

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2016**



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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, 2016**

**TERM EXPIRES**

Mohamed Elhindi	2018	Chairperson
Ben Baratto	2018	Vice-Chairperson
Jeanne Nelson	2016	Clerk
Jay Kohner	2018	Treasurer
Tina Lehnertz	2016	Director
Steve Schild	2018	Director
Brian Zeller	2016	Director

**ADMINISTRATION**

Dr. Stephen West	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 Winona Area Public Schools Independent School District No. 861 (the District) as of and for the year ended June 30, 2016, 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 Independent School District No. 861 as of June 30, 2016, and the respective changes in financial position, 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 Independent School District No. 861's 2015 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and we expressed unmodified audit opinions on those audited financial statements in our report dated November 18, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 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 Funding Progress for Postemployment Benefit Plan, the Schedule of Employer Contributions, 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 Independent School District No. 861's basic financial statements. The Uniform Financial Accounting and Reporting Standards Compliance Table and the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual for the Building Construction Fund, 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 Building Construction Fund, 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 5, 2016 on our consideration of Independent School District No. 861'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 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 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 Independent School District No. 861's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Austin, Minnesota  
December 5, 2016

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

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, 2016. 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 2015-2016**

- The district sold Dakota School during the year for \$104,556.
- Enrollment (Average Daily Membership) for the year was down about 1.5% or 46 pupil units as compared to the prior year.
- Each of the district operating funds (general fund, school nutrition fund, community education fund) ended the year with positive fund balances.

**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.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

**Financial Analysis of the District as a Whole (Continued)**

<u>Assets</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>\$ Change</u>	<u>% Change</u>
Current and Other Assets	\$ 30,154,412	\$ 26,946,945	\$ (3,207,467)	-11%
Capital Assets	28,901,575	26,995,631	(1,905,944)	-7%
Total Assets	<u>\$ 59,055,987</u>	<u>\$ 53,942,576</u>	<u>\$ (5,113,411)</u>	<u>-9%</u>
 <u>Deferred Outflows of Resources</u>	 <u>\$ 4,224,334</u>	 <u>\$ 5,843,714</u>	 <u>\$ 1,619,380</u>	 <u>38%</u>
 <u>Liabilities</u>				
Long-term Liabilities	\$ 42,174,626	\$ 43,788,938	\$ 1,614,312	4%
Other Liabilities	9,475,006	9,060,109	(414,897)	-4%
Total Liabilities	<u>\$ 51,649,632</u>	<u>\$ 52,849,047</u>	<u>\$ 1,199,415</u>	<u>2%</u>
 <u>Deferred Inflows of Resources</u>	 <u>\$ 20,130,998</u>	 <u>\$ 16,255,926</u>	 <u>\$ (3,875,072)</u>	 <u>-19%</u>
 <u>Net Position</u>				
Invested in Capital Assets, Net of Related Debt	\$ 15,326,114	\$ 15,609,385	\$ 283,271	2%
Restricted	6,780,868	6,144,494	(636,374)	-9%
Unrestricted	<u>(30,607,291)</u>	<u>(31,072,562)</u>	<u>(465,271)</u>	<u>2%</u>
Total Net Position	<u>\$ (8,500,309)</u>	<u>\$ (9,318,683)</u>	<u>\$ (818,374)</u>	<u>10%</u>

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

The District's combined net position as of June 30, 2016 was (\$9,318,683). This is a decrease of \$818,374 or 10% as compared to the prior year's restated ending net position of (\$8,500,309). The reason the district has a negative net position since 2015 is related to the implementation of GASB #68 which requires school districts to record their prorated portion of unfunded liability for both Teachers Retirement Association (TRA) and Public Employees Retirement Association (PERA). The amounts were \$20,605,986 and \$7,393,599, respectively. These amounts were calculated by TRA and PERA and then audited by firms hired by the pension plans.

<u>Revenues and Other Financing Sources</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>\$ Change</u>	<u>% Change</u>
Program Revenues				
Charges for Services	\$ 2,748,611	\$ 2,659,680	\$ (88,931)	-3%
Operating Grants	12,460,495	13,114,552	654,057	5%
Capital Grants	735,864	332,241	(403,623)	-55%
General Revenues				
Property Taxes	11,692,705	12,846,534	1,153,829	10%
State Aid-Formula Grants	20,151,363	20,054,127	(97,236)	0%
Other	181,003	238,068	57,065	32%
Total Revenues	<u>47,970,041</u>	<u>49,245,202</u>	<u>\$ 1,275,161</u>	<u>3%</u>
<u>Expenses</u>				
Instruction				
Regular	\$ 17,497,641	\$ 18,142,121	\$ 644,480	4%
Vocational	347,783	338,379	(9,404)	-3%
Special	10,241,632	10,505,719	264,087	3%
Support Services				
Pupil	6,857,907	7,478,605	620,698	9%
Instructional	2,178,540	2,159,471	(19,069)	-1%
District	1,596,969	1,699,042	102,073	6%
District Administration	1,644,548	1,735,235	90,687	6%
Site, Buildings, and Equipment	5,500,352	4,804,052	(696,300)	-13%
Fiscal and Other Fixed Cost Programs	124,985	136,581	11,596	9%
Community Service	2,052,717	2,314,732	262,015	13%
Interest and Fiscal Charges on Long-Term Debt	742,033	749,639	7,606	1%
Total Expenses	<u>48,785,107</u>	<u>50,063,576</u>	<u>1,278,469</u>	<u>3%</u>
Increase (Decrease) in Net Assets	(815,066)	(818,374)		
Beginning Net Position	<u>(7,685,243)</u>	<u>(8,500,309)</u>		
Ending Net Position	<u><u>\$ (8,500,309)</u></u>	<u><u>\$ (9,318,683)</u></u>		

***Changes in Revenue***

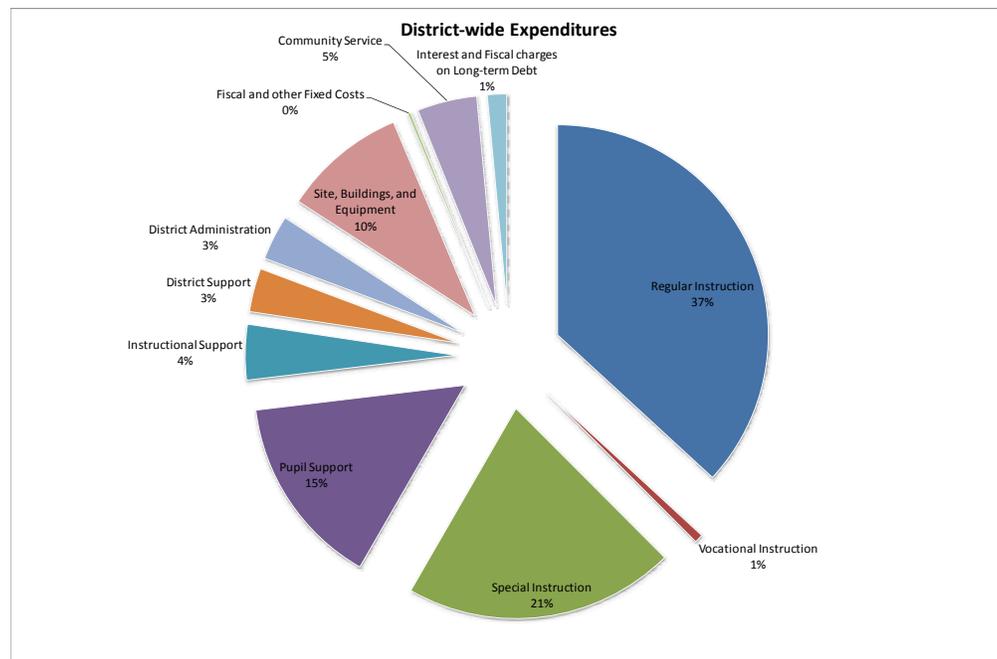
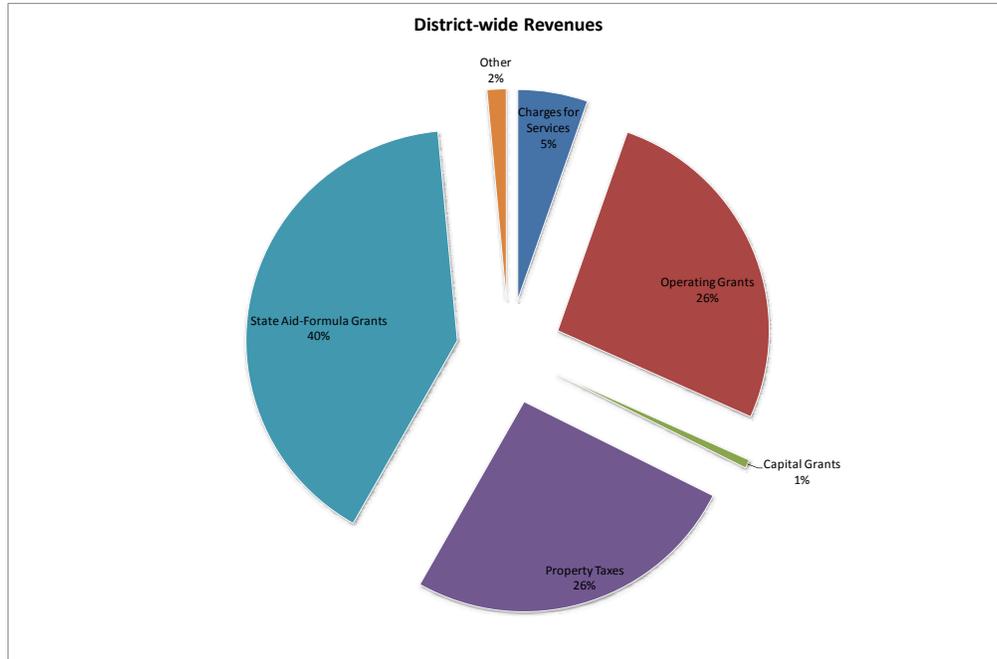
The District's overall revenues increased \$1,275,161 or 3% between fiscal years 2015 and 2016. Within the revenue categories, a fluctuation of (\$403,623) or (55%) in capital grants can be noted. In addition, an increase of \$1,153,829 or 10% can be noted in the property taxes revenue category. This increase is primarily related to the general fund levy revenue.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

**Financial Analysis of the District as a Whole (Continued)**

***Changes in Expenses***

District expenses increased only 3% to a total of \$50,063,576. This represents an increase of \$1,278,469. Pupil Support Services increased \$620,698 or 9% as compared to the prior year. This increase was offset by a decrease in expenditures in the Site, Buildings, and Equipment category of \$696,300.



