

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

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**



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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, 2015**

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  
Independent School District No. 861  
Winona, Minnesota

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 861, as of and for the year ended June 30, 2015, 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 entity'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 entity'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, 2015, 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.

**Emphasis-of-Matter Regarding a Change in Accounting Principle**

As discussed in Note 1 to the financial statements, the District adopted new accounting guidance from the Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, and the related Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement 68*, as of and for the year ended June 30, 2015. Our opinion is not modified with respect to this matter.

**Report on Summarized Comparative Information**

We have previously audited Independent School District No. 861's 2014 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 10, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

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 November 18, 2015 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  
November 18, 2015

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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, 2015**

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, 2015. 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 2014-2015**

- Enrollment was almost flat as compared to the prior year with a loss of about 3 student units as compared to the prior year.
- There was \$158,812 spent from the Richard Kolter estate donated funds during fiscal year 2015. The remaining balance as of June 30, 2015 is \$177,520.
- Each of the district operating funds ended the year with positive fund balances.
- A significant change in the entity-wide financial statements will be noted in the financial statements for the year ending June 30, 2015. This is due to 2015 being the first year the district is required to implement GASB Statement #68. This GASB statement requires reporting entities to include a pro-rated portion of unfunded liabilities which have been reported on the statements of pension plans (specifically, Teachers Retirement Association and Public Employees Retirement Association for Winona Area Public Schools). This change will be discussed in greater detail later in this document.

**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, 2015**

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

<u>Assets</u>	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>\$ Change</u>	<u>% Change</u>
Current and Other Assets	\$ 30,353,877	\$ 30,154,412	\$ (199,465)	-1%
Capital Assets	30,528,359	28,901,575	(1,626,784)	-5%
Total Assets	\$ 60,882,236	\$ 59,055,987	\$ (1,826,249)	-3%
<u>Deferred Outflows of Resources</u>	\$ -	\$ 4,224,334	\$ 4,224,334	N/A
<u>Liabilities</u>				
Long-term Liabilities	\$ 21,474,112	\$ 42,174,626	\$ 20,700,514	96%
Other Liabilities	7,666,404	9,475,006	1,808,602	24%
Total Liabilities	\$ 29,140,516	\$ 51,649,632	\$ 22,509,116	77%
<u>Deferred Inflows of Resources</u>	\$ 11,427,378	\$ 20,130,998	\$ 8,703,620	76%
<u>Net Position</u>				
Invested in Capital Assets, Net of Related Debt	\$ 15,192,507	\$ 15,326,114	\$ 133,607	1%
Restricted	2,274,300	1,881,744	(392,556)	-17%
Unrestricted	2,847,535	(25,708,167)	(28,555,702)	-1003%
Total Net Assets	\$ 20,314,342	\$ (8,500,309)	\$ (28,814,651)	-142%

The District's combined net position as of June 30, 2015 was (\$8,500,309). This is a decrease of \$815,066 or 10.6% as compared to the prior year's restated ending net position of (\$7,685,243). The reader will note that the net position as of June 30, 2014 per the financial statements which were released in the prior year state the net position was \$20,314,342. This amount needed to be restated by \$27,999,585 to bring the financial statements into compliance with GASB Statement #68. This GASB statement required that the district record its portion of the unfunded liability of the state-wide pension plans for both Teachers Retirement Association and Public Employees Retirement Association. 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>6/30/2014</u>	<u>6/30/2015</u>	<u>\$ Change</u>	<u>% Change</u>
<u>Program Revenues</u>				
Charges for Services	\$ 2,889,603	\$ 2,748,611	\$ (140,992)	-5%
Operating Grants	12,157,857	12,460,495	302,638	2%
Capital Grants	327,000	735,864	408,864	125%
<u>General Revenues</u>				
Property Taxes	7,245,533	11,692,705	4,447,172	61%
State Aid-Formula Grants	22,948,015	20,151,363	(2,796,652)	-12%
Other	376,102	181,003	(195,099)	-52%
Total Revenues	\$ 45,944,110	\$ 47,970,041	\$ 2,025,931	4%
<u>Expenses</u>				
<u>Instruction</u>				
Regular	\$ 17,684,554	\$ 17,497,641	\$ (186,913)	-1%
Vocational	574,129	347,783	(226,346)	-39%
Special	10,374,828	10,241,632	(133,196)	-1%
<u>Support Services</u>				
Pupil	6,994,187	6,857,907	(136,280)	-2%
Instructional	1,629,100	2,178,540	549,440	34%
District	1,592,298	1,596,969	4,671	0%
District Administration	1,700,436	1,644,548	(55,888)	-3%
Site, Buildings, and Equipment	6,553,417	5,500,352	(1,053,065)	-16%
Fiscal and Other Fixed Cost Programs	119,107	124,985	5,878	5%
Community Service	2,017,882	2,052,717	34,835	2%
Interest and Fiscal Charges on Long-Term Debt	893,316	742,033	(151,283)	-17%
Total Expenses	\$ 50,133,254	\$ 48,785,107	\$ (1,348,147)	-3%
Increase (Decrease) in Net Assets	\$ (4,189,144)	\$ (815,066)		
Net Position Restatement (GASB 68)	-	(27,999,585)		
Beginning Net Assets	24,503,486	20,314,342		
Ending Net Assets	\$ 20,314,342	\$ (8,500,309)		

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

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

***Changes in Revenue***

The District's overall revenues increased \$2,025,931 or 4% between fiscal years 2014 and 2015. Within the revenue categories, a fluctuation of \$4,447,172 or 61% in property tax revenue can be noted. This fluctuation is not the result of additional revenue to the district. Rather, in the prior year the Minnesota Legislature made the decision to payback the property tax shift which resulted in approximately \$4,000,000 of revenue which was received from local tax payers but recorded as state revenue in 2014. The fluctuation noted in the current year is simply the result of things going back to "normal". On a related note, the decrease in State Aids by \$2,796,652 or 12% is also related to this prior year tax shift repayment.

***Changes in Expenses***

District expenses decreased 3% to a total of \$48,785,107. This represents a decrease of \$1,348,147. Although several expense categories had minimal changes, there are several expense categories that experienced changes that warrant further discussion. These changes will be reviewed below.

Vocational Instruction

Although this expenditure category is reflecting a 39% decrease, this does not mean there were less expenditures incurred this year than had been in previous years. Instead, corrections were made to the coding of staff members who teach vocational courses. Funding is received for expenditures related to vocational classes. However, expenditures are only eligible for reimbursement if proper licensure exists. From year to year the district evaluates licensure as well as class offerings and properly codes expenditures accordingly.

