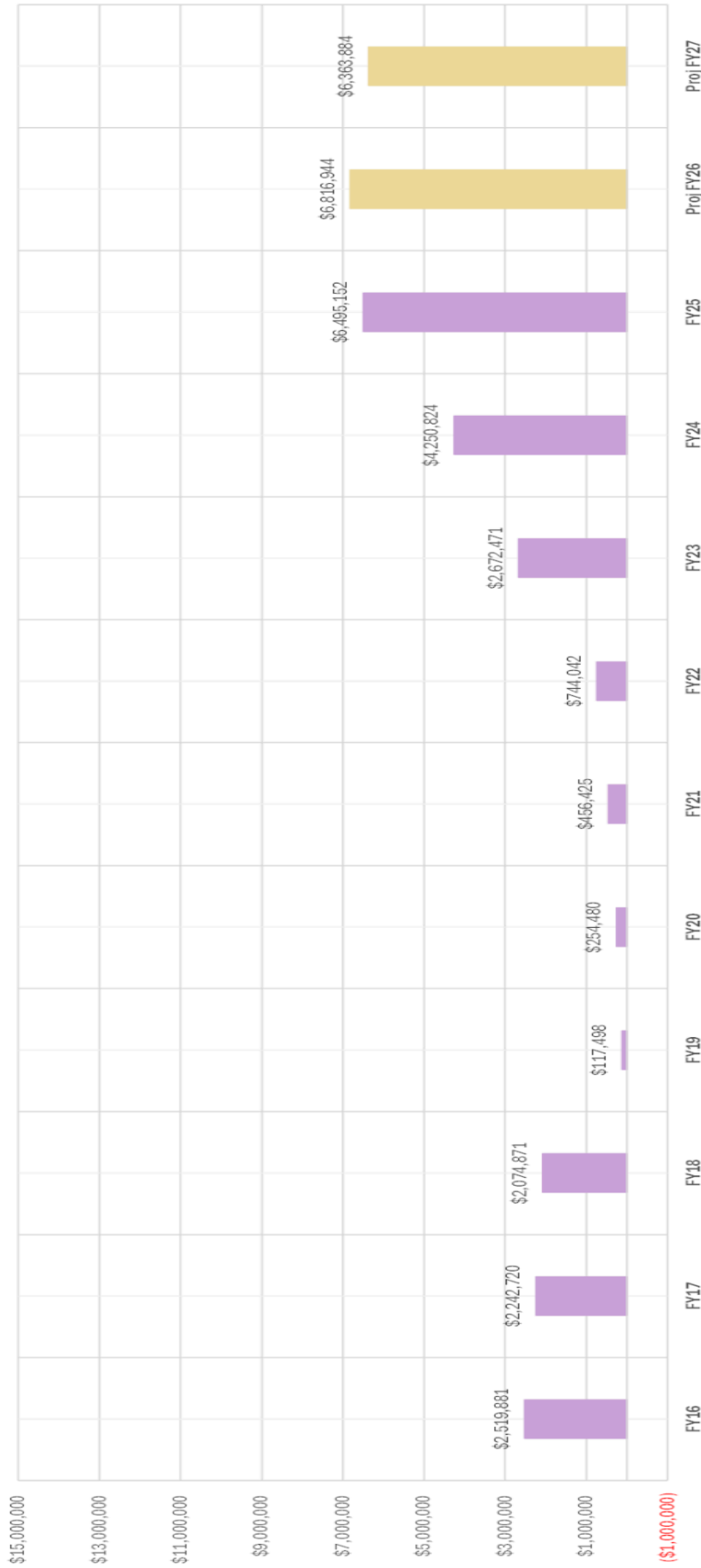
Unassigned General Fund Balance
FY16 through FY25 Audited & FY26 and FY27 Projected



Fund Balance Category	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	Proj FY26	Proj FY27
Unassigned General Fund Balance	\$3,698,260	\$2,300,741	(\$1,803,307)	(\$6,526,445)	(\$6,258,628)	(\$5,207,471)	(\$5,027,451)	(\$6,096,744)	\$304,953	\$3,165,874	\$3,381,144	\$4,770,306
% Unassigned Fund Balance	9.50%	5.52%	-4.08%	-13.03%	-13.40%	-10.84%	-9.70%	-11.67%	0.63%	6.11%	6.00%	8.05%

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

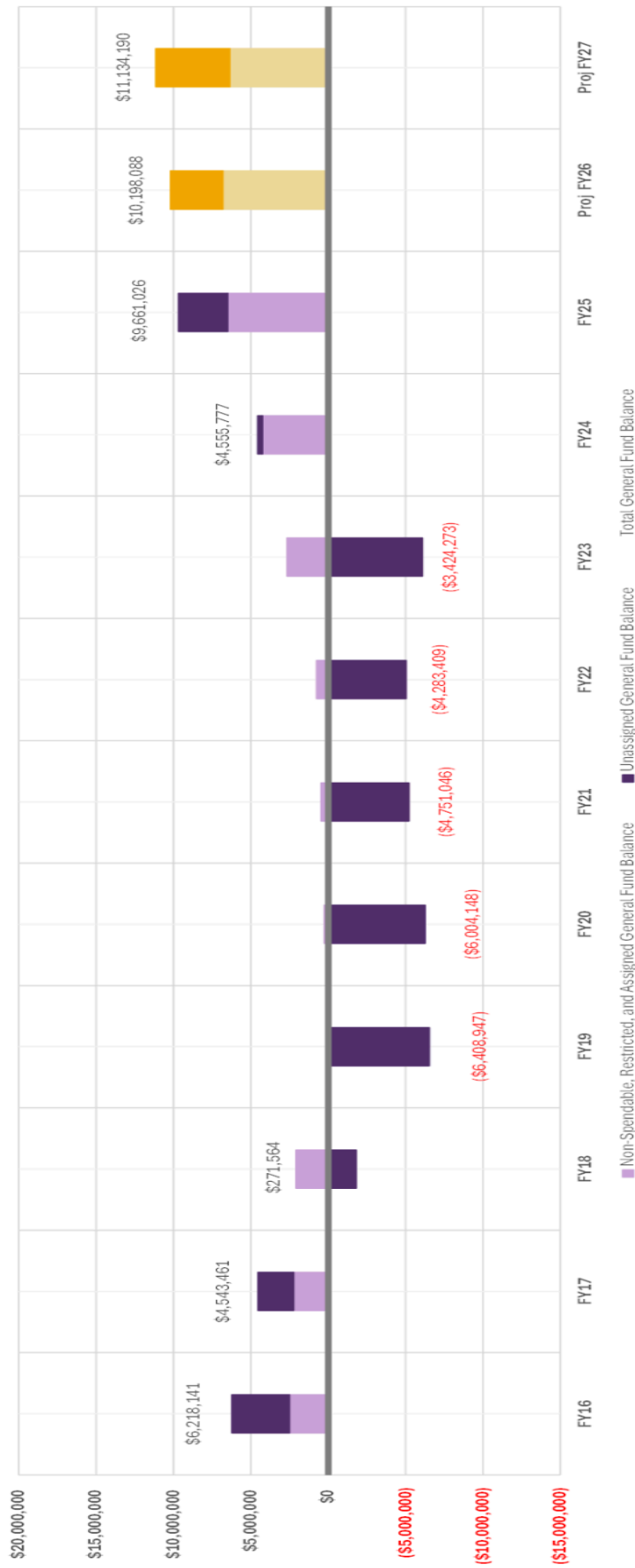
Non-Spendable, Restricted, and Assigned General Fund Balance
 FY16 through FY25 Audited & FY27 and FY27 Projected



Fund Balance Category	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	Proj FY26	Proj FY27
Non-Spendable, Restricted, and Assigned General Fund Balance	\$2,519,881	\$2,242,720	\$2,074,871	\$117,498	\$254,480	\$456,425	\$744,042	\$2,672,471	\$4,250,824	\$6,495,152	\$6,816,944	\$6,363,884
% Non-Spendable, Restricted, & Assigned Fund Balance	6.47%	5.38%	4.70%	0.23%	0.55%	0.95%	1.44%	5.11%	8.75%	12.54%	12.10%	10.74%

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

Total General Fund Balance
FY16 through FY25 Audited & FY26 and FY27 Projected



Fund Balance Category	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	Proj FY26	Proj FY27
Non-Spendable, Restricted, and Assigned General Fund Balance	\$2,519,881	\$2,242,720	\$2,074,871	\$117,498	\$254,480	\$456,425	\$744,042	\$2,672,471	\$4,250,824	\$6,495,152	\$6,816,944	\$6,363,884
Unassigned General Fund Balance	\$3,698,260	\$2,300,741	(\$1,803,307)	(\$6,526,445)	(\$6,258,628)	(\$5,207,471)	(\$5,027,451)	(\$6,096,744)	\$304,953	\$3,165,874	\$3,381,144	\$4,770,306
Total General Fund Balance	\$6,218,141	\$4,543,461	\$271,564	(\$6,408,947)	(\$6,004,148)	(\$4,751,046)	(\$4,283,409)	(\$3,424,273)	\$4,555,777	\$9,661,026	\$10,198,088	\$11,134,190
% Total Fund Balance	15.97%	10.91%	0.61%	-12.79%	-12.86%	-9.89%	-8.26%	-6.55%	9.38%	18.65%	18.10%	18.79%

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

3. CESO Organizational Review and Operational Assessment Proposal



MEMORANDUM

TO: ISD 110 Finance Committee

FROM: Dr. Brian Gersich, Superintendent
Pam Carman, Director of Finance & Operations
Jeni Super, Director of Human Resources

DATE: June 8, 2026

SUBJECT: CESO Organizational Review and Operational Assessment Proposal

Purpose

The purpose of this agenda item is to obtain Finance Committee feedback regarding a proposal received from the Center for Effective School Operations (CESO) to conduct operational assessments of the District's Human Resources and Finance departments, as well as an organizational study.

Background

Administration requested and received a proposal from CESO to conduct a Human Resources Operational Assessment (HROA), a Finance Business Operations Assessment (FBOA), and an Organizational Study. The proposed review is intended to provide an independent evaluation of organizational effectiveness, staffing structures, workflows, and service delivery, while identifying opportunities for continuous improvement and operational efficiencies.

As potential recommendations resulting from the study could impact future organizational structures, staffing models, and service delivery, administration believes it is important to engage the Finance Committee early in the discussion and seek feedback regarding the overall concept, scope, and potential value of the proposed assessment.

Financial Summary

The total cost of the proposed assessment is \$19,500. Administration proposes utilizing a portion of the FY2026-27 budget allocated for the Skyward migration project. Given the District's ongoing focus on process improvement, system utilization, and operational efficiencies, administration believes the assessment complements and supports the broader goals of the migration effort by helping identify opportunities to improve workflows, organizational effectiveness, and the use of district systems.

Attachments:

- CESO Proposal
- Sample Assessment Report



Finance Business Operations Assessment

School District X
February 24, 2025

Rethink Possible.

