WINONA AREA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 861

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2018

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INDEPENDENT SCHOOL DISTRICT NO. 861
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INTRODUCTORY SECTION

WINONA AREA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 861
BOARD OF EDUCATION AND ADMINISTRATION
YEAR ENDED JUNE 30, 2018

	TERM EXPIRES	
Ben Baratto	2018	Chairperson
Tina Lehnertz	2020	Vice-Chairperson
Allison Quam	2020	Clerk
Jay Kohner	2018	Treasurer
Karen Coleman	2018	Director
Jeanne Nelson	2020	Director
Steve Schild	2018	Director

ADMINISTRATION

Richard Dahman	Superintendent
Sarah Slaby	Director of Finance

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Board of Education
Winona Area Public Schools
Independent School District No. 861
Winona, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 861 (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Report on Summarized Comparative Information

We have previously audited the District's 2017 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and we expressed unmodified audit opinions on those audited financial statements in our report dated December 20, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Uniform Financial Accounting and Reporting Standards Compliance Table, as required by the Minnesota Department of Education, and the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual for the Debt Service Fund and the OPEB Debt Service Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

Board of Education
Winona Area Public Schools
Independent School District No. 861

The Uniform Financial Accounting and Reporting Standards Compliance Table, the Schedule of Expenditures of Federal Awards, the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual for the Debt Service Fund and the OPEB Debt Service Fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Rochester, Minnesota
December 10, 2018

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REQUIRED SUPPLEMENTARY INFORMATION

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This section of Independent School District No. 861's annual financial report presents management's discussion and analysis of the District's financial performance during the year ended June 30, 2018. Please read it in conjunction with the District's financial statements. This discussion will include key financial highlights and an analysis of the District's finances.

As a reader of the financial statements, it is important to keep in mind that all of the tables are based on the same set of financial data. Although several differences can be noted between the entity wide statements as compared to the fund statements, the statements use the same data and merely present it in different ways as required by the Governmental Accounting Standards Board (GASB). The most significant difference to keep in mind is that the entity wide statements are presented using full accrual accounting and focus on economic resources while the fund financial statements are presented on the modified accrual basis and have more of a current financial focus. Both presentations of the financial statements provide valuable information to the informed reader.

Key Financial Highlights For Fiscal 2017 – 2018

- The district began receiving revenue related to the successful capital projects for technology referendum. This resulted in $1,000,000 in addition levy revenue to be used for the projects specified by the referendum question.
- As of June 30, 2018, the district had not yet reached a settlement with the Winona Education Association for the 2017-2019 contract. This being the case, an estimated liability was recorded to recognize that a liability did exist at year end.

Financial Analysis of the District as a Whole

The government-wide financial statements are a component of the audit report which are required by GASB 34. The district-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources for all funds presented on one statement. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash was received or paid. A summarized version of these statements as well as an analysis follows.

Financial Analysis of the District as a Whole (Continued)

Net Position - Governmental Activities
June 30, 2018

	6/30/2017	6/30/2018	$ Change	% Change
Assets				
Current and Other Assets	$ 21,932,177	$ 21,371,686	$ (560,491)	-3%
Capital Assets	25,293,212	23,856,267	(1,436,945)	-6%
Total Assets	$ 47,225,389	$ 45,227,953	$ (1,997,436)	-4%
Deferred Outflows of Resources	$ 56,341,703	$ 40,598,205	$ (15,743,498)	-28%
Liabilities				
Long-term Liabilities	$ 12,879,361	$ 9,947,759	$ (2,931,602)	-23%
Other Liabilities	102,946,202	85,879,601	(17,066,601)	-17%
Total Liabilities	$ 115,825,563	$ 95,827,360	$ (19,998,203)	-17%
Deferred Inflows of Resources	$ 15,227,518	$ 26,979,714	$ 11,752,196	77%
Net Position				
Invested in Capital Assets, Net of Related Debt	$ 16,591,985	$ 17,550,514	$ 958,529	6%
Restricted	1,754,970	2,286,517	531,547	30%
Unrestricted	(45,832,944)	(56,817,947)	(10,985,003)	24%
Total Net Position	$ (27,485,989)	$ (36,980,916)	$ (9,494,927)	35%

Financial Analysis of the District as a Whole (Continued)

Change in Net Position - Governmental Activities
Year Ended June 30, 2018

Revenues and Other Financing Sources	6/30/2017	6/30/2018	$ Change	% Change
Program Revenues				
Charges for Services	$ 2,380,937	$ 2,402,481	$ 21,544	1%
Operating Grants	16,067,337	14,826,775	(1,240,562)	-8%
Capital Grants	677,674	552,639	(125,035)	-18%
General Revenues				
Property Taxes	12,067,700	12,969,986	902,286	7%
State Aid-Formula Grants	19,190,614	19,451,340	260,726	1%
Other	390,479	119,208	(271,271)	-69%
Total Revenues	$ 50,774,741	$ 50,322,429	$ (452,312)	-1%
Expenses				
Instruction				
Regular	$ 24,660,447	$ 23,247,388	$ (1,413,059)	-6%
Vocational	660,381	645,869	(14,512)	-2%
Special	13,995,330	13,112,573	(882,757)	-6%
Support Services				
Pupil	8,284,177	8,403,401	119,224	1%
Instructional	2,575,601	2,851,905	276,304	11%
District	1,996,297	1,524,722	(471,575)	-24%
District Administration	2,360,597	2,260,701	(99,896)	-4%
Site, Buildings, and Equipment	4,338,906	4,899,389	560,483	13%
Fiscal and Other Fixed Cost Programs	132,225	117,146	(15,079)	-11%
Community Service	2,469,224	2,419,065	(50,159)	-2%
Interest and Fiscal Charges on Long-Term Debt	440,518	335,197	(105,321)	-24%
Total Expenses	$ 61,913,703	$ 59,817,356	(2,096,347)	-3%
Increase (Decrease) in Net Position	$ (11,138,962)	$ (9,494,927)		
Net Position Restatement (GASB 68)	(7,028,344)	-		
Beginning Net Position, As Restated	(9,318,683)	(27,485,989)		
Ending Net Position	$ (27,485,989)	$ (36,980,916)		

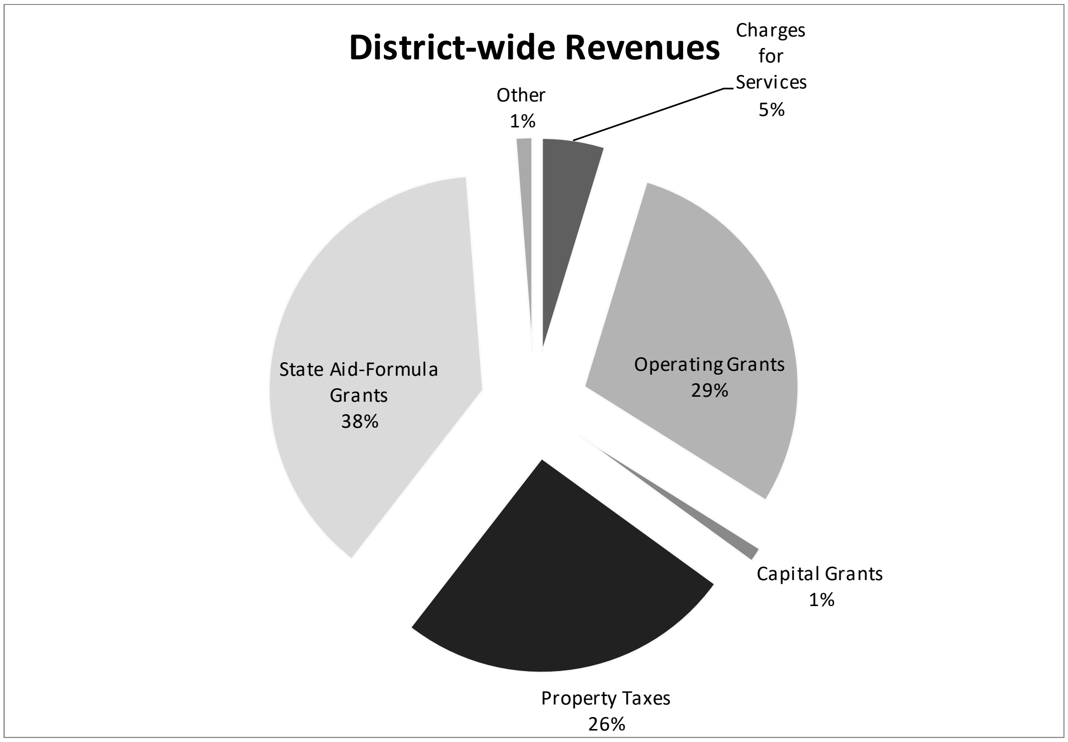
Changes in Revenue

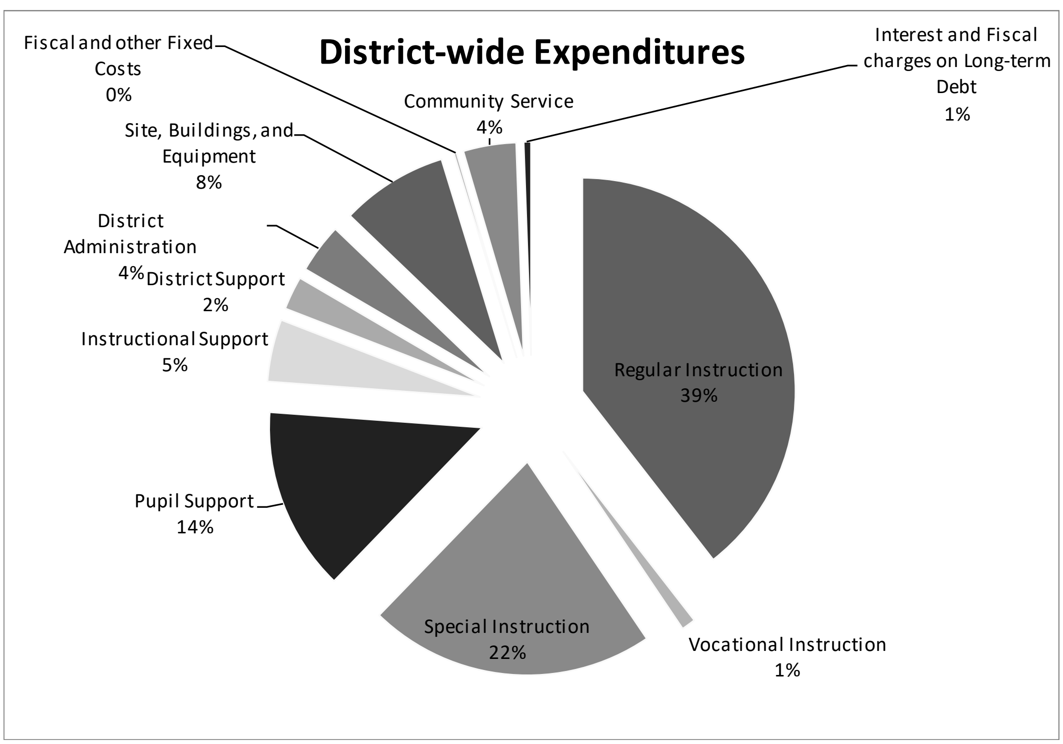
The District's overall revenues decreased $452,311 or 1% between fiscal years 2017 and 2018. Within the revenue categories, a fluctuation of ($1,240,562) or -8% in operating grants can be noted. However, this decrease is offset by a 7% increase (or $902,286) in property tax revenue. The increase in property tax revenue is related to the first year of funding for the technology levy.

Changes in Expenses

District expenses decrease 3% to a total of $59,817,356. This represents a decrease of $2,096,347. It is important to understand that the district-wide statements include items such as estimated pension costs which government entities are required to do. Expenditures included on the district-wide statements do not necessarily represent cash disbursements.

Financial Analysis of the District as a Whole (Continued)





Financial Analysis of the District as a Whole (Continued)

Financial Analysis of the District's Funds

The fund financial statements provide more detailed information about the District's funds – focusing on the most significant or "major" funds. The governmental funds statements provide a detailed, short-term view that helps determine whether there are more or fewer financial resources than can be spent in the near term to finance the District's programs. The governmental funds statements are the figures used by the district for budgeting purposes. This information does not encompass the additional long-term focus of the government-wide statements. Therefore, a reconciliation of the two statements is provided within the financial report to summarize the differences. A summarized version of the General Fund statements as well as an analysis of all funds follows.