Instructional Support

The instructional support expense category had an increase of 34% as compared to the prior year. The reason for this is the use of Instructional Support program codes when making capital expenditures for the schools which have a direct link to instruction (such as computer labs). Previously, this type of expenditure would have been coded to a capital program code and would have been categorized as Site, Buildings, and Equipment which is contributing to part of the decrease in this category. Since computer equipment does not exceed the District's capitalization threshold, it is included within expenses.

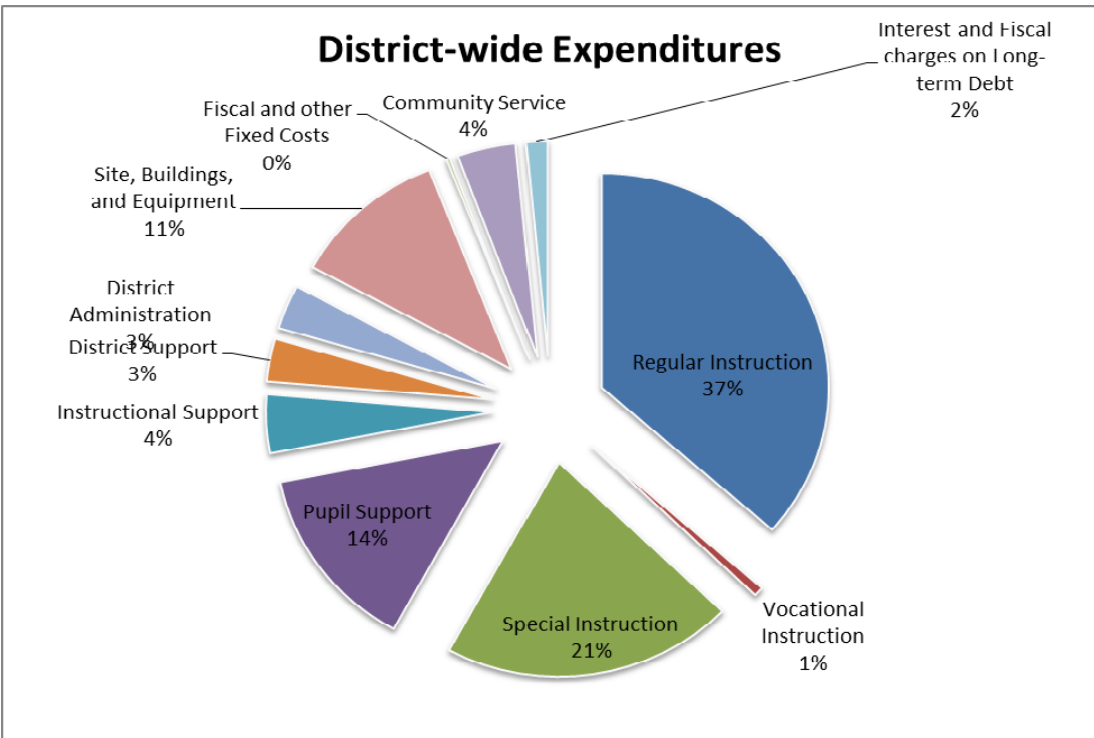
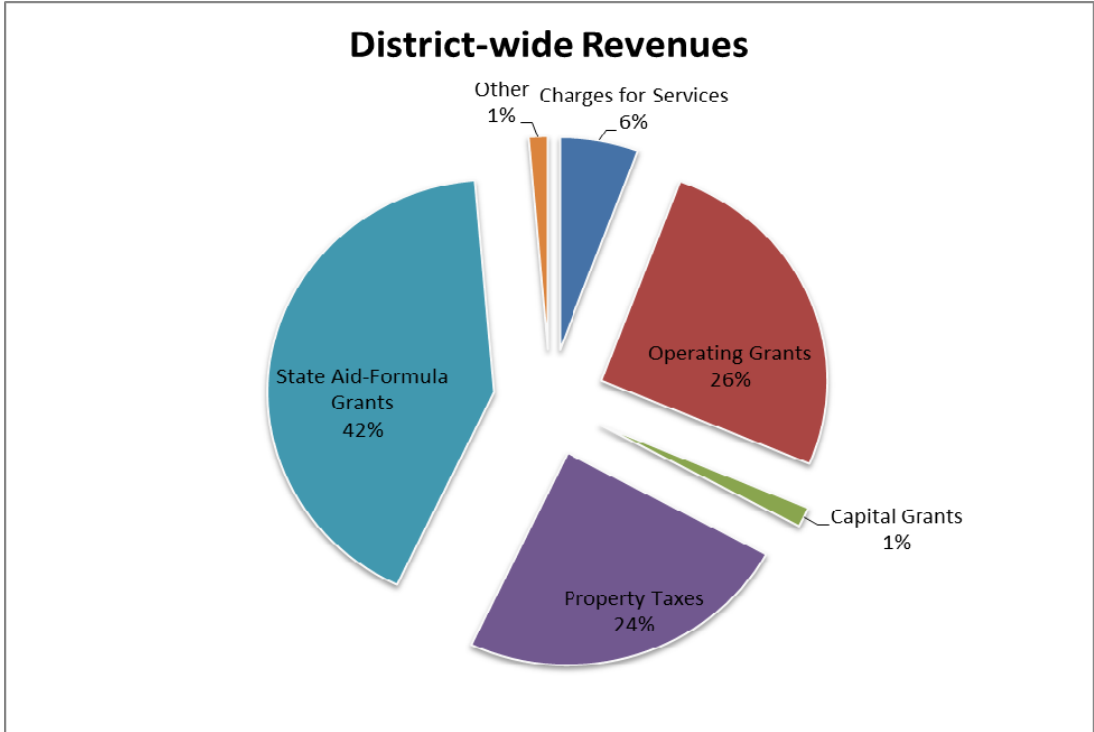
Site, Buildings, and Equipment

The decrease in expenditures in this category is related to coding changes noted above as well as the spend down of funds donated through the Kolter Estate. Prior year expenditures were approximately \$158,812 as compared to \$1,633,000 in fiscal year 2014.