**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

**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.

	<u>6/30/15</u>	<u>6/30/16</u>	<u>% Change</u>
<u>Assets</u>			
Cash and Investments	\$ 9,463,916	\$ 7,666,430	-19%
Property Taxes Receivable	5,768,103	4,734,131	-18%
Receivable from Gov't Units	4,705,606	4,626,574	-2%
Other Receivables	320,116	358,708	12%
Due from Other Funds	479,745	205,593	-57%
Inventory and Prepays	57,049	220,030	286%
Total Assets	<u>\$ 20,794,535</u>	<u>\$ 17,811,466</u>	<u>-14%</u>
<u>Liabilities</u>			
Accounts and contracts payable	\$ 600,237	\$ 712,595	19%
Accrued salaries, wages, and benefits	4,188,515	4,327,737	3%
Deferred revenue	151,749	183,533	21%
Total Liabilities	<u>4,940,501</u>	<u>5,223,865</u>	<u>6%</u>
<u>Deferred Inflows of Resources</u>			
Property Taxes Levied for Subsequent Year's Expenditures	8,990,960	8,384,408	-7%
Delinquent Property Taxes	188,693	135,212	-28%
Total Deferred Inflows of Resources	<u>9,179,653</u>	<u>8,519,620</u>	<u>-7%</u>
<u>Fund Balances</u>			
Staff Development	202,737	187,469	-8%
Deferred Maintenance	179,829	56,393	-69%
Teacher Development & Evaluation	83,641	-	-100%
Operating Capital	329,342	357,851	9%
Health and Safety	(1,357,184)	(2,254,309)	-66%
Reserved for QZAB	876,964	-	-100%
Safe Schools	29,875	-	-100%
Student Activities	183,514	173,535	-5%
Nonspendable	57,049	220,030	286%
Kolter Estate	177,520	141,326	-20%
Unassigned	5,911,094	5,185,686	-12%
Total Fund Balance	<u>6,674,381</u>	<u>4,067,981</u>	<u>-39%</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 20,794,535</u>	<u>\$ 17,811,466</u>	<u>-14%</u>

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

**Financial Analysis of the District as a Whole (Continued)**

	<u>6/30/15</u>	<u>6/30/16</u>	<u>% Change</u>
<u>Revenues and Other Financing Sources</u>			
Property Taxes	\$ 8,413,641	\$ 9,485,087	13%
Other Local and County	2,238,325	1,753,735	-22%
State Sources	29,214,583	29,283,365	0%
Federal Sources	1,479,606	1,442,478	-3%
Capital Lease Addition	247,123	-	-100%
Sale of Real Property	-	104,556	-
Total	<u>41,593,278</u>	<u>42,069,221</u>	<u>1%</u>
<u>Expenditures and Other Financing Uses</u>			
Administration	\$ 1,599,828	\$ 1,654,572	3%
District Support Services	1,444,798	1,578,063	9%
Regular Instruction	16,261,622	16,691,977	3%
Vocational Instruction	272,189	333,948	23%
Special Education Instruction	10,073,590	10,347,098	3%
Instructional Support Services	1,836,290	2,006,503	9%
Pupil Support Services	4,744,847	5,269,705	11%
Sites and Buildings	4,194,051	4,502,298	7%
Capital Outlay	973,455	282,363	-71%
Transfer Out	-	400,000	-
Fiscal and Other Fixed Programs	124,985	136,581	9%
Debt Service (Principal & Interest)	577,605	1,472,513	155%
Total	<u>42,103,260</u>	<u>44,675,621</u>	<u>6%</u>
Change in Fund Balance	(509,982)	(2,606,400)	411%
Prior Year Fund Balance	<u>7,184,363</u>	<u>6,674,381</u>	<u>-7%</u>
Ending Fund Balance	<u><u>\$ 6,674,381</u></u>	<u><u>\$ 4,067,981</u></u>	<u><u>-39%</u></u>

**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 transportation, operating capital, health and safety and student activities. The total fund balance decreased by \$2,606,400 (or 39%) to a total of \$4,067,981. Of the total fund balance, (\$1,511,270) is restricted, \$173,535 is assigned for Student Activities, and \$220,030 is nonspendable (represents amount of prepaid expenditures included on the District's balance sheet). The remaining \$5,185,686 is unassigned.

When reviewing the General Fund balance sheet summary there are several changes that should be noted. Overall assets decreased by \$2,983,069 or 14%. The reason for this overall decrease is a \$1.8 million decrease in cash and investments as well as a \$1,033,972 decrease in property taxes receivable.

Overall liabilities increased \$283,364 or 6% as compared to the prior year. This is the result of an increase in both accounts payable and accrued payroll expenses.

The District's Deferred Maintenance fund balance decreased in fiscal year 2016 from \$179,829 to a balance of \$56,393. This represents a decrease of 69% and is the result of spending down this funding source as the legislature has discontinued Deferred Maintenance going forward.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

**General Fund (Continued)**

The reserve for Teacher Development & Evaluation was spent in full during fiscal year 2016. This reserve was related to a one-time funding from the legislature to be used for the development and evaluation of teachers. These funds were used before staff development funds for allowable expenditures.

Health & Safety deficit fund balance grew \$897,125 to a deficit of \$2,254,309. This fund balance has been allowed to operate with a deficit since the program came into existence. Because the health & safety program is coming to an end and is being wrapped into Long-Term Facilities Maintenance Revenue going forward, a transfer to clean up remaining deficit balances will be required in the future.

The reserve for QZAB represents resources required by agreement to be segregated payment of Qualified Zone Academy Bond (QZAB) debt instruments. In December 2015 this debt was completely repaid with the collective deposits which had been paid to a bond sinking fund since the issuance of the debt. The zero balance in this reserve reflects this repayment.

Although maintained separately, the student activity fund balances are under board control and therefore reported to the Minnesota Department of Education as Assigned Fund Balance within the general fund. The June 30, 2016 overall student activity fund balance is \$173,535. This amount includes student activity accounts both at the Winona Senior High School and the Winona Middle School. Student activity accounts are intended to be used to account for funds raised by students. An annual summary of the student activity accounts is included for the purpose of providing the reader of the financial statements a perspective on the amount of activity being accounted for through student activity accounts on an annual basis. Any deficit balances in individual student activity accounts are the responsibility of the Principal or Activities Director.

**Student Activity Fund Balance Summary**

	6/30/2015 Balance	FY 2016 Revenues	FY 2016 Expenditures	FY 2016 Transfers	6/30/2016 Balance
<b>Middle School Activities</b>					
Work Skills	\$ 84.06	\$ -	\$ -	\$ -	\$ 84.06
Art	27.36	0.10	-	-	27.46
Band	17,540.22	8,680.59	13,265.21	-	12,955.60
Choir	(2,347.15)	5,204.57	9,926.70	-	(7,069.28)
Grade 5	(3,949.41)	2,417.50	2,524.64	-	(4,056.55)
Grade 6	(1,734.64)	2,190.55	1,855.42	-	(1,399.51)
Grade 7	1,135.23	486.30	-	-	1,621.53
Grade 8	292.94	0.69	-	-	293.63
Japan Trip	(225.72)	1,926.10	1,761.77	-	(61.39)
Leo Club	721.00	1.74	-	-	722.74
Log Books	(1,834.19)	1,186.00	2,972.81	-	(3,621.00)
Music Technology	429.44	988.05	757.72	-	659.77
Orchestra	357.15	1,385.24	1,747.01	-	(4.62)
Project Science	258.42	0.63	-	-	259.05
Publications	3,248.29	6,161.63	5,991.43	-	3,418.49
Student Assistance	5.37	-	-	-	5.37
Student Council	2,437.28	1,386.82	1,155.48	-	2,668.62
Vocational Education	793.14	41.41	-	-	834.55
Newspaper	352.01	0.85	-	-	352.86
Accelerated Activities	1,613.79	3.87	-	-	1,617.66
<b>Total Middle School Activities</b>	<b>19,204.59</b>	<b>32,062.64</b>	<b>41,958.19</b>	<b>-</b>	<b>9,309.04</b>

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

**General Fund (Continued)**

	6/30/2015 Balance	FY 2016 Revenues	FY 2016 Expenditures	FY 2016 Transfers	6/30/2016 Balance
<b>High School Activities</b>					
Community Serv - Voegeli	\$ 78.77	\$ 0.20	\$ -	\$ -	\$ 78.97
Baseball	19,247.07	4,744.73	12,952.33	-	11,039.47
Basketball - B	3,950.65	7,536.17	5,594.32	-	5,892.50
Basketball - G	4,196.98	7,595.35	10,852.53	-	939.80
Softball	(8.48)	7,544.05	6,829.85	-	705.72
Soccer - B	2,160.31	5,229.77	3,499.47	-	3,890.61
Soccer - G	1,239.63	5,436.31	6,351.62	-	324.32
Football	7,366.09	9,402.94	8,874.72	-	7,894.31
Golf - B	467.75	849.78	996.09	-	321.44
Golf - G	441.38	2,966.07	2,411.88	-	995.57
Hockey - B	20.71	-	479.69	-	(458.98)
Hockey - G	257.34	0.40	150.00	-	107.74
Hockey - Adaptive	1,615.80	3.37	814.25	-	804.92
Cross Country	4,456.72	7,582.26	6,598.42	-	5,440.56
Nordic Ski	1,718.24	8,967.14	6,018.91	-	4,666.47
Swim - B	1,561.80	1,626.91	3,268.01	-	(79.30)
Swim - G	3,897.89	5,895.79	6,138.52	-	3,655.16
Tennis -B	47.19	665.27	400.02	-	312.44
Tennis - G	188.09	2,632.35	3,216.75	-	(396.31)
Track & Field	4,804.31	7,145.08	5,185.17	-	6,764.22
Gymnastics	2,683.05	1,953.30	1,725.60	-	2,910.75
Volleyball	11,037.38	20,997.19	23,477.39	-	8,557.18
Dance Team	5,389.61	12,736.25	15,084.10	-	3,041.76
Math Team	281.53	0.66	-	-	282.19
Ultimate Frisbee	169.56	0.41	-	-	169.97
Wrestling Invit	(472.17)	2,263.29	2,609.99	-	(818.87)
Pep Band	28.89	0.11	-	-	29.00
Jazz Band	(1,054.31)	-	(955.67)	-	(98.64)
Band	1,507.28	130,333.70	133,856.98	-	(2,016.00)
9-10 Choir	2,674.50	125.75	207.76	-	2,592.49
Choir	5,547.18	3,062.44	1,985.90	-	6,623.72
Choir Tapes	4,583.26	10.96	-	-	4,594.22
Orchestra	8,441.16	10,719.97	6,154.72	-	13,006.41
Strings in Motion	(131.28)	180.06	-	-	48.78
German Club	5.56	-	-	-	5.56
Spanish Club	714.63	1.71	-	-	716.34
FFA	4,064.76	34,350.05	29,665.92	-	8,748.89
Horticulture	6.04	-	-	-	6.04
HOPE	474.02	1.13	-	-	475.15
NHS	884.71	1,044.28	970.00	-	958.99
Prism	1,166.80	1,637.90	1,818.50	-	986.20
W Club	4,698.43	4,374.39	4,899.64	-	4,173.18
Health Fair	9.70	-	-	-	9.70
Yearbook	7,997.81	5,177.77	3,641.43	-	9,534.15