	6/30/17	6/30/18	% Change
Assets			
Cash and Investments	$ 7,140,943	$ 7,107,135	0%
Property Taxes Receivable	5,148,903	5,573,229	8%
Receivable from Gov't Units	4,210,159	3,967,467	-6%
Other Receivables	487,891	126,982	-74%
Inventory and Prepaids	122,952	89,094	-28%
Total Assets	$ 17,110,848	$ 16,863,907	-1%
Liabilities			
Accounts and contracts payable	679,706	280,096	-59%
Accrued salaries, wages, and benefits	3,976,346	4,298,965	8%
Deferred revenue	144,512	101,335	-30%
Total Liabilities	$ 4,800,564	$ 4,680,396	-3%
Deferred Inflows of Resources			
Property Taxes Levied for Subsequent Year's Expenditures	9,521,283	9,747,471	2%
Delinquent Property Taxes	124,099	108,620	-12%
Total Deferred Inflows of Resources	$ 9,645,382	$ 9,856,091	2%
Fund Balances			
Staff Development	102,417	30,861	-70%
Capital Projects (Technology) Levy	-	70,226	-
Operating Capital	153,653	337,612	120%
Health and Safety	(1,271,134)	(775,073)	39%
Long-Term Facilities Maintenance	349,647	653,083	87%
Student Activities	150,518	133,945	-11%
Nonspendable	122,952	89,094	-28%
Kolter Estate	141,588	75,806	-46%
Unassigned	2,915,261	1,711,866	-41%
Total Fund Balance	$ 2,664,902	$ 2,327,420	-13%
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 17,110,848	$ 16,863,907	-1%

Financial Analysis of the District as a Whole (Continued)

	6/30/17	6/30/18	% Change
Revenues and Other Financing Sources			
Property Taxes	$ 8,764,066	$ 9,966,322	14%
Other Local and County	2,147,918	2,093,302	-3%
State Sources	30,192,901	30,236,059	0%
Federal Sources	1,571,520	1,571,530	0%
Insurance Recovery	307,177	-	-100%
Capital Lease Proceeds	-	146,215	-
Total	$ 42,983,582	$ 44,013,428	2%
Expenditures and Other Financing Uses			
Administration	$ 1,778,277	$ 1,745,136	-2%
District Support Services	1,451,401	1,518,229	5%
Regular Instruction	16,745,591	16,606,027	-1%
Vocational Instruction	440,315	436,054	-1%
Special Education Instruction	10,773,503	10,379,040	-4%
Instructional Support Services	1,996,973	2,393,957	20%
Pupil Support Services	5,428,985	5,685,018	5%
Sites and Buildings	4,110,081	4,592,327	12%
Capital Outlay	670,045	324,648	-52%
Transfer to Alt Facilities Project	-	-	-
Fiscal and Other Fixed Programs	132,225	117,146	-11%
Debt Service (Principal & Interest)	529,610	553,328	4%
Total	$ 44,057,006	$ 44,350,910	1%
Change in Fund Balance	$ (1,073,424)	$ (337,482)	-69%
Transfers In	(329,655)	-	-
Prior Year Fund Balance	4,067,981	2,664,902	-34%
Ending Fund Balance	$ 2,664,902	$ 2,327,420	-13%

General Fund

The General Fund includes the primary operations of the District in providing educational services to students from kindergarten through grade 12. The general fund also includes operations such as transportation, operating capital, long-term facilities maintenance, and student activities. The total fund balance decreased by $337,482 (or 13%) to a total of $2,327,420. Of the total fund balance, $1,167,588 is restricted, $133,945 is assigned for Student Activities, and $89,094 is nonspendable (represents amount of prepaid expenditures included on the District's balance sheet). The remaining $936,793 is unassigned, which is inclusive of a deficit related to health and safety of $775,073.

Financial Analysis of the District as a Whole (Continued)

General Fund (Continued)

Overall assets and liabilities remained relatively unchanged as compared the prior year. However, the reserve accounts did fluctuate. The reserve for staff development decreased by 70% or approximately, $71,556. The majority of this decline is related to the decision to use staff development funds to pay for opening day workshop costs. The Operating Capital fund balance grew by 120% or $183,959. Similarly, the Reserve for Long Term Facilities Maintenance (LTFM) grew by $303,436 or 87%. The growth in those two fund balances are primarily related to planned projects which came in under budget or projects which there was not enough time to complete. The Health & Safety deficit improved 39% or $496,061. This is due to the second of three annual transfers from the unreserved fund balance to alleviate the deficit.

General Fund Budgetary Highlights

Following approval of the preliminary budget (which happens prior to the beginning of the fiscal year), the District officially revised the annual operating budget one time during the year with a formal budget update presented to the board in May 2018. During the course of the year, if significant projects were approved, separate budget approvals were received on those projects and these special pre-approved amounts were then included in the official budget update subsequently presented to the board in May. Budget aamendments generally fall into two categories:

- Implementing budgets for specially funded projects, which include federal, state, and local grants and reinstating unexpended funds being carried over from the prior year for unspent grants.
- Legislation passed subsequent to budget adoption, changes necessitated by collective bargaining agreements, and increases in appropriations for significant unbudgeted costs.

Actual revenues were $486,000 more than the final board approved revenue budget of $43,381,213 which represents a 1% positive variance from the approved budget.

The actual expenditures were $44,383 less than the final approved budget. This represents less than a 1% variance from the approved budget.

Food Service Fund

The Food Service Fund accounts for the activities related to providing nutrition services to the K-12 academic program. The fund operates on the principle of revenues exceeding expenditures on day-to-day operations so that the excess can be used to systematically replace and upgrade kitchen equipment around the district. By operating in this manner, the goal of the School Nutrition program is to be self-contained and not to pull resources away from direct K-12 instruction.

The fund recorded $11,411 of revenues in excess of expenditures for the fiscal year resulting in a total ending fund balance of $241,497. The School Nutrition Program is well run and continues to not only cover its costs but also maintain a healthy fund balance. By maintaining a fund balance, the program has the resources needed to continue to make improvements to the program through equipment purchases and food offerings that are both nutritious and appealing to the students of Winona Area Public Schools.

Financial Analysis of the District as a Whole (Continued)

Community Service Fund

The Community Service Fund accounts for the activities related to providing education services for Pre-Kindergarten and Post-Grade 12 students. The fund operates on a principle of breaking even on year-to-year basis so that it does not pull resources away from K-12 instruction. The Community Education fund balance decreased from $310,964 to $293,655. This final fund balance is slightly higher than had been budgeted for the year. Community Education management has been proactive in its approach to budgets maintaining a healthy fund balance which protects future programming.

Debt Service Fund

The Debt Service Fund exists to service the principal and interest payments on long-term debt issued by the district to construct school facilities, improve buildings and grounds, or acquire school equipment. Annual levies will provide revenue at a rate of 105% of pending debt service payments for the upcoming fiscal year. This rate is specified in statute to ensure that principal and interest payments can be made as scheduled even if there are late property tax payments or delinquencies that may arise. The debt service fund balance is also monitored by the Minnesota Department of Education for accumulation of excess fund balance. If the debt service fund balance is deemed to be at a level in excess of what is needed to make debt payments, a levy adjustment is made to reduce revenue. During fiscal year 2018 the total debt service fund balance increased from $579,865 to $663,130. This represents an increase of approximately 14% as compared to the prior fiscal year.

Capital Projects Fund

The Capital Projects Fund accounts for the costs of school construction, addition, and renovation projects. When bonds (or certificates of participation) are issued in connection with a building project, the bond proceeds are recorded as revenue in the Capital Projects Fund. The funds are then drawn down as the payments are made for work completed on the building project. The proceeds of bonds (or certificates of participation) can only be used for the purpose for which they were issued. The total fund balance as of June 30, 2018 is $85,906. This amount is related to a capital facility bond issued for Energy Projects and must be used for approved energy project improvements.

OPEB Debt Service

The Other Post-Employment Benefit (OPEB) Debt Service Fund is required to be used to record activity related to the levy proceeds and the repayment of OPEB bonds. The OPEB Debt Service fund balance decreased from $156,741 to a deficit of $257,839 during fiscal year 2018. The deficit is related to a cross-over refunding which was not adequately levied for. This is being corrected on the 18PAY19 levy certification and will clear from the district's general ledger in fiscal year 2020.

Agency Fund

Winona Area Public Schools continue to serve as the fiscal host for the Winona County Collaborative. This is an arrangement which commenced during fiscal year 2012. This activity is monitored using what is called an Agency Fund. An Agency Fund is used to account for assets where the school district has a formal agency agreement with another entity. The District simply holds the funds and performs certain duties as directed by the decision makers of the other entity. In the case of the Winona County Collaborative, a board makes the decisions regarding how to expend the dollars. According to Uniform Financial Accounting and Reporting Standards, an agency fund is not permitted to carry a fund balance.

Contacting the District's Financial Management

This financial report is designed to provide District citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Winona Area Public Schools, 903 Gilmore Avenue, Winona, Minnesota 55987, visit the District Website at www.winona.k12.mn.us, or call 507-494-0800.

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BASIC FINANCIAL STATEMENTS

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WINONA AREA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 861
STATEMENT OF NET POSITION
JUNE 30, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2017)

	Governmental Activities	
	2018	2017
ASSETS		
Cash and Investments	$ 9,674,830	$ 10,136,849
Receivables:		
Property Taxes	7,335,563	6,793,203
Other Governments	4,120,434	4,348,778
Other	141,727	514,646
Prepaid Items	90,442	126,034
Inventories	8,690	12,667
Capital Assets:		
Land and Construction in Progress	1,310,892	1,310,892
Other Capital Assets, Net of Depreciation	22,545,375	23,982,320
Total Assets	45,227,953	47,225,389
DEFERRED OUTFLOWS OF RESOURCES		
Loss on Debt Refunding	575,671	629,222
Pension Related	40,022,534	55,712,481
Total Deferred Outflows	40,598,205	56,341,703
LIABILITIES		
Salaries Payable	4,518,310	4,227,029
Accounts Payable	317,409	617,882
Accrued Interest	191,291	255,510
Due to Other Governmental Units	43,173	108,470
Unearned Revenue	134,790	175,430
Long-Term Liabilities:		
Portion Due Within One Year	3,288,267	3,271,210
Portion Due in More Than One Year	9,947,759	12,879,361
Other Postemployment Benefits Liability	3,398,106	3,159,404
Net Pension Liability	73,988,255	91,131,267
Total Liabilities	95,827,360	115,825,563
DEFERRED INFLOWS OF RESOURCES		
Property Taxes Levied for Subsequent Year	12,866,671	12,593,785
Gain on Debt Refunding	11,775	31,963
Other Postemployment Benefits Related	405,367	196,414
Pension Related	13,695,901	2,405,356
Total Deferred Inflows of Resources	26,979,714	15,227,518
NET POSITION		
Net Investment in Capital Assets	17,550,514	16,591,985
Restricted for:		
Operating Capital Purposes	337,612	153,653
State-Mandated Reserves	683,944	452,064
Facility Improvements	141,588	141,588
Food Service	241,497	230,086
Community Service	299,200	317,233
Capital Projects	85,906	106,942
Debt Service	496,770	353,404
Unrestricted	(56,817,947)	(45,832,944)
Total Net Position	$ (36,980,916)	$ (27,485,989)

See accompanying Notes to Financial Statements.

WINONA AREA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 861
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)

	2018		
		Program Revenues	
Functions	Expenses	Charges for Services	Operating Grants and Contributions
Governmental Activities			
Administration	$ 2,232,195	$ 264	$ 5,543
District Support Services	1,524,722	154,599	10,316
Regular Instruction	23,275,894	611,425	4,208,032
Vocational Education Instruction	645,869	5,170	4,025
Special Education Instruction	13,112,573	164,529	7,018,775
Instructional Support Services	2,850,102	14,461	428,344
Pupil Support Services	6,531,661	12,994	1,146,800
Sites and Buildings	4,901,192	40	56,708
Fiscal and Other Fixed Cost Programs	117,146	-	-
Food Service	1,871,740	673,638	1,122,200
Community Service	2,419,065	765,361	826,032
Interest and Fiscal Charges on Long-Term Liabilities	335,197	-	-
Total School District	$ 59,817,356	$ 2,402,481	$ 14,826,775

General Revenues
Property Taxes Levied for:
General Purposes
Community Service
Debt Service
State Aid Not Restricted to Specific Purposes
Earnings on Investments
Miscellaneous
Total General Revenues

Change in Net Position

Net Position - Beginning of Year

Net Position - End of Year

See accompanying Notes to Financial Statements.