Although the District experienced a reduction in Net Assets of \$28,814,651 during fiscal year 2015 as reported on its entity-wide statements, it must be kept in mind that much of the change is due to reporting requirements that are completely outside of the control of district management. Specifically, the implementation of GASB #68 gives the appearance of a terrible financial position while in fact, no money actually changed hands nor is the district required to write a check for these amounts.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

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



**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

**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>6/30/14</u>	<u>6/30/15</u>	<u>% Change</u>
<u>Assets</u>			
Cash and Investments	\$ 10,254,986	\$ 9,463,916	-8%
Property Taxes Receivable	5,102,394	5,768,103	13%
Receivable from Gov't Units	3,841,418	4,705,606	22%
Other Receivables	265,935	320,116	20%
Due From Other Funds	-	479,745	N/A
Inventory and Prepaids	71,295	57,049	-20%
Total Assets	<u>\$ 19,536,028</u>	<u>\$ 20,794,535</u>	<u>6%</u>
<u>Liabilities</u>			
Accounts and contracts payable	314,270	600,237	91%
Accrued salaries, wages, and benefits	3,672,096	4,188,515	14%
Deferred revenue	140,467	151,749	8%
Total Liabilities	<u>\$ 4,126,833</u>	<u>\$ 4,940,501</u>	<u>20%</u>
<u>Deferred Inflows of Resources</u>			
Property Taxes Levied for Subsequent Year's Expenditures	8,116,621	8,990,960	11%
Delinquent Property Taxes	108,211	188,693	74%
Total Deferred Inflows of Resources	<u>\$ 8,224,832</u>	<u>\$ 9,179,653</u>	<u>12%</u>
<u>Fund Balances</u>			
Staff Development	122,652	202,737	65%
Deferred Maintenance	140,508	179,829	28%
Teacher Development & Evaluation	-	83,641	N/A
Operating Capital	720,848	329,342	-54%
Health and Safety	(972,292)	(1,357,184)	-40%
Reserved for QZAB	796,745	876,964	10%
Safe Schools	-	29,875	N/A
Career and Technical Programs	2,446	-	-100%
Student Activities	196,642	183,514	-7%
Nonspendable	71,295	57,049	-20%
Kolter Estate	336,231	177,520	-47%
Unassigned	5,769,288	5,911,094	2%
Total Fund Balance	<u>\$ 7,184,363</u>	<u>\$ 6,674,381</u>	<u>-7%</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 19,536,028</u>	<u>\$ 20,794,535</u>	<u>6%</u>

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

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

	6/30/14	6/30/15	% Change
<u>Revenues and Other Financing Sources</u>			
Property Taxes	\$ 4,626,787	\$ 8,413,641	82%
Other Local and County	2,136,835	2,238,325	5%
State Sources	31,451,919	29,214,583	-7%
Federal Sources	1,524,221	1,479,606	-3%
Capital Lease Proceeds	-	247,123	N/A
Insurance Proceeds	46,433	-	-100%
Total	<u>\$ 39,786,195</u>	<u>\$ 41,593,278</u>	<u>5%</u>
<u>Expenditures and Other Financing Uses</u>			
Administration	\$ 1,601,019	\$ 1,599,828	0%
District Support Services	1,439,903	1,444,798	0%
Regular Instruction	15,769,480	16,261,622	3%
Vocational Instruction	552,036	272,189	-51%
Special Education Instruction	10,007,155	10,073,590	1%
Instructional Support Services	1,495,988	1,836,290	23%
Pupil Support Services	4,738,230	4,744,847	0%
Sites and Buildings	4,374,216	4,194,051	-4%
Capital Outlay	1,742,883	973,455	-44%
Fiscal and Other Fixed Programs	119,107	124,985	5%
Debt Service (Principal & Interest)	523,374	577,605	10%
Total	<u>\$ 42,363,391</u>	<u>\$ 42,103,260</u>	<u>-1%</u>
Change in Fund Balance	\$ (2,577,196)	\$ (509,982)	-80%
Prior Year Fund Balance	<u>9,761,559</u>	<u>7,184,363</u>	<u>-26%</u>
Ending Fund Balance	<u>\$ 7,184,363</u>	<u>\$ 6,674,381</u>	<u>-7%</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 \$509,982 (or 7%) to a total of \$6,674,381. Of the total fund balance, \$522,724 is restricted, \$183,514 is assigned for Student Activities, and \$57,049 is nonspendable (represents amount of prepaid expenditures included on the District's balance sheet). The remaining \$5,911,094 is unassigned.

When reviewing the General Fund balance sheet summary there are several changes that should be noted. While overall assets decreased by a relatively small margin (6%), there were larger changes within specific asset areas. Specifically, there is a 22% increase in Receivable from Government Units which is primarily related to an increase in the amount of federal revenue still due to the district at year end as compared to 2014. In addition, Due From Other Funds increased \$479,745. This related to a negative cash balance position in the construction fund.



**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

**General Fund (Continued)**

Overall liabilities increased \$813,668 or 20% as compared to the prior year. This is the result of an increase in both accounts payable and accrued payroll expenses.

The District's Staff Development fund balance increased in fiscal year 2015 from \$122,652 to a balance of \$202,737. This represents an increase of 65% and is simply the result of not spending all of the funds which are required to be set aside for funding of staff development.

The reserve for QZAB represents resources required by agreement to be segregated for future payments of Qualified Zone Academy Bond (QZAB) debt instruments. The balance of \$876,964 in this reserve account is equal to thirteen deposits of \$55,100 made into the bond sinking fund as well as interest earned and/or accrued, recorded at market value as of June 30, 2015. These funds are being reserved for the debt payment which will be paid in December 2015.

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, 2015 overall student activity fund balance is \$183,514. 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.

	<b>Student Activity Fund Balance Summary</b>				
	<b>6/30/2014</b>	<b>FY 2015</b>	<b>FY 2015</b>	<b>FY 2015</b>	<b>6/30/2015</b>
	<b>Balance</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>Transfers</b>	<b>Balance</b>
<b>Middle School Activities</b>					
Work Skills	84.06	-	-	-	84.06
Art	27.25	0.11	-	-	27.36
After School Activities	(0.00)	-	-	-	(0.00)
Band	17,823.14	7,205.46	7,488.38	-	17,540.22
Choir	531.43	4,599.65	7,478.23	-	(2,347.15)
Grade 5	(2,636.46)	3,072.74	4,385.69	-	(3,949.41)
Grade 6	(2,904.57)	3,378.04	2,208.11	-	(1,734.64)
Grade 7	1,387.70	768.63	1,021.10	-	1,135.23
Grade 8	291.77	1.17	-	-	292.94
Japan Trip	393.79	61,269.08	61,888.59	-	(225.72)
Leo Club	718.10	2.90	-	-	721.00
Log Books	225.90	1,594.86	3,654.95	-	(1,834.19)
Music Technology	1,402.84	1,270.92	2,244.32	-	429.44
Orchestra	454.70	1,270.72	1,368.27	-	357.15
Project Science	257.38	1.04	-	-	258.42
Publications	2,460.49	7,878.68	7,090.88	-	3,248.29
Student Assistance	5.37	-	-	-	5.37
Student Council	1,847.21	1,360.74	770.67	-	2,437.28
Vocational Education	723.92	69.22	-	-	793.14
Newspaper	350.60	1.41	-	-	352.01
Accelerated Activities	1,607.30	6.49	-	-	1,613.79
<b>Total Middle School Activities</b>	<b>25,051.92</b>	<b>93,751.86</b>	<b>99,599.19</b>	<b>-</b>	<b>19,204.59</b>