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

**General Fund (Continued)**

	6/30/2015 Balance	FY 2016 Revenues	FY 2016 Expenditures	FY 2016 Transfers	6/30/2016 Balance
Student Council	11,298.82	8,027.61	8,671.34	-	10,655.09
Community Serv - Heydt	388.06	0.92	-	-	388.98
Laws of Life	0.49	-	-	-	0.49
Model Legislature	1,118.88	2.68	-	-	1,121.56
Winhawk Store	63.39	0.12	-	-	63.51
Interest	(9.02)	-	-	-	(9.02)
Battle of the Bands	2,225.71	5.32	-	-	2,231.03
Drama	(913.28)	1,268.03	47.00	-	307.75
Environmental Club	1,797.83	4.29	-	-	1,802.12
Robotics Club	4,446.55	509.49	2,160.78	-	2,795.26
Post Prom	521.73	1.24	7.99	-	514.98
Otaku Society	161.45	0.39	-	-	161.84
Rise & Run Exp	1,497.78	3.58	-	-	1,501.36
WSH Spanish Trip	42.10	0.12	-	-	42.22
Prom Projects	17,364.62	6,802.55	4,756.64	-	19,410.53
Challenge Team	27.43	0.10	-	-	27.53
MN State Sales	254.80	164.05	324.00	-	94.85
Community Service - Pfeilsticker	27.49	0.10	-	-	27.59
Ecuador Trip	394.24	1.05	-	-	395.29
Strength Team	2,510.91	6.00	-	-	2,516.91
Student Leadership Team	165.68	60.44	-	-	226.12
Adapted Athletics	2,506.97	5.99	-	-	2,512.96
Rounding Difference	0.44	-	-	(0.44)	-
<b>Total High School Activities</b>	<b>164,309.41</b>	<b>331,659.33</b>	<b>331,742.56</b>	<b>(0.44)</b>	<b>164,225.74</b>
<b>Total Combined Student Activities</b>	<b>\$ 183,514.00</b>	<b>\$ 363,721.97</b>	<b>\$ 373,700.75</b>	<b>\$ (0.44)</b>	<b>\$ 173,534.78</b>

**General Fund Budgetary Highlights**

Following approval of the budget prior to the beginning of the fiscal year, the District officially revised the annual operating budget two times during the year with budget updates presented to the board. 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 updates subsequently presented to the board. These budget amendments fall into two general categories:

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

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

***General Fund Budgetary Highlights (Continued)***

Actual revenues were \$213,954 more than the final board approved revenue budget of \$41,750,711 which is just over one-half of a percent variance from the approved budget.

The actual expenditures were \$937,623 more than the final approved budget. This represents just over a 2% 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 \$55,837 of revenue in excess of expenditures made for the fiscal year resulting in a total ending fund balance of \$261,458. During the year a summer meals program was implemented which was highly successful as evidenced by the growth in fund balance. 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.

***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 increased slightly from \$368,880 to \$371,996. 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 a 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 2016 the total debt service fund balance increased from \$335,475 to \$576,387. This represents an increase of approximately 72% as compared to the prior fiscal year.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

***Capital Projects Fund***

The Capital Projects Fund accounts for the costs of school construction, addition and renovation projects. Most recently, this fund has been used to account for the Track Project, One-Day Bond proceeds, and Health and Safety Alternate Facilities for the Winona Senior High School air handler project. 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, 2016 is a deficit of \$205,593. This amount is related to two sources. First of all, approximately \$124,062 is related to a capital facility bond issue for Energy Projects and must be used for approved energy project improvements. The remaining capital projects fund balance is a deficit balance of \$329,655. The deficit is related to the Health and Safety Alternate Facility project at the Winona Senior High School. Just like any Health and Safety project, the expenditures are incurred before the revenue is received through the levy system. When these projects are of a high dollar amount, they are required to be reported through the Capital Projects Fund rather than through the General Fund with regular Health and Safety projects. Because the Health & Safety program is being discontinued, a transfer may be required to clear this deficit balance in the future.

***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 increased from \$156,588 to \$162,273 during fiscal year 2016.

***Agency Fund***

During fiscal year 2012, Winona Area Public Schools became the fiscal host for the Winona County Collaborative. This activity is accounted for 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.

***Capital Assets***

As of June 30, 2016 the District's investment in capital assets is \$26,995,631, net of total accumulated depreciation. This reflects current year additions of \$92,393 and current year depreciation expense of \$1,980,846. Some of the higher dollar amount capital asset additions for the year include:

- New Kitchen Equipment (\$50,535)
- Summer Meals Bus (\$9,608)
- Recovery Backup Appliance (Technology) (\$17,250)

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

***Long Term Liabilities***

As of June 30, 2016 the Long Term Liabilities of the District were \$47,007,080. This represents an overall increase of \$1,043,793 for the fiscal year. This increase in long term liabilities is not the result of the district borrowing funds or increasing its debt load. Rather, the increase is related to an increase in the net pension liability related to the district's prorated portion of unfunded liabilities currently estimated by TRA and PERA.

**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, MN 55987, visit the District Website at [www.winona.k12.mn.us](http://www.winona.k12.mn.us), or call 507-494-0800.

## **BASIC FINANCIAL STATEMENTS**

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**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
STATEMENT OF NET POSITION  
JUNE 30, 2016  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2015)**

	<b>Governmental Activities</b>	
	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and Investments	\$ 10,688,730	\$ 11,169,143
Cash and Investments Held by Trustee	-	871,546
Receivables		
Property Taxes	6,603,743	7,952,200
Other Governments	4,822,903	4,844,361
Other	404,498	342,302
Prepaid Items	223,759	59,274
Inventories	19,733	16,462
Prefunded Other Postemployment Benefits Obligation	4,183,579	4,899,124
Capital Assets		
Land	1,310,892	1,314,192
Other Capital Assets, Net of Depreciation	25,684,739	27,587,383
Total Assets	<u>53,942,576</u>	<u>59,055,987</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Loss on Bond Refunding	682,773	-
Pension Related	5,160,941	4,224,334
Total Deferred Outflows of Resources	<u>5,843,714</u>	<u>4,224,334</u>
<b>LIABILITIES</b>		
Salaries and Wages Payable	4,566,322	4,410,929
Accounts and Contracts Payable	749,295	693,437
Accrued Interest	258,706	321,584
Due to Other Governmental Units	46,900	68,496
Deferred Revenue		
Local Sources	220,744	191,899
Long-Term Liabilities		
Portion Due Within One Year	3,218,142	3,788,661
Portion Due in More Than One Year	43,788,938	42,174,626
Total Liabilities	<u>52,849,047</u>	<u>51,649,632</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes Levied for Subsequent Year	11,761,840	12,476,725
Gain on Bond Refunding	52,151	72,339
Pension Related	4,441,935	7,581,934
Total Deferred Inflows of Resources	<u>16,255,926</u>	<u>20,130,998</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	15,609,385	15,326,114
Restricted for:		
Operating Capital Purposes	357,851	329,342
State-Mandated Restrictions	243,862	496,082
Facility Improvements	141,326	177,520
Food Service	261,458	205,621
Community Service	378,371	377,571
Debt Service	578,047	295,608
Other Post Employment Benefits	4,183,579	4,899,124
Unrestricted	(31,072,562)	(30,607,291)
Total Net Position	<u>\$ (9,318,683)</u>	<u>\$ (8,500,309)</u>

See accompanying Notes to Financial Statements.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2015)**

2016			
Functions	Expenses	Charges for Services	Program Operating Grants and Contributions
<b>Governmental Activities</b>			
Administration	\$ 1,735,235	\$ 266	\$ -
District Support Services	1,699,042	172,244	4,213
Regular Instruction	18,142,121	598,023	3,855,264
Vocational Education Instruction	338,379	132	-
Special Education Instruction	10,505,719	151,668	6,532,561
Instructional Support Services	2,159,471	4,858	12,494
Pupil Support Services	5,628,839	11,998	692,286
Sites and Buildings	4,804,052	4,930	300
Fiscal and Other Fixed Cost Programs	136,581	-	-
Food Service	1,849,766	762,449	1,061,859
Community Service	2,314,732	953,112	955,575
Interest and Fiscal Charges on Long-Term Liabilities	749,639	-	-
Total School District	\$ 50,063,576	\$ 2,659,680	\$ 13,114,552

**General Revenues**

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

**CHANGE IN NET POSITION**

Net Position - Beginning of Year

**NET POSITION - END OF YEAR**

See accompanying Notes to Financial Statements.

	<b>2016</b>	<b>2015</b>
<b>Revenues</b>	<b>Net (Expense) Revenue and Changes in Net Position</b>	<b>Net (Expense) Revenue and Changes in Net Position</b>
<b>Capital</b>	<b>Total</b>	<b>Total</b>
<b>Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Governmental Activities</b>
\$ -	\$ (1,734,969)	\$ (1,644,236)
85,121	(1,437,464)	(1,314,403)
71,754	(13,617,080)	(13,403,238)
-	(338,247)	(347,783)
-	(3,821,490)	(3,337,576)
102,131	(2,039,988)	(1,992,588)
-	(4,924,555)	(4,457,888)
73,235	(4,725,587)	(5,010,658)
-	(136,581)	(124,985)
-	(25,458)	(49,639)
-	(406,045)	(415,110)
-	(749,639)	(742,033)
<u>\$ 332,241</u>	<u>(33,957,103)</u>	<u>(32,840,137)</u>

9,431,606	8,494,123
414,946	391,749
2,999,982	2,806,833
20,054,127	20,151,363
30,846	60,931
87,065	-
120,157	120,072
<u>33,138,729</u>	<u>32,025,071</u>
(818,374)	(815,066)
<u>(8,500,309)</u>	<u>(7,685,243)</u>
<u>\$ (9,318,683)</u>	<u>\$ (8,500,309)</u>

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2015)**

	Major Funds		
	General	Food Service	Community Service
<b>ASSETS</b>			
Cash and Investments	\$ 7,666,430	\$ 320,083	\$ 640,496
Cash and Investments Held by Trustee	-	-	-
Receivables			
Current Property Taxes	4,598,919	-	265,732
Delinquent Property Taxes	135,212	-	6,375
Due from Other Minnesota School Districts	2,568	-	37,446
Due from Minnesota Department of Education	3,632,387	2,767	29,485
Due from Federal through Minnesota Department of Education	989,660	46,682	-
Due from Other Governmental Units	1,959	2,431	71,290
Other Receivables	358,708	618	45,172
Due from Other Funds	205,593	-	-
Prepaid Items	220,030	802	2,927
Inventory	-	19,733	-
Total Assets	<u>\$ 17,811,466</u>	<u>\$ 393,116</u>	<u>\$ 1,098,923</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>			
Liabilities			
Salaries and Wages Payable	\$ 4,327,737	\$ 75,950	\$ 162,635
Accounts and Contracts Payable	680,315	23,960	45,020
Due to Other Governmental Units	32,280	-	14,620
Due to Other Funds	-	-	-
Unearned Revenue	183,533	31,748	5,463
Total Liabilities	<u>5,223,865</u>	<u>131,658</u>	<u>227,738</u>
Deferred Inflows of Resources			
Property Taxes Levied for Subsequent Year	8,384,408	-	492,814
Delinquent Property Taxes	135,212	-	6,375
Total Deferred Inflows of Resources	<u>8,519,620</u>	<u>-</u>	<u>499,189</u>
Fund Balance			
Nonspendable			
Inventory Items	-	19,733	-
Prepaid Items	220,030	802	2,927
Restricted for			
Staff Development	187,469	-	-
Deferred Maintenance	56,393	-	-
Teacher Development and Evaluation	-	-	-
Health and Safety	(2,254,309)	-	-
Operating Capital	357,851	-	-
QZAB	-	-	-
Safe Schools	-	-	-
Community Education Programs	-	-	266,176
Early Childhood and Family Education Programs	-	-	(4,194)
School Readiness	-	-	25,464
Adult Basic Education	-	-	81,623
Other Purposes	141,326	240,923	-
Assigned for			
Student Activities	173,535	-	-
Unassigned	5,185,686	-	-
Total Fund Balance	<u>4,067,981</u>	<u>261,458</u>	<u>371,996</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 17,811,466</u>	<u>\$ 393,116</u>	<u>\$ 1,098,923</u>

See accompanying Notes to Financial Statements.