2018		2017
	Net (Expense) Revenue and Change in Net Position	Net (Expense) Revenue and Change in Net Position
Capital Grants and Contributions	Total Governmental Activities	Total Governmental Activities
$ -	$ (2,226,388)	$ (2,309,269)
11,628	(1,348,179)	(1,420,878)
163,195	(18,293,242)	(19,280,660)
-	(636,674)	(628,261)
-	(5,929,269)	(6,100,226)
-	(2,407,297)	(2,027,968)
-	(5,371,867)	(5,372,988)
377,816	(4,466,628)	(3,823,554)
-	(117,146)	(132,225)
-	(75,902)	(90,637)
-	(827,672)	(853,394)
-	(335,197)	(440,518)
$ 552,639	(42,035,461)	(42,480,578)
	9,950,843	8,752,953
	505,632	483,638
	2,513,511	2,831,109
	19,451,340	19,190,614
	14,328	15,775
	104,880	67,527
	32,540,534	31,341,616
	(9,494,927)	(11,138,962)
	(27,485,989)	(16,347,027)
	$ (36,980,916)	$ (27,485,989)

WINONA AREA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 861
BALANCE SHEET
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2017)

	Major		
	General	Food Service	Community Service
ASSETS			
Cash and Investments	$ 7,107,135	$ 292,477	$ 617,346
Receivables:			
Current Property Taxes	5,464,609	-	309,068
Delinquent Property Taxes	108,620	-	5,545
Accounts Receivable	126,982	891	13,854
Due from Other Minnesota School Districts	56,171	-	39,810
Due from Minnesota Department of Education	2,907,161	2,134	46,671
Due from Federal through Minnesota Department of Education	996,750	53,982	-
Due from Other Governmental Units	7,385	-	5,928
Due from Other Funds	-	-	-
Inventory	-	8,690	-
Prepaids	89,094	1,348	-
Total Assets	$ 16,863,907	$ 359,522	$ 1,038,222
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
Liabilities:			
Salaries and Payroll Deductions Payable	$ 4,298,965	$ 74,767	$ 144,578
Accounts and Contracts Payable	237,788	11,483	32,930
Due to Other Governmental Units	42,308	-	865
Unearned Revenue	101,335	31,775	1,680
Total Liabilities	4,680,396	118,025	180,053
Deferred Inflows of Resources:			
Unavailable Revenue - Property Taxes Levied for Subsequent Year	9,747,471	-	558,969
Unavailable Revenue - Delinquent Property Taxes	108,620	-	5,545
Total Deferred Inflows of Resources	9,856,091	-	564,514
Fund Balance:			
Nonspendable:			
Inventory	-	8,690	-
Prepaids	89,094	1,348	-
Restricted for:			
Staff Development	30,861	-	-
Capital Projects Levy	70,226	-	-
Operating Capital	337,612	-	-
Community Education	-	-	162,587
Early Childhood and Family Education	-	-	24,083
School Readiness	-	-	83,432
Adult Basic Education	-	-	23,459
Long-Term Facilities Maintenance	653,083	-	-
Restricted for Other Purposes	75,806	231,459	94
Assigned for:			
Student Activities	133,945	-	-
Unassigned	936,793	-	-
Total Fund Balance	2,327,420	241,497	293,655
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 16,863,907	$ 359,522	$ 1,038,222

See accompanying Notes to Financial Statements.

Funds			Total Governmental Funds	
Capital Projects	Debt Service	OPEB Debt Service	2018	2017
$ 87,602	$ 1,517,370	$ 28,092	$ 9,650,022	$ 10,136,849
-	1,061,262	354,356	7,189,295	6,623,287
-	24,931	7,172	146,268	169,916
-	-	-	141,727	514,646
-	-	-	95,981	53,777
-	3,855	587	2,960,408	3,082,678
-	-	-	1,050,732	1,202,418
-	-	-	13,313	9,905
-	-	-	-	2,324
-	-	-	8,690	12,667
-	-	-	90,442	126,034
$ 87,602	$ 2,607,418	$ 390,207	$ 21,346,878	$ 21,934,501
$ -	$ -	$ -	$ 4,518,310	$ 4,227,029
1,696	-	-	283,897	610,371
-	-	-	43,173	108,470
-	-	-	134,790	175,430
1,696	-	-	4,980,170	5,121,300
-	1,919,357	640,874	12,866,671	12,593,785
-	24,931	7,172	146,268	169,916
-	1,944,288	648,046	13,012,939	12,763,701
-	-	-	8,690	12,667
-	-	-	90,442	126,034
-	-	-	30,861	102,417
-	-	-	70,226	-
-	-	-	337,612	153,653
-	-	-	162,587	199,109
-	-	-	24,083	2,704
-	-	-	83,432	64,030
-	-	-	23,459	44,121
-	-	-	653,083	349,647
85,906	663,130	-	1,056,395	1,200,473
-	-	-	133,945	150,518
-	-	(257,839)	678,954	1,644,127
85,906	663,130	(257,839)	3,353,769	4,049,500
$ 87,602	$ 2,607,418	$ 390,207	$ 21,346,878	$ 21,934,501

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WINONA AREA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 861
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2017)

	2018	2017
Total Fund Balance for Governmental Funds	$ 3,353,769	$ 4,049,500
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	1,310,892	1,310,892
Land Improvements, Net of Accumulated Depreciation	2,067,173	2,248,208
Buildings and Improvements, Net of Accumulated Depreciation	18,814,951	20,082,682
Equipment, Net of Accumulated Depreciation	1,663,251	1,651,430
Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unearned revenue in the funds.	146,268	169,916
When a bond refunding occurs the difference between the amount paid to the refunded bond escrow and the principal of the refunded debt is expensed in the governmental funds. These expenditures are capitalized on the statement of net position as deferred charges.	563,896	597,259
The District's Other Postemployment Benefits liability and related deferred inflows and outflows are recorded only on the Statement of Net Position. Balances at year-end are:		
Other Postemployment Benefits Liability	(3,398,106)	(3,159,404)
Deferred Inflows of Resources - Pensions	(405,367)	(196,414)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditures when due.	(191,291)	(255,510)
The District's Net Pension liability and related deferred inflows and outflows are recorded only on the Statement of Net Position. Balances at year-end are:		
Net Pension Liability	(73,988,255)	(91,131,267)
Deferred Outflows of Resources - Pensions	40,022,534	55,712,481
Deferred Inflows of Resources - Pensions	(13,695,901)	(2,405,356)
Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year-end are:		
Bonds Payable	(10,560,000)	(13,125,000)
Unamortized Premiums	(291,967)	(377,186)
Unamortized Discounts	-	1,348
Certificates of Participation Payable	(682,941)	(864,698)
Capital Lease Payable	(1,043,681)	(1,155,093)
Severance and Health Benefits Payable	(464,000)	(426,000)
Compensated Absences Payable	(193,437)	(203,942)
Internal service funds are used by management to charge the costs of dental insurance services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. Internal service fund net position at year-end are:	(8,704)	(9,835)
Total Net Position of Governmental Activities	$ (36,980,916)	$ (27,485,989)

See accompanying Notes to Financial Statements.

WINONA AREA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 861
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)

	Major		
	General	Food Service	Community Service
REVENUES			
Local Sources:			
Property Taxes	$ 9,966,322	$ -	$ 506,356
Earnings and Investments	7,723	608	1,436
Other	2,085,579	716,881	898,954
State Sources	30,236,059	96,835	694,189
Federal Sources	1,571,530	981,916	4,251
Total Revenues	43,867,213	1,796,240	2,105,186
EXPENDITURES			
Current:			
Administration	1,745,136	-	-
District Support Services	1,518,229	-	-
Elementary and Secondary Regular Instruction	16,606,027	-	-
Vocational Education Instruction	436,054	-	-
Special Education Instruction	10,379,040	-	-
Instructional Support Services	2,393,957	-	-
Pupil Support Services	5,685,018	-	-
Sites and Buildings	4,592,327	-	-
Fiscal and Other Fixed Cost Programs	117,146	-	-
Food Service	-	1,741,967	-
Community Service	-	-	2,112,027
Capital Outlay	324,648	42,862	10,468
Debt Service:			
Principal	439,384	-	-
Interest and Fiscal Charges	113,944	-	-
Total Expenditures	44,350,910	1,784,829	2,122,495
Excess (Deficiency) of Revenues Over (Under) Expenditures	(483,697)	11,411	(17,309)
OTHER FINANCING SOURCES (USES)			
Insurance Recovery	-	-	-
Capital Lease Proceeds	146,215	-	-
Transfers Out	-	-	-
Transfers In	-	-	-
Total Other Financing Sources (Uses)	146,215	-	-
Net Change in Fund Balance	(337,482)	11,411	(17,309)
FUND BALANCES			
Beginning of Year	2,664,902	230,086	310,964
End of Year	$ 2,327,420	$ 241,497	$ 293,655

See accompanying Notes to Financial Statements.

Funds			Total Governmental Funds	
Capital Projects	Debt Service	OPEB Debt Service	2018	2017
$ -	$ 2,185,424	$ 335,532	$ 12,993,634	$ 12,081,547
274	3,860	427	14,328	15,777
1	-	-	3,701,415	3,770,306
-	38,551	5,871	31,071,505	30,992,931
-	-	-	2,557,697	2,568,422
275	2,227,835	341,830	50,338,579	49,428,983
-	-	-	1,745,136	1,778,277
-	-	-	1,518,229	1,451,401
-	-	-	16,606,027	16,745,591
-	-	-	436,054	440,315
-	-	-	10,379,040	10,773,503
-	-	-	2,393,957	1,996,973
-	-	-	5,685,018	5,428,985
-	-	-	4,592,327	4,110,081
-	-	-	117,146	132,225
-	-	-	1,741,967	1,754,881
-	-	-	2,112,027	2,125,501
21,311	-	-	399,289	760,262
-	2,015,000	550,000	3,004,384	2,931,899
-	129,570	206,410	449,924	491,268
21,311	2,144,570	756,410	51,180,525	50,921,162
(21,036)	83,265	(414,580)	(841,946)	(1,492,179)
-	-	-	-	307,177
-	-	-	146,215	-
-	-	-	-	(329,655)
-	-	-	-	329,655
-	-	-	146,215	307,177
(21,036)	83,265	(414,580)	(695,731)	(1,185,002)
106,942	579,865	156,741	4,049,500	5,234,502
$ 85,906	$ 663,130	$ (257,839)	$ 3,353,769	$ 4,049,500

WINONA AREA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 861
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)

	2018	2017
Net Change in Fund Balance - Total Governmental Funds	$ (695,731)	$ (1,185,002)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation in the current period is:		
Capital Outlays	337,456	139,903
Depreciation Expense	(1,774,401)	(1,842,322)
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are unearned in the governmental funds.	(23,648)	(13,847)
Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net position, the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net position.		
Other Financing Sources - Capital Lease Proceeds	(146,215)	-
Principal Payments - Capital Leases	257,627	230,495
Other postemployment benefits (OPEB) expenditures in the governmental funds are measured by current year employer contributions. OPEB expense on the statement of activities is measured by the change in the net OPEB liability and the related deferred inflows and outflows of resources.	(447,655)	(511,053)
Pension expenditures in the governmental funds are measured by current year employer contributions. Pension expense on the statement of activities are measured by the change in the net pension liability and the related deferred inflows and outflows of resources.	(9,837,480)	(10,691,251)
In the statement of activities, certain operating expenses - severance benefits and compensated absences - are measured by amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (amounts actually paid).	(27,495)	(8,204)
The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:		
Repayment of Bond Principal	2,565,000	2,530,000
Change in Accrued Interest - General Obligation Bonds	64,219	3,196
Repayment of Certificates of Participation Payable	181,757	171,404
Amortization of Bond Premium	85,219	85,219
Amortization of Bond Discount	(1,348)	(4,302)
Amortization of Deferred Charges on Refunding Bonds	(33,363)	(33,363)
Internal service funds are used by the District to charge the costs of employee dental benefits to individual funds. The net revenue of the internal service funds is reported with governmental activities.	1,131	(9,835)
Total	$ (9,494,927)	$ (11,138,962)

See accompanying Notes to Financial Statements.