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

**General Fund (Continued)**

**Student Activity Fund Balance Summary (continued)**

	<b>6/30/2014 Balance</b>	<b>FY 2015 Revenues</b>	<b>FY 2015 Expenditures</b>	<b>FY 2015 Transfers</b>	<b>6/30/2015 Balance</b>
<b>High School Activities</b>					
Link Crew	21.99	0.02	22.01	-	(0.00)
Community Serv - Berzinski	58.08	281.32	261.00	(78.40)	-
Community Serv - Voegeli	0.37	-	-	78.40	78.77
Baseball	17,682.82	12,725.40	11,161.15	-	19,247.07
Basketball - B	4,482.00	2,502.04	3,033.39	-	3,950.65
Basketball - G	368.26	8,511.32	4,682.60	-	4,196.98
Softball	822.42	3,380.23	4,211.13	-	(8.48)
Soccer - B	4,893.30	2,731.77	5,464.76	-	2,160.31
Soccer - G	1,370.07	474.56	605.00	-	1,239.63
Football	11,034.04	7,275.72	10,943.67	-	7,366.09
Golf - B	(59.41)	600.16	73.00	-	467.75
Golf - G	365.97	552.07	476.66	-	441.38
Hockey - B	20.65	0.06	-	-	20.71
Hockey - G	130.07	420.68	293.41	-	257.34
Hockey - Adaptive	1,599.83	506.24	490.27	-	1,615.80
Cross Country	3,724.95	6,896.88	6,165.11	-	4,456.72
Nordic Ski	1,601.67	4,543.34	4,426.77	-	1,718.24
Swim - B	1,311.70	2,996.67	2,746.57	-	1,561.80
Swim - G	7,139.63	5,868.20	9,109.94	-	3,897.89
Tennis -B	101.76	420.43	475.00	-	47.19
Tennis - G	848.17	1,494.12	2,154.20	-	188.09
Track & Field	2,040.24	5,180.37	2,416.30	-	4,804.31
Gymnastics	2,267.16	2,142.25	1,726.36	-	2,683.05
Volleyball	9,898.25	13,554.24	12,415.11	-	11,037.38
Dance Team	5,675.46	10,998.64	11,284.49	-	5,389.61
Math Team	280.40	1.13	-	-	281.53
Ultimate Frisbee	168.88	0.68	-	-	169.56
Wrestling Invit	907.23	752.52	2,131.92	-	(472.17)
Pep Band	28.78	0.11	-	-	28.89
Jazz Band	(98.64)	-	955.67	-	(1,054.31)
Band	9,518.67	(167.62)	7,843.77	-	1,507.28
9-10 Choir	2,811.38	2,793.56	2,930.44	-	2,674.50
Choir Trips	(0.00)	-	-	-	(0.00)
Choir	5,458.88	2,707.77	2,619.47	-	5,547.18
Choir Tapes	4,564.85	18.41	-	-	4,583.26
Orchestra	10,877.93	25,767.62	28,204.39	-	8,441.16
Strings in Motion	95.54	334.11	560.93	-	(131.28)
German Club	5.56	-	-	-	5.56
Spanish Club	711.75	2.88	-	-	714.63
FFA	1,994.35	28,051.75	25,981.34	-	4,064.76
Horticulture	6.04	-	-	-	6.04
HOPE	566.24	202.14	294.36	-	474.02
NHS	876.15	840.56	832.00	-	884.71
Prism	29.00	2,536.30	1,398.50	-	1,166.80
W Club	4,673.38	2,616.05	2,591.00	-	4,698.43
Health Fair	9.69	0.01	-	-	9.70
Yearbook	2,805.68	5,391.32	199.19	-	7,997.81

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

**General Fund (Continued)**

<b>Student Activity Fund Balance Summary (continued)</b>					
	<b>6/30/2014</b>	<b>FY 2015</b>	<b>FY 2015</b>	<b>FY 2015</b>	<b>6/30/2015</b>
	<b>Balance</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>Transfers</b>	<b>Balance</b>
Student Council	11,072.70	6,956.37	6,730.25	-	11,298.82
Community Serv - Heydt	385.07	2.99	-	-	388.06
Laws of Life	0.49	-	-	-	0.49
Model Legislature	1,114.39	4.49	-	-	1,118.88
Winhawk Store	979.35	1.60	917.56	-	63.39
Interest	(9.02)	-	-	-	(9.02)
Battle of the Bands	2,216.75	8.96	-	-	2,225.71
Lunch Acct	-	-	-	-	-
Drama	160.12	2,976.68	4,050.08	-	(913.28)
Environmental Club	1,790.62	7.21	-	-	1,797.83
Robotics Club	4,309.75	1,819.41	1,682.61	-	4,446.55
Italy/Greece Trip	(0.00)	2,287.66	2,287.66	-	(0.00)
Costa Rica Trip	(0.00)	-	-	-	(0.00)
Post Prom	519.63	2.10	-	-	521.73
Otaku Society	160.81	0.64	-	-	161.45
Rise & Run Exp	1,491.76	6.02	-	-	1,497.78
WSH Spanish Trip	41.92	0.18	-	-	42.10
Prom Projects	15,473.02	9,157.87	7,266.27	-	17,364.62
Science Fair Club	-	-	-	-	-
Challenge Team	27.33	0.10	-	-	27.43
MN State Sales	103.28	151.52	-	-	254.80
Community Service - Pfeilsticker	27.37	0.12	-	-	27.49
Amsterdam/Paris Trip	0.00	-	-	-	0.00
Ecuador Trip	2,871.23	6,753.82	9,230.81	-	394.24
Strength Team	2,500.81	10.10	-	-	2,510.91
Student Leadership Team	165.01	0.67	-	-	165.68
Adapted Athletics	2,496.89	10.08	-	-	2,506.97
Rounding Difference	(0.20)	0.64	-	-	0.44
<b>Total High School Activities</b>	<b>171,590.27</b>	<b>196,065.26</b>	<b>203,346.12</b>	<b>-</b>	<b>164,309.41</b>
<b>Total Combined Student Activities</b>	<b>196,642.19</b>	<b>289,817.12</b>	<b>302,945.31</b>	<b>-</b>	<b>183,514.00</b>

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

***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.

Actual revenues were \$285,193 less than the final board approved revenue budget of \$41,631,348 which is just over one-half of a percent variance from the approved budget.