Major Funds					
Capital Projects - Building Construction			Total Governmental Funds		
	Debt Service	OPEB Debt Service	2016	2015	
\$ -	\$ 1,553,740	\$ 507,981	\$ 10,688,730	\$ 11,169,143	
-	-	-	-	871,546	
-	1,149,055	406,274	6,419,980	7,695,973	
-	30,871	11,305	183,763	256,227	
-	-	-	40,014	46,650	
-	4,707	1,521	3,670,867	3,440,576	
-	-	-	1,036,342	1,298,821	
-	-	-	75,680	58,314	
-	-	-	404,498	342,302	
-	-	-	205,593	479,745	
-	-	-	223,759	59,274	
-	-	-	19,733	16,462	
<u>\$ -</u>	<u>\$ 2,738,373</u>	<u>\$ 927,081</u>	<u>\$ 22,968,959</u>	<u>\$ 25,735,033</u>	
\$ -	-	-	4,566,322	4,410,929	
-	-	-	749,295	693,437	
-	-	-	46,900	68,496	
205,593	-	-	205,593	479,745	
-	-	-	220,744	191,899	
<u>205,593</u>	<u>-</u>	<u>-</u>	<u>5,788,854</u>	<u>5,844,506</u>	
-	2,131,115	753,503	11,761,840	12,476,725	
-	30,871	11,305	183,763	256,227	
-	<u>2,161,986</u>	<u>764,808</u>	<u>11,945,603</u>	<u>12,732,952</u>	
-	-	-	19,733	16,462	
-	-	-	223,759	59,274	
-	-	-	187,469	202,737	
(329,655)	-	-	(273,262)	(549,826)	
-	-	-	-	83,641	
-	-	-	(2,254,309)	(1,357,184)	
-	-	-	357,851	329,342	
-	-	-	-	876,964	
-	-	-	-	29,875	
-	-	-	266,176	295,648	
-	-	-	(4,194)	2,385	
-	-	-	25,464	13,776	
-	-	-	81,623	55,198	
124,062	576,387	162,273	1,244,971	1,004,675	
-	-	-	173,535	183,514	
-	-	-	5,185,686	5,911,094	
<u>(205,593)</u>	<u>576,387</u>	<u>162,273</u>	<u>5,234,502</u>	<u>7,157,575</u>	
<u>\$ -</u>	<u>\$ 2,738,373</u>	<u>\$ 927,081</u>	<u>\$ 22,968,959</u>	<u>\$ 25,735,033</u>	

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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, 2016  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2015)**

	<b>2016</b>	<b>2015</b>
<b>Total Fund Balance for Governmental Funds</b>	<b>\$ 5,234,502</b>	<b>\$ 7,157,575</b>
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	1,314,192
Land Improvements, Net of Accumulated Depreciation	2,429,511	2,617,969
Buildings and Improvements, Net of Accumulated Depreciation	21,431,814	22,868,073
Equipment, Net of Accumulated Depreciation	1,823,414	2,101,341
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	(27,851,897)	(24,063,960)
Deferred Outflows of Resources - Pension Related	5,160,941	4,224,334
Deferred Inflows of Resources - Pension Related	(4,441,935)	(7,581,934)
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 unavailable revenue in the funds.	183,763	256,227
Deferred losses on refunding are recorded as a deferred outflow	682,773	-
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(258,706)	(321,584)
Long-term assets that pertain to governmental funds, such as the prefunded other post employment benefit obligation, are not financial resources and therefore are not reported as fund assets. Balances at year-end are:	4,183,579	4,899,124
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	(15,655,000)	(17,145,000)
Unamortized Premiums	(462,405)	(298,706)
Unamortized Discounts	5,650	58,071
Unamortized Deferred Gain on Refunding	(52,151)	(72,339)
Certificates of Participation Payable	(1,036,102)	(1,197,743)
Obligations Under Capital Leases	(1,385,588)	(1,800,734)
QZAB Loan	-	(942,903)
Severance Benefits Payable	(423,000)	(411,000)
Compensated Absences Payable	(198,738)	(161,312)
<b>Total Net Position of Governmental Activities</b>	<b>\$ (9,318,683)</b>	<b>\$ (8,500,309)</b>

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, 2016  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2015)**

	<u>Major Funds</u>		
	<u>General</u>	<u>Food Service</u>	<u>Community Service</u>
<b>REVENUES</b>			
Local Sources			
Property Taxes	\$ 9,485,087	\$ -	\$ 417,262
Earnings on Investments	24,526	720	1,402
Other	1,729,209	784,714	1,328,300
State Sources	29,283,365	87,732	586,455
Federal Sources	1,442,478	968,625	2,959
Total Revenues	<u>41,964,665</u>	<u>1,841,791</u>	<u>2,336,378</u>
<b>EXPENDITURES</b>			
Current			
Administration	1,654,572	-	-
District Support Services	1,578,063	-	-
Regular Instruction	16,691,977	-	-
Vocational Education Instruction	333,948	-	-
Special Education Instruction	10,347,098	-	-
Instructional Support Services	2,006,503	-	-
Pupil Support Services	5,269,705	-	-
Sites and Buildings	4,502,298	-	-
Fiscal and Other Fixed Cost Programs	136,581	-	-
Food Service	-	1,712,574	-
Community Service	-	-	2,306,883
Capital Outlay	282,363	73,380	26,379
Debt Service			
Principal	1,324,690	-	-
Interest and Fiscal Charges	147,823	-	-
Total Expenditures	<u>44,275,621</u>	<u>1,785,954</u>	<u>2,333,262</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,310,956)	55,837	3,116
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from Capital Lease	-	-	-
Sale of Real Property Proceeds	104,556	-	-
Proceeds from Sale of Refunding Bonds	-	-	-
Bond Premium	-	-	-
Payment to Refunding Bond Escrow Agent	-	-	-
Transfers In	-	-	-
Transfers Out	(400,000)	-	-
Total Other Financing Sources (Uses)	<u>(295,444)</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(2,606,400)	55,837	3,116
Fund Balances - Beginning of Year	<u>6,674,381</u>	<u>205,621</u>	<u>368,880</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 4,067,981</u>	<u>\$ 261,458</u>	<u>\$ 371,996</u>

See accompanying Notes to Financial Statements.

<b>Major Funds</b>				
<b>Capital Projects - Building Construction</b>	<b>Debt Service</b>	<b>OPEB Debt Service</b>	<b>Total Governmental Funds</b>	
			<b>2016</b>	<b>2015</b>
\$ -	\$ 2,278,868	\$ 737,781	\$ 12,918,998	\$ 11,580,867
-	3,331	867	30,846	60,931
4,635	-	-	3,846,858	3,986,027
-	47,073	15,212	30,019,837	29,990,494
-	-	-	2,414,062	2,239,884
<u>4,635</u>	<u>2,329,272</u>	<u>753,860</u>	<u>49,230,601</u>	<u>47,858,203</u>
-	-	-	1,654,572	1,599,828
-	-	-	1,578,063	1,444,798
-	-	-	16,691,977	16,261,622
-	-	-	333,948	272,189
-	-	-	10,347,098	10,073,590
-	-	-	2,006,503	1,836,290
-	-	-	5,269,705	4,744,847
-	-	-	4,502,298	4,194,051
-	-	-	136,581	124,985
-	-	-	1,712,574	1,648,398
-	-	-	2,306,883	1,999,069
26,858	-	-	408,980	2,033,283
-	1,885,000	325,000	3,534,690	2,624,079
-	203,360	535,476	886,659	858,726
<u>26,858</u>	<u>2,088,360</u>	<u>860,476</u>	<u>51,370,531</u>	<u>49,715,755</u>
(22,223)	240,912	(106,616)	(2,139,930)	(1,857,552)
-	-	-	-	247,123
-	-	-	104,556	-
-	-	6,495,000	6,495,000	-
-	-	235,343	235,343	-
-	-	(6,618,042)	(6,618,042)	-
400,000	-	-	400,000	-
-	-	-	(400,000)	-
<u>400,000</u>	<u>-</u>	<u>112,301</u>	<u>216,857</u>	<u>247,123</u>
377,777	240,912	5,685	(1,923,073)	(1,610,429)
<u>(583,370)</u>	<u>335,475</u>	<u>156,588</u>	<u>7,157,575</u>	<u>8,768,004</u>
<u>\$ (205,593)</u>	<u>\$ 576,387</u>	<u>\$ 162,273</u>	<u>\$ 5,234,502</u>	<u>\$ 7,157,575</u>

**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, 2016  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2015)**

	<b>2016</b>	<b>2015</b>
<b>Net Change in Fund Balance-Total Governmental Funds</b>	\$ (1,923,073)	\$ (1,610,429)

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 with an initial, individual cost of more than \$4,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlays	92,393	428,691
Gain on Disposal of Capital Assets	87,065	-
Proceeds from Sales of Capital Assets	(104,556)	-
Depreciation Expense	(1,980,846)	(2,055,475)

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

Other Financing Source - Capital Lease Additions	-	(247,123)
Change in Accrued Interest Expense - Capital Leases	10,369	5,713
Principal Payments - Capital Leases	415,146	451,645

Pension expenditures on the governmental funds are measured by current year employee contributions. Pension expenses on the Statement of Activities are measured by the change in Net Pension Liability and the related deferred inflows and outflows of resources.

	288,669	578,025
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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 discounts and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

General Obligation Bond Proceeds	(6,495,000)	-
Payment for Refunded Bond	6,618,042	-
Bond Premium	(235,343)	-
Payment of QZAB Loan	942,903	-
Repayment of Certificates of Participation Payable	161,641	152,434
Repayment of Bond Principal	2,015,000	2,020,000
Change in Accrued Interest Expense - General Obligation Bonds	52,509	27,979
Amortization of Deferred Loss on Refunding	(13,388)	-
Amortization of Deferred Gain on Refunding	20,188	20,188
Amortization of Bond Discount and Premium	67,342	62,813

See accompanying Notes to Financial Statements.