Table of Contents

Introduction	1
Assessment Structure	1
Methodology	1
Categories - FBOA	2
Rubric	5
Finance Business Operations Assessment (FBOA) Key Findings	6
Overall	6
Purchasing and Accounts Payable	7
Purchasing Process	8
Purchasing Communications	8
Accounts Payable Process	8
Accounts Payable Communications	9
Accounts Receivable and Cash Handling	9
Accounts Receivable Process	10
Revenue Process	10
Cash Process	11
Accounts Receivable Communications	11
General Accounting Practices	11
Audit Preparation	12
Banking and Investing	12
Chart of Accounts	12
Finance System Roles and Responsibilities	13
Month-end Processes	13
Standard Operating Procedures	13
Payroll and Benefits	13
Benefits and Payroll Communications	14
Benefits Process	14
Payroll Process	15
Reporting and Compliance	15
Annual Audit	16
Annual Budget	16
Board Reports	16
State and Federal Reporting	17
Year-End Tax Reporting	17

Talent Development	17
Autonomy and Forward Thinking	18
Cross-Training	18
Development, Retention, and Succession Planning	18
Role Definition, Separation of Duties & Capacity Planning	19
Proactive Practices	19
Budget Planning Process	20
Community Involvement	20
Future Project and Goal Planning	20
Technology Use and Implementation	20
Gap Analysis & Recommendations	21
Do Now - FBOA Recommendations	21
Vendor Management	21
Cash on Hand Processes	21
Accounts Payable Processing	22
Payroll	22
Do Soon - FBOA Recommendations	22
Standard Operating Procedures (SOPs)	22
General Accounting Practices	23
Purchasing	23
Electronic Time Entry	23
Roles & Responsibilities	23
Do Later - FBOA Recommendations	24
Succession Planning	24
Development Planning	24
Vendor Payment Processing	24
Technology	25
Future Assessment	25
Conclusion	25

Introduction

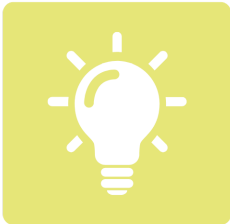
School District X (the District) is a public school district located in Minnesota, serving over X students and employing approximately X staff members. The District’s previous Superintendent, Name, contacted the Center for Effective School Operations (CESO) in July 2024 to conduct two studies for the district to assess its Human Resources and Finance Business Office functions as the district strives to better support its employees and district operations. CESO completed these studies between October 2024 and January 2025.

This report provides an overview of the assessment structure, the results of the Finance Business Office assessment with a score under each category, employee experience survey results, and customized recommendations for the District prioritized into three categories: Do Now, Do Soon, Do Later.

Assessment Structure

Methodology

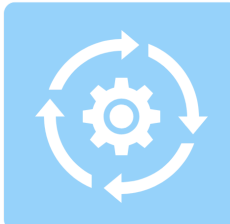
CESO completed the Finance Business Operations Assessment (FBOA) for the District using the following methodology:



Kickoff



Interviews



Report

- CESO met with Name, Executive Director of Business Services to establish a working relationship, discuss project goals, and finalize project deliverables.
- CESO created a Google Drive to digitally store data from the District for analysis.
- CESO electronically shared an assessment overview with the District to outline the process and expectations, including FBOA categories.

- The District identified its FBOA interview teams and provided scheduling availability to CESO.
 - ◆ The District's FBOA interview team included:
 - Names of participants

- CESO conducted FBOA initial interviews with the District's FBOA team on Date.
 - ◆ The CESO assessment team for the FBOA included:
 - DeeDee Kahring, Senior Strategy Consultant
 - Kris Kratz, Finance Consultant

- Utilizing responses from the FBOA interviews and the process documentation provided by the District, CESO developed recommended next actions for the district within each FBOA category.

Categories - FBOA

To understand the current finance business processes of the District, CESO collected data from the identified district team members through a qualitative assessment. This data was then examined for findings under the seven categories we consider integral for highly effective finance business operations:



Purchasing &
Accounts Payable



Accounts Receivable &
Cash Handling



General Accounting
Practices



Payroll & Benefits



Reporting & Compliance



Talent Development



Proactive Practices

Purchasing & Accounts Payable

Purchasing and accounts payable encompass everything needed to acquire and pay for goods and services on behalf of the district. This includes vendor management, payment options, invoice management, group discounts, and payment processing and reconciliation.

Accounts Receivable & Cash Handling

Accounts receivable and cash handling refers to the systems and processes used to manage payments to the district for any goods supplied or services rendered. This includes revenue tracking, invoice management, petty cash management, and payment processing and reconciliation.

General Accounting Practices

The general accounting practices category encompasses several different components to capture important functions of the district's finance and business office. This includes finance systems, student activities processes, audit preparation process, account management, and reporting processes.

Payroll & Benefits

Payroll and benefits covers the processes needed to complete compensation and benefits for district employees. It includes payroll calendar and deadlines, payment processes, benefit cost schedules, and enrollment processes.

Reporting & Compliance

Every district is required to complete and submit reports to demonstrate compliance with federal and state laws. This category looks at report completion as well as the submission

process. This includes 1099s, W-2s, audit, budgeting, levy, board reports, and other state and federal reporting.

Talent Development & Performance Management

Talent development and performance management consists of the structures and processes in place to help the business office be successful both short and long-term. This includes onboarding processes, cross-training, development planning, retention strategies, succession planning, role definition, and capacity planning.

Proactive Practices

Proactive practices refers to the actions a district puts in place to support its long-term business goals and strategy. This includes the budget planning process, technology implementation, community engagement, goal planning, and future finance project planning.

Rubric

For each of the categories in the FBOA, CESO evaluated the District's responses and rated findings on a scale from one (Emerging) to four (Distinguished):



Emerging

An emerging rating is given when a district's operations are in the beginning stages with minimal evidence of identified practices to achieve strategic goals. Basic tasks may be completed but with low efficiency and effectiveness. Practices are not documented so critical items may be missed, have errors, or take a significant amount of time to complete.

Developing

A developing rating is given when a district's operations show evidence of some basic practices but attention is needed to address gaps and improve practices. Basic tasks and operations are effectively executed to maintain the essential functions of the department but take a significant amount of time to complete. Minimal documentation may exist for some practices, but processes may be reliant on employee knowledge to be executed.

Proficient

A proficient rating is given when a district's operations are performed consistently and intentionally, demonstrating a strategic approach to its practices. The essential functions

are executed efficiently and effectively, allowing for some focus on proactive practices to continue to improve department function and support the district's overall strategic plan.

Distinguished

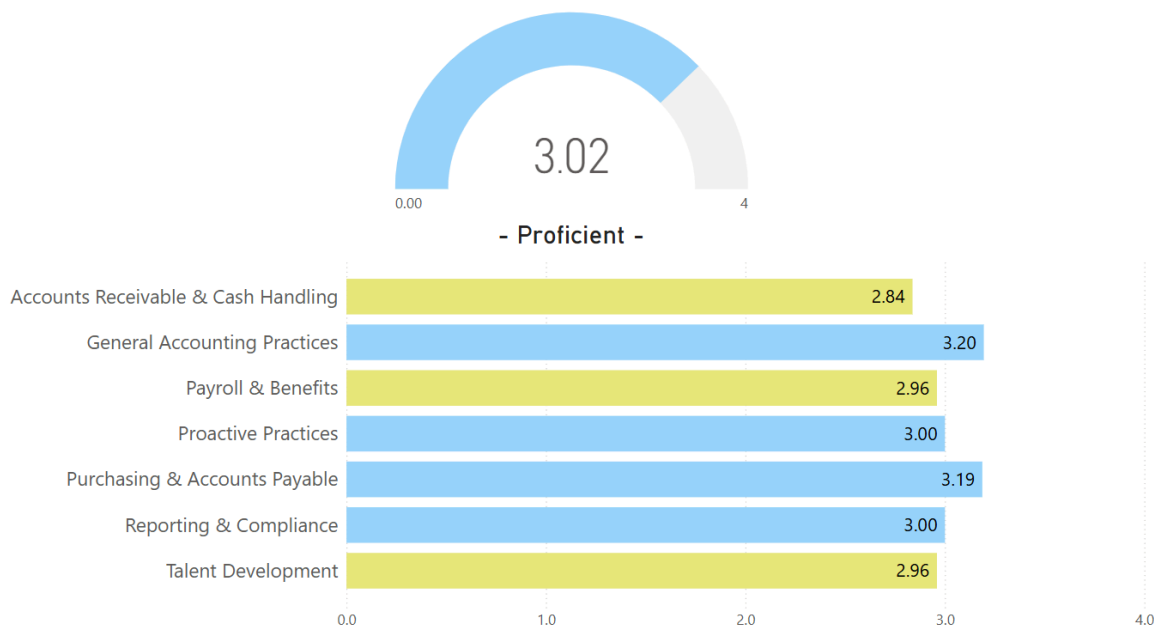
A distinguished rating is given when a district's operations demonstrate a deep understanding of strategy with evidence that exceeds standard performance of practices. Tasks and projects are completed highly effectively and efficiently with minimal errors. Processes are well documented and the department can focus its efforts on proactive practices in alignment with the district's strategic plan.

Note: A district's rating is reflective of the point in time that the assessment is completed.

Finance Business Operations Assessment (FBOA) Key Findings

Overall

Based on responses to the questions in the FBOA, the District has been given an overall finance operations score of **3.02**, or **Proficient**:



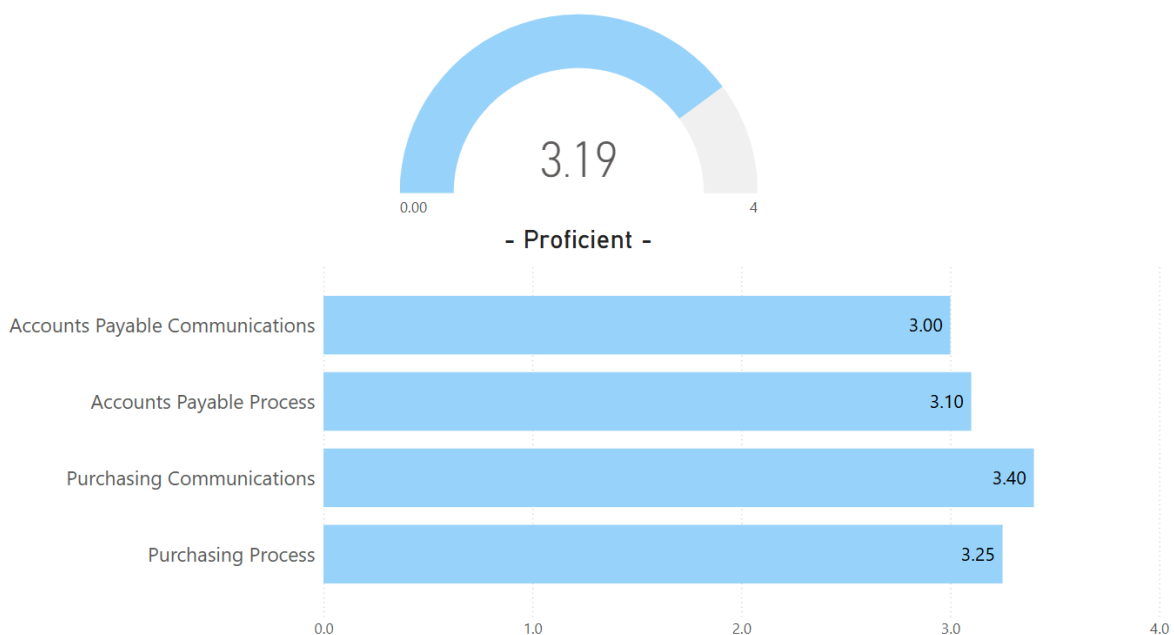
This score is generated as the average of the individual scores for each FBOA category (Purchasing and Accounts Payable, Accounts Receivable and Cash Handling, General Accounting Practices, Payroll and Benefits, Reporting and Compliance, Talent Development, and Proactive Practices). The District's goal is to optimize the Finance Business Office standard processes and structures for increased efficiency and effectiveness to support a sustainable future.