WINONA AREA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 861
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Property Taxes	$ 9,849,332	$ 9,846,888	$ 9,966,322	$ 119,434
Earnings and Investments	7,875	7,928	7,723	(205)
Other	1,617,648	2,016,710	2,085,579	68,869
State Sources	29,646,700	29,910,049	30,236,059	326,010
Federal Sources	1,575,261	1,599,638	1,571,530	(28,108)
Total Revenues	42,696,816	43,381,213	43,867,213	486,000
EXPENDITURES				
Current:				
Administration	1,645,520	1,721,206	1,745,136	23,930
District Support Services	1,394,216	1,329,359	1,518,229	188,870
Elementary and Secondary Regular Instruction	15,980,804	16,172,635	16,606,027	433,392
Vocational Education Instruction	324,530	452,211	436,054	(16,157)
Special Education Instruction	10,445,543	10,569,225	10,379,040	(190,185)
Instructional Support Services	2,481,066	2,572,430	2,393,957	(178,473)
Pupil Support Services	5,534,320	5,804,104	5,685,018	(119,086)
Sites and Buildings	4,952,814	4,908,152	4,592,327	(315,825)
Fiscal and Other Fixed Cost Programs	115,000	117,146	117,146	-
Capital Outlay	166,687	219,215	324,648	105,433
Debt Service:				
Principal	427,852	427,852	439,384	11,532
Interest and Fiscal Charges	101,758	101,758	113,944	12,186
Total Expenditures	43,570,110	44,395,293	44,350,910	(44,383)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(873,294)	(1,014,080)	(483,697)	530,383
OTHER FINANCING SOURCES (USES)				
Capital Lease Proceeds	-	-	146,215	146,215
Net Change in Fund Balance	$ (873,294)	$ (1,014,080)	(337,482)	$ 676,598
FUND BALANCE				
Beginning of Year			2,664,902	
End of Year			$ 2,327,420	

See accompanying Notes to Financial Statements.

WINONA AREA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 861
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Earnings and Investments	$ 500	$ 500	$ 608	$ 108
Other - Primarily Meal Sales	746,200	763,579	716,881	(46,698)
State Sources	86,500	86,500	96,835	10,335
Federal Sources	968,000	968,000	981,916	13,916
Total Revenues	1,801,200	1,818,579	1,796,240	(22,339)
EXPENDITURES				
Current:				
Food Service	1,783,904	1,779,298	1,741,967	(37,331)
Capital Outlay	34,000	47,379	42,862	(4,517)
Total Expenditures	1,817,904	1,826,677	1,784,829	(41,848)
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (16,704)	$ (8,098)	11,411	$ 19,509
FUND BALANCE				
Beginning of Year			230,086	
End of Year			$ 241,497	

See accompanying Notes to Financial Statements.

WINONA AREA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 861
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
COMMUNITY SERVICE FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Property Taxes	$ 514,753	$ 514,753	$ 506,356	$ (8,397)
Earnings and Investments	1,000	1,000	1,436	436
Other - Primarily Tuition and Fees	862,050	847,990	898,954	50,964
State Sources	587,241	696,720	694,189	(2,531)
Federal Sources	2,800	4,251	4,251	-
Total Revenues	1,967,844	2,064,714	2,105,186	40,472
EXPENDITURES				
Current:				
Community Service	2,158,074	2,096,429	2,112,027	15,598
Capital Outlay	5,950	10,550	10,468	(82)
Total Expenditures	2,164,024	2,106,979	2,122,495	15,516
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (196,180)	$ (42,265)	(17,309)	$ 24,956
FUND BALANCE				
Beginning of Year			310,964	
End of Year			$ 293,655	

See accompanying Notes to Financial Statements.

WINONA AREA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 861
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)

	Governmental Activities - Internal Service Funds	
	2018	2017
ASSETS		
Cash and Investments	$ 24,808	$ -
LIABILITIES		
Accounts Payable	33,512	7,511
Due to Other Funds	-	2,324
Total Liabilities	33,512	9,835
NET POSITION		
Unrestricted	$ (8,704)	$ (9,835)

See accompanying Notes to Financial Statements.

WINONA AREA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 861
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)

	Governmental Activities - Internal Service Funds	
	2018	2017
OPERATING REVENUES		
Charges for Services:		
Dental Insurance Premiums	$ 289,731	$ 139,036
OPERATING EXPENSES		
Dental Insurance Claims	245,631	127,451
General Administration Fees	42,969	21,420
Total Operating Expenses	288,600	148,871
OPERATING INCOME	1,131	(9,835)
Net Position - Beginning of Year	(9,835)	-
Net Position - End of Year	$ (8,704)	$ (9,835)

See accompanying Notes to Financial Statements.

WINONA AREA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 861
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)

	Governmental Activities - Internal Service Funds 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Interfund Services Provided	$ 289,731	$ 139,036
Payments for Dental Insurance Claims	(219,630)	(119,940)
Payments for Administrative Fees	(42,969)	(21,420)
Net Cash Provided (Used) by Operating Activities	27,132	(2,324)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash Received (Paid) from Other Funds	(2,324)	2,324
NET INCREASE IN CASH AND CASH EQUIVALENTS	24,808	-
Cash and Cash Equivalents - Beginning of Year	-	-
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 24,808	$ -
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Income	$ 1,131	$ (9,835)
Adjustments to Reconcile Operating Income to Net Cash Used by Operating Activities:		
Increase (Decrease) in Accounts Payable	26,001	7,511
Total Adjustments	26,001	7,511
Net Cash Provided (Used) by Operating Activities	$ 27,132	$ (2,324)

See accompanying Notes to Financial Statements.

WINONA AREA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 861
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018

	Irrevocable OPEB Trust	Agency Funds
ASSETS		
Cash and Cash Equivalents	$ 4,127,665	$ (2,721)
Accounts Receivable	-	2,886
Total Assets	4,127,665	$ 165
LIABILITIES		
Accounts and Contracts Payable	-	$ 165
NET POSITION		
Held In Trust	$ 4,127,665	

WINONA AREA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 861
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2018

	Irrevocable OPEB Trust
ADDITIONS	
Earnings on Investments	$ 353,023
DEDUCTIONS	
Administration Fees	25,836
Benefit Payments	824,373
Total Deductions	850,209
Change in Net Position	(497,186)
Net Position - Beginning of Year	4,624,851
Net Position - End of Year	$ 4,127,665

See accompanying Notes to Financial Statements.

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Independent School District No. 861 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB pronouncements are recognized as accounting principles generally accepted in the United States of America for state and local governments.

B. Financial Reporting Entity

Independent School District No. 861 (the District) is an instrumentality of the State of Minnesota established to function as an education institution. The elected School Board (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

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

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

In accordance with Minnesota Statutes, the District’s School Board has elected to control or be financially accountable for extracurricular student activities. Accordingly, the accounts and transactions are included in the financial statements within the General Fund.

C. Basic Financial Statement Presentation

The District-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. The fiduciary funds are reported in the statement of fiduciary net position at the fund financial statement level.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation (Continued)

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

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

Separate fund financial statements are provided for governmental, proprietary funds, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Fiduciary funds are presented in the fiduciary fund financial statements by type; agency fund and irrevocable OPEB trust. Since by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the District-wide statements.

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Description of Funds

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

Major Governmental Funds

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

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

Community Service Special Revenue Fund – The Community Service Fund is used to account for service provided to residents in the areas of recreation, civic activities, nonpublic pupils, veterans, adult or early childhood programs or other similar services. Revenue in the Community Service Fund consist of local property taxes, use fees, and state tax credits and aids restricted for the Community Service programs.

Capital Projects - Building Construction Fund – The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities.

Debt Service Fund – The Debt Service Fund accounts for the accumulation of resources for and the payment of general long-term obligation bond principal, interest, and related costs.

OPEB Debt Service Fund – The OPEB Debt Service Fund is used to account for the accumulation of resources for, and payment of, OPEB obligation bond principal, interest, and related costs.

Proprietary Fund

Internal Service Funds – The Internal Service Fund accounts for the financing of a self-insured dental plan provided for the District's employees on a cost reimbursement basis.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Description of Funds (Continued)

Fiduciary Funds

Irrevocable OPEB Trust Fund – The Irrevocable OPEB Fund is used for reporting resources set aside and held in an irrevocable trust arrangement for postemployment benefits.

Agency Fund – The Agency Fund is established to account for cash and other assets held by the District as the agent for others. This fund accounts for money held and and/or receivable from Minnesota Department of Education under agency agreements with the Winona County Collaborative.

E. Budgeting

Budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America. Each June, the School Board adopts an annual budget for the following fiscal year for the General, Food Service, Community Service, Building Construction Fund, and Debt Service Funds. The approved budget is published in summary form in the District's legal newspaper by November 30 of each year. Reported budgeted amounts represent the amended budget as adopted by the School Board. Legal budgetary control is at the fund level.

Procedurally, in establishing the budgetary data reflected in these financial statements, the Superintendent submits to the School Board prior to July 1, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means to finance them. The budget is legally enacted by School Board action. Revisions to budgeted amounts must be approved by the School Board.

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

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

F. Cash and Investments

Cash and investments consist of interest bearing accounts, money market accounts, mutual funds, and cash on hand.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Cash and Cash Equivalents

For purposes of reporting cash flows, the District considers all demand accounts to be cash and cash equivalents.

H. Accounts Receivable

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

I. Inventories

Inventories are recorded using the consumption method of accounting and consist of surplus commodities received from the federal government. Surplus commodities are stated at standardized cost, as determined by the Department of Agriculture.

J. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Prepaid items are reported using the consumption method and recorded as an expenses or expenditure at the time of consumption.

K. Property Taxes

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

Generally, tax revenue is recognized in the fiscal year ending June 30, following the calendar year in which the tax levy is collectible, while the current calendar year tax levy is recorded as unavailable revenue (property taxes levied for subsequent year).

The majority of District revenue in the General (and to a lesser extent in the District’s Community Service Special Revenue Fund) is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between taxes and state aids by the Legislature based on education funding priorities. Changes in this allocation are periodically accompanied by a change in property tax revenue recognition referred to as the “tax shift.”

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Property Taxes (Continued)

In accordance with State law, the current tax shift consists of an amount equal to 31% of the District's 2000 pay 2001 operating referendum, which is frozen at $163,276 for the District. Certain other portions of the District's 2017 pay 2018 levy, normally revenue for the 2018-19 fiscal year, are also advance recognized at June 30, 2018, as required by state statute to match revenue with the same fiscal year as the related expenditures.

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is deferred because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes has been provided as such amounts are not expected to be material.

Current levies of local taxes, less the amount recognized as revenue in the current period, including portions assumed by the State which will be recognized as revenue in the next fiscal year beginning July 1, 2018, are included in the Property Taxes Levied for Subsequent Year to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

L. Capital Assets

Capital assets are capitalized as historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The District maintains a threshold level of $4,000 for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

Capital assets not being depreciated include land.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Deferred Outflows of Resources

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow or resources (expense) until that time. The District has two type of items that qualifies as this reporting element which include pension related and loss on bond refunding.

N. Long-Term Obligations

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

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

O. Accrued Employee Benefits

Compensated Absences

Employees earn annual vacation at rates dependent upon each employee group labor contract. At June 30, 2018, unpaid vacation pay totaling $193,437 is recorded in the Statement of Net Position.

Sick Pay

Substantially all District employees are entitled to sick leave at various rates. For certain employees, unused sick leave enters into the calculation of severance pay upon termination.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Accrued Employee Benefits (Continued)

<u>Severance and Other Postemployment Benefits</u>

Accounting policies for severance and other postemployment benefits are described as follows:

1. **Severance Payment – Nonaffiliated Employees, Plant Operation and Maintenance Employees**

   A severance payment is available to nongroup employees and plant operation and maintenance employees who have completed at least 15 consecutive years of full or part time service with the District and are at least age 55 or employees who qualify for early retirement under the rule of 90 as prescribed by PERA. An eligible individual will receive an amount equal to $5.00 an hour for each unused hour of sick leave, reduced by the 403b matching dollars paid by the District over the employee's employment.