**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  
(CONTINUED)  
YEAR ENDED JUNE 30, 2016  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2015)**

	<b>2016</b>	<b>2015</b>
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	\$ (72,464)	\$ 111,838
The prefunded other post employment benefit obligation is not reported as expenditures in governmental funds but is reflected in the statement of activities.	(715,545)	(713,541)
In the statement of activities, certain operating expenses - severance benefits and compensated absences - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(49,426)	(47,824)
<b>Change in Net Position of Governmental Activities</b>	<u>\$ (818,374)</u>	<u>\$ (815,066)</u>

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, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local Sources				
Property Taxes	\$ 9,379,224	\$ 9,347,862	\$ 9,485,087	\$ 137,225
Earnings on Investments	54,379	42,432	24,526	(17,906)
Other	1,659,675	1,762,006	1,729,209	(32,797)
State Sources	28,956,315	29,138,821	29,283,365	144,544
Federal Sources	1,433,554	1,459,590	1,442,478	(17,112)
Total Revenues	<u>41,483,147</u>	<u>41,750,711</u>	<u>41,964,665</u>	<u>213,954</u>
<b>EXPENDITURES</b>				
Current:				
Administration	1,586,383	1,624,912	1,654,572	29,660
District Support Services	1,352,607	1,366,655	1,578,063	211,408
Regular Instruction	16,023,233	16,357,114	16,691,977	334,863
Vocational Education Instruction	363,346	328,564	333,948	5,384
Special Education Instruction	10,107,071	10,090,098	10,347,098	257,000
Instructional Support Services	1,983,224	2,227,624	2,006,503	(221,121)
Pupil Support Services	5,148,897	5,230,628	5,269,705	39,077
Sites and Buildings	4,257,874	4,060,036	4,502,298	442,262
Fiscal and Other Fixed Cost Programs	130,000	135,896	136,581	685
Capital Outlay	390,873	443,958	282,363	(161,595)
Debt Service				
Principal	368,581	1,324,690	1,324,690	-
Interest and Fiscal Charges	211,029	147,823	147,823	-
Total Expenditures	<u>41,923,118</u>	<u>43,337,998</u>	<u>44,275,621</u>	<u>937,623</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(439,971)	(1,587,287)	(2,310,956)	(723,669)
<b>OTHER FINANCING SOURCES</b>				
Sale of Real Property Proceeds	-	104,556	104,556	-
Transfers Out	-	(400,000)	(400,000)	-
Total Other Financing Sources	<u>-</u>	<u>(295,444)</u>	<u>(295,444)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (439,971)</u>	<u>\$ (1,882,731)</u>	<u>(2,606,400)</u>	<u>\$ (723,669)</u>
<b>FUND BALANCE</b>				
Beginning of Year			<u>6,674,381</u>	
End of Year			<u>\$ 4,067,981</u>	

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, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local Sources				
Earnings on Investments	\$ 1,860	\$ 550	\$ 720	\$ 170
Other - Primarily Meal Sales	821,101	830,232	784,714	(45,518)
State Sources	65,800	65,800	87,732	21,932
Federal Sources	732,500	824,447	968,625	144,178
Total Revenues	<u>1,621,261</u>	<u>1,721,029</u>	<u>1,841,791</u>	<u>120,762</u>
<b>EXPENDITURES</b>				
Current				
Food Service	1,621,845	1,655,135	1,712,574	57,439
Capital Outlay	10,000	52,784	73,380	20,596
Total Expenditures	<u>1,631,845</u>	<u>1,707,919</u>	<u>1,785,954</u>	<u>78,035</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (10,584)</u>	<u>\$ 13,110</u>	55,837	<u>\$ 42,727</u>
<b>FUND BALANCE</b>				
Beginning of Year			<u>205,621</u>	
End of Year			<u>\$ 261,458</u>	

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, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local Sources				
Property Taxes	\$ 423,695	\$ 415,047	\$ 417,262	\$ 2,215
Earnings on Investments	1,800	1,800	1,402	(398)
Other - Primarily Tuition and Fees	905,395	1,212,224	1,328,300	116,076
State Sources	685,879	561,903	586,455	24,552
Federal Sources	4,000	4,000	2,959	(1,041)
Total Revenues	<u>2,020,769</u>	<u>2,194,974</u>	<u>2,336,378</u>	<u>141,404</u>
<b>EXPENDITURES</b>				
Current				
Community Service	2,004,780	2,224,886	2,306,883	81,997
Capital Outlay	12,504	31,304	26,379	(4,925)
Total Expenditures	<u>2,017,284</u>	<u>2,256,190</u>	<u>2,333,262</u>	<u>77,072</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 3,485</u>	<u>\$ (61,216)</u>	3,116	<u>\$ 64,332</u>
<b>FUND BALANCE</b>				
Beginning of Year			<u>368,880</u>	
End of Year			<u>\$ 371,996</u>	

See accompanying Notes to Financial Statements.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2016**

	<b>Irrevocable OPEB Trust</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and Investments	\$ 4,834,281	\$ -
Due From Other Governments	-	2,143
Total Assets	4,834,281	\$ 2,143
<b>LIABILITIES</b>		
Due to Collaborative	-	\$ 434
Due to Other Governmental Units	-	1,709
Total Liabilities	-	\$ 2,143
<b>NET POSITION</b>		
Held in Trust for OPEB Benefits	4,834,281	
Total Net Position	\$ 4,834,281	

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2016**

	<b>Irrevocable OPEB Trust</b>
<b>ADDITIONS</b>	
Earnings on Investments	\$ 159,495
Total Additions	159,495
<b>DEDUCTIONS</b>	
Administration Fees	31,719
Benefit Payments	1,218,729
Total Deductions	1,250,448
<b>CHANGE IN NET POSITION</b>	(1,090,953)
Net Position - Beginning of Year	5,925,234
<b>NET POSITION - END OF YEAR</b>	\$ 4,834,281

See accompanying Notes to Financial Statements.

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**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**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 fund and account groups 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.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**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 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.

**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 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.

**WINONA AREA PUBLIC SCHOOLS  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Measurement Focus and Basis of Accounting (Continued)**

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.

**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.

**WINONA AREA PUBLIC SCHOOLS  
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JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Measurement Focus and Basis of Accounting (Continued)**

**Description of Funds (Continued)**

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.

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

*Fiduciary Funds*

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

Agency Funds – 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.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Budgeting (Continued)**

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, certificates of deposit, money markets, 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.

**G. Accounts Receivable**

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

**H. 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.

**I. 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.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**J. Prefunded Other Postemployment Benefits Obligations**

This represents an amount that was contributed in advance of the required contributions for other postemployment benefits.

**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."

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 2015 pay 2016 levy, normally revenue for the 2016-17 fiscal year, are also advance recognized at June 30, 2016, 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, 2016, 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.

**WINONA AREA PUBLIC SCHOOLS  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 fair market 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.

**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.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**O. Accrued Employee Benefits**

**Compensated Absences**

Employees earn annual vacation at rates dependent upon each employee group labor contract. At June 30, 2016, unpaid vacation pay totaling \$198,738 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.

**Severance and Other Postemployment Benefits**

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

**1. Severance Payment – Non-Affiliated Employees, Plant Operation and Maintenance Employees**

A severance payment is available to non-group 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 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 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 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.

**WINONA AREA PUBLIC SCHOOLS  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**O. Accrued Employee Benefits (Continued)**

**Severance and Other Postemployment Benefits (Continued)**

**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.

**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.

**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.

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 2016 were \$59,067. The liability for severance totaled \$423,000 and is recorded in the Statement of Net Position.

**WINONA AREA PUBLIC SCHOOLS  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**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 four 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.

**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 and Feed the Kids donations. 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.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**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 imposed 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, 2015, from which the summarized information was derived. Certain amount from the prior year financial statements have been reclassified to conform with the current year presentation.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 2 STEWARDSHIP AND ACCOUNTABILITY**

**A. Excess of Expenditures Over Budget**

Expenditures exceeded budgeted amounts in the following funds at June 30, 2016:

	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund	\$ 43,337,998	\$ 44,275,621	\$ 937,623
Special Revenue Fund:			
Food Service Fund	1,707,919	1,785,954	78,035
Community Service Fund	2,256,190	2,333,262	77,072
OPEB Debt Service	752,790	860,476	107,686

**B. Deficit Fund Balance**

The Capital Projects Fund had a deficit fund balance of \$205,593 at June 30, 2016. The District will eliminate the deficit with future levy authority.

**C. Interfund Receivables and Payables**

The District had the following interfund receivables and payables at June 30, 2016:

	<u>Due from Other Fund</u>	<u>Due to Other Fund</u>
General Fund	\$ 205,593	\$ -
Capital Projects Fund	-	205,593
	<u>\$ 205,593</u>	<u>\$ 205,593</u>

The purpose of the interfund balance is to eliminate negative cash in the Capital Projects Fund. The balances are expected to be repaid within one year.

**D. Interfund Transfers**

The District had the following interfund transfer during the year ended June 30, 2016:

Transfers Out:	<u>Transfer In:</u>
General Fund	<u>Capital Projects Fund</u>
	<u>\$ 400,000</u>

The operating transfer was to move deferred maintenance levy from the General Fund to the Capital Project Fund, where the deferred maintenance project expenditures were recorded.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**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, 2016 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.
- 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.

**WINONA AREA PUBLIC SCHOOLS  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

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, 2016, the District had the following investments:

<u>Type</u>	<u>Fair Value</u>
Money Market Funds	\$ 15,726
Mutual Funds	6,406,615
Total	<u>\$ 6,422,341</u>

***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:

<u>Type</u>	<u>Total</u>	<u>12 Months or Less</u>
First American Government Obligations Money Market	\$ 15,726	\$ 15,726
Mutual Funds	6,406,615	6,406,615
Total	<u>\$ 6,422,341</u>	<u>\$ 6,422,341</u>

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.

**WINONA AREA PUBLIC SCHOOLS  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**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:

<u>Type</u>	<u>Rating</u>
Money Market Fund - First American Government Obligations	AAAm
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 percent of the District's total investments are as follows:

<u>Type</u>	<u>Amount</u>	<u>Percentage</u>
Vanguard Dividend Growth Fund VI	\$ 614,246	9.56%
Vanguard Total Stock Market Index	1,593,947	24.82%
Baird Core Plus Bond Fund	1,178,221	18.35%
Vanguard Reit Index Admiral	381,533	5.94%
Metropolitan West	888,093	13.83%
Vanguard Intermediate Term	1,051,861	16.38%

**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.

**WINONA AREA PUBLIC SCHOOLS  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**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	\$ -	\$ 6,406,615	\$ -	\$ 6,406,615

**C. Balance Sheet Presentation**

Total cash and investments at June 30, 2016 consist of:

Deposits	\$ 9,099,445
Cash on Hand	1,225
First American Government Obligations Money Market	15,726
Mutual Funds	6,406,615
Total Cash and Investments	<u>\$ 15,523,011</u>
Cash and Investments - Statement of Net Position	\$ 10,688,730
Cash and Investment - Fiduciary Funds	4,834,281
Total Cash and Investments	<u>\$ 15,523,011</u>

**WINONA AREA PUBLIC SCHOOLS  
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JUNE 30, 2016**

**NOTE 4 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 1,314,192	\$ -	\$ (3,300)	\$ 1,310,892
Total Capital Assets, Not Being Depreciated	1,314,192	-	(3,300)	1,310,892
Capital Assets, Being Depreciated				
Land Improvements	4,966,852	-	(16,531)	4,950,321
Buildings and Improvements	47,238,977	-	(217,449)	47,021,528
Equipment	7,339,202	92,393	(40,548)	7,391,047
Total Capital Assets, Being Depreciated	59,545,031	92,393	(274,528)	59,362,896
Accumulated Depreciation for				
Land Improvements	(2,348,883)	(188,458)	16,531	(2,520,810)
Buildings and Improvements	(24,370,904)	(1,427,967)	209,157	(25,589,714)
Equipment	(5,237,861)	(364,421)	34,649	(5,567,633)
Total Accumulated Depreciation	(31,957,648)	(1,980,846)	260,337	(33,678,157)
Total Capital Assets, Being Depreciated,	27,587,383	(1,888,453)	(14,191)	25,684,739
Governmental Activities Capital Assets, Net	<u>\$ 28,901,575</u>	<u>\$ (1,888,453)</u>	<u>\$ (17,491)</u>	<u>\$ 26,995,631</u>

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

<b>Governmental Activities</b>	
Administration	\$ 51,179
District Support Services	50,290
Regular Instruction	1,214,093
Vocational Education Instruction	27,144
Special Education Instruction	48,092
Instructional Support Services	83,347
Pupil Support Services	343,975
Sites and Buildings	111,816
Food Service	50,535
Community Service	375
Total Depreciation Expense, Governmental Activities	<u>\$ 1,980,846</u>