The sections below provide further detail into each category's individual score and next actions will be outlined in the Gap Analysis and Recommendations section of this report.

Purchasing and Accounts Payable

The District's identified FBOA interview team responded to a series of questions on four topics under the Purchasing and Accounts Payable category: accounts payable communications, accounts payable process, purchasing communications, and purchasing process.

Based on the responses to the questions in the FBOA, the District has been given an overall score of **3.19**, or **Proficient**. This rating is the average of the individual scores for each topic within the Purchasing and Accounts Payable category. These scores are illustrated in the visual below.



Further insights into each topic are highlighted below.

Purchasing Process

The District operates using a decentralized purchasing model. Purchases are initiated using a requisition prior to issuing a purchase order. System workflows and approvals are used for the purchasing process. Receiving records are maintained in the finance system. The District has a purchasing card program which is managed by the executive director of business services. The purchasing card manual is updated regularly and is published on the District's intranet. Online shopping/punch-out functions of the finance system are not currently used.

Vendor data is maintained in the finance system by the purchasing and accounts payable team members. Purchasers are allowed to solicit new relationships with vendors. A W-9 form is received from all new vendors to ensure the vendor record is complete prior to issuing payment. The finance system, System Name, does not allow creation of duplicate vendors. Departments are responsible for conducting suspension/debarment checks when making purchases; these searches are completed inconsistently.

The District searches for the best quality and price on products to be ordered. Purchases are made off state purchasing contracts, soliciting bids or quotes, or directly from vendors in the open market. Purchasing limits are established and all contracts are signed by the executive director of business services. Purchases are compliant with the board approved purchasing guidelines.

Purchasing Communications

The finance department holds recurring meetings to review compliance with purchasing guidelines. Purchasing timelines are established in consideration of the fiscal year-end, and the finance department communicates purchasing deadlines multiple times during a fiscal year. Budget managers receive monthly reports of outstanding encumbrances, and the purchasing department will meet individually with district staff to ensure they understand the purchasing process. System generated notifications are used to communicate approval decisions on purchase orders.

Accounts Payable Process

Vendor invoices are routed according to an established routing system. The District uses several methods to code and approve invoices prior to returning to the accounts payable department for payment processing. Vendor invoices are entered into the finance system using a batch entry system. Batches are reviewed by the controller. Multiple batches are

processed each week to handle the volume of vendor invoices received. The District has documented standard operating procedures for the accounts payable process.

Checks are printed once approved by the controller. Checks are signed electronically through a secure process, where the signature file is stored within System Name. Management of the signature file is maintained by the District's software provider. Checks are reviewed to vendor invoices by the purchasing professional. Vendor checks are issued several times a week, due to the volume processed. All checks are reported to and approved by the school board. The positive pay utility is currently used with the bank.

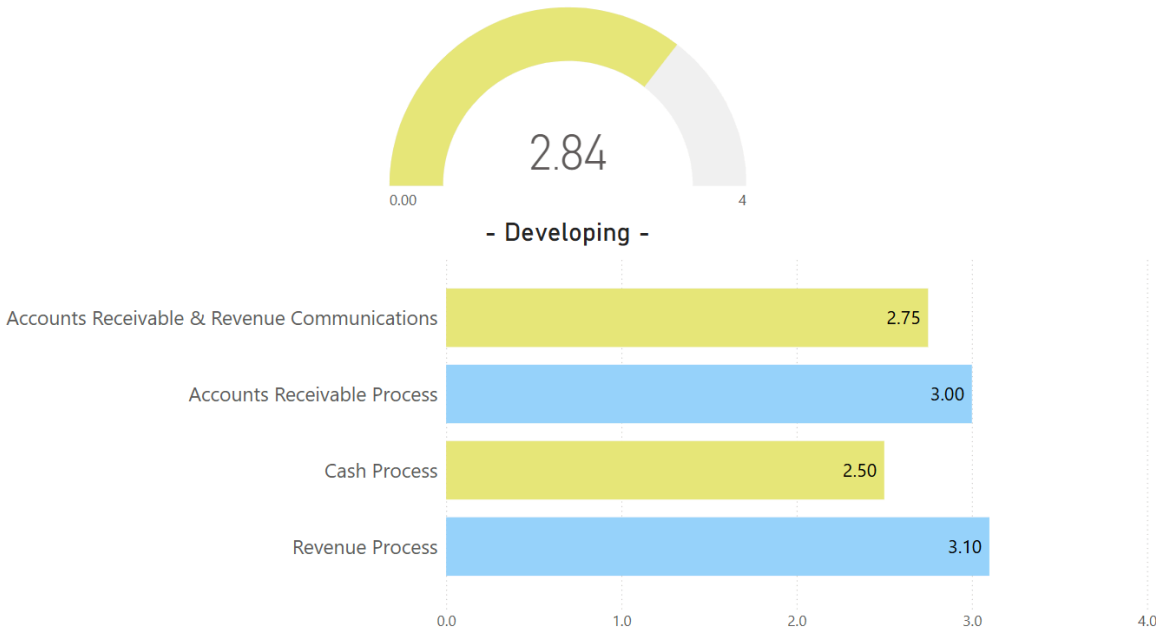
Accounts Payable Communications

The accounts payable department communicates with vendors when invoicing questions arise. Account code access is limited to users by their user profile. Training opportunities are provided to staff several times during the year. The district uses an accounts payable email inbox. The email inbox is monitored daily and is adequately managed during any staffing vacancies.

Accounts Receivable and Cash Handling

The District's identified FBOA interview team responded to a series of questions on four topics under the Accounts Receivable and Cash Handling category: accounts receivable communications, accounts receivable process, cash process, and revenue process.

Based on the responses to the questions in the FBOA, the District has been given an overall score of **2.84**, or **Developing**. This rating is the average of the individual scores for each topic within the Accounts Receivable and Cash Handling category. These scores are illustrated in the visual below.



Further insights into each topic are highlighted below.

Accounts Receivable Process

The invoicing function is completed by various departments. Invoice creation varies for departments using scheduling systems with an invoicing function. Collection efforts are completed by the department responsible for invoicing. Payments received are applied to outstanding invoices, when applicable. The District has system documentation for processing invoices in the finance system. The finance system is updated for year-end accruals for outstanding invoices processed from other systems. There are no documented procedures for writing off bad debts; however, there are minimal invoices determined to be uncollectible.

Revenue Process

State (SWIFT) and Federal (MEGS) Revenue Recognition

The cash receipt function is used to record state and federal revenues in the finance system. Federal revenue requests are supported by tracking spreadsheets and approved by grant managers. Federal draw requests are submitted quarterly in the MEGS system. The controller maintains a tracking form for each revenue source. Cash receipts are entered into the finance system under a standard naming convention. Proper code

combinations are known and communicated by the controller or senior accountant to recognize revenues properly.

Receipting & Revenue Recognition of Other Revenues

Revenue reports are generated from the cashless systems, reconciled, and entered into the finance system monthly. Miscellaneous revenue received from local sources are recognized when received. General miscellaneous cash receipts are entered and reconciled monthly. All known revenues are recorded in the finance system. The District has documented standard operating procedures for recording receipts.

Cash Process

The District uses several cashless payment options commonly used by school districts. Cash payments are accepted at sporting and extracurricular events; however, most patrons pay using one of the cashless payment options. Cash reconciliations are completed and tracked, although the District has not developed a standard reconciliation process for cash payments received at these events. Cashless systems are reconciled to bank deposits.

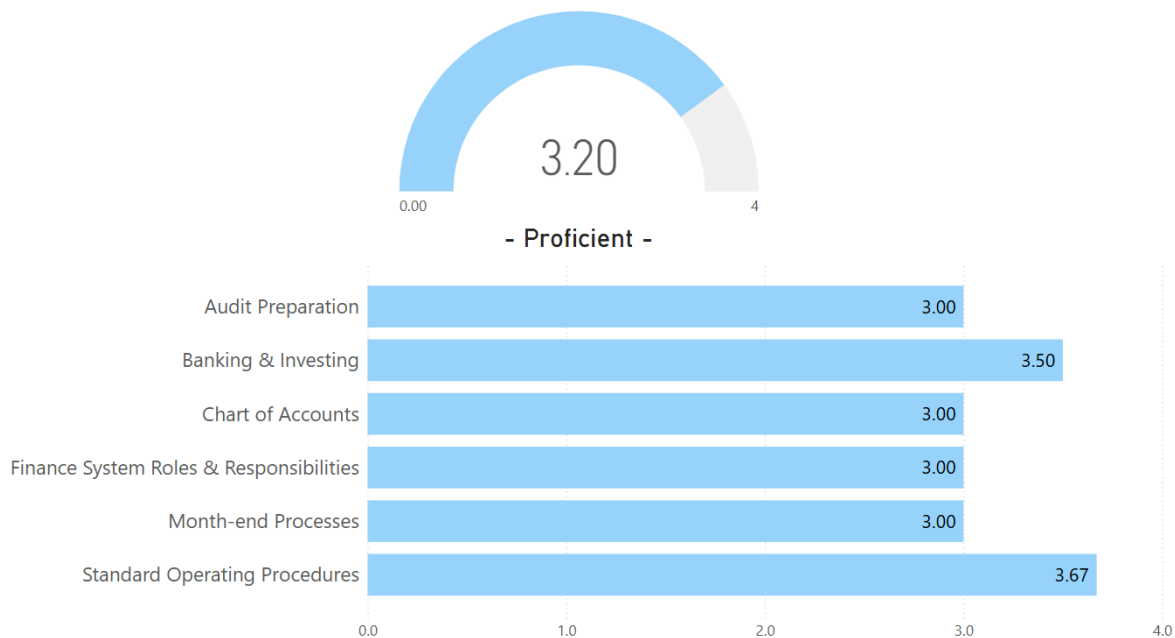
Accounts Receivable Communications

A standard collection period is communicated on invoices and can be adjusted within the finance system by the controller. The District has few delinquent invoices and writes off stale invoices once determined uncollectible. Collection efforts are managed by the departments responsible for invoicing. Donations are reported to and approved by the school board. Recipients generally provide acknowledgement of receipt of funds directly to donors.

General Accounting Practices

The District's identified FBOA interview team responded to a series of questions on six topics under the General Accounting Practices: audit preparation, banking and investing, chart of accounts, finance system roles and responsibilities, month-end processes, and standard operating procedures.

Based on the responses to the questions in the FBOA, the District has been given an overall score of **3.20**, or **Proficient**. This rating is the average of the individual scores for each topic within the General Accounting Practices category. These scores are illustrated in the visual below.



Further insights into each topic are highlighted below.

Audit Preparation

The finance team collaborates to complete the annual audit preparation. Working papers are prepared according to the list of requests from the auditor. An assignment function within the document management system used by the auditors is used to delegate audit preparation responsibilities. Submission timelines for state and federal compliance are known and met.

Banking and Investing

The District maintains a banking relationship with a large banking institution. In addition, the District has investments with MNTrust and MSDLAF, organizations providing investment and cash management services for Minnesota school districts. District cash flow is managed by the controller. Bank and investment accounts are reconciled monthly.

Chart of Accounts

The chart of accounts is maintained by the controller and the senior accountant. The District utilizes system documentation to ensure budget codes are added to the finance system correctly. UFARS compliance is verified several times during the year.

Finance System Roles and Responsibilities

New employees are added to the finance system by the District's technology and human resources teams. Access to finance system modules is assigned to users by the controller. The controller and executive director of business services discuss new assignments prior to permitting access in the finance system. The District does not have defined permissions documented by role and responsibility.