2. **Severance Payment – Educational Office Professionals, and Paraprofessionals**

   A severance payment is available to educational office professionals and paraprofessionals that have 15 years of service and who are at least 55 years of age, or employees who qualify for early retirement under the rule of 90 as prescribed by PERA. Qualified employees receive a severance payment equal to $4.50 an hour for each hour of unused sick leave, reduced by the amount of 403b matching dollars paid by the District over the employee's employment.

3. **Severance Payment – School Nutrition Personnel**

   A severance payment is available to food service personnel that have completed at least 15 years of continuous service with the District and are at least age 55 or employees who qualify for early retirement under the rule of 90 as prescribed by PERA. Qualified employees receive a severance payment equal to $5.00 an hour for each unused hour of sick leave.

4. **Severance Payment – Teachers**

   A severance payment is available to teachers who have taught a minimum of 15 years in the District and are at least 55 years of age. An eligible individual will receive an amount equal to $10 per day for each day of unused sick leave, up to 195 days, directly into the retiree's 403b account.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Accrued Employee Benefits (Continued)

<u>**Severance and Other Postemployment Benefits (Continued)**</u>

5. Other Postemployment Benefits – Educational Office Professionals, Teachers, and Paraprofessionals

Upon retirement, employees with at least 15 years of continuous service with the District and are at least age 55 will receive $40,000, which will be placed into a post-retirement healthcare account. If the employee is less than full time, the $40,000 benefit is prorated based on the employee's FTE status for the last 5 years of their employment with the District.

Starting with the 2005-2006 school year, teachers starting the school year who are age 50 with a minimum of 15 years of full-time service, the District will contribute $2,000 annually for teachers and $840 annually for paraprofessionals and educational office professionals into a healthcare savings account administered by the Minnesota State Retirement Association. Upon retirement, the cumulative amount of the deposits made for the teacher into the account will be subtracted from the $40,000 retirement incentive mentioned above.

During the fiscal year ended June 30, 2018, the District offered a one-time retirement incentive benefit of $10,000 beyond the standard $40,000 benefit.

6. Other Postemployment Benefits – School Nutrition Personnel

Upon retirement, employees with a minimum of 15 years of full-time service in the District and are at least 55 years of age are eligible to receive a post-employment health care benefit. The benefit is an amount equal to $40,000, reduced by 403(b) matching dollars paid by the District over the employee's employment.

Part-time employees with a minimum of 15 years of service in the District, working in a capacity in which the employee was eligible for insurance benefits, and who are at least 55 years of age is eligible to receive a post-employment health care benefit. The benefit is equal to a prorated payment of the $40,000 based on the employee's fractional time.

During the fiscal year ended June 30, 2018, the District offered a one-time retirement incentive benefit of $10,000 beyond the standard $40,000 benefit.

The District budgets for payments of severance pay for the year when it anticipates the retirement of personnel requires a severance payment. The payment of severance pay is recorded as a current expenditure in the year of the payment. Expenditures for severance pay made in 2018 were $61,024. The liability for severance totaled $464,000 and is recorded in the Statement of Net Position.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Pensions

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

Q. Deferred Inflows of Resources

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow or resources (revenue) until that time. The District has five types of items which occur related to revenue recognition. The first occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year. The second occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's year-end) under the modified accrual basis of accounting. The third type of deferred inflows of resources is a gain on bond refunding, which is being amortized over the life of the bonds. The fourth is pension related. The fifth is other postemployment benefits related.

R. Unearned Revenue

Unearned revenues are those in which resources are received by the District before it has a legal claim to them. The District has reported unearned revenues in the General Fund for a variety of unexpended local grants and unearned fees. In the Food Service Fund, unearned revenues have been recorded for school lunch deposits. The District also recorded unearned revenue in the Community Service Fund related to unexpended local grants and fees.

S. Fund Balance

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable portions of fund balance relate to prepaids and inventories. Restricted funds are constrained by outside parties (statute, grantors, bond agreements, etc.). Committed fund balances are established and modified by a resolution approved by the Board of Education. The District currently does not report any committed fund balances. The Board of Education passed a resolution authorizing the Director of Finance the ability to assign fund balances and their intended uses. Unassigned fund balances are considered the remaining amounts, usually in the General Fund only.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Fund Balance (Continued)

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

The District has a minimum fund balance policy, which identifies a minimum unassigned fund balance in the General Fund of two months of budgeted operating expenditures. In the Food Service Fund and Community Service Fund the District has a minimum fund balance policy, which identifies a minimum total fund balance of two months of budgeted operating expenditures.

T. Risk Management

The District is exposed to various risks of loss related to torts; theft or, damage to, and destruction of assets; error and omissions; injuries to employees; natural disasters and workers compensation. The District purchases commercial insurance coverage for such risks.

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

U. Net Position

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

V. Summarized Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2017, from which the summarized information was derived. Some of the prior year balances were reclassified to conform with the current year presentation.

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following funds at June 30, 2018:

	Budget	Expenditures	Excess
Special Revenue Funds:			
Community Service Fund	$ 2,106,979	$ 2,122,495	$ 15,516
Capital Projects Fund	19,615	21,311	1,696
Debt Service Fund	2,139,410	2,144,570	5,160

NOTE 3 DEPOSITS AND INVESTMENTS

A. Deposits

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

The District maintains a cash and investment pool that is available for use by all funds, except the OPEB Irrevocable Trust Fund. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Investments." In accordance with applicable Minnesota Statutes, the District maintains deposits at depository banks authorized by the School District's Board.

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds.

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

B. Investments

The District may also invest idle funds as authorized by Minnesota Statutes, as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies.
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of thirteen months or less.
- General obligations rated "A" or better; revenue obligations rated "AA" or better.
- General obligations of the Minnesota Housing Finance Agency rated "A" or better.

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

- Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
- Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
- Guaranteed Investment Contracts guaranteed by United States commercial banks, domestic branches of a foreign bank or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories.
- Repurchase or reverse purchase agreement and securities lending agreements financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

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

At June 30, 2018, the District had invested $4,863,866 in Mutual Funds.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District's investment policy does not set specific limits on instruments, diversification, and maturity scheduling. However, the Board's policy does require that funds be available to meet immediate payment requirements. In addition, the policy states that investments be managed in a manner to obtain market rates of return through various economic and budget cycles. The Director of Finance is designated as the District's investment officer. Investment activity is reported monthly to the School Board. Information about the sensitivity of the fair values of the District's investments to market interest rate risk fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

Type	Total	Less Than One Year
Mutual Funds	$ 4,863,866	$ 4,863,866

The Director of Finance generally schedules investment maturities to coincide with projected school district cash flow needs. Within these parameters, portfolio maturities are generally staggered to avoid undue concentration of assets, provide for stability of income, and limit exposure to fair value losses arising from rising interest rates.

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Credit Risk

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

Investment	Credit Rating
Mutual Funds -	
Equity	Not Rated
Fixed Income	Not Rated

Concentration of Credit Risk

The District's investment policy does not set specific limits on instruments, diversification, and maturity scheduling. It is the District's policy to diversify its investments to avoid incurring unreasonable risks inherent in over-investing in specific instruments. The investments that constitute more than 5% of the District's total investments are as follows:

Type	Percentage
Vnguard Tot Int ST Idx Adm	5.69%
Vanguard Total Stock Mkt Idx Adm	31.39%
Baird Core Plus Bond Fund Insitut	15.07%
Metropolitan West Tr Bond I	7.12%
Vanguard Itm Term Inv G Adm	15.54%

Fair Value Measurements

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

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

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Fair Value Measurements (Continued)

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

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

Assets measured at fair value on a recurring basis:

Investment	Level 1	Level 2	Level 3	Total
Mutual Funds	$ 4,863,866	$ -	$ -	$ 4,863,866

C. Balance Sheet Presentation

Total cash and investments at June 30, 2018 consist of:

Deposits	$	8,934,783
Cash on Hand		1,125
Mutual Funds		4,863,866
Total Cash and Investments	$	13,799,774
Cash and Investments - Statement of Net Position	$	9,674,830
Cash and Investments - Statement of Fiduciary Net Position		4,124,944
Total Cash and Investments	$	13,799,774

NOTE 4 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	$ 1,310,892	$ -	$ -	$ 1,310,892
Capital Assets, Being Depreciated				
Land Improvements	4,950,321	-	-	4,950,321
Buildings and Improvements	47,021,528	-	-	47,021,528
Equipment	7,491,656	337,456	(852,189)	6,976,923
Total Capital Assets, Being Depreciated	59,463,505	337,456	(852,189)	58,948,772
Accumulated Depreciation for:				
Land Improvements	(2,702,113)	(181,035)	-	(2,883,148)
Buildings and Improvements	(26,938,846)	(1,267,731)	-	(28,206,577)
Equipment	(5,840,226)	(325,635)	852,189	(5,313,672)
Total Accumulated Depreciation	(35,481,185)	(1,774,401)	852,189	(36,403,397)
Total Capital Assets, Being Depreciated, Net	23,982,320	(1,436,945)	-	22,545,375
Governmental Activities Capital Assets, Net	$ 25,293,212	$ (1,436,945)	$ -	$ 23,856,267

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

Governmental Activities	
Administration	$ 38,725
District Support Services	19,902
Regular Instruction	1,130,303
Vocational Education Instruction	20,657
Special Education Instruction	46,057
Instructional Support Services	72,768
Pupil Support Services	286,370
Sites and Buildings	109,653
Food Service	48,756
Community Service	1,210
Total Depreciation Expense, Governmental Activities	$ 1,774,401

NOTE 5 LONG-TERM LIABILITIES

A. Components of Long-Term Liabilities

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

Issue Date	Net Interest Rate	Series Number	Original Issue	Maturities	Principal Outstanding Due Within One Year	Principal Outstanding Total
11/6/2012	1% - 2%	2012A	$ 9,585,000	2/1/2019	$ 1,825,000	$ 1,825,000
2/5/2013	2% - 2.15%	2013A	1,580,000	2/1/2028	100,000	1,085,000
11/13/2013	2% - 3.05%	2013B	2,140,000	2/1/2028	140,000	1,560,000
4/17/2016	6.40%	2016A	6,495,000	2/1/2029	465,000	6,090,000
Total General Obligation Bonds					2,530,000	10,560,000
Bond Premiums					-	291,967
Certificates of Participation Payable					192,735	682,941
Capital Lease Payable					278,801	1,043,681
Severance Payable					93,294	464,000
Compensated Absences Payable					193,437	193,437
Total					$ 3,288,267	$ 13,236,026

B. Minimum Debt Payments

Minimum annual principal and interest payments required to retire long-term debt, not including vacation payable and severance and health benefits payable are as follows:

Year Ending June 30,	General Obligation OPEB Refunding Bonds Payable Principal	General Obligation OPEB Refunding Bonds Payable Interest	General Obligation Refunding Bonds Payable Principal	General Obligation Refunding Bonds Payable Interest
2019	$ 465,000	$ 180,250	$ 1,825,000	$ 18,250
2020	485,000	166,300	-	-
2021	505,000	151,750	-	-
2022	520,000	136,600	-	-
2023	535,000	121,000	-	-
2024-2028	2,935,000	355,713	-	-
2029	645,000	19,350	-	-
Total	$ 6,090,000	$ 1,130,963	$ 1,825,000	$ 18,250

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

B. Minimum Debt Payments (Continued)

Year Ending June 30,	General Obligation Capital Facilities Bonds Principal	General Obligation Capital Facilities Bonds Interest
2019	$ 240,000	$ 64,510
2020	245,000	59,710
2021	250,000	54,810
2022	255,000	49,448
2023	260,000	43,598
2024-2028	1,395,000	113,335
2029	-	-
Total	$ 2,645,000	$ 385,411

C. Description of Long-Term Liabilities

General Obligation Bonds

On November 6, 2012 the District issued $9,585,000 in General Obligation School Building Refunding Bonds, Series 2012A. The proceeds of the issue were used to refund, in advance of maturity, $9,870,000 of the outstanding maturities of the District's General Obligation School Building Refunding Bonds, Series 2005A. Future ad valorem tax levies are dedicated to the retirement of these bonds.

On February 5, 2013, the District issued $1,580,000 of General Obligation Capital Facilities Bonds, Series 2013A. The proceeds of the issue were used to finance the betterment of capital projects in the District. Future ad valorem tax levies are dedicated to retire these bonds.

On November 13, 2013, the District issued $2,140,000 of General Obligation Capital Facilities Bonds, Series 2013B. The proceeds of the issue were used to finance the betterment of capital projects in the District. Future ad valorem tax levies are dedicated to retire these bonds.