**WINONA AREA PUBLIC SCHOOLS  
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JUNE 30, 2016**

**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	Original Issue	Final Maturity	Principal Outstanding	
				Due Within One Year	Total
11/6/2012	1.00% - 2.00%	\$ 9,585,000	2/1/2019	\$ 1,730,000	\$ 5,335,000
1/15/2009	3.25% - 6.70%	8,690,000	2/1/2029	345,000	710,000
2/5/2013	2.00% - 2.15%	1,580,000	2/1/2028	100,000	1,285,000
11/13/2013	2.00% - 3.05%	2,140,000	2/1/2028	135,000	1,830,000
4/17/2016	2.75% - 3.00%	6,495,000	2/1/2029	220,000	6,495,000
Total General Obligation Bonds				2,530,000	15,655,000
Bond Premium - Net				-	462,405
Bond Discounts - Net				-	(5,650)
Capital Lease Payable				230,495	1,385,588
Certificates of Participation Payable				171,404	1,036,102
Net Pension Liability				-	27,851,897
Severance Payable				87,505	423,000
Compensated Absences Payable				198,738	198,738
				<u>\$ 3,218,142</u>	<u>\$ 47,007,080</u>

**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		General Obligation Refunding Bonds Payable		General Obligation Capital Facilities Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 565,000	\$ 194,777	\$ 1,730,000	\$ 88,450	\$ 235,000	\$ 73,910
2018	550,000	205,570	1,780,000	53,850	235,000	69,210
2019	465,000	180,250	1,825,000	18,250	240,000	64,510
2020	485,000	166,300	-	-	245,000	59,710
2021	505,000	151,750	-	-	250,000	54,810
2022 - 2026	2,760,000	522,350	-	-	1,330,000	182,888
2027 - 2029	1,875,000	110,313	-	-	580,000	23,494
	<u>\$ 7,205,000</u>	<u>\$ 1,531,310</u>	<u>\$ 5,335,000</u>	<u>\$ 160,550</u>	<u>\$ 3,115,000</u>	<u>\$ 528,532</u>

**WINONA AREA PUBLIC SCHOOLS  
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**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

**B. Minimum Debt Payments (Continued)**

<u>Year Ending June 30</u>	Certificates of Participation Payable	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 171,404	\$ 62,581
2018	181,757	52,228
2019	192,735	41,250
2020	204,376	29,608
2021	50,665	17,264
2022 - 2025	235,165	36,550
	<u>\$ 1,036,102</u>	<u>\$ 239,481</u>

**C. Description of Long-Term Liabilities**

**General Obligation Bonds**

On January 15, 2009, the District issued \$8,690,000 of General Obligation Taxable OPEB Bonds, Series 2009A. The proceeds of this issue were used to fund the District's OPEB liability. Future ad valorem tax levies are dedicated to the retirement of these 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.

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 are considered defeased and the liability for those bonds has been removed from the governmental activities column of the statement of net position. 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.

**WINONA AREA PUBLIC SCHOOLS  
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JUNE 30, 2016**

**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

**C. Description of Long-Term Liabilities (Continued)**

**QZAB Loan Payable**

The District entered into an agreement with Bank of America on December 28, 2001 for a loan of \$942,903. The proceeds of the loan were used for rehabilitation and repairs, purchase of equipment, development of course materials for use in education programs, and training of teachers and other school personnel at various sites. The loan did not bear interest. Annual payments of \$55,100 were made to a reserve account at Bank of America. The reserve account held the cash until the loan's maturity date on December 28, 2015, at which time the balance in the reserve account was used to pay off the loan. The reserve account was previously recorded in the General Fund.

**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**

On March 1, 1995, the District entered into a lease agreement with City of Rollingstone, Minnesota for an elementary school. The lease term is for 20 years. The City of Rollingstone, Minnesota issued \$2,240,000 of School Building Revenue Bonds, Series 1995A of which proceeds were used for the construction of an elementary school. Subsequent to the original issue date, the City refunded the bonds. The lease payments were structured to agree with the debt service payments on the bonds subsequent to the original bond agreement. The lease agreement with the District was amended to reflect debt service payments of the refunding issue. This lease was paid in full during fiscal year 2016.

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.

**WINONA AREA PUBLIC SCHOOLS  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**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 \$4,644,638 and accumulated depreciation of \$1,779,800. 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, 2016:

<u>Year Ending June 30,</u>	<u>Annual Lease Payments</u>
2017	\$ 295,625
2018	295,625
2019	295,625
2020	241,394
2021	241,394
2022	<u>241,394</u>
Total Minimum Lease Payments	1,611,057
Less Amounts Representing Interest	<u>225,469</u>
Present Value of Net Minimum Lease Payments	<u><u>\$ 1,385,588</u></u>

**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, 2016. 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**

	<u>June 30, 2015</u>	<u>Net Additions</u>	<u>Retirements</u>	<u>June 30, 2016</u>
Bonds Payable	\$ 17,145,000	\$ 6,495,000	\$ 7,985,000	\$ 15,655,000
Bond Premium	298,706	235,343	71,644	462,405
Bond Discounts	(58,071)	-	(52,421)	(5,650)
Certificates of Participation Payable	1,197,743	-	161,641	1,036,102
QZAB Loan	942,903	-	942,903	-
Lease Purchase Obligations	1,800,734	-	415,146	1,385,588
Net Pension Liability	24,063,960	3,787,937	-	27,851,897
Severance Benefits Payable	411,000	71,067	59,067	423,000
Compensated Absences Payable - Net	161,312	376,983	339,557	198,738
	<u>\$ 45,963,287</u>	<u>\$ 10,966,330</u>	<u>\$ 9,922,537</u>	<u>\$ 47,007,080</u>

**WINONA AREA PUBLIC SCHOOLS  
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JUNE 30, 2016**

**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. Restricted for Deferred Maintenance**

Restricted for deferred maintenance represents available resources to be used only to provide for those activities having a useful life of five years or more. These include painting, carpet replacement, tuck pointing, replacement/repair of plumbing, electrical systems, HVAC, and roofing. The cumulative excess/deficit of such revenue over expenditures is reported as a restriction of fund balance in the General Fund.

**C. Restricted for Teacher Development and Evaluation**

The fund balance restriction represents available resources to be expended for teacher development and evaluation programs

**D. Restricted for Health and Safety**

Restricted for health and safety represents available resources to be used only to provide for the removal of hazardous substances and other state approved life/health safety projects. Under Minnesota statute, a deficit in this restriction generates specific future levy authority.

**E. 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.

**F. Restricted for QZAB**

Represents resources required by an agreement to be segregated for future payment of Qualified Zone Academy Bond (QZAB) debt instruments. These resources are held by the district and will pay off the debt at maturity.

**G. Restricted for Safe Schools**

Restricted for safe schools represents available resources to be used only to provide for safe schools – crime projects.

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**NOTE 6 RESTRICTED FUND BALANCES (CONTINUED)**

**Restricted Fund Equity (Continued)**

**H. Restricted for Early Childhood and Family Education Programs**

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

**I. 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.

**J. Restricted for Adult Basic Education**

Represents accumulated resources available to provide services for adult basic education programs.

**K. Restricted for Other Purposes**

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.

**WINONA AREA PUBLIC SCHOOLS  
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JUNE 30, 2016**

**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)

PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. All full-time and certain part-time employees of the District other than teachers are covered by the General Employees Retirement Fund (GERF). GERF 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.

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%.

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**NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**B. Benefits Provided (Continued)**

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 ten 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 ten 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.

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.

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**NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**B. Benefits Provided (Continued)**

2. TRA Benefits (Continued)

*Tier 1 Benefits*

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

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

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

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**NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**B. Benefits Provided (Continued)**

2. TRA Benefits (Continued)

*Tier II Benefits (Continued)*

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

**C. Contribution Rate**

*Minnesota Statutes* Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature

1. GERF Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.50%, respectively, of their annual covered salary in calendar year 2015. In calendar year 2016, 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, 2016, were \$589,026. 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:

	Ending June 30, 2015		Ending June 30, 2016	
	Employee	Employer	Employee	Employer
Basic	11.00%	11.50%	11.00%	11.50%
Coordinated	7.5	7.5	7.5	7.5

The District's contributions to TRA for the plan's fiscal year ended June 30, 2016, were \$1,325,653. The District's contributions were equal to the required contributions for each year as set by state statute.

**D. Pension Costs**

1. GERF Pension Costs

At June 30, 2016, the District reported a liability of \$6,695,815 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the District's proportion was 0.129%. At June 30, 2014, the District's proportion was 0.146%.

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**NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

1. GERF Pension Costs (Continued)

GERF benefit provision changes during the measurement period included (1) the merger of the former Minneapolis Employees Retirements Fund division into GERF, effective January 1, 2015 and (2) revisions to Minnesota Statutes to make changes to contribution rates less prescriptive and more flexible.

The discount rate used to calculate liabilities for the June 30, 2015 measurement date was 7.9%. The Legislature has since set the discount rate in statute at 8% beginning with the June 30, 2016, measurement date the discount rate used when calculating liabilities based on GASB 68 accounting requirements will be increased to 8% to be consistent with the rate set in statute used for funding purposes.

For the year ended June 30, 2016, the District recognized pension expense of \$494,866 for its proportionate share of GERF's pension expense.

At June 30, 2016, 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	\$ 62,095	\$ 337,583
Changes in Actuarial Assumptions	416,992	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	596,052
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	-	681,728
District Contributions Subsequent to the Measurement Date	589,026	-
Total	<u>\$ 1,068,113</u>	<u>\$ 1,615,363</u>

Of the resources related to pensions resulting from District contributions to GERF subsequent to the measurement date, \$589,026 is reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to GERF pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	Pension Expenses Amount
2017	\$ (351,732)
2018	(351,732)
2019	(591,276)
2020	158,464

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**NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

2. TRA Pension Costs

At June 30, 2016, the District reported a liability of \$21,156,082 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2015, 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 0.3420% at the end of the measurement period and 0.3735% 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:

<u>Description</u>	<u>Amount</u>
District's Proportionate Share of the TRA Net Pension Liability	\$ 21,156,082
State's Proportionate Share of TRA's Net Pension Liability Associated with the District	2,594,660

A change in benefit provisions that affected the measurement of the total pension liability since the prior measurement date was an increase of the contribution rates for both the member and employer.

For the year ended June 30, 2016, the District recognized pension expense of \$1,050,325. It also recognized \$458,702 as pension expense for the support provided by direct aid.

At June 30, 2016, 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:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 1,084,034	\$ -
Changes in Actuarial Assumptions	1,626,341	-
Net Difference Between Projected and Actual Investment Earnings	-	1,618,063
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	56,800	1,208,509
District Contributions Subsequent to the Measurement Date	1,325,653	-
Total	<u>\$ 4,092,828</u>	<u>\$ 2,826,572</u>

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

2. TRA Pension Costs (Continued)

Of the resources related to pensions resulting from District contributions to TRA subsequent to the measurement date, \$1,325,653 is reported as deferred outflows and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to TRA will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	Pension Expenses Amount
2017	\$ (375,990)
2018	(375,990)
2019	(375,990)
2020	814,476
2121	254,097

**E. Merger of Duluth Teacher's Retirement Fund Association (DTRFA)**

Legislation enacted in 2014 merged the Duluth Teacher's Retirement Fund Association (DTRFA) with TRA effective June 30, 2015. The beginning balances of the total pension liability and fiduciary net position were adjusted to reflect the merger of DTRFA.