Month-end Processes

The finance team has created a monthly duties checklist to ensure completion of tasks. Bank and investment accounts are reconciled monthly and board reports are compiled upon completion of these reconciliations. Budget managers receive monthly reports including comparison reports and outstanding encumbrances. The District has reconciliation and operational processes in place for managing the district's student activity accounts.

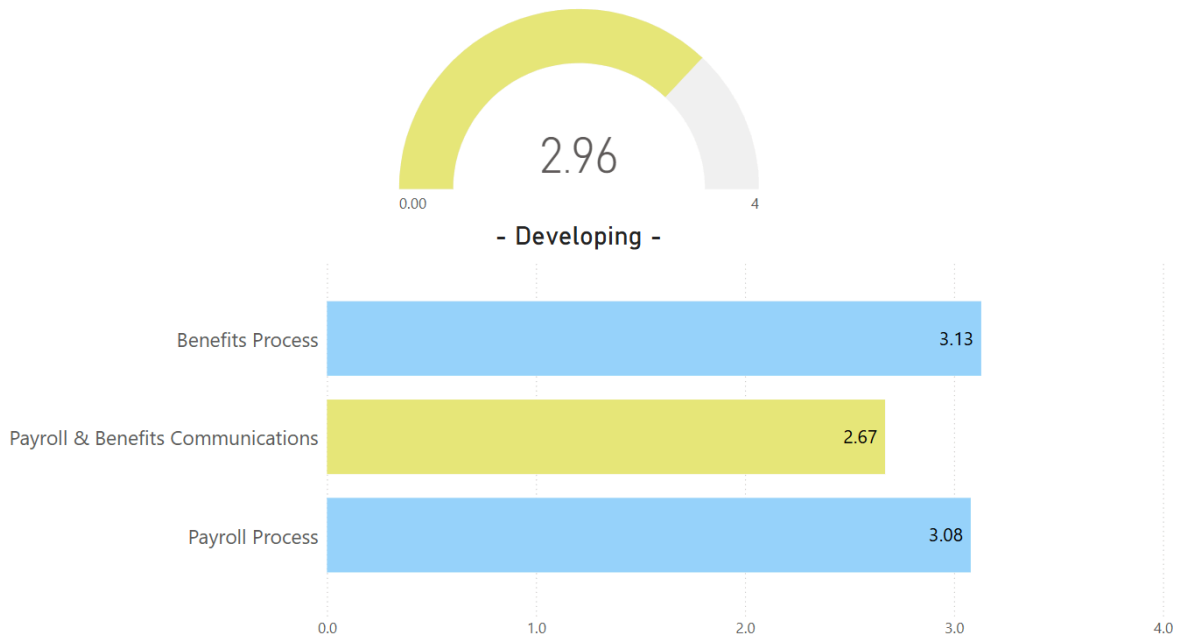
Standard Operating Procedures

Finance system specific operating procedures are updated and maintained by the District's software provider and are available to all system users. In addition, the District has developed and documented standard operating procedures for many finance functions. These include written documentation supported with screenshots or other images. Documents include standard naming conventions and processes so transactions are processed consistently.

Payroll and Benefits

The District's identified FBOA interview team responded to a series of questions on three topics under the Payroll and Benefits category: benefits and payroll communications, benefits process, and payroll process.

Based on the responses to the questions in the FBOA, the District has been given an overall score of **2.96**, or **Developing**. This rating is the average of the individual scores for each topic within the Payroll and Benefits category. These scores are illustrated in the visual below.



Further insights into each topic are highlighted below.

Benefits and Payroll Communications

The payroll and human resources departments communicate regarding employee matters. The human resources department is responsible for communicating benefit enrollment information to employees. A relationship with an outside organization to facilitate communication for retirees enrolling in benefits is utilized. New employee onboarding is facilitated by the human resources department. The payroll calendar communicates payroll related deadlines and is published on the District’s website. Benefit information is also published on the District’s website. The District is utilizing a payroll email inbox, managed by several payroll team members.

Benefits Process

Employees are informed of benefits offerings by the human resources department. Benefits enrollment is a fully electronic process. Enrollment information is provided by the human resources department and uploaded electronically into the payroll system. Providers receive enrollment changes electronically. The District works with a benefits consultant. The District has an insurance committee that helps decide major changes in the plans offered, providers, and insurance rates.

Payroll Process

Payroll Calendar & Timecard Approvals

District staff are paid bi-monthly on the 15th and the last business day of each month. The District uses an electronic time recording system, where time clocks are easily accessible to district staff. Paper timesheets are summarized and imported into the payroll system. A report of hours worked in the pay period is reviewed for reasonableness. The payroll calendar is published on the District's website.

Payroll Process and Documentation

Contracts and pay rates are set up in the system and assigned to an employee upon hire by the human resources department. The payroll department will issue pay out of the normal payroll cycle during the next regularly scheduled payroll, if possible. System generated payroll reports are reviewed prior to completing the payroll cycle. Employees are paid via direct deposit. The payroll team has been consulted during contract negotiations. The District has documented standard operating procedures for processing payroll.

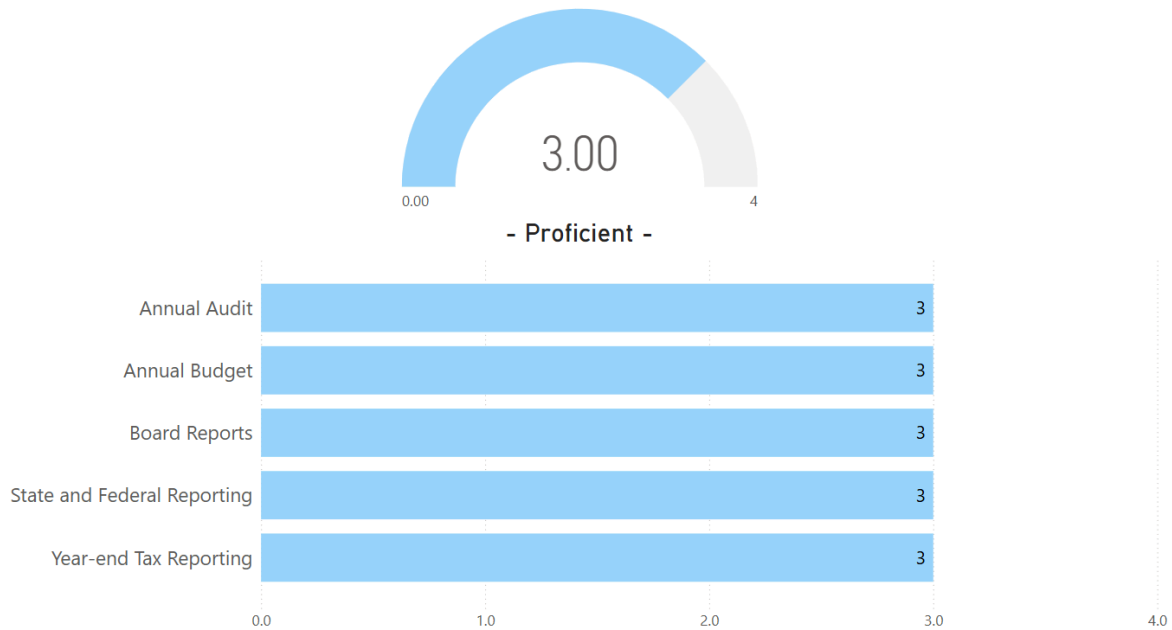
Reconciliations and Required Filings

Payroll review processes are completed at various stages of the payroll cycle. Payroll and liabilities are reconciled each pay period. Payroll liabilities are remitted to the appropriate agencies timely. Quarterly reports and filings are completed timely. Quarterly reports are reviewed and verified during the annual W-2 process. Employees are able to select either electronic or paper delivery of W-2 forms based on their preference.

Reporting and Compliance

The District's identified FBOA interview team responded to a series of questions on five topics under the Reporting and Compliance: annual audit, annual budget, board reports, state and federal reporting, and year-end tax reporting.

Based on the responses to the questions in the FBOA, the District has been given an overall score of **3.00**, or **Proficient**. This rating is the average of the individual scores for each topic within the Reporting and Compliance category. These scores are illustrated in the visual below.



Further insights into each topic are highlighted below.

Annual Audit

The annual year-end close and audit process is completed as a combined effort within the finance department. The District has developed process and procedure guidelines for recently issued accounting pronouncements. The required UFARS reporting to the Minnesota Department of Education is completed during the year-end close and audit process. State and federal reporting requirements are completed timely.

Annual Budget

Development of the annual budget is completed under the direction of the executive director of business services. The timeline for completing the budget process is consistent from year to year and is based on the budgeting experience of the executive director of business services. The original budget and revisions are approved by the school board. The approved budget is loaded into the finance system upon board approval.

Board Reports

Monthly reports are presented to the school board as part of the board packet and are published on the District's website. Standard reports are identified as bills and claims and wire transfers/investments and include several reports in each subject area. Donations are

reported to the school board and are acknowledged by resolution as included in the board packet. Board reports are prepared by several members of the finance team and presented to the school board by the executive director of business services.

State and Federal Reporting

Federal, state, and local reporting requirements are completed by several members of the finance team, under the direction of the executive director of business services. The finance team utilizes system documentation to assist with reporting requirements necessary in the finance system. The team collaborates with other departments where needed to ensure reporting timelines are met. Annual reporting requirements are known by and completed in a timely manner by several members of the finance department.

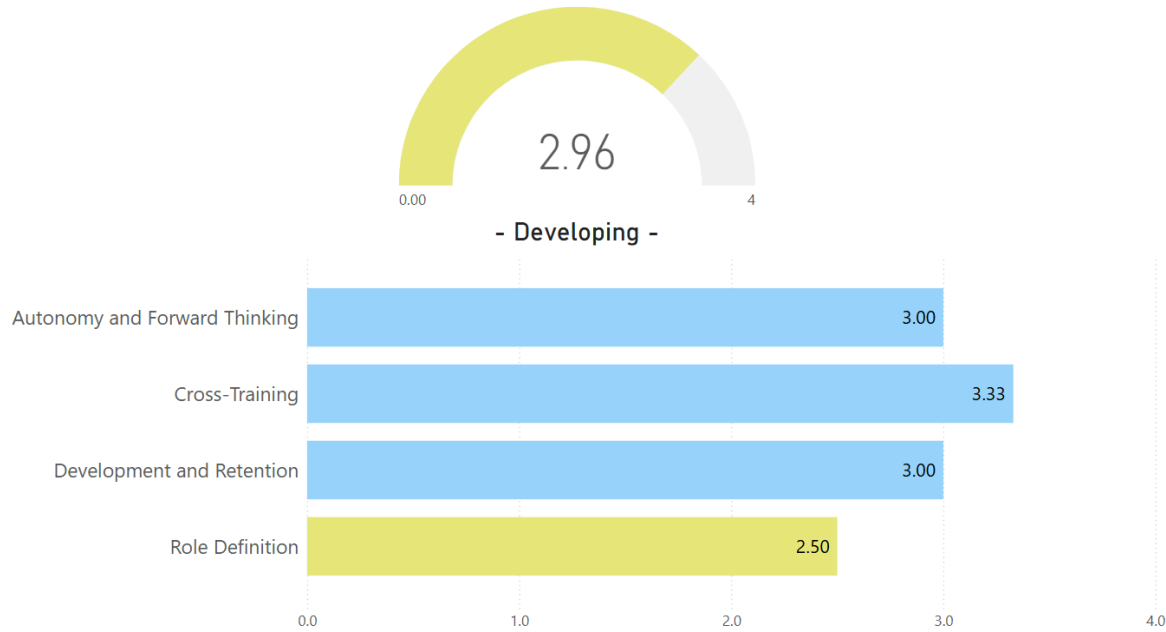
Year-End Tax Reporting

Year-end reporting is completed by several team members as it relates to their assigned role(s). The finance team utilizes system documentation to assist with reporting requirements necessary in the finance system. The District utilizes an external organization to assist with the reporting to state and federal agencies. System generated communications are enabled to inform employees when forms are available. State and federal filings are completed by the required deadlines in partnership with an external organization.