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Liabilities (Continued)

General Obligation Bonds (Continued)

On April 17, 2016, the District issued $6,495,000 in General Obligation Taxable OPEB Bonds, Series 2016A. Net proceeds of these bonds were used to purchase U.S. Treasury securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments on the Series 2009A bonds. As a result, $5,970,000 of the Series 2009A Bonds were considered defeased. The reacquisition price exceeded the net carrying amount of the old debt by $696,161. This amount is reported as deferred outflows of resources in the statement of net position and amortized over the remaining life of the new bond. The advanced refunding was undertaken to reduce total debt service payments over the next 13 years by $1,284,686 and resulted in an economic gain (difference between the present values of the old and net debt service payments) of $1,074,288.

Certificates of Participation

The District raised funds through the issuance of a certificate of participation during the year ended June 30, 2009. The loan in the amount of $1,855,000, dated May 13, 2009 was used to finance the construction of a track facility. This loan is structured as governmental lease purchase agreements for facility improvements. Repayment of principal is made through rental payments, which are structured to correspond to the related debt service requirements. Annual debt service payments go through August 1, 2024.

Capital Leases

The District raised funds through the issuance of a loan payable during the year ended June 30, 2007. The loan in the amount of $2,421,480, dated June 13, 2007 was used to finance the construction of an alternative learning center. This loan is structured as governmental lease purchase agreements for facility improvements. Repayment of principal is made through rental payments, which are structured to correspond to the related debt service requirements. The loan is included in capital leases in the financial statements.

On December 1, 2014, the District entered into a lease agreement for a phone system. The lease term is for 5 years. The lease amounts were for a total of $247,123.

On September 18, 2017, the District entered into a lease agreement for copiers. The lease term is for 5 years. The lease amounts were for a total of $146,215.

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

C. Description of Long-Term Liabilities (Continued)

Capital Leases (Continued)

The capital assets related to the above capital leases have a cost of $2,420,567 and accumulated depreciation of $542,916. The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2018:

Year Ending June 30,	Amount
2019	$ 331,202
2020	276,971
2021	276,971
2022	276,971
2023	11,857
Total Minimum Lease Payments	1,173,972
Less Amounts Representing Interest	130,291
Present Value of Net Minimum Lease Payments	$ 1,043,681

Severance Payable

Severance payable consists of severance pay, which is convertible sick leave payable to employees upon retirement. Severance benefits have been paid by the General Fund, Food Service Fund, and Community Service Fund.

Compensated Absences

Compensated absences consist of unused vacation at June 30, 2018. In prior years, the General Fund, Food Service Fund, and Community Service Fund have been used to liquidate vacation payable.

D. Changes in Long-Term Liabilities

	June 30, 2017	Additions	Retirements	June 30, 2018
General Obligation Bonds	$ 13,125,000	$ -	$ 2,565,000	$ 10,560,000
Bond Premiums	377,186	-	85,219	291,967
Bond Discount	(1,348)	-	(1,348)	-
Certificates of Participation Payable	864,698	-	181,757	682,941
Capital Lease Payable	1,155,093	146,215	257,627	1,043,681
Severance Payable	426,000	99,024	61,024	464,000
Compensated Absences Payable	203,942	382,429	392,934	193,437
Total	$ 16,150,571	$ 627,668	$ 3,542,213	$ 13,236,026

NOTE 6 RESTRICTED FUND BALANCES

Restricted Fund Equity

Certain portions of fund balance are restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities, or as required by other outside parties. The following is a summary of the restricted fund balances for the governmental funds.

A. Restricted for Staff Development

In accordance with state statute, represents available resources dedicated exclusively for staff development.

B. Capital Projects Levy

The fund balance restriction represents available resources from the capital projects levy to be used for building construction and other projects under Minnesota Statutes

C. Restricted for Operating Capital

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

D. Community Education

The fund balance restriction represents accumulated resources available to provide general community education programming

E. Restricted for Early Childhood and Family Education

The fund balance restriction represents accumulated resources available to provide services for early childhood family education programming.

F. Restricted for School Readiness

The fund balance restriction represents accumulated resources available to provide school readiness programming in accordance with funding made available for that purpose.

G. Restricted for Adult Basic Education

The fund balance restriction represents accumulated resources available to provide services for adult basic education programs.

H. Restricted for Long Term Facilities Maintenance (LTFM)

The fund balance restriction represents accumulated resources available to be used for LTFM projects in accordance with the District’s ten-year plan

NOTE 6 RESTRICTED FUND BALANCES (CONTINUED)

Restricted Fund Equity (Continued)

I. Restricted for Other Purposes

The fund balance restriction represents amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

NOTE 7 ASSIGNED FUND BALANCES

Assigned for Student Activities

As of July 1, 2004, the School Board brought the various student activity funds under Board control. This fund balance assignment represents accumulated resources available for use in various student activities.

NOTE 8 DEFINED BENEFIT PENSION PLANS

A. Plan Description

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

1. General Employees Retirement Plan (GERF)

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

2. Teachers Retirement Fund (TRA)

   TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with *Minnesota Statutes*, Chapters 354 and 356. TRA is a separate statutory entity and administered by a Board of Trustees. The Board consists of four active members, one retired member, and three statutory officials.

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

A. Plan Description (Continued)

2. Teachers Retirement Fund (TRA) (Continued)

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

B. Benefits Provided

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

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

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

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

1. GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first 10 years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first 10 years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. Disability benefits are available for vested members, and are based upon years of service and average high-five salary.

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits

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

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

Tier 1 Benefits

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

With these provisions:

(a) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.

(b) 3.0% per year early retirement reduction factor for all years under normal retirement age.

(c) Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

or

Tier II Benefits

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

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

Tier II Benefits (Continued)

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

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

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

C. Contribution Rate

1. GERF Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.5%, respectively, of their annual covered salary in calendar year 2017. In fiscal year ended June 30, 2018, the District was required to contribute 11.78% of pay for Basic Plan members and 7.50% for Coordinated Plan members The District's contributions to the GERF for the plan's fiscal year ended June 30, 2018, were $564,247. The District's contributions were equal to the required contributions for each year as set by state statute.

2. TRA Contributions

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

	2018		2017	
	Employee	Employer	Employee	Employer
Basic	11.0%	11.5%	11.0%	11.5%
Coordinate	7.5%	7.5%	7.5%	7.5%

The District's contributions to TRA for the plan's fiscal year ended June 30, 2018 were $1,328,233. The District's contributions were equal to the required contributions for each year as set by state statute.

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs

1. GERF Pension Costs

At June 30, 2018, the District reported a liability of $7,635,185 for its proportionate share of the GERF's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of $6 million to the fund in fiscal year 2017. The State of Minnesota is considered a nonemployer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District was $96,010. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the District's proportion was 0.1196% which was a decrease of 0.0072% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of $618,804 for its proportionate share of GERF's pension expense. In addition, the District recognized an additional $2,773 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $6 million to the General Employees Plan.

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 251,633	$ 491,190
Changes in Actuarial Assumptions	1,267,605	765,428
Net Difference Between Projected and Actual Earnings on Plan Investments	-	330,196
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	-	622,914
District Contributions Subsequent to the Measurement Date	564,247	-
Total	$ 2,083,485	$ 2,209,728

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. GERF Pension Costs (Continued)

Of the resources related to pensions resulting from District contributions to GERF subsequent to the measurement date, $564,247 is reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to GERF pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2019	$ (411,484)
2020	299,434
2021	(254,341)
2022	(324,099)

2. TRA Pension Costs

At June 30, 2018, the District reported a liability of $66,353,070 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis, and Minneapolis School District. The District's proportionate share was 0.3324% at the end of the measurement period and 0.3389% for the beginning of the period.

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

Description	Amount
District's Proportionate Share of the TRA Net Pension Liability	$ 66,353,070
State's Proportionate Share of the Net Pension Liability Associated with the District	6,413,575

For the year ended June 30, 2018, the District recognized pension expense of $11,103,069. It also recognized $123,018 as pension expense for the support provided by direct aid.

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 499,660	$ 465,943
Changes in Actuarial Assumptions	36,084,330	9,295,017
Net Difference Between Projected and Actual Earnings on Plan Investments	-	519,943
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	26,826	1,205,270
District Contributions Subsequent to the Measurement Date	1,328,233	-
Total	$ 37,939,049	$ 11,486,173

Of the resources related to pensions resulting from District contributions to TRA subsequent to the measurement date, $1,328,233 is reported as deferred outflows and will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to TRA will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2019	$ 6,524,858
2020	7,682,212
2021	7,145,420
2022	5,821,340
2023	(2,049,187)

3. Aggregate Pension Costs

At June 30, 2018, the District reported the following aggregate amounts related to pensions for all plans to which it contributes:

	TRA	PERA	Total
Net Pension Liability	$ 66,353,070	$ 7,635,185	$ 73,988,255
Deferred Outflows of Resources	37,939,049	2,083,485	40,022,534
Deferred Inflows of Resources	11,486,173	2,209,728	13,695,901
Pension Expense	11,226,087	621,577	11,847,664

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions

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

Assumptions	GERF	TRA
Inflation	2.50% per Year	2.50%
Active Member Payroll Growth	3.25% per Year	2.85%, Based on Years of Service
Investment Rate of Return	7.50%	5.12%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP-2014 tables for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be 1.0% per year for GERF through 2044 and 2.5% per year thereafter. Cost of living benefit increases for retirees are assumed to be 2.0% per year for TRA through June 30, 2044 increasing to 2.50% per year on July 1, 2045.

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

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

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60.0% for vested and nonvested deferred members. The revised CSA loads are now 0% for active member liability, 15.0% for vested deferred member liability, and 3.0% for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

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

- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- The COLA was not assumed to increase to 2.5%, but remain at 2.0% for all future years.
- Adjustments were made to the combined service annuity loads. The active load was reduced from 1.4% to 0%, the vested inactive load increased from 4.0% to 7.0% and the nonvested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.00% to 7.50%.
- The price inflation assumption was lowered from 2.75% to 2.50%.
- The payroll growth assumption was lowered from 3.50% to 3.00%.

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

- The general wage growth assumption was lowered from 3.50% to 2.85% for 10 years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

The long-term expected rate of return on pension plan investments is 7.5% for GERF and 5.12% for TRA. The State Board of Investment, which manages the investments of PERA and TRA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	39%	5.10%
International Equity	19	5.30%
Bonds	20	75.00%
Alternative Assets	20	5.90%
Cash	2	0.00%
Totals	100%	

F. Discount Rate

The discount rate used to measure the total GERF pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Discount Rate (Continued)

The discount rate used to measure the total TRA pension liability was 5.12%. This is an increase from the discount rate at the prior measurement date of 4.66%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2017 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be depleted in 2053 and, as a result, the Municipal Bond Index Rate was used in the determination of the Single Equivalent Interest Rate (SEIR). The long-term expected rate of return (7.50%) was applied to periods before 2053 and the Municipal Bond Index Rate of 3.56% was applied to periods on and after 2053, resulting in a SEIR of 5.12%. There was a change in the Municipal Bond Index Rate from the prior year measurement date (3.01%).

G. Pension Liability Sensitivity

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

Description	1% Decrease	Current Discount Rate	1% Increase
GERF Discount Rate	6.50%	7.50%	8.50%
District's Proportionate Share of the GERF Net Pension Liability	$ 11,842,739	$ 7,635,185	$ 4,190,538
TRA Discount Rate	4.12%	5.12%	6.12%
District's Proportionate Share of the TRA Net Pension Liability	$ 87,573,266	$ 66,353,070	$ 48,461,862

H. Pension Plan Fiduciary Net Position

Detailed information about GERF's fiduciary's net position is available in a separately issued PERA financial report. That report may be obtained on the Internet at www.mnpera.org; by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

Detailed information about TRA's fiduciary net position is available in a separately issued TRA financial report. That report can be obtained at www.MinnesotaTRA.org; by writing to TRA at 60 Empire Drive, Suite 400, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-2409 or 1-800-652-9026.

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN

A. Plan Description

The District operates a single-employer retiree benefit plan (the Plan) that provides health insurance to eligible employees and their spouses through the District's health insurance plan. There are 514 active participants and 21 retired participants. Benefit and eligibility provisions are established through negotiations between the District and various unions representing the District's employees and are renegotiated each bargaining period. The Plan does not issue a publicly available financial report.