The actual expenditures were \$490,596 more than the final approved budget. This represents just over a 1% variance from the approved budget.

***School Nutrition Fund***

The School Nutrition 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 spent \$49,957 of resources in excess of revenues earned for the fiscal year resulting in a total ending fund balance of \$205,621. This was a planned spend down of resources as the program's final budget was projecting to spend approximately \$81,015 in excess of revenues for the purpose of making equipment upgrades and general improvements to the program. 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 from \$364,452 to \$368,880. Community Education management has been proactive in its approach to budgets maintaining a healthy fund balance which protects future programming.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

***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 2015 the total debt service fund balance decreased from \$397,744 to \$335,475. This represents a decrease of approximately 16% as compared to the prior fiscal year.

***Capital Projects Fund***

The Capital Projects Fund accounts for the costs of school construction, addition and renovation projects. 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, 2015 is a deficit of \$583,370. This amount is related to four sources. First of all, approximately \$8,825 is the result of accumulated unspent revenue related to the Track Project. Secondly, \$10,956 of this fund balance is related to the One-Day bonds issued in 2003. These funds must be used primarily for improvements at the Winona Middle School. A portion of the fund balance is related to a capital facility bond issue for Energy Projects to be completed throughout the District. \$144,154 remains in the capital projects fund balance to be used for the continued completion of the approved energy project improvements. The remaining capital projects fund balance is a deficit balance of \$729,655. 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. The deficit related to the project will be cleared with future levy revenue.

***OPEB Debt Service***

The Other Post-Employment Benefit (OPEB) Debt Service Fund is required to be used to record activity related to the levy proceeds and the repayment of OPEB bonds. The OPEB Debt Service fund balance decreased from \$164,881 to \$156,588 during fiscal year 2015.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

***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. Instead, any unused funds are carried into the following fiscal year. The June 30, 2015 liability balance for the Winona County Collaborative is \$137,378.

***Capital Assets***

As of June 30, 2015 the District's investment in capital assets is \$28,901,575, net of total accumulated depreciation. This reflects current year additions of \$428,691 and current year depreciation expense of \$2,055,475. Some of the higher dollar amount capital asset additions for the year include:

- New Phone System (\$247,123)
- Two New Bobcats (\$65,365)
- New Kitchen Equipment (\$42,500)

***Long Term Liabilities***

As of June 30, 2015 the Long Term Liabilities of the District were \$45,963,287. This represents an overall increase of \$21,672,015 for the fiscal year. This increase in long term liabilities is not the result of the district borrowing funds or increasing its debt load. As discussed earlier in this document, this is the result of the implementation of GASB #68 which requires the school district to record a 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, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2014)**

	<b>Governmental Activities</b>	
	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
Cash and Investments	\$ 11,169,143	\$ 12,540,547
Cash and Investments Held by Trustee	871,546	791,887
Receivables		
Property Taxes	7,952,200	7,079,411
Other Governments	4,844,361	3,954,234
Other	342,302	278,936
Prepaid Items	59,274	73,742
Inventories	16,462	22,455
Prefunded Other Postemployment Benefits Obligation	4,899,124	5,612,665
Capital Assets		
Land and Construction in Progress	1,314,192	1,314,192
Other Capital Assets, Net of Depreciation	27,587,383	29,214,167
Total Assets	<u>59,055,987</u>	<u>60,882,236</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension Related	4,224,334	-
Total Deferred Outflows of Resources	<u>4,224,334</u>	<u>-</u>
<b>LIABILITIES</b>		
Salaries and Wages Payable	4,410,929	3,887,984
Accounts and Contracts Payable	693,437	338,308
Accrued Interest	321,584	355,276
Due to Other Governmental Units	68,496	51,800
Deferred Revenue		
Local Sources	191,899	215,876
Long-Term Liabilities		
Portion Due Within One Year	3,788,661	2,817,160
Portion Due in More Than One Year	42,174,626	21,474,112
Total Liabilities	<u>51,649,632</u>	<u>29,140,516</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes Levied for Subsequent Year	12,476,725	11,334,851
Gain on Bond Refunding	72,339	92,527
Pension Related	7,581,934	-
Total Deferred Inflows of Resources	<u>20,130,998</u>	<u>11,427,378</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	15,326,114	15,192,507
Restricted for:		
Operating Capital Purposes	329,342	720,848
State-Mandated Restrictions	496,082	265,606
Facility Improvements	177,520	336,231
Food Service	205,621	255,578
Community Service	377,571	385,946
Debt Service	295,608	310,091
Unrestricted	(25,708,167)	2,847,535
Total Net Position	<u>\$ (8,500,309)</u>	<u>\$ 20,314,342</u>

See accompanying Notes to Financial Statements.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2014)**

2015			
Functions	Expenses	Charges for Services	Program Operating Grants and Contributions
<b>Governmental Activities</b>			
Administration	\$ 1,644,548	\$ 312	\$ -
District Support Services	1,596,969	229,963	5,882
Regular Instruction	17,497,641	638,563	3,410,066
Vocational Education Instruction	347,783	-	-
Special Education Instruction	10,241,632	298,099	6,605,957
Instructional Support Services	2,178,540	9,360	8,259
Pupil Support Services	5,167,269	12,850	696,014
Sites and Buildings	5,500,352	-	15,175
Fiscal and Other Fixed Cost Programs	124,985	-	-
Food Service	1,690,638	798,430	842,569
Community Service	2,052,717	761,034	876,573
Interest and Fiscal Charges on Long-Term Liabilities	742,033	-	-
Total School District	\$ 48,785,107	\$ 2,748,611	\$ 12,460,495

**General Revenues**

Property Taxes Levied for:  
    General Purposes  
    Community Service  
    Debt Service  
State Aid Not Restricted to Specific Purposes  
Earnings on Investments  
Miscellaneous  
    Total General Revenues  
Change in Net Position  
Net Position - As Previously Stated  
Restatement  
Net Position - As Restated  
Net Position - Ending

See accompanying Notes to Financial Statements.