Talent Development

The District's identified FBOA interview team responded to a series of questions on four topics under the Talent Development category: autonomy and forward thinking, cross-training, development and retention, and role definition.

Based on the responses to the questions in the FBOA, the District has been given an overall score **2.96**, or **Developing**. This rating is the average of the individual scores for each topic within the Talent Development category. These scores are illustrated in the visual below.



Further insights into each topic are highlighted below.

Autonomy and Forward Thinking

The executive director of business services allows the finance team autonomy in their workday. New ideas and innovations are welcome in the workplace. The finance team is encouraged to collaborate and determine available their own capacity for upcoming projects. The District does not have a formal process for establishing department goals.

Cross-Training

Several finance team members are cross-trained in essential finance functions. The District has many finance processes documented which are used to aid in the consistency of data processing as well as cross-training efforts. These intentional cross-training efforts provide efficiencies and coverage when a team member may be unable to perform their regularly assigned duties.

Development, Retention, and Succession Planning

Finance team members are encouraged to participate in professional development opportunities. The team regularly attends conferences and other certification courses that align with their assigned role. Employees receive informal feedback on job performance throughout the year. Employees receive performance evaluations, however the process is

not currently completed on a regular cadence. The District has not established a formal succession plan for key finance department roles.

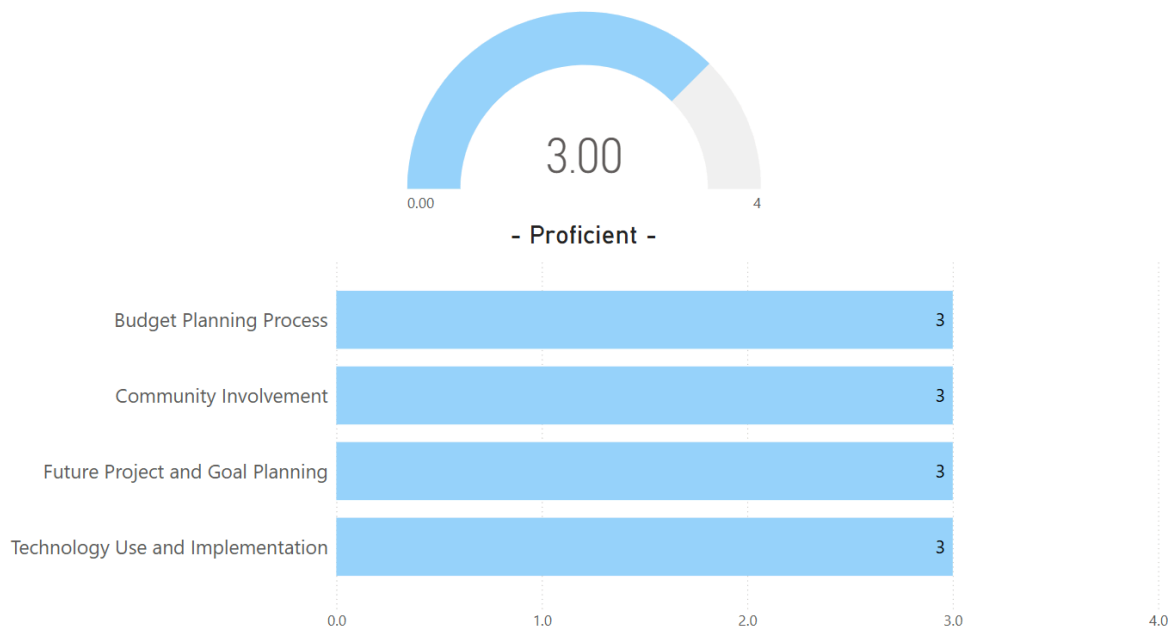
Role Definition, Separation of Duties & Capacity Planning

Roles are reviewed informally and position descriptions are generally updated when posting a vacant position. Current staff assignments align with employment positions held, however the team has identified instances where they may perform other duties to assist with need or during periodic vacancies. Additional work assignments identified are added to an already established role within the finance department. Current staffing levels allow for adequate separation of duties.

Proactive Practices

The District’s identified FBOA interview team responded to a series of questions on four topics under the Proactive Practices category: budget planning process, community involvement, future planning, and technology use.

Based on the responses to the questions in the FBOA, the District has been given an overall score of **3.00**, or **Proficient**. This rating is the average of the individual scores for each topic within the Proactive Practices category. These scores are illustrated in the visual below.



Further insights into each topic are highlighted below.

Budget Planning Process

The executive director of business services manages the budgeting process for the District including budget projections for future fiscal years. The executive director of business services meets with budget managers and uses numerous resources to develop the budget, including planning for federal funding sources. The original budget is presented and approved by the school board prior to the start of the new fiscal year, ensuring spending authority for the fiscal year. Subsequent budget revisions are also approved by the school board. Budget managers are expected to monitor their budget during the fiscal year.

Community Involvement

The school board connects to many community members who are committed to the District's operations. The District has several finance adjacent school board subcommittees where the finance department is represented. The school board regularly communicates with the district's administrative team. The executive director of business services reports financial information during regular school board meetings.

Future Project and Goal Planning

The finance department uses the budget process as a tool for planning for future finance needs. Members of the finance team are encouraged to establish individual goals. The finance team meets weekly while also regularly supporting each other when additional assistance is needed. The finance department will engage with outside organizations to support finance operations when determined to be useful.

Technology Use and Implementation

The District uses several digital payment platforms commonly used by school districts to collect revenues for registrations, ticketing, and concessions. Electronic records are stored within some finance system modules as well as a shared finance network drive. School board packets are available on the district's website. The finance system adequately supports the finance-related activities of the District.

Gap Analysis & Recommendations

Based on CESO's findings, the District is working to put practices in place to support its human resources and finance business operations. CESO has identified areas of opportunity for the District to continue to make its operations more effective and efficient. They are outlined below and prioritized by Do Now, Do Soon, and Do Later. The implementation timeline will depend on how the District chooses to proceed.

Throughout these recommendations, CESO uses the following definition for **Standard Operating Procedures (SOP)**:

Instructions and images, available to every staff member via a shared digital location, that describe the step-by-step process to successfully complete a task.

Do Now - FBOA Recommendations

Vendor Management

To improve vendor management practices in the District, CESO recommends the District implement the following:

- Review vendor listing and inactivate unused vendors. Regularly review vendor relationships for competitive pricing and cost-saving opportunities.
- Complete an annual suspension and debarment search for any vendors paid with federal funds prior to the start of the fiscal year to confirm continued eligibility and federal compliance.
- Conduct IRS Tax Identification Number (TIN) matching for active vendors, beginning with those identified as vendors potentially receiving a Form 1099-NEC from the District.
- Complete a quarterly internal audit of all new and changed vendors and have this information reviewed by a party independent of the accounts payable practitioner.

Cash on Hand Processes

To improve accuracy in tracking of cash, CESO recommends the following updates to the District's existing cash management practices:

- Ensure all cash collections are dually counted and documented on a reconciliation record to be provided to business services department staff.
- Explore and engage in a courier service for bank deposits.

Accounts Payable Processing

The District has a number of processes in place for its accounts payable function. To further improve this function, CESO recommends the District create a structured schedule for issuing vendor checks to effectively manage the high volume of transactions and ensure timely payments. To facilitate sharing of this information, CESO additionally recommends the District publish this schedule using the District's preferred communication method.

Payroll

CESO recommends the District take the following actions to further optimize its payroll processes:

- Enable unused system automated workflows and employee self service updates within the system. Consider timecard approvals & submission as well as any follow up that is performed on a regular basis as a part of the payroll role for efficiency.
- Review and make revisions to current payroll SOP documentation.

Do Soon - FBOA Recommendations

Standard Operating Procedures (SOPs)

To support knowledge retention and efficiency, CESO recommends the District continue and expand its business office documentation efforts through a detailed project plan including:

- Processes to be documented, current status, and timeline for completion
- Clear templates and training to support staff and ensure consistency across all processes
- Regular review sessions to facilitate progress, collaboration, and refinement

CESO recommends prioritizing areas with a direct connection to the Human Resources department, grant solicitation, outstanding invoice collection, and recognition of bad debts. Once all initial documentation has been completed, CESO recommends the District

implement a regular auditing cadence of these documents to ensure the information remains current.

General Accounting Practices

To improve record maintenance and retention, CESO recommends the District implement the following practices:

- Reduce or eliminate paper record retention once the files have been converted electronically.
- Provide written coding guidelines to individuals responsible for providing revenue or expenditure account codes on invoices or miscellaneous cash receipts.

Purchasing

To further enhance the District's purchasing processes, CESO recommends the District consider expanding the purchasing card program to increase its usage and fully capitalize on the benefits, such as streamlined purchasing, improved tracking, and potential cost savings.

Electronic Time Entry

FBOA participants shared that timesheets are still completed on paper forms. To improve accuracy of time tracking and optimize payroll processing, CESO recommends the District consider creating an electronic timesheet with data fields that align with a master import file to minimize the time spent on manual entry for paper timesheets. Once created, CESO recommends the District transition all hourly paid employees to electronic time recording systems where possible.

Roles & Responsibilities

To improve capacity in the business services department and increase clarity for staff, CESO recommends the District take the following actions:

- Audit all business services department job descriptions for clear and accurate role responsibilities; rewrite descriptions as needed. Once complete, communicate all finalized job descriptions to the collective team for role clarity.
- Annually review responsibilities and focus areas for each role and adjust as needed.

- Complete staff reviews with all business services department team members with a regular frequency (ex. anniversary date, annually).
- Review and align system access rights to business services department roles, adding or removing access rights as needed.

Do Later - FBOA Recommendations

Succession Planning

To expand the available pool for leadership roles and continue to promote knowledge retention within the organization, CESO recommends the District establish a structured succession planning framework for business office positions to proactively address retirements and staff transitions. Plans may then be linked to goal-setting and performance evaluations.

Development Planning

To improve management of recurring deadlines and task completion, CESO recommends the following:

- Develop a prioritized list of department tasks and timelines for the management of recurring deadlines. Meet with a team regularly to realign resources and track progress.
- Build individual development plans. Meet regularly with each team member to track progress.

Vendor Payment Processing

To reduce the amount of time needed for manual data entry of invoices, CESO recommends the District collaborate with vendors on invoice delivery options whereby invoices may be received electronically and imported into the system, reducing the amount of time needed for manual data entry.

Technology

To create further efficiencies in the business office, CESO recommends the District review its use of technology platforms through the following action steps:

- Research and implement punchout systems for purchasing.
- Leverage the personnel budget module and budget preparation modules of System Name to enhance and streamline established budgeting practices where applicable.
- Enable any unused system generated reminders to optimize communication of standard business services functions.

Future Assessment

Finally, CESO recommends conducting a follow-up assessment; this will allow the District to observe and measure the impact of any process changes implemented following this initial assessment and adjust its strategy on an ongoing basis.

Conclusion

If requested, CESO can support the District with its implementation of any or all recommended action items or other needs identified by the District. We can take complete ownership of implementation, partner alongside you, or turn the plan over to your team's capable hands.