	<u>6/30/14 CAFR</u>	<u>Restated</u>
Total Pension Liability (A)	\$ 24,901,612,000	\$ 25,299,564,000
Plan Fiduciary Net Position (B)	20,293,684,000	20,519,756,000
Net Pension Liability (A-B)	<u>\$ 4,607,928,000</u>	<u>\$ 4,779,808,000</u>

**F. Actuarial Assumptions**

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions:

<u>Assumptions</u>	<u>GERF</u>	<u>TRA</u>
Inflation	2.75%	3.00%
Active Member Payroll Growth	3.50% per Year	3.5 - 12% Based on Years of Service
Investment Rate of Return	7.90%	8.00%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments.

**WINONA AREA PUBLIC SCHOOLS  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**F. Actuarial Assumptions (Continued)**

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of actuarial experience studies. The actuarial assumptions used in the June 30, 2015, valuation were based on the results of the actuarial experience study for the period of July 1, 2004, to June 30, 2008, and a limited scope experience study dated August 29, 2014. The limited scope experience study addressed only inflation and long-term rate of return for the GASB 67 valuation.

The following changes in actuarial assumptions for GERP occurred in 2015: the discount rate was changed from 8.0% through June 30, 2017 and 8.5% thereafter to 8.0% for all years, the inflation assumption was changed from 3.0% to 2.75%, the payroll growth assumption was changed from 3.75% to 3.5%, assumed increases in member salaries were decreased by .25% at all ages and the assumed postretirement benefit increase rate was changed from 1.0% per year through 2026 and 2.5% thereafter to 1.0% per year through 2034 and 2.5% per year thereafter.

There was a change in actuarial assumptions that affected the measurement of the total liability for TRA since the prior measurement date. Postretirement benefit adjustments are now assumed to increase from 2.0% annually with no increase to 2.5% projected. The prior year valuation assumed a 2.5% increase commencing July 1, 2034.

The long-term expected rate of return on pension plan investments is 7.9% for GERP and 8.0% for TRA. The State Board of Investment, which manages the investments of PERA, 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	45%	5.50%
International Equity	15%	6.00%
Bonds	18%	1.45%
Alternative Assets	20%	6.40%
Cash	2%	0.50%
Totals	<u>100%</u>	

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**G. Discount Rate**

The discount rate used to measure the total pension liability was 7.9% for GERF and 8.0% for TRA. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

**H. Pension Liability Sensitivity**

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

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
<u>GERF Discount Rate</u>	6.90%	7.90%	8.90%
District's Proportionate Share of the GERF Net Pension Liability	\$ 10,528,201	\$ 6,695,815	\$ 3,530,853
<u>TRA Discount Rate</u>	7.00%	8.00%	9.00%
District's Proportionate Share of the TRA Net Pension Liability	\$ 32,202,296	\$ 21,156,082	\$ 11,937,698

**I. 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](http://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](http://www.MinnesotaTRA.org); by writing to TRA at 60 Empire Drive #400, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-2409 or 1-800-652-9026.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**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 519 active participants and 15 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**

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, teacher, office professionals, paraprofessionals, food service and non-affiliated 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 contributed 10% of the final salary and 8 days for each year of service (up to a maximum of 130 days) to a health retirement account for retired directors. For fiscal year 2016, the District contributed \$0 to the plan.

**C. Annual OPEB Cost and Net OPEB Obligation**

The District’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), and amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any un-funded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the District’s annual OPEB cost for the year, the amount actually paid from the plan, and changes in the District’s net OPEB asset.

	2016
Annual Required Contribution	\$ 633,695
Interest on Net OPEB Calculation	(195,965)
Adjustment to Annual Required Contribution	277,815
Annual OPEB Cost (Expense)	715,545
Contributions Made	-
Decrease in Net OPEB Obligation	715,545
Net OPEB Obligation (Asset) - Beginning of Year	(4,899,124)
Net OPEB Obligation (Asset)- End of Year	\$ (4,183,579)

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)**

**C. Annual OPEB Cost and Net OPEB Obligation (Continued)**

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2016, and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2016	\$ 715,545	0.0%	\$ (4,183,579)
6/30/2015	713,542	0.0%	(4,899,124)
6/30/2014	960,302	702.4%	(5,612,665)

**D. Funded Status and Funding Progress**

As of July 1, 2014, the most recent actuarial valuation date, the District unfunded actuarial accrued liability (UAAL) was \$1,909,941. Plan assets are \$6,510,724, and the District's actuarial accrued liability (AAL) is \$8,420,665. The annual payroll for active employees covered by the plan in the actuarial valuation was \$22,902,259 for a ratio of UAAL to covered payroll of 8.30%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**E. Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used to include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 9 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)**

**E. Actuarial Methods and Assumptions (Continued)**

In the July 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The initial healthcare trend rate was 7.5% reduced by decrements to an ultimate rate of 5.0% after ten years. The UAAL is being amortized as a level dollar amount on a closed basis. The remaining amortization period at June 30, 2016 did not exceed thirty years.

**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, 2016, 2015, and 2014 are \$92,533, \$100,499, and \$115,030, respectively. The related employee contributions were \$435,623, \$513,904, and \$565,006, for the years ended June 30, 2016, 2015, and 2014, 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.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 11 FLEXIBLE BENEFIT PLAN (CONTINUED)**

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 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, 2016.

**NOTE 13 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.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT BENEFIT PLAN**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2014	\$ 6,510,724	\$ 8,420,665	1,909,941	77.3%	\$ 22,902,259	8.3%
7/1/2012	-	8,357,059	8,357,059	0.0%	22,911,628	36.5%
7/1/2010	-	8,788,653	8,788,653	0.0%	20,836,953	42.2%

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
YEAR ENDED JUNE 30, 2016**

Fiscal Year Ended	Annual Required Contribution	Employer Contribution	Percentage Contributed
6/30/2016	\$ 633,695	\$ -	0.0%
6/30/2015	621,485	-	0.0%
6/30/2014	965,049	6,927,210	717.8%

**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 TEN FISCAL YEARS**

<b>Fiscal Year</b>	<u>2016</u>	<u>2015</u>
<b>Measurement Date</b>	6/30/2015	6/30/14
<b>PERA</b>		
District's Proportion of the Net Pension Liability	0.1292%	0.1460%
District's Proportionate Share of the Net Pension Liability	\$ 6,695,815	\$ 6,861,686
District's Covered-Employee Payroll	7,660,610	7,651,708
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	87.41%	89.68%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.20%	78.70%
<b>TRA</b>		
District's Proportion of the Net Pension Liability	0.3420%	0.3735%
District's Proportionate Share of the Net Pension Liability	\$ 21,156,082	\$ 17,202,274
State's Proportionate Share of the Net Pension Liability Associated with the District	2,594,660	1,210,819
	<u>\$ 23,750,742</u>	<u>\$ 18,413,093</u>
District's Covered-Employee Payroll	\$ 17,357,867	\$ 17,048,760
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	121.88%	100.90%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.80%	81.50%

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

	<u>2016</u>	<u>2015</u>
<b>PERA</b>		
Contractually Required Contribution	\$ 589,026	\$ 566,623
Contributions in Relation to the Contractually Required Contribution	<u>(589,026)</u>	<u>(566,623)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 7,853,650	\$ 7,660,610
Contributions as a Percentage of Covered Employee Payroll	7.50%	7.40%
<b>TRA</b>		
Contractually Required Contribution	\$ 1,325,653	\$ 1,305,316
Contributions in Relation to the Contractually Required Contribution	<u>(1,325,653)</u>	<u>(1,305,316)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 17,675,351	\$ 17,404,261
Contributions as a Percentage of Covered Employee Payroll	7.50%	7.50%

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**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  
BUILDING CONSTRUCTION FUND  
YEAR ENDED JUNE 30, 2016**

**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2015)**

	2016		Over (Under) Final Budget	2015
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
<b>REVENUES</b>				
Local Sources:				
Other	\$ 4,635	\$ 4,635	\$ -	\$ -
Total Revenues	4,635	4,635	-	-
<b>EXPENDITURES</b>				
Current:				
Purchased Services	150,920	26,858	(124,062)	777,959
Capital Outlay	-	-	-	206,397
Total Expenditures	150,920	26,858	(124,062)	984,356
Deficiency of Revenues Under Expenditures	(146,285)	(22,223)	124,062	(984,356)
<b>OTHER FINANCING SOURCES</b>				
Transfer In	400,000	400,000	-	-
Total Other Financing Sources	400,000	400,000	-	-
<b>NET CHANGE IN FUND BALANCE</b>	\$ 253,715	377,777	\$ 124,062	(984,356)
Fund Balance - Beginning of Year		(583,370)		400,986
<b>FUND BALANCE - END OF YEAR</b>		\$ (205,593)		\$ (583,370)

**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, 2016**

**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2015)**

	<u>2016</u>		<u>Over (Under) Final Budget</u>	<u>2015</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>		<u>Actual Amounts</u>
<b>REVENUES</b>				
Local Sources				
Property Tax	\$ 2,267,354	\$ 2,278,868	\$ 11,514	\$ 2,048,997
Earnings on Investments	3,500	3,331	(169)	4,616
State Sources	<u>47,073</u>	<u>47,073</u>	<u>-</u>	<u>36,803</u>
Total Revenues	<u>2,317,927</u>	<u>2,329,272</u>	<u>11,345</u>	<u>2,090,416</u>
<b>EXPENDITURES</b>				
Debt Service:				
Bond Principal	1,885,000	1,885,000	-	1,895,000
Bond Interest	202,010	202,010	-	252,510
Paying Agent Fees and Other	<u>1,350</u>	<u>1,350</u>	<u>-</u>	<u>5,175</u>
Total Expenditures	<u>2,088,360</u>	<u>2,088,360</u>	<u>-</u>	<u>2,152,685</u>
Deficiency of Revenues Under Expenditures	<u>\$ 229,567</u>	240,912	<u>\$ 11,345</u>	(62,269)
Fund Balance - Beginning of Year		<u>335,475</u>		<u>397,744</u>
<b>FUND BALANCE - END OF YEAR</b>		<u>\$ 576,387</u>		<u>\$ 335,475</u>

**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, 2016**

**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2015)**

	<u>2016</u>		<u>2015</u>	
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Over (Under) Final Budget</u>	<u>Actual Amounts</u>
<b>REVENUES</b>				
Local Sources				
Property Tax	\$ 732,650	\$ 737,781	\$ 5,131	\$ 729,736
Earnings on Investments	800	867	67	1,376
State Sources	<u>15,212</u>	<u>15,212</u>	<u>-</u>	<u>13,110</u>
Total Revenues	<u>748,662</u>	<u>753,860</u>	<u>5,198</u>	<u>744,222</u>
<b>EXPENDITURES</b>				
Debt Service:				
Bond Principal	325,000	325,000	-	310,000
Bond Interest	427,340	427,340	-	442,065
Bond Issuance Costs	-	107,686	107,686	-
Paying Agent Fees and Other	450	450	-	450
Total Expenditures	<u>752,790</u>	<u>860,476</u>	<u>107,686</u>	<u>752,515</u>
Deficiency of Revenues				
Under Expenditures	(4,128)	(106,616)	(102,488)	(8,293)
<b>OTHER FINANCING SOURCES (USES)</b>				
Refunding Bond Proceeds	-	6,495,000	6,495,000	-
Bond Premium	-	235,343	235,343	-
Payment to Refunded Bond Escrow Agent	-	(6,618,042)	(6,618,042)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>112,301</u>	<u>112,301</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ (4,128)</u>	<u>5,685</u>	<u>\$ 9,813</u>	<u>(8,293)</u>
Fund Balance - Beginning of Year		<u>156,588</u>		<u>164,881</u>
<b>FUND BALANCE - END OF YEAR</b>		<u>\$ 162,273</u>		<u>\$ 156,588</u>