	2015	2014
Revenues	Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Capital	Total	Total
Grants and Contributions	Governmental Activities	Governmental Activities
\$ -	\$ (1,644,236)	\$ (1,699,738)
46,721	(1,314,403)	(1,336,156)
45,774	(13,403,238)	(13,524,628)
-	(347,783)	(573,798)
-	(3,337,576)	(3,542,168)
168,333	(1,992,588)	(1,607,365)
517	(4,457,888)	(4,543,611)
474,519	(5,010,658)	(6,252,721)
-	(124,985)	(119,107)
-	(49,639)	(181,869)
-	(415,110)	(484,317)
-	(742,033)	(893,316)
<u>\$ 735,864</u>	<u>(32,840,137)</u>	<u>(34,758,794)</u>

8,494,123	4,607,839
391,749	214,679
2,806,833	2,423,015
20,151,363	22,948,015
60,931	233,581
120,072	142,521
<u>32,025,071</u>	<u>30,569,650</u>
(815,066)	(4,189,144)
20,314,342	24,503,486
(27,999,585)	-
<u>(7,685,243)</u>	<u>24,503,486</u>
<u>\$ (8,500,309)</u>	<u>\$ 20,314,342</u>

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2014)**

	Major		
	General	Food Service	Community Service
<b>ASSETS</b>			
Cash and Investments	\$ 8,592,370	\$ 314,841	\$ 568,653
Cash and Investments Held by Trustee	871,546	-	-
Receivables			
Current Property Taxes	5,579,410	-	257,210
Delinquent Property Taxes	188,693	-	8,691
Due from Other Minnesota School Districts	4,149	-	42,501
Due from Minnesota Department of Education	3,399,877	3,847	31,862
Due from Federal through Minnesota Department of Education	1,298,294	527	-
Due from Other Governmental Units	3,286	-	55,028
Other Receivables	320,116	254	21,932
Due from Other Funds	479,745	-	-
Prepaid Items	57,049	1,460	765
Inventory	-	16,462	-
Total Assets	<u>\$ 20,794,535</u>	<u>\$ 337,391</u>	<u>\$ 986,642</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>			
Liabilities			
Salaries and Wages Payable	\$ 4,188,515	\$ 92,429	\$ 129,985
Accounts and Contracts Payable	552,488	6,891	27,058
Due to Other Governmental Units	47,749	-	20,747
Due to Other Funds	-	-	-
Unearned Revenue	151,749	32,450	7,700
Total Liabilities	<u>4,940,501</u>	<u>131,770</u>	<u>185,490</u>
Deferred Inflows of Resources			
Property Taxes Levied for Subsequent Year	8,990,960	-	423,581
Delinquent Property Taxes	188,693	-	8,691
Total Deferred Inflows of Resources	<u>9,179,653</u>	<u>-</u>	<u>432,272</u>
Fund Balance			
Nonspendable			
Inventory Items	-	16,462	-
Prepaid Items	57,049	1,460	765
Restricted for			
Staff Development	202,737	-	-
Deferred Maintenance	179,829	-	-
Teacher Development and Evaluation	83,641	-	-
Health and Safety	(1,357,184)	-	-
Operating Capital	329,342	-	-
QZAB	876,964	-	-
Safe Schools	29,875	-	-
Career and Technical Programs	-	-	-
Community Education Programs	-	-	295,648
Early Childhood and Family Education Programs	-	-	2,385
School Readiness	-	-	13,776
Adult Basic Education	-	-	55,198
Other Purposes	177,520	187,699	1,108
Assigned for			
Student Activities	183,514	-	-
Unassigned			
Total Fund Balance	<u>6,674,381</u>	<u>205,621</u>	<u>368,880</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 20,794,535</u>	<u>\$ 337,391</u>	<u>\$ 986,642</u>

See accompanying Notes to Financial Statements.

Funds				
Capital Projects - Building Construction	Debt Service	OPEB Debt Service	Total Governmental	
			Funds	
			2015	2014
\$ -	\$ 1,244,238	\$ 449,041	\$ 11,169,143	\$ 12,540,547
-	-	-	871,546	791,887
-	1,405,249	454,104	7,695,973	6,935,022
-	42,432	16,411	256,227	144,389
-	-	-	46,650	43,408
-	3,680	1,310	3,440,576	3,028,634
-	-	-	1,298,821	819,158
-	-	-	58,314	63,034
-	-	-	342,302	278,936
-	-	-	479,745	-
-	-	-	59,274	73,742
-	-	-	16,462	22,455
<u>\$ -</u>	<u>\$ 2,695,599</u>	<u>\$ 920,866</u>	<u>\$ 25,735,033</u>	<u>\$ 24,741,212</u>
\$ -	\$ -	\$ -	\$ 4,410,929	\$ 3,887,984
103,625	3,375	-	693,437	338,308
-	-	-	68,496	51,800
479,745	-	-	479,745	-
-	-	-	191,899	215,876
<u>583,370</u>	<u>3,375</u>	<u>-</u>	<u>5,844,506</u>	<u>4,493,968</u>
-	2,314,317	747,867	12,476,725	11,334,851
-	42,432	16,411	256,227	144,389
-	<u>2,356,749</u>	<u>764,278</u>	<u>12,732,952</u>	<u>11,479,240</u>
-	-	-	16,462	22,455
-	-	-	59,274	73,742
-	-	-	202,737	122,652
(729,655)	-	-	(549,826)	(589,147)
-	-	-	83,641	-
-	-	-	(1,357,184)	(972,292)
-	-	-	329,342	720,848
-	-	-	876,964	796,745
-	-	-	29,875	-
-	-	-	-	2,446
-	-	-	295,648	287,142
-	-	-	2,385	(16,059)
-	-	-	13,776	11,810
-	-	-	55,198	77,653
146,285	335,475	156,588	1,004,675	2,264,079
-	-	-	183,514	196,642
-	-	-	5,911,094	5,769,288
<u>(583,370)</u>	<u>335,475</u>	<u>156,588</u>	<u>7,157,575</u>	<u>8,768,004</u>
<u>\$ -</u>	<u>\$ 2,695,599</u>	<u>\$ 920,866</u>	<u>\$ 25,735,033</u>	<u>\$ 24,741,212</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, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2014)**