Consulting

Our goal is to give you more hours in the day to focus on what matters most. We bring you the best options to drive greater impact in your school community.



Management

We do the project management work with your team to deliver results through prioritization, collaboration, and accountability.



Staffing

When there is a resource gap, we provide industry expertise, tools, and a network of passionate people. We do the work for you through interim or long-term staffing.

Finance Key Solutions

- Federal Compliance Consulting
- Audit Preparation
- Actuarial Studies
- Payroll
- Accounts Payable
- Accounts Receivable
- ERP / SIS Software Implementation
- Student Reporting Accounting
- Fixed Asset Data Preparation
- Grant Accounting & Reconciliation
- Month-End Close Management
- Special Projects Budgeting
- Business Manager Staffing
- Finance Executive Staffing
- Controller Staffing
- Accountant Staffing
- Finance Specialist Staffing





District Leadership Organizational Design

_____ School District
February 27, 2026

Rethink Possible.

Table of Contents

Executive Summary	2
Methodology	3
Document and Structural Review	3
Individual Interviews	3
Key Findings	4
Current Executive Level Structure	4
Primary Themes and Organizational Barriers	4
Theme 1: Optimizing Executive Capacity for Strategic Governance	4
Theme 2: Redefining Principal Support: Distinguishing Supervision from Coaching	4
Theme 3: Ensuring Organizational Stability through Strategic Succession	5
Theme 4: Eliminating Functional Silos through Integrated Leadership	5
Theme 5: Establishing PreK-12 Systemic Coherence	5
The Intersection of Structure and Productivity	5
Recommendations	6
Prototype 1: The Integrated Dual-Assistant Superintendent Model	6
Prototype 2: The Instructional Focus Model	8
Recommendation for a Comprehensive District Office Study	9
Consideration for Functional Alignment	9
Conclusion	10

Executive Summary

The ____ School District partnered with CESO to conduct an organizational study focused on the primary goal of optimizing the district's leadership structure to better drive strategic initiatives and meet evolving operating expectations. This study was commissioned to ensure that the district's executive framework is intentionally designed to support a unified PreK-12 academic vision and a sustainable leadership pipeline.

Through a series of executive interviews and workflow reviews, CESO's analysis focused on identifying the structural alignment necessary to transition from reactive management to proactive strategic governance. To ensure a comprehensive perspective, CESO conducted individual interviews with every member of the executive leadership team. These conversations were designed to identify current barriers to success and to understand how the district's leadership capacity could be better leveraged to meet its goals. From these discussions, five primary themes emerged:

- Optimizing Executive Capacity for Strategic Governance
- Redefining Principal Support
- Ensuring Stability through Succession Planning
- Eliminating Functional Silos
- Establishing PreK-12 Systemic Coherence

While this report outlines a structural path forward, CESO's analysis is grounded in a core CESO belief: leadership impact is greatest when it is closest to the student. Principals are the primary drivers of student success, and their effectiveness is a direct reflection of the support they receive from the district office. A structure is only as strong as its ability to empower building leaders and clear the path for instructional excellence.

It is important to note that a structural chart is a map, not a destination. The success of the ____ will depend not only on where the boxes are placed, but on the effectiveness and accountability of those within the roles. Structural change must be paired with intentional performance management to ensure the district is operating with the highest possible leadership vitality.

CESO recognizes that this study concludes during a significant fiscal challenge for the district. However, the current budget climate makes this structural transition a vital factor in the district's long-term health. To navigate a large deficit, the district requires a leadership framework that is specifically designed to eliminate operational leakage and ensure every role is performing at its highest productivity.

While this study focused on the executive leadership team, CESO's findings suggest that a broader organizational assessment of the entire district office is a necessary next step. To

effectively navigate the current fiscal climate, the district must ensure that every department, including Finance, HR, and Operations, is operating at its highest level of productivity. A systematic review of workflows and departmental alignment would allow the district to be proactive rather than reactive, identifying the efficiencies needed to provide long-term stability and avoid recurring budget crises.

Methodology

To develop a clear understanding of the district's leadership needs, CESO conducted a targeted review of the executive structure and its impact on district-level decision-making. This approach was designed to identify why the current framework may be hindering strategic progress and to identify where structural shifts could better serve the district's goals.

Document and Structural Review

CESO conducted a thorough analysis of the current organizational hierarchy, reporting lines, and existing job descriptions for the Superintendent and all Executive Directors. This review focused on identifying where roles may have expanded beyond their original intent and where structural overlaps could be creating administrative friction.

Individual Interviews

CESO conducted interviews with the following individuals as part of the district office organizational design study to understand their roles and develop recommendations to improve district operations:

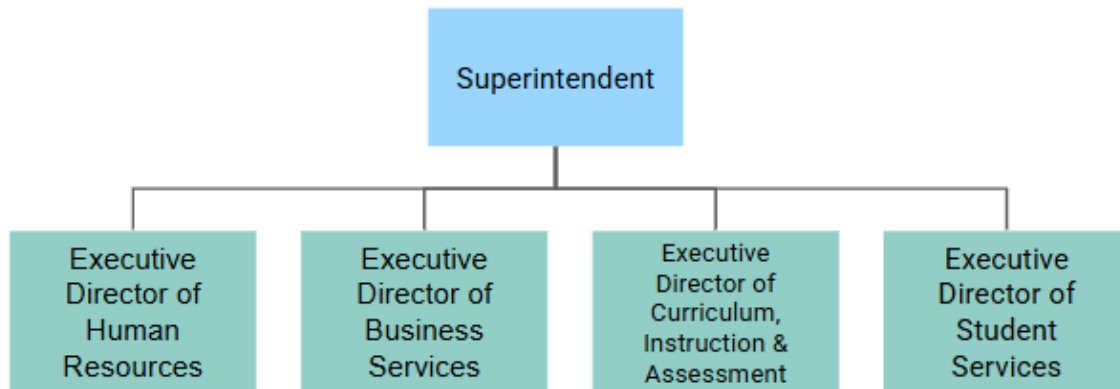
- Mike Johnson, Superintendent
- Dr. Mark Elworthy, Executive Director of Business Services
- Michele Golden, Executive Director of Human Resources
- Dr. Kaying Xiong, Executive Director of Student Services & Special Education
- Mandy VanVleet, Executive Director of Teaching & Learning
- Brandon Wick, Human Resources Manager

These conversations were designed to identify systemic barriers, evaluate the balance between tactical and strategic responsibilities, and determine how the central office can better support building-level leadership.

Key Findings

Current Executive Level Structure

The current framework for _____ places all executive functions, including both Operations and Academic Leadership, directly under the Superintendent. While this structure centralizes authority, it also positions the Superintendent at the center of every strategic and operational decision. This creates a bottleneck where the highest level of leadership is frequently occupied with department-level tasks, leaving little room for long-term fiscal and strategic governance.



Primary Themes and Organizational Barriers

The following five themes emerged consistently throughout executive interviews. These areas represent the primary barriers to district leadership's capacity to support the district's strategic initiatives and meet evolving operating expectations.

Theme 1: Optimizing Executive Capacity for Strategic Governance

The Superintendent provides a strong service-oriented leadership presence; however, current structures and expectations frequently pull him into daily operational matters. As a result, limited capacity remains for system-level priorities such as Board development, community engagement, and strategic planning. Clarifying roles and strengthening administrative support could help rebalance these responsibilities.

Theme 2: Redefining Principal Support: Distinguishing Supervision from Coaching

Current structures provide oversight for principal evaluation; however, there is a notable absence of consistent administrative mentorship and day-to-day coaching. Principals are managing a wide scope of responsibilities and, at times, seek support outside established supervision lines, reflecting unclear guidance and support structures. Strengthening ongoing mentorship and coaching would better support principal growth and leadership capacity.

Theme 3: Ensuring Organizational Stability through Strategic Succession

Staffing decisions are currently made in response to immediate vacancies, with limited emphasis on long-term succession planning. With an estimated 25% of administrative leadership, including key Executive Directors, nearing retirement within the next two years, the district would benefit from implementing a structured internal talent development and succession planning. Without a proactive succession plan, the district risks significant operational instability during these upcoming transitions.

Theme 4: Eliminating Functional Silos through Integrated Leadership

The current design reinforces silos that limit cross-department collaboration. On the operational side, greater alignment between Human Resources and Finance is needed to improve consistency in budget planning and position control. The recent challenges with the self-insurance rollout highlight the risks of fragmented benefits administration. When the financial and people-centered aspects of benefits are not fully integrated, it creates barriers to employee education and plan performance.

Similarly, on the academic side, there is a need for increased coordination between Student Services and Teaching and Learning. Currently, these departments often operate independently, which can lead to a siloed approach to student support. To provide integrated and effective instructional services, these two areas must move toward a more collaborative model. By breaking down these silos across both the business and academic houses, the district can ensure that its resources are managed with the oversight and precision required to serve students effectively.

Theme 5: Establishing PreK-12 Systemic Coherence

The district currently lacks a formal structural link between elementary and secondary programming. Without a dedicated role to support cross-level alignment, the PreK through 12 system risks failing to move forward as an integrated whole. This fragmentation often leads to inconsistent student outcomes and duplicated instructional efforts that the district cannot afford to maintain.

The Intersection of Structure and Productivity

While the five themes above identify structural gaps, CESO's analysis suggests that a change in the organizational chart is the initial step in a broader process of optimization. For a new structure to be successful, it must be supported by clearly defined roles that allow for individual and departmental accountability.

During CESO's review, it became apparent that the current lack of structural layers can make it difficult to establish and maintain consistent performance expectations. When roles are stretched across too many tactical and strategic areas, it is challenging for leadership to measure the true impact and productivity of each function. By refining these roles, the district

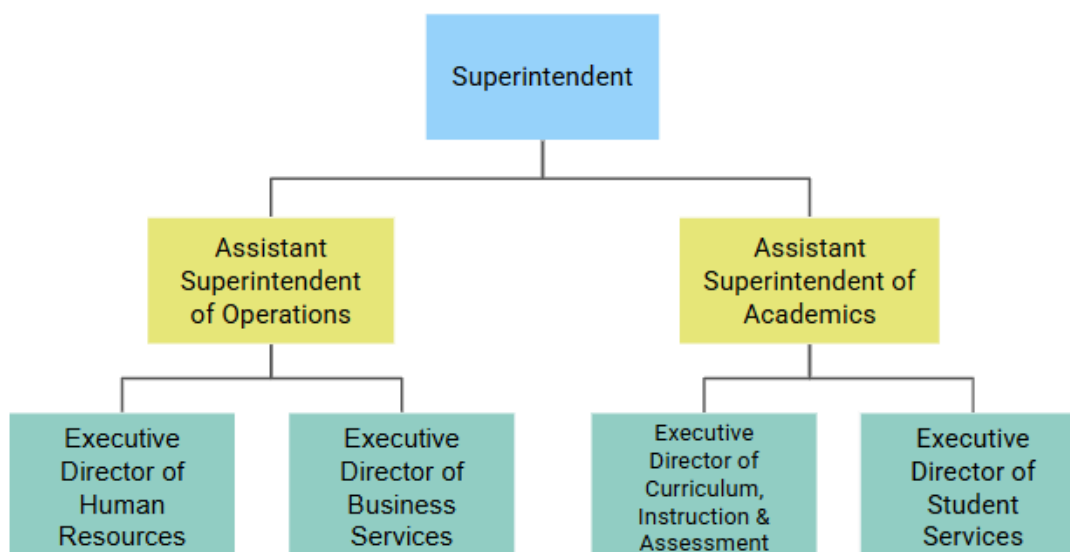
has the opportunity to create much higher levels of clarity. This ensures that every position is directly aligned with the strategic health and fiscal stability of the district, allowing the organization to operate with the efficiency required in the current budget climate.