B. Funding Policy

The District has assets designated for OPEB. These assets are in a qualified irrevocable trust, which is included as a fiduciary fund in these financial statements. The District's investment policy is to follow state statutes as listed in Note 3. The District is assumed to make no future contributions. Benefit payments equal to the annual direct subsidy plus implicit subsidy are assumed to be made from the trust.

Contribution requirements are also negotiated between the District and the union representatives. The District contributes up to $40,000 to a health retirement account for eligible retired administration, teachers, office professionals, paraprofessionals, food service, and nonaffiliated plan members. For retired maintenance plan members, the District contributes the single health insurance premium, up to $40,000. The District also contributes 10% the final salary for retired administrators and teachers to the health retirement account. The District contributes eight days for each year of service (up to a maximum of 130 days) to a health retirement account for retired directors. For fiscal year 2018, the District was reimbursed by its irrevocable trust for explicit and implicit cost of benefits for retirees. For fiscal year 2018, the District contributed $-0- to the Plan. During the fiscal year ended June 30, 2018, the District offered a one-time retirement incentive benefit of $10,000 beyond the standard $40,000 benefit.

C. Net OPEB Liability

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

Total OPEB Liability	$ 7,525,771
Plan Fiduciary Net Position	4,127,665
District's Net OPEB Liability (Asset)	$ 3,398,106
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	55%

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

D. Actuarial Methods and Assumptions

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

The District's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2016. Liabilities in this report were calculated as of the valuation date and rolled forward to the measurement date using standard actuarial roll-forward techniques.

The total OPEB liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	3.00%
Investment Rate of Return	4.30%
20-Year Municipal Bond Yield	3.50%
Health Care Trend Rates	6.50% Grading to 5.00% Over 6 Years

Mortality rates were based on the RP-2014 mortality tables with projected mortality improvements based on scale MP-2015, and other adjustments.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2015.

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

D. Actuarial Methods and Assumptions (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic Equity	33.00%	5.20%
International Equity	17.00%	5.20%
Fixed Income	50.00%	3.40%
Real Estate and Alternatives	0.00%	0.00%
Cash and Equivalents	0.00%	0.00%
Net Assumed Investment Return (Weighted Avg, Rounded to 1/4%)	100.00%	4.30%

The discount rate used to measure the total OPEB liability was 3.60%. The projection of cash flows and OPEB trust assets used to determine the discount rate were based on recent employer contribution history and their stated funding policy. The OPEB trust's long-term assumed investment return was used to discount projected benefit payments for as long as projected trust assets are available to fund OEPB payments. Once projected trust assets are exhausted, the municipal bond index rate was applied to the remaining expected benefit payments.

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

Since the most recent valuation, the following changes have been made:

- The discount rate was changed from 3.00% to 3.60%.

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

E. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2017	$ 7,784,255	$ 4,624,851	$ 3,159,404
Changes for the Year:			
Service Cost	499,410	-	499,410
Interest Cost	236,236	-	236,236
Assumption Changes	(169,757)	-	(169,757)
Projected Investment Return	-	198,869	(198,869)
Differences Between Expected and Actual Experience	-	131,593	(131,593)
Benefit Payments	(824,373)	(824,373)	-
Administrative Expense	-	(3,275)	3,275
Net Changes	(258,484)	(497,186)	238,702
Balances at June 30, 2018	$ 7,525,771	$ 4,127,665	$ 3,398,106

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

	1% Decrease (2.60%)	Discount Rate (3.60%)	1% Increase (4.60%)
Net OPEB Liability	$ 3,759,221	$ 3,398,106	$ 3,048,946

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower or 1% point higher than the current healthcare cost trend rates:

		Healthcare Cost	
	1% Decrease (5.50% Decreasing to 4.00% Over 6 Years)	Current Trend Rates (6.50% decreasing to 5.00% Over 6 Years)	1% Increase (7.50% Decreasing to 6.00% Over 6 Years)
Net OPEB Liability	$ 3,004,624	$ 3,398,106	$ 3,864,041

NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

E. Changes in the Net OPEB Liability (Continued)

For the year ended June 30, 2018, the District recognized OPEB expense of $447,654. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of Assumptions	$ -	$ 152,781
Net Difference Between Projected and Actual Investment Earnings	-	252,586
Total	$ -	$ 405,367

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

Year Ending June 30,	Future Recognition
2019	$ (92,398)
2020	(92,398)
2021	(92,398)
2022	(43,294)
2023	(16,976)
Thereafter	(67,903)
Total	$ (405,367)

F. Trust Fund Financial Statements

The condensed financial statements of the District's OPEB trust fund is as follows:

ASSETS	
Cash and Cash Equivalents	$ 4,127,665
LIABILITIES	-
NET POSITION	
Held in Trust for Payment of OPEB Benefits	$ 4,127,665
ADDITIONS	
Earnings on Investments	$ 353,023
DEDUCTIONS	
Administration Fees	25,836
Benefit Payments	824,373
Total Deductions	850,209
Change in Net Position	(497,186)
Net Position - Beginning of Year	4,624,851
Net Position - End of Year	$ 4,127,665

NOTE 10 DEFINED CONTRIBUTION PLAN

The District provides eligible employees future retirements benefit through the District's 403(b) Plan (the Plan). Employees of the District are eligible to participate in the Plan commencing on the date of their employment. Eligible employees may elect to have a percentage of their pay contributed to the Plan. Some employees are eligible to receive a District match of employee contributions up to the qualifying amount set forth in their respective collective bargaining agreements. Contributions are invested in tax deferred annuities selected and owned by Plan participants. The District contributions for the years ended June 30, 2018, 2017, and 2016 are $91,955, $90,149, and $92,533, respectively. The related employee contributions were $504,302, $538,384, and $435,623, for the years ended June 30, 2018, 2017, and 2016, respectively.

NOTE 11 FLEXIBLE BENEFIT PLAN

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

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

Payments of health insurance premiums are made by the District directly to the designated insurance companies. These payments are made on a monthly basis and are accounted for in the General, Food Service, and Community Service Funds.

Payments for amount withheld for medical reimbursement and dependent care are made to participating employees upon submitting a request for reimbursement of eligible expenses.

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

NOTE 12 SELF-INSURED DENTAL PLAN

The District has elected to self-insure their employee dental insurance program. The District has entered into an agreement with an insurance company to provide claims processing and other administrative duties. The District has not elected to purchase stop-loss insurance. However, the claims processor has indicated the District will not be held liable for amounts in excess of the maximum funding rates determined by the processor, which is $326,426 for fiscal year 2018. The District established an internal service fund to account for contributions from other funds for dental insurance. Contributions during the year were based on maximum claims estimates. The amounts charged to expenses include administrative fees, claims paid, and accruals for claims incurred but not paid at year-end. The District recorded total expenses of $288,600 for the year ended June 30, 2018.

The liability for unpaid claims is included in the Internal Service Fund as accounts payable.

	2018	2017
Beginning Liability - July 1	$ 7,511	$ -
Incurred Claims	245,631	127,451
Claims Payments	219,630	119,940
Ending Liability - June 30	$ 33,512	$ 7,511

NOTE 13 JOINTLY GOVERNED ORGANIZATION

The District and 13 other school districts in Minnesota have entered into a Joint Powers Agreement to form the Minnesota Schools Wind Energy Cooperative (the Cooperative). The purpose of the cooperative is to acquire, develop, construct, finance, operate, and maintain a wind energy project to be located in Minnesota. The Cooperative is governed by a Joint Powers Board, which consists of two members (a school board member and the superintendent or another district employee) from each of the participating districts. Any district may withdraw from the Cooperative prior to the issuance of any project financing instruments, provided that the withdrawing district reimburses the Cooperative for its pro rata portion of the total development or other project costs other than obligations incurred by the Cooperative. Once financing instruments, other than Clean Renewable Energy Bonds (CREBs), have been issued, a district may withdraw provided it prepays the outstanding balance of its pro rata portion of any outstanding financing instruments. Upon issuance of the CREBs, no district may withdraw membership until the CREBs have been repaid in full. The District has not committed any financial resources to the Cooperative as of June 30, 2018.

NOTE 14 COMMITMENTS AND CONTINGENCIES

Federal and State Receivables

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

NOTE 15 SUBSEQUENT EVENTS

On September 28, 2018, the District entered into an agreement to sell the Rollingstone Community School Building for the amount of $84,000. As of June 30, 2018, the remaining net book value is approximately $805,000.

On October 30, 2018, the District entered into an agreement to sell the Central Elementary School Building for the amount of $250,000. As of June 30, 2018, the remaining net book value is approximately $376,000.

At the October 16, 2018 School Board meeting, the District authorized the sale of the Madison Elementary School Building for the amount of $110,000. As of June 30, 2018, the remaining net book value is approximately $233,000.

REQUIRED SUPPLEMENTARY INFORMATION

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WINONA AREA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 861
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS

	2018	2017
Total OPEB Liability		
Service Cost	$ 499,410	$ 527,922
Interest Cost	236,236	236,395
Assumption Changes	(169,757)	-
Benefit Payments	(824,373)	(659,108)
Net Change in Total OPEB Liability	(258,484)	105,209
Total OPEB Liability - Beginning	7,784,255	7,679,046
Total OPEB Liability - Ending (a)	$ 7,525,771	$ 7,784,255
Plan Fiduciary Net Position		
Net Investment Income	$ 330,462	$ 453,392
Benefit Payments	(824,373)	(659,108)
Administrative Expense	(3,275)	(3,714)
Net Change in Plan Fiduciary Net Position	(497,186)	(209,430)
Plan Fiduciary Net Position - Beginning	4,624,851	4,834,281
Plan Fiduciary Net Position - Ending (b)	$ 4,127,665	$ 4,624,851
District's Net OPEB Liability - Ending (a) - (b)	$ 3,398,106	$ 3,159,404
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.85%	59.41%
Covered-employee Payroll	$ 25,522,037	$ 24,778,677
District's Net OPEB Liability as a Percentage of Covered-employee Payroll	13.31%	12.75%

* The District implemented GASB' Statement No. 74 and 75 in fiscal year 2017, and the above table will be expanded to 10 years of information as the information becomes available.

WINONA AREA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 861
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN ON OPEB PLAN ASSETS
LAST TWO FISCAL YEARS

Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2018	7.10%
2017	9.40%

* The District implemented GASB Statements No. 74 and 75 in fiscal year 2017, and the above table will be expanded to 10 years of information as the information becomes available.

WINONA AREA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 861
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST FOUR FISCAL YEARS

	2018	2017	2016	2015
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
PERA				
District's Proportion of the Net Pension Liability	0.1196%	0.1268%	0.1292%	0.1460%
District's Proportionate Share of the Net Pension Liability	$ 7,635,185	$ 10,295,531	$ 6,695,815	$ 6,861,686
State's Proportionate Share of the Net Pension Liability Associated with District	96,010	134,405	-	-
Total	$ 7,731,195	$ 10,429,936	$ 6,695,815	$ 6,861,686
District's Covered Payroll	$ 7,697,016	$ 7,853,650	$ 7,660,610	$ 7,651,708
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	100.44%	132.80%	87.41%	89.68%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.90%	68.90%	78.20%	78.70%
TRA				
District's Proportion of the Net Pension Liability	0.3324%	0.3389%	0.3420%	0.3735%
District's Proportionate Share of the Net Pension Liability	$ 66,353,070	$ 80,835,736	$ 21,156,082	$ 17,202,274
State's Proportionate Share of the Net Pension Liability Associated with District	6,413,575	8,113,435	2,594,660	1,210,819
Total	$ 72,766,645	$ 88,949,171	$ 23,750,742	$ 18,413,093
District's Covered Payroll	$ 18,004,839	$ 17,627,133	$ 17,404,261	$ 17,048,760
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	368.53%	458.59%	121.56%	100.90%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	51.57%	44.88%	76.80%	81.50%

WINONA AREA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 861
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS
LAST FOUR FISCAL YEARS

	2018	2017	2016	2015
PERA				
Statutorily Required Contribution	$ 564,247	$ 577,277	$ 589,026	$ 566,623
Contributions in Relation to the Statutorily Required Contribution	(564,247)	(577,277)	(589,026)	(566,623)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 7,523,270	$ 7,697,016	$ 7,853,650	$ 7,660,610
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.40%
TRA				
Statutorily Required Contribution	$ 1,328,233	$ 1,350,368	$ 1,325,653	$ 1,305,316
Contributions in Relation to the Statutorily Required Contribution	(1,328,233)	(1,350,368)	(1,325,653)	(1,305,316)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 17,639,727	$ 18,004,839	$ 17,675,351	$ 17,404,261
Contributions as a Percentage of Covered Payroll	7.53%	7.50%	7.50%	7.50%