	<b>2015</b>	<b>2014</b>
<b>Total Fund Balance for Governmental Funds</b>	<b>\$ 7,157,575</b>	<b>\$ 8,768,004</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	1,314,192	1,314,192
Land Improvements, Net of Accumulated Depreciation	2,617,969	2,813,779
Buildings and Improvements, Net of Accumulated Depreciation	22,868,073	24,316,808
Equipment, Net of Accumulated Depreciation	2,101,341	2,083,580
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	(24,063,960)	-
Deferred Outflows of Resources - Pension Related	4,224,334	-
Deferred Inflows of Resources - Pension Related	(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.		
	256,227	144,389
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		
	(321,584)	(355,276)
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:		
	4,899,124	5,612,665
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	(17,145,000)	(19,165,000)
Unamortized Premiums	(298,706)	(365,821)
Unamortized Discounts	58,071	62,373
Unamortized Deferred Gain on Refunding	(72,339)	(92,527)
Certificates of Participation Payable	(1,197,743)	(1,350,177)
Obligations Under Capital Leases	(1,800,734)	(2,005,256)
QZAB Loan	(942,903)	(942,903)
Severance Benefits Payable	(411,000)	(360,000)
Compensated Absences Payable	(161,312)	(164,488)
<b>Total Net Position of Governmental Activities</b>	<b>\$ (8,500,309)</b>	<b>\$ 20,314,342</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, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)**

	<b>Major</b>		
	<b>General</b>	<b>Food Service</b>	<b>Community Service</b>
<b>REVENUES</b>			
Local Sources			
Property Taxes	\$ 8,413,641	\$ -	\$ 388,493
Earnings on Investments	51,820	1,165	1,954
Other	2,186,505	810,128	989,394
State Sources	29,214,583	75,041	650,957
Federal Sources	1,479,606	755,836	4,442
Total Revenues	41,346,155	1,642,170	2,035,240
<b>EXPENDITURES</b>			
Current			
Administration	1,599,828	-	-
District Support Services	1,444,798	-	-
Regular Instruction	16,261,622	-	-
Vocational Education Instruction	272,189	-	-
Special Education Instruction	10,073,590	-	-
Instructional Support Services	1,836,290	-	-
Pupil Support Services	4,744,847	-	-
Sites and Buildings	4,194,051	-	-
Fiscal and Other Fixed Cost Programs	124,985	-	-
Food Service	-	1,648,398	-
Community Service	-	-	1,999,069
Capital Outlay	973,455	43,729	31,743
Debt Service			
Principal	419,079	-	-
Interest and Fiscal Charges	158,526	-	-
Total Expenditures	42,103,260	1,692,127	2,030,812
Excess (Deficiency) of Revenues Over (Under) Expenditures	(757,105)	(49,957)	4,428
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from Capital Lease	247,123	-	-
Proceeds from Insurance Recovery	-	-	-
Proceeds from Sale of Bonds	-	-	-
Bond Premium	-	-	-
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	247,123	-	-
<b>NET CHANGE IN FUND BALANCES</b>	(509,982)	(49,957)	4,428
Fund Balances - Beginning of Year	7,184,363	255,578	364,452
<b>FUND BALANCES - END OF YEAR</b>	\$ 6,674,381	\$ 205,621	\$ 368,880

See accompanying Notes to Financial Statements.



<b>Funds</b>				
<b>Capital Projects - Building Construction</b>	<b>Debt Service</b>	<b>OPEB Debt Service</b>	<b>Total Governmental Funds</b>	
			<b>2015</b>	<b>2014</b>
\$ -	\$ 2,048,997	\$ 729,736	\$ 11,580,867	\$ 7,269,970
-	4,616	1,376	60,931	95,273
-	-	-	3,986,027	3,807,005
-	36,803	13,110	29,990,494	32,381,192
-	-	-	2,239,884	2,230,366
-	2,090,416	744,222	47,858,203	45,783,806
-	-	-	1,599,828	1,601,019
-	-	-	1,444,798	1,439,903
-	-	-	16,261,622	15,769,480
-	-	-	272,189	552,036
-	-	-	10,073,590	10,007,155
-	-	-	1,836,290	1,495,988
-	-	-	4,744,847	4,738,230
-	-	-	4,194,051	4,374,216
-	-	-	124,985	119,107
-	-	-	1,648,398	1,668,460
-	-	-	1,999,069	1,982,834
984,356	-	-	2,033,283	3,879,855
-	1,895,000	310,000	2,624,079	2,270,870
-	257,685	442,515	858,726	894,791
984,356	2,152,685	752,515	49,715,755	50,793,944
(984,356)	(62,269)	(8,293)	(1,857,552)	(5,010,138)
-	-	-	247,123	-
-	-	-	-	46,433
-	-	-	-	2,140,000
-	-	-	-	49,332
-	-	-	-	59,057
-	-	-	-	(59,057)
-	-	-	247,123	2,235,765
(984,356)	(62,269)	(8,293)	(1,610,429)	(2,774,373)
400,986	397,744	164,881	8,768,004	11,542,377
<u>\$ (583,370)</u>	<u>\$ 335,475</u>	<u>\$ 156,588</u>	<u>\$ 7,157,575</u>	<u>\$ 8,768,004</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, 2015  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)**

	<b>2015</b>	<b>2014</b>
<b>Net Change in Fund Balance-Total Governmental Funds</b>	\$ (1,610,429)	\$ (2,774,373)

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	428,691	1,605,018
Loss on Disposal of Capital Assets	-	(10,451)
Depreciation Expense	(2,055,475)	(2,040,739)

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	5,713	8,702
Principal Payments - Capital Leases	451,645	377,119

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.