Recommendations

To address the key findings of this study, CESO has developed two structural prototypes for _____ to consider. Both models are designed to clarify leadership roles and create a more effective bridge between the Superintendent and building-level leadership. These structures are specifically built to optimize the productivity of all leadership positions across the district. By refining this framework, the district can ensure that its administrative functions are intentionally organized to remove barriers, providing the consistent support needed to effectively drive the Strategic Plan and meet the Board's Operating Expectations (OEs).

Prototype 1: The Integrated Dual-Assistant Superintendent Model

This model establishes two Assistant Superintendent roles to provide the Superintendent with comprehensive relief from day-to-day operational demands. This positions the Superintendent to focus almost exclusively on governance, system-level priorities, and long-term strategic leadership.



Changes included in the structure are further described below.

Assistant Superintendent of Academics: This role establishes a unified instructional leadership structure by bringing Teaching and Learning, Student Services, Special Education, and

Technology under a single area of oversight. This alignment reduces fragmentation across instructional departments, particularly addressing the current separation between special education and teaching and learning.

The primary value of this position is the dedicated supervision, evaluation, and mentorship it provides for building principals. Principals are the vital link to student achievement, yet they are often required to navigate complex operational and instructional demands without a consistent executive partner. This Assistant Superintendent serves as that partner, providing the coaching and accountability necessary to optimize principal productivity. By elevating the support provided to building leaders, the district ensures that principals can focus their energy on instructional leadership and school culture. When principals are empowered and well-supported, the impact is felt directly in the classroom through improved academic outcomes for all students.

Assistant Superintendent of Operations: This role establishes a unified operational leadership structure with oversight of Human Resources, Finance, Facilities, and Food Service. By providing a dedicated point of leadership for these functions, the district ensures that all business operations are moving in a single, strategic direction.

A central goal of this position is to manage the high-level alignment between departments, allowing Executive Directors to focus more deeply on the technical and tactical execution within their specific areas. In this model, the Assistant Superintendent assumes the primary responsibility for driving and monitoring the Board's Operating Expectations (OEs). This shift allows Executive Directors to focus on their respective departments, increasing their capacity to solve problems and improve service delivery. With the Assistant Superintendent managing the strategic compliance and high-level deliverables, the department heads are empowered to lead their teams with greater focus and effectiveness.

Rationale and Benefits

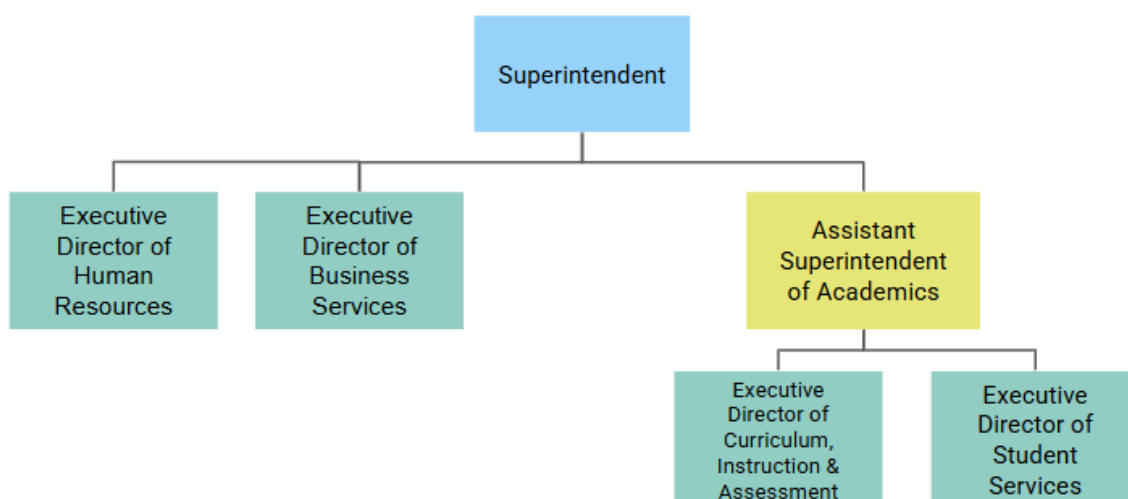
The primary benefit of this structure is the creation of a consistent decision-making framework that optimizes the productivity of the entire executive team. By providing dedicated leadership over both the academic and operational branches, the district ensures that every department is moving in a single, strategic direction. This model allows the Superintendent to transition from daily tactical management to a focus on high-level governance and the Board's Operating Expectations (OEs).

A critical advantage of this dual-assistant structure is the formal opportunity for succession planning. These positions serve as intentional training grounds for future district leadership, allowing high-potential internal candidates to gain the executive experience necessary to manage complex, system-wide initiatives from both an instructional and a business perspective. Whether an emerging leader is overseeing the integration of special education into the general curriculum or managing the alignment between Human Resources and Finance, they are building the capacity to eventually lead at the highest level. This focus on internal growth

ensures the district preserves its institutional knowledge and remains prepared for future leadership transitions with stability and long-term fidelity.

Prototype 2: The Instructional Focus Model

This model establishes a single Assistant Superintendent role focused exclusively on the district's instructional core. This structure reflects the current Strategic Plan by prioritizing student learning and reinforcing system-wide alignment in support of student outcomes. With instructional leadership centralized at the Assistant Superintendent level, the Superintendent is better positioned to maintain a strategic, governance-focused role.



Changes included in the structure are further described below.

Assistant Superintendent of Academics: This role consolidates Teaching and Learning, Student Services, and Technology under a single area of oversight. The primary focus of this position is to close performance gaps by directing executive leadership toward student achievement and educational equity.

As in the first model, the primary value of this position is the dedicated supervision, evaluation, and mentorship it provides for building principals. By serving as a consistent executive partner, this role provides the coaching necessary to develop high-performing leaders. This creates a clear pathway for succession planning, where strong principal support ensures that high-performing school leaders develop the skills and confidence needed to eventually advance into executive roles or the superintendency.

Operational Structure: In this model, operational departments including Finance, Human Resources, Food Services, and Facilities would generally retain their current reporting lines to the Superintendent. This ensures the Superintendent remains connected to the fiscal health of the district while the Assistant Superintendent of Academics drives the instructional mission. While

this option prioritizes academic alignment, existing leaders at the director level are expected to assume greater responsibility for the day-to-day monitoring of Operating Expectations (OEs) within their respective areas. This model provides a targeted investment in the instructional core while maintaining a leaner executive team.

Recommendation for a Comprehensive District Office Study

To build upon the executive-level shifts outlined in this study, CESO recommends that the district commission a comprehensive operations assessment of the entire district office. It is important to note that the current evaluation focused specifically on the leadership structure at the executive director level and above. While these structural changes provide the necessary foundation for stability, a department-level assessment is required to evaluate the workflows and staffing models within each functional area.

This district-wide assessment would allow the organization to identify specific opportunities for improved efficiency and effectiveness. By analyzing how each department delivers services, the district can eliminate redundant processes and ensure that every role is optimized to support the instructional mission. In combination with the proposed executive prototypes, this departmental study will provide a complete roadmap for a structure that is both fiscally sustainable and operationally high-performing. This proactive approach ensures that the district office is not only organized correctly at the top but is also operating with the precision required to manage long-term budget health.

Consideration for Functional Alignment

During CESO's evaluation, CESO identified specific opportunities where the district might further align internal functions to improve both fiscal oversight and employee support. Given the current budget deficit and the high stakes of the self-insurance plan, the coordination between Finance and Human Resources is more critical than ever.

One area for consideration is the transition of benefits administration from Finance to Human Resources. In many high-performing organizations, housing benefits within HR allows for a more people-centered approach to employee education and plan navigation. This shift could be a vital step in improving the performance of the self-insurance model by ensuring that employees are better informed and supported in their healthcare choices.

Furthermore, a closer alignment between these two departments is essential for strengthening position control. Effective position control ensures that every staffing decision is tied directly to the budget, preventing the gradual increase in staffing costs that often contributes to long-term fiscal challenges. Because these changes involve complex shifts in reporting and workload, CESO believes this should be a focus of a comprehensive district office assessment. This study would provide the necessary data to ensure that any realignment optimizes the productivity of both departments and supports the overall financial health of the district.

Conclusion

The recommendations outlined in this report provide the ____ School District with a strategic framework to transition from a legacy structure of operational reactivity to one of Coherent Governance. By moving away from a model where leadership is frequently pulled into daily tactical troubleshooting, the district can establish a proactive environment where the Superintendent and the Board can focus on system-level oversight and long-term strategic health.

This evolution toward a more intentional structure of Coherent Governance offers the district three distinct advantages:

1. **Leadership Vitality:** By providing building principals with dedicated mentorship and consistent executive partnership, the district ensures that its most influential leaders have the support necessary to drive student achievement. When leadership is clear and well-supported, it creates a culture of high performance that reaches every classroom.
2. **Fiscal Stewardship and Human Productivity:** In the current budget climate, the district must ensure that its human capital is operating at the highest possible level of productivity. This structure provides the necessary oversight to measure and manage that productivity, ensuring that every role is aligned with the district's goals. By eliminating operational leakage and establishing clear accountability, the district can better navigate current deficits and prevent recurring budget crises in the future.
3. **Organizational Stability:** By establishing a formal leadership pipeline through these Assistant Superintendent roles, the district preserves its institutional knowledge. This ensures that ____ remains prepared for future leadership transitions with stability, long-term fidelity, and a ready pipeline of proven internal talent.

As the Board and administration consider these prototypes, it is important to remember that organizational design is the foundation of accountability. By committing to this structural evolution, the district is positioning itself to navigate its fiscal challenges while building a more coherent, stable, and effective system for the students and families it serves.

CESO remains a committed partner in this work, ready to support the district through the implementation of these changes and the broader assessment of the district office operations.



**Proposals for:
FBOA, HROA, & Organizational Study**

Submitted to:
Waconia School District
Waconia, MN

June 2, 2026

Rethink Possible.

June 2, 2026

Brian Gersich, Ed.D.
Superintendent
Waconia Public Schools - ISD110
512 Industrial Blvd.
Waconia, MN 55387

Dear Dr. Gersich,

The Center for Effective School Operations (CESO) is pleased to submit this proposal to conduct a combined *Human Resources Operations Assessment (HROA)* and *Finance Business Operations Assessment (FBOA)* for Waconia Public Schools. We have also included details and pricing related to your interest in an *Organizational Study*.

Recognized as an expert in our field, our experienced team members have a deep understanding of the challenges faced by school districts. CESO currently partners with school districts across the country to implement a variety of operational assessments and organizational studies. We are confident that we can effectively provide Waconia Public Schools with recommendations for immediate and long-term improvements to support the District's vision and goals.

We appreciate your consideration and would welcome the opportunity to assist your district in this important work. Please contact me at 612-720-4142 or DeeDee.Kahring@theceso.com with any questions or concerns related to our proposal.

Sincerely,

A handwritten signature in cursive script that reads "DeeDee Kahring".

DeeDee Kahring, SFO
Vice President of Finance Consulting

Meet CESO



CESO partners with school communities of all sizes to deliver seamlessly integrated operational support that maximizes resources, improves efficiency, and drives effectiveness.

Districts across the country have utilized our customized approach to optimize daily operations and implement long-term success.