SUPPLEMENTARY INFORMATION

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WINONA AREA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 861
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)

	2018			2017
	Final Budgeted Amounts	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	$ 2,181,043	$ 2,185,424	$ 4,381	$ 2,093,405
Earnings and Investments	3,500	3,860	360	3,422
State Sources	38,550	38,551	1	39,531
Total Revenues	2,223,093	2,227,835	4,742	2,136,358
EXPENDITURES				
Debt Service:				
Bond Principal	2,015,000	2,015,000	-	1,965,000
Bond Interest	123,060	123,060	-	162,360
Paying Agent Fees and Other	1,350	6,510	5,160	5,520
Total Expenditures	2,139,410	2,144,570	5,160	2,132,880
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 83,683	83,265	$ (418)	3,478
FUND BALANCE				
Beginning of Year		579,865		576,387
End of Year		$ 663,130		$ 579,865

WINONA AREA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 861
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
OPEB DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2018
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)

	2018			2017
	Final Budgeted Amounts	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	$ 324,174	$ 335,532	$ 11,358	$ 740,332
Earnings and Investments	800	427	(373)	836
State Sources	5,871	5,871	-	13,977
Total Revenues	330,845	341,830	10,985	755,145
EXPENDITURES				
Debt Service:				
Bond Principal	550,000	550,000	-	565,000
Bond Interest	205,510	205,510	-	194,777
Paying Agent Fees and Other	900	900	-	900
Total Expenditures	756,410	756,410	-	760,677
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (425,565)	(414,580)	$ 10,985	(5,532)
FUND BALANCE				
Beginning of Year		156,741		162,273
End of Year		$ (257,839)		$ 156,741

SINGLE AUDIT AND OTHER REQUIRED REPORTS

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WINONA AREA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 861
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

Grantor/Program	CFDA Number	Agency or Pass-Through Number	Amount	Federal Expenditures
U.S. Department of Agriculture				
Pass-Through Minnesota Department of Education				
Child Nutrition Cluster:				
Non-Cash Assistance (Commodities):				
National School Lunch Program	10.555	1-861-0000	$ 113,013	
Cash Assistance:				
Commodity Cash Rebate Program	10.555	1-861-0000	1,393	
National School Lunch Program	10.555	1-861-0000	619,349	
Subtotal CFDA No. 10.555			733,755	
School Breakfast Program	10.553	1-861-0000	170,534	
Summer Food Service Program	10.559	1-861-0000	77,627	
Total Child Nutrition Cluster				$ 981,916
U.S. Department of Education				
Pass-Through Minnesota Department of Education				
Cash Assistance:				
Special Education Cluster:				
Special Education - Preschool Grants	84.173	1-861-0000	27,990	
Special Education - Grants to States	84.027	1-861-0000	824,971	
Total Special Education Cluster				852,961
Title I, Part A - Grants to Local Educational Agencies	84.010	1-861-0000		520,818
Title II, Part A - Supporting Effective Instruction State Grant	84.367	1-861-0000		135,862
Title III, Part A - English Language Acquisition Grants	84.365	1-861-0000		10,146
Special Education - Grants for Infants and Families	84.181	1-861-0000		46,574
Pass-Through Goodhue County Education District				
Cash Assistance:				
Carl Perkins Vocational Education Basic Grants to States	84.048	**		5,170
Pass-Through Owatonna Public Schools				
Cash Assistance:				
Adult Education Basic Grants to States	84.002	**		4,250
Total Federal Awards Expended				$ 2,557,697

** Not Available

See accompanying Notes to Schedule of Expenditures of Federal Awards.

WINONA AREA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 861
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Independent School District No. 861 under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).* Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

Board of Education
Winona Area Public Schools
Independent School District No. 861
Winona, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 861 (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 10, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Rochester, Minnesota
December 10, 2018

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

Board of Education
Winona Area Public Schools
Independent School District No. 861
Winona, Minnesota

Report on Compliance for Each Major Federal Program

We have audited Independent School District No. 861's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and The Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Rochester, Minnesota
December 10, 2018

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INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Education
Winona Area Public Schools
Independent School District No. 861
Winona, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 861 (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements and have issued our report thereon dated December 10, 2018.

The *Minnesota Legal Compliance Audit Guide for School Districts* promulgated by the State Auditor pursuant to Minn. Stat. §6.65, covers seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards. Our study included all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for School Districts.* However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above-referenced provisions.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Rochester, Minnesota
December 10, 2018

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WINONA AREA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 861
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
   - Material weakness(es) identified? ____ yes __X__ no
   - Significant deficiency(ies) identified that are not considered to be material weakness(es)? ____ yes __X__ none reported
3. Noncompliance material to financial statements noted? ____ yes __X__ no

Federal Awards

1. Internal control over major federal programs:
   - Material weakness(es) identified? ____ yes __X__ no
   - Significant deficiency(ies) identified that are not considered to be material weakness(es)? ____ yes __X__ none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)? ____ yes __X__ no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
84.027 and 84.173	Special Education Cluster
84.010	Title I

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

Auditee qualified as low-risk auditee ____ yes __x__ no

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards.*

Section III – Findings and Questioned Costs – Major Federal Programs

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

Section IV – Findings and Questioned Costs – Minnesota Legal Compliance

Our audit did not disclose any matters required to be reported in accordance with the *Minnesota Legal Compliance Audit Guide for School Districts.*

WINONA AREA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 861
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
YEAR ENDED JUNE 30, 2018

	AUDIT	UFARS	DIFFERENCE
01 GENERAL FUND			
Total Revenue	$ 43,867,213	$ 43,867,187	$ 26
Total Expenditures	$ 44,350,910	$ 44,350,880	$ 30
Nonspendable:			
460 Nonspendable Fund Balance	$ 89,094	$ 89,094	$ -
Restricted/Reserved:			
403 Staff Development	$ 30,861	$ 30,861	$ -
406 Health and Safety	$ (775,073)	$ (775,073)	$ -
407 Capital Project Levy	$ 70,226	$ 70,226	$ -
408 Cooperative Programs	$ -	$ -	$ -
413 Projects Funded by COP	$ -	$ -	$ -
414 Operating Debt	$ -	$ -	$ -
416 Levy Reduction	$ -	$ -	$ -
417 Taconite Building Maintenance	$ -	$ -	$ -
424 Operating Capital	$ 337,612	$ 337,612	$ -
426 $25 Taconite	$ -	$ -	$ -
427 Disabled Accessibility	$ -	$ -	$ -
428 Learning and Development	$ -	$ -	$ -
434 Area Learning Center	$ -	$ -	$ -
435 Contracted Alternative Programs	$ -	$ -	$ -
436 State Approved Alternative Programs	$ -	$ -	$ -
438 Gifted and Talented	$ -	$ -	$ -
440 Teacher Development and Evaluations	$ -	$ -	$ -
441 Basic Skills Programs	$ -	$ -	$ -
445 Career and Technical Programs	$ -	$ -	$ -
448 Achievement and Integration	$ -	$ -	$ -
449 Safe Schools Crime Levy	$ -	$ -	$ -
450 Pre-Kindergarten	$ -	$ -	$ -
451 QZAB Payments	$ -	$ -	$ -
452 OPEB Liability Not Held in Trust	$ -	$ -	$ -
453 Unfunded Severance & Retirement Levy	$ -	$ -	$ -
459 Basic Skills Extended Time	$ -	$ -	$ -
467 LTFM	$ 653,083	$ 653,083	$ -
472 Medical Assistance	$ -	$ -	$ -
Restricted:			
464 Restricted Fund Balance	$ 75,806	$ 75,806	$ -
Committed:			
418 Committed for Separation	$ -	$ -	$ -
461 Committed Fund Balance	$ -	$ -	$ -
Assigned:			
462 Assigned Fund Balance	$ 133,945	$ 133,948	$ (3)
Unassigned:			
422 Unassigned Fund Balance	$ 1,711,866	$ 1,711,864	$ 2
02 FOOD SERVICE			
Total Revenue	$ 1,796,240	$ 1,796,238	$ 2
Total Expenditures	$ 1,784,829	$ 1,784,828	$ 1
Nonspendable:			
460 Nonspendable Fund Balance	$ 10,038	$ 10,038	$ -
Restricted/Reserved:			
452 OPEB Liability Not Held in Trust	$ -	$ -	$ -
Restricted:			
464 Restricted Fund Balance	$ 231,459	$ 231,458	$ 1
Unassigned:			
463 Unassigned Fund Balance	$ -	$ -	$ -
04 COMMUNITY SERVICE			
Total Revenue	$ 2,105,186	$ 2,105,175	$ 11
Total Expenditures	$ 2,122,495	$ 2,122,488	$ 7
Nonspendable:			
460 Nonspendable Fund Balance	$ -	$ -	$ -
Restricted/Reserved:			
426 $25 Taconite	$ -	$ -	$ -
431 Community Education	$ 162,587	$ 162,587	$ -
432 E.C.F.E.	$ 24,083	$ 24,083	$ -
440 Teacher Development and Evaluations	$ -	$ -	$ -
444 School Readiness	$ 83,432	$ 83,432	$ -
447 Adult Basic Education	$ 23,459	$ 23,459	$ -
452 OPEB Liability Not Held in Trust	$ -	$ -	$ -
Restricted:			
464 Restricted Fund Balance	$ 94	$ 95	$ (1)
Unassigned:			
463 Unassigned Fund Balance	$ -	$ -	$ -

	AUDIT	UFARS	DIFFERENCE
06 BUILDING CONSTRUCTION			
Total Revenue	$ 275	$ 274	$ 1
Total Expenditures	$ 21,311	$ 21,311	$ -
Nonspendable:			
460 Nonspendable Fund Balance	$ -	$ -	$ -
Restricted/Reserved:			
407 Capital Projects Levy	$ -	$ -	$ -
413 Projects Funded by COP	$ -	$ -	$ -
467 LTFM	$ -	$ -	$ -
Restricted:			
464 Restricted Fund Balance	$ 85,906	$ 85,906	$ -
Unassigned:			
463 Unassigned Fund Balance	$ -	$ -	$ -
07 DEBT SERVICE			
Total Revenue	$ 2,227,835	$ 2,227,836	$ (1)
Total Expenditures	$ 2,144,570	$ 2,144,570	$ -
Nonspendable:			
460 Nonspendable Fund Balance	$ -	$ -	$ -
Restricted/Reserved:			
425 Bond Refunding	$ -	$ -	$ -
451 QZAB and QSCB Payments	$ -	$ -	$ -
Restricted:			
464 Restricted Fund Balance	$ 663,130	$ 663,130	$ -
Unassigned:			
463 Unassigned Fund Balance	$ -	$ -	$ -
08 TRUST			
Total Revenue	$ -	$ -	$ -
Total Expenditures	$ -	$ -	$ -
Net Position:			
422 Net Position	$ -	$ -	$ -
20 INTERNAL SERVICE			
Total Revenue	$ 289,731	$ 289,729	$ 2
Total Expenditures	$ 288,600	$ 288,599	$ 1
Net Position:			
422 Net Position	$ (8,704)	$ (8,704)	$ -
25 OPEB REVOCABLE TRUST			
Total Revenue	$ -	$ -	$ -
Total Expenditures	$ -	$ -	$ -
Net Position:			
422 Net Position	$ -	$ -	$ -
45 OPEB IRREVOCABLE TRUST			
Total Revenue	$ 353,023	$ 353,023	$ -
Total Expenditures	$ 850,209	$ 850,209	$ -
Net Position:			
422 Net Position	$ 4,127,665	$ 4,127,665	$ -
47 OPEB DEBT SERVICE			
Total Revenue	$ 341,830	$ 341,830	$ -
Total Expenditures	$ 756,410	$ 756,410	$ -
Nonspendable:			
460 Nonspendable Fund Balance	$ -	$ -	$ -
Restricted:			
425 Bond Refunding	$ -	$ -	$ -
464 Restricted Fund Balance	$ -	$ -	$ -
Unassigned:			
463 Unassigned Fund Balance	$ (257,839)	$ (257,839)	$ -