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**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, 2016**

Grantor/Program	CFDA Number		Agency or Pass-Through Number		Expenditures
U.S. Department of Agriculture					
Pass-Through Minnesota Department of Education					
Non-Cash Assistance (Commodities):					
National School Lunch Program	10.555	#	1-861-000	\$ 82,741	
Total Non-Cash Assistance					\$ 82,741
Cash Assistance:					
Commodity Cash Rebate	10.555	#	1-861-000	17,105	
National School Lunch Program	10.555	#	1-861-000	594,740	
School Breakfast Program	10.553	#	1-861-000	158,906	
Summer Food Service Program for Children	10.559	#	1-861-000	80,027	
Child Nutrition Discretionary Grants	10.579		**	35,633	
Total Cash Assistance				<u>886,411</u>	<u>886,411</u>
Total US Department of Agriculture					<u>969,152</u>
U.S. Department of Education					
Pass-Through Minnesota Department of Education					
Cash Assistance:					
Title I - Grants to Local Education Agencies	84.010		**	413,122	
Title II, Part A - Teacher Quality	84.367		**	155,039	
Title III, Part A	84.365		**	13,527	
Special Education - Grants to States	84.027	&	**	799,189	
IDEA Part B Section 619 - Preschool					
Grant for Children with Disabilities	84.173	&	**	26,889	
Special Education - Grants for					
Infants and Families	84.181		**	21,224	
Pass-Through Zumbro Education District					
Cash Assistance:					
Special Education - Grants to States	84.027	&	**	5,464	
Pass-Through Goodhue County Education District					
Cash Assistance:					
Carl Perkins Vocational Education					
Basic Grants to States	84.048		**	8,021	
Pass-Through Owatonna Public Schools					
Cash Assistance:					
Adult Education Basic Grants to States	84.002		**	2,959	
Total US Department of Education				<u>1,445,434</u>	<u>1,445,434</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE EXPENDED					<u>\$ 2,414,586</u>

# - Child Nutrition Cluster - Total Expenditures = \$ 933,519  
 & - Special Education Cluster - Total Expenditures = \$ 831,542  
 \*\* - Agency or Pass-Through Number 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, 2016**

**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, 2016. 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.



**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, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Winona Area Public Schools Independent School District No. 861's (the District) basic financial statements, and have issued our report thereon dated December 5, 2016.

**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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001 that we consider to be a material weakness.

**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*.

**Independent School District No. 861's Response to Finding**

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Independent School District No. 861's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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**

Austin, Minnesota  
December 5, 2016

**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 Winona Area Public Schools 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, 2016. 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 the requirements of laws, regulations, contracts, and grants 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 Independent School District No. 861'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, 2016.

**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 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**

Austin, Minnesota  
December 5, 2016



CliftonLarsonAllen

CliftonLarsonAllen LLP  
CLAconnect.com

## 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 Winona Area Public Schools Independent School District No. 861 (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements and have issued our report thereon dated December 5, 2016.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions* 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 Independent School District No. 861 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 Independent School District No. 861's noncompliance with the above-referenced provisions.

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

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Austin, Minnesota  
December 5, 2016

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**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2016**

**PART I: SUMMARY OF AUDITORS' RESULTS**

***Financial Statements***

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified?     X     yes            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***

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
10.553, 10.555 & 10.559	Child Nutrition
84.027 & 84.173	Special Education

- Dollar threshold used to distinguish between Type A and Type B programs: \$   750,000
- Auditee qualified as low-risk auditee            yes     x     no

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2016**

**PART II: FINANCIAL STATEMENT FINDINGS**

**Finding: 2016-001**

**Type of Finding: Material Weakness in Internal Control over Material Journal Entry**

**Condition:** The audit firm proposed, and the District posted to its general ledger accounts, a journal entry to correct certain misstatements identified by the auditors.

**Criteria:** The District should have controls in place to prevent or detect a material misstatement in the annual financial statements in a timely manner.

**Context:** While performing audit procedures, it was found that management does not have controls in place to assure all material adjustments will be made.

**Effect:** The potential exists that a material misstatement could occur in the financial statements and not be prevented or detected by the District's internal controls.

**Cause:** The District was involved with a refunding of debt during the year which is a non-routine transaction, with complicated reporting requirements and entries.

**Recommendation:** We recommend that the District continue to evaluate its internal control processes to determine if additional internal control procedures should be implemented to ensure that accounts are adjusted to their appropriate year-end balances in accordance with Generally Accepted Accounting Principles (GAAP).

**CORRECTIVE ACTION PLAN (CAP):**

**Explanation of Disagreement with Audit Findings**

There is no disagreement with the audit finding.

**Actions Planned in Response to Finding:**

The District will continue to follow its policy for reviewing journal entries.

**Official Responsible for Ensuring CAP:**

Sarah Slaby, Director of Finance, is the official responsible for ensuring corrective action of the deficiency.

**Planned Completion Date for CAP:**

December 31, 2016

**Plan to Monitor Completion of CAP:**

The Winona Area Public School Board will be monitoring this corrective action plan.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2016**

**PART III: FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS**

No findings related to federal awards.

**PART IV: FINDINGS AND QUESTIONED COSTS – MINNESOTA LEGAL COMPLIANCE**

No findings related to Minnesota legal compliance.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2016**

**2015-001**

Corrective action was taken in the current year.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS  
COMPLIANCE TABLE  
JUNE 30, 2016**

	Audit	UFARS	Audit-UFARS		Audit	UFARS	Audit-UFARS
<b>01 GENERAL FUND</b>				<b>06 BUILDING CONSTRUCTION</b>			
Total Revenues	\$ 41,964,665	\$ 41,964,648	\$ 17	Total Revenues	\$ 4,635	\$ 4,635	\$ -
Total Expenditures	44,275,621	44,275,608	13	Total Expenditures	26,858	26,858	-
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
460 Nonspendable	220,030	220,029	1	460 Nonspendable	-	-	-
<i>Restricted</i>				<i>Restricted</i>			
403 Staff Development	187,469	187,469	-	407 Capital Projects Levy	-	-	-
405 Deferred Maintenance	56,393	56,393	-	409 Alternative Fac. Program	(329,655)	(329,655)	-
406 Health & Safety	(2,254,309)	(2,254,309)	-	413 Project Funded by COP	-	-	-
407 Capital Project Levy	-	-	-	464 Other Purposes	124,062	124,062	-
408 Cooperative Rev.	-	-	-	<i>Unassigned</i>			
409 Deferred Maintenance	-	-	-	463 Unreserved/Undesignated	-	-	-
414 Operating Debt	-	-	-				
416 Levy Reduction	-	-	-	<b>07 DEBT SERVICE</b>			
419 Encumbrances	-	-	-	Total Revenues	2,329,272	2,329,272	-
423 Certain Teacher Programs	-	-	-	Total Expenditures	2,088,360	2,088,360	-
424 Operating Capital	357,851	357,851	-	<i>Nonspendable:</i>			
426 \$25 Taconite	-	-	-	460 Nonspendable	-	-	-
427 Disabled Accessibility	-	-	-	<i>Reserved:</i>			
428 Learning & Development	-	-	-	425 Bond Refundings	-	-	-
434 Area Learning Center	-	-	-	451 QZAB Payments	-	-	-
435 Contracted Alt. Programs	-	-	-	464 Other Purposes	576,387	576,387	-
436 St. Approved Alt. Prog.	-	-	-	<i>Unassigned:</i>			
438 Gifted & Talented	-	-	-	463 Unassigned	-	-	-
440 Teacher Development and Evaluation	-	-	-				
441 Basic Skills	-	-	-	<b>08 TRUST</b>			
443 Telecomm. Access Cost	-	-	-	Total Revenues	-	-	-
445 Career & Tech Programs	-	-	-	Total Expenditures	-	-	-
449 Safe Schools Levy	-	-	-	<i>Nonspendable:</i>			
450 Pre-Kindergarten	-	-	-	460 Nonspendable	-	-	-
451 QZAB Payments	-	-	-	<i>Unassigned:</i>			
452 OPEB Liab. Not in Trust	-	-	-	422 Unassigned	-	-	-
453 Unfunded Sev & Retirement Levy	-	-	-				
464 Restricted Fund Balance	141,326	141,326	-	<b>09 AGENCY</b>			
<i>Committed:</i>				<i>Unassigned: Should Always Be 0-</i>			
418 Committed for Separation	-	-	-	422 Unassigned	-	-	-
461 Committed	-	-	-				
<i>Assigned:</i>				<b>20 INTERNAL SERVICE</b>			
462 Assigned	173,535	173,535	-	Total Revenues	-	-	-
<i>Unassigned:</i>				Total Expenditures	-	-	-
422 Unassigned	5,185,686	5,185,687	(1)	<i>Unassigned:</i>			
				422 Unassigned	-	-	-
<b>02 FOOD SERVICE</b>							
Total Revenues	1,841,791	1,841,789	2	<b>25 OPEB REVOCABLE TRUST</b>			
Total Expenditures	1,785,954	1,785,953	1	Total Revenues	-	-	-
<i>Nonspendable:</i>				Total Expenditures	-	-	-
460 Nonspendable	20,535	20,536	(1)	<i>Unassigned:</i>			
<i>Restricted:</i>				422 Unassigned	-	-	-
452 OPEB Liab. Not in Trust	-	-	-				
464 Other Purposes	240,923	240,923	-	<b>45 OPEB IRREVOCABLE TRUST</b>			
<i>Unassigned:</i>				Total Revenues	159,495	159,495	-
463 Unassigned	-	-	-	Total Expenditures	1,250,448	1,250,447	1
				<i>Unassigned:</i>			
<b>04 COMMUNITY SERVICE</b>				422 Unassigned	4,834,281	4,834,281	-
Total Revenues	2,336,378	2,336,377	1				
Total Expenditures	2,333,262	2,333,258	4	<b>47 OPEB DEBT SERVICE</b>			
<i>Nonspendable:</i>				Total Revenues	753,860	753,859	1
460 Nonspendable	2,927	2,927	-	Total Expenditures	860,476	860,476	-
<i>Restricted:</i>				<i>Restricted:</i>			
426 \$25 Taconite	-	-	-	464 Other Purposes	162,273	162,273	-
431 Community Education	266,176	266,178	(2)	<i>Unassigned:</i>			
432 E.C.F.E.	(4,194)	(4,194)	-	463 Unassigned	-	-	-
444 School Readiness	25,464	25,464	-				
447 Adult Basic Education	81,623	81,623	-				
452 OPEB Liab. Not in Trust	-	-	-				
464 Other Purposes	-	-	-				
<i>Unassigned:</i>							
463 Unassigned	-	-	-				