Consulting

From operations assessments to leadership development, strategic planning, and more, we solve complex challenges using your input, our analytical frameworks, and the space to rethink what's possible.



Management

Bring your projects to life with support for annual and one-time projects. We partner alongside our clients to deliver results through collaboration, prioritization, and accountability.



Staffing

Short and long-term support from executive to specialist roles. Our team of experts brings decades of operations experience combined with a passion for education.

School Operations Experts

Human Resources & Organizational Design
Nutrition • Executive Search • Communications
Transportation • Finance • Technology • Facilities



[Learn More](#)

CESO Overview

The Center for Effective School Operations, LLC (CESO) began as a transportation organization in 2008. Today, CESO is a full-service consulting, management, and staffing partner across key operational areas including: Child Nutrition, Communications, Facilities, Finance, Human Resources, Technology, and Transportation. Nearly 100 CESO employees help foster exceptional environments where leaders can optimize daily operations and implement long-term success for their communities. Our founding beliefs are **curiosity**, **inclusivity**, and **sincerity**, and these values drive our approach to support our clients.

CESO offers organizations a unique set of advisory and operational capabilities. Our consultants are seasoned school district operational leaders and specialists who understand both instructional leadership and district operations, giving us a deep understanding of the challenges faced by school districts. Our proactive team uses client input, our analytical frameworks, and the space to rethink what's possible to provide clients with the best options to address the unique opportunities within their organizations.

We work with large and small districts nationwide to provide consulting, management and staffing services. More than 270 clients in 37 states have utilized our effective, customized approach. CESO is headquartered in Minneapolis, Minnesota, and our team is primarily based out of this location.

- **CESO Consulting Services:** Whether an assessment, project, or ongoing thought and strategy partnership, we begin with our client's story and then incorporate multiple perspectives, client goals, our own core values of inclusivity, curiosity, and sincerity, and the team's expertise to create tailored solutions with achievable plans.
- **CESO Management Services:** We partner alongside our clients to do the project implementation work *with* their teams, delivering results through prioritization, collaboration, and accountability.
- **CESO Staffing Services:** We do the implementation work *for* our clients, providing interim or long-term staffing support from executive or director-level roles to specialists. Our team of experts brings decades of operational experience combined with a passion for education.

Our strength is the seamless integration of all operational areas with multiple levels of support. We know operations are critical for success and often interwoven. CESO is a resource for today, tomorrow, and the years ahead.

Scope of Work

Waconia Public Schools ISD110 is requesting comprehensive operations assessments of the district's Human Resources and Finance and Business departments. ISD110 has also requested a proposal for an Organizational Study. The District wishes to identify opportunities for increased organizational effectiveness, financial efficiency, and improved service delivery in the HR and Finance Departments.

FBOA & HROA

CESO's team of experts will conduct a comprehensive review of your district's existing financial processes, systems, and organizational structures to identify strengths, opportunities, and areas for improvement. Based on this assessment, we develop a customized action plan that preserves effective practices while addressing areas that need enhancement. To ensure the plan is practical and achievable, we work collaboratively with district leadership to prioritize recommendations into three clear phases: *Do Now, Do Soon, and Do Later*.

Organizational Study

An Organizational Study provides a comprehensive assessment of the organizational structure, staffing models, and operational practices of the HR and Finance departments. The study evaluates these departments for effectiveness, efficiency, and service delivery. Through this process, CESO identifies organizational strengths, capacity limitations, and opportunities to align resources, improve operations, and support the district's strategic goals.

Approach to Work

CESO will approach the project in four basic phases:

1) Project Kickoff and Data Gathering

All CESO assessments begin with a baseline understanding of the system's structure and responsiveness to the District's policy requirements and strategic objectives. To do this, CESO will carefully review the District's organizational structure and governance as well as leadership and management processes across District departments.

CESO' project team will meet with District leadership to outline their work approach and to ensure that the project is fully defined and understood by all key participants. These meetings will help establish strong working relationships between CESO and District leaders and will help clarify expectations, timelines and personnel involvement.

CESO will request, collect and examine various sources of information. These include: policies, regulations, procedures, organizational and reporting structures, contracts, decision-making

frameworks, budgets, strategic and operational plans, facility plans, financial records, and training and professional development resources. The analysis of this information will provide a robust preliminary understanding of the Human Resources and Finance and Business operations.

2) *Observations and Interviews*

Team members will visit the District to conduct onsite observations and in-person interviews of selected department staff and other key stakeholders and focus groups. Online interviews may also be used for follow up and to gain deeper insight and understanding to complete the assessments.

3) *Assessments and Comparison*

CESO will assess the District's Human Resources operations and Finance and Business operations and will compile data from observations and interviews to evaluate effectiveness and efficiency. These assessments will consider the District's strategic goals and operational context, while also benchmarking against best practices observed in school districts nationally.

4) *Final Report & Recommendations*

A Final Report will be presented to District leaders after the completion of the comprehensive assessments. The HROA, FBOA and Organizational Study reports will include a clear explanation of the assessment methodology, an overview of current conditions, analysis of results and key findings, and a detailed, actionable plan for each department. The Final Reports will provide prioritized recommendations organized into *Do Now, Do Soon, and Do Later* categories.

Project Team

CESO will use a blended divisional team approach to conduct its work with ISD110. The CESO project team includes experts with hands-on experience in the areas of human resources, finance and district operations. Together, their wealth of knowledge and experience will enable an efficient approach to the work and a minimally disruptive process to district operations.

Proposed Cost & Payment Terms

CESO is pleased to offer these services, or a combination of services, at the proposed pricing listed below. Please check all that apply when signing the contract.

Human Resources Operational Assessment Only:

- \$8,500 project cost

Finance Business Operations Assessment Only:

- \$8,500 project cost

Organizational Study Only:

- \$4,900 project cost

Combined HROA & FBOA:

- \$15,000 project cost for combination (*discounted for combination*)

Combined HROA, FBOA & Organizational Study:

- \$19,500 total project cost for combination of all 3 projects (*discounted for combination*)

- *All proposed project costs include professional fees, travel expenses and administrative expenses.*
- *Project cost will be billed at completion of the project.*

Timeline

If selected, CESO will begin the assessment process following execution of the agreement. The Final Report will be delivered approximately 10-12 weeks following the completion of the interview session(s).

Authorization to Proceed

Please authorize the services that CESO will provide in the Pricing & Payment Terms section of this agreement. Sign and return a copy of this contract to CESO, LLC, as authorization to proceed.

Once we receive this signed contract, we will return a final contract to you for your records and begin with the implementation of this agreement.

I have carefully reviewed the above contract and I authorize CESO, LLC to proceed.

Brian Gersich, Ed.D.
Superintendent

Waconia Public Schools - ISD110
512 Industrial Blvd.
Waconia, MN 55387
bgersich@isd110.org

DeeDee Kahring, SFO
Vice President of Finance Consulting

The Center for Effective School Operations
615 1st Avenue NE, Suite 115
Minneapolis, MN 55413
deedee.kahring@theceso.com

Authorized Signature

Authorized Signature

Date

Date

General Conditions

The following general conditions are made in part of CESO, LLC (the “professional”) proposal (the “proposal”). The term “customer” refers to the school system for which the professional is providing services. To the extent that the proposal conflicts with the terms delineated in the general conditions, the terms in the general conditions shall control.

A. Responsibilities

- Professional will provide services as enumerated in the proposal with the care and skill ordinarily exercised by reputable members of its profession practicing under similar conditions during the period of this proposal and in the same locality.
- Customer will provide all information necessary and access to staff and facilities as needed so that work can be conducted by professional in an economical, timely and safe manner.
- The fees and reimbursable listed in the proposal is the amount owed to the professional for the products and services provided by professional under this agreement.
- Invoices will be submitted to customer every month for work performed during the month. The customer shall make payments no later than thirty days after receipt of the invoice. All invoices unpaid for over thirty days will bear interest and a collection fee of eighteen percent annually, compounded monthly. Payment may be withheld only if this agreement is breached, and a written notice has been provided within forty-five days of receiving the invoice that is in dispute.

B. Disputes

- Disputes under this agreement will be promptly resolved in good faith through negotiation. All claims, disputes, differences not resolved in accordance with the commercial rules of the American Arbitration Assoc. in effect at that time.

C. Indemnity & Insurance

- Professional shall indemnify and hold harmless Customer against losses, damages and claims, demands, actions, costs (including reasonable attorney fees), and fines of any kind resulting from any breach of this Agreement by Professional, its employees, agents, subcontractors or licenses, of their obligation under this Agreement, or from any negligence or misconduct by professional, its employees, agents, subcontractors or licensees, but only for the proportion of damages which is equal to Professional’s proportion of the total fault which directly caused the damages.
- Customer shall indemnify and hold harmless Professional against losses, damages and claims, demands, actions, costs (including reasonable attorney fees), and fines of any kind resulting from any breach of this Agreement by Customer, its employees, agents, subcontractors or licenses, of their obligation under this Agreement, or from any negligence or misconduct by Customer, its employees, agents, subcontractors or licensees, but only for the proportion of

damages which is equal to Customer's proportion of the total fault which directly caused the damages.

- Professional carries coverage and limits of liability insurance for the Professional's own negligence as required by law and district requirements. These may include, but are not limited to the following:
 - i. Workers Compensation
 - ii. Employers' Liability
 - iii. Comprehensive General Liability with the following coverage:
 - 1. Bodily Injury
 - 2. Property Damage
 - 3. Personal Injury
 - 4. General Aggregate
 - 5. Product
 - 6. Fire Damage
 - 7. Medical Expenses
 - iv. Physical Loss insurance sufficient to cover loss or damage to Professional's owned or leased equipment.
 - v. Professional Liability (claims made).
 - vi. Contractor Pollution Liability (claims made).
 - vii. Excess Umbrella Liability. Professional's Excess Umbrella Liability policy provides coverage in addition to each of the coverages listed above including Comprehensive General Liability, Professional Liability and Contractor Pollution Liability.

D. Termination

- Neither party will have a right to terminate this agreement for convenience unless a termination fee in the amount of the remaining contract is paid to the terminated party.

4. April Bank Reconciliation

Waconia ISD #110
Bank Reconciliation

	A	B	C	D
1				
2		Transfers To	Transfers From	
3				
4	Security Bank	400,000.00		
5		2,100,000.00		
6		235,000.00		
7		3,000,000.00		
8				
9				
10	Bond Disbursement			
11	OPEB EQUITY			
12				
13	OPEB-Rounding			
14				
15	2025 Bonds		131,557.55	
16			234,955.77	
17				
18	Hometown Bank/Sweep		4,736.42	Transfer to reduce
19	Hometown Bank/Sweep	227,578.11		
20	Hometown Bank	335,465.42	203,409.45	Deposit in Transit Clears in Feb
21	Hometown Bank		400,000.00	Wire Transfer to Security Bank
22	Hometown Sweep		330,729.00	Transfer from Swe
23				
24	2019 Lease (Tennis Court)			
25	2024 BONDS			
26				
27				
28				
29	OPEB Equity			
30	OPEB			
31	PM-A Operating	131,557.55	2,100,000.00	
32		234,955.77	235,000.00	
33			3,000,000.00	
34				
35				
36	Refunding Bonds			
37	2017 COPS-US Bank			
38	PMA			
39	KleinBank General to Activities			
40	Old National			
41	Mid Country			
42	LTFM Bond			
43	Facility Bond to Debt Service			
44				
45	Total Transfers	6,664,556.85	6,640,388.19	
46				
47				
48			24,168.66	