	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	-	(2,140,000)
Bond Premium	-	(49,332)
Repayment of Certificates of Participation Payable	152,434	143,751
Repayment of Bond Principal	2,020,000	1,750,000
Change in Accrued Interest Expense - General Obligation Bonds	27,979	29,345
Amortization of Bond Issuance Costs	-	(148,184)
Amortization of Deferred Gain on Refunding	20,188	50,250
Amortization of Bond Discount and Premium	62,813	61,362

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, 2015  
 (WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)**

	<b>2015</b>	<b>2014</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.	\$ 111,838	\$ (24,437)
The prefunded other post employment benefit obligation is not reported as expenditures in governmental funds but is reflected in the statement of activities.	(713,541)	5,786,940
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).	(47,824)	(25,213)
Internal service funds are used by the District to charge the costs of post employment health benefits to individual funds. The net revenue of the internal service funds is reported with governmental activities.	-	(6,788,902)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ (815,066)</b>	<b>\$ (4,189,144)</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 – BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2015**

	<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	\$ 8,439,403	\$ 8,439,401	\$ 8,413,641	\$ (25,760)
Earnings on Investments	95,928	95,979	51,820	(44,159)
Other	1,645,359	2,039,865	2,186,505	146,640
State Sources	28,839,616	29,569,620	29,214,583	(355,037)
Federal Sources	1,473,209	1,486,483	1,479,606	(6,877)
Total Revenues	<u>40,493,515</u>	<u>41,631,348</u>	<u>41,346,155</u>	<u>(285,193)</u>
<b>EXPENDITURES</b>				
Current:				
Administration	1,580,293	1,579,337	1,599,828	20,491
District Support Services	1,302,907	1,273,658	1,444,798	171,140
Regular Instruction	15,841,267	16,012,634	16,261,622	248,988
Vocational Education Instruction	566,254	368,208	272,189	(96,019)
Special Education Instruction	10,108,536	9,694,096	10,073,590	379,494
Instructional Support Services	1,690,415	2,123,582	1,836,290	(287,292)
Pupil Support Services	4,812,213	4,844,121	4,744,847	(99,274)
Sites and Buildings	4,289,657	4,315,432	4,194,051	(121,381)
Fiscal and Other Fixed Cost Programs	120,000	122,485	124,985	2,500
Capital Outlay	729,697	701,506	973,455	271,949
Debt Service				
Principal	368,581	419,079	419,079	-
Interest and Fiscal Charges	154,793	158,526	158,526	-
Total Expenditures	<u>41,564,613</u>	<u>41,612,664</u>	<u>42,103,260</u>	<u>490,596</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,071,098)	18,684	(757,105)	(775,789)
<b>OTHER FINANCING SOURCES</b>				
Capital Lease Proceeds	-	-	247,123	247,123
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>247,123</u>	<u>247,123</u>
Net Change in Fund Balances	<u>\$ (1,071,098)</u>	<u>\$ 18,684</u>	(509,982)	<u>\$ (528,666)</u>
<b>FUND BALANCE</b>				
Beginning of Year			<u>7,184,363</u>	
End of Year			<u>\$ 6,674,381</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, 2015**

	<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	\$ 3,000	\$ 1,300	\$ 1,165	\$ (135)
Other - Primarily Meal Sales	899,500	856,388	810,128	(46,260)
State Sources	49,500	53,463	75,041	21,578
Federal Sources	675,500	731,660	755,836	24,176
Total Revenues	<u>1,627,500</u>	<u>1,642,811</u>	<u>1,642,170</u>	<u>(641)</u>
<b>EXPENDITURES</b>				
Current				
Food Service	1,686,970	1,710,169	1,648,398	(61,771)
Capital Outlay	-	13,657	43,729	30,072
Total Expenditures	<u>1,686,970</u>	<u>1,723,826</u>	<u>1,692,127</u>	<u>(31,699)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (59,470)</u>	<u>\$ (81,015)</u>	(49,957)	<u>\$ 31,058</u>
<b>FUND BALANCE</b>				
Beginning of Year			<u>255,578</u>	
End of Year			<u>\$ 205,621</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, 2015**

	<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	\$ 424,001	\$ 424,001	\$ 388,493	\$ (35,508)
Earnings on Investments	1,100	1,100	1,954	854
Other - Primarily Tuition and Fees	814,080	890,383	989,394	99,011
State Sources	671,643	688,504	650,957	(37,547)
Federal Sources	-	4,442	4,442	-
Total Revenues	<u>1,910,824</u>	<u>2,008,430</u>	<u>2,035,240</u>	<u>26,810</u>
<b>EXPENDITURES</b>				
Current				
Community Service	1,971,941	2,018,259	1,999,069	(19,190)
Capital Outlay	9,250	25,943	31,743	5,800
Total Expenditures	<u>1,981,191</u>	<u>2,044,202</u>	<u>2,030,812</u>	<u>(13,390)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (70,367)</u>	<u>\$ (35,772)</u>	4,428	<u>\$ 40,200</u>
<b>FUND BALANCE</b>				
Beginning of Year			<u>364,452</u>	
End of Year			<u>\$ 368,880</u>	

See accompanying Notes to Financial Statements.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2015**

	<b>Irrevocable OPEB Trust</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and Investments	\$ 5,925,234	\$ 95,534
Due From Other Governments	-	41,844
Total Assets	5,925,234	\$ 137,378
<b>LIABILITIES</b>		
Due to Collaborative	-	\$ 137,228
Due to Other Governmental Units	-	150
Total Liabilities	-	\$ 137,378
<b>NET POSITION</b>		
Held in Trust for OPEB Benefits	5,925,234	
Total Net Position	\$ 5,925,234	

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2015**

	<b>Irrevocable OPEB Trust</b>
<b>ADDITIONS</b>	
Earnings on Investments	\$ 209,894
Total Additions	209,894
<b>DEDUCTIONS</b>	
Administration Fees	32,000
Benefit Payments	757,729
Total Deductions	789,729
<b>CHANGE IN NET POSITION</b>	(579,835)
Net Position - Beginning of Year	6,505,069
<b>NET POSITION - END OF YEAR</b>	\$ 5,925,234

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, 2015**

**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, 2015**

**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.

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INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**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.

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JUNE 30, 2015**

**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, 2015**

**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. Cash and Investments Held by Trustee**

As of June 30, 2015, cash and investments held in escrow consisted of a guaranteed investment contract held by Bank of America for the payment of the QZAB loan.

**H. Accounts Receivable**

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

**I. Inventories**

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

**J. Prepaid Items**

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

**WINONA AREA PUBLIC SCHOOLS  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**K. Prefunded Other Postemployment Benefits Obligations**

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

**L. 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 2014 pay 2015 levy, normally revenue for the 2015-16 fiscal year, are also advance recognized at June 30, 2015, 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, 2015, 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, 2015**

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

**M. 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.

**N. 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 one type of item that qualifies as this reporting element, pension related.

**O. 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, as well as issuance costs, 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.

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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**P. Accrued Employee Benefits**

**Compensated Absences**

Employees earn annual vacation at rates dependent upon each employee group labor contract. At June 30, 2015, unpaid vacation pay totaling \$161,312 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.



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JUNE 30, 2015**

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

**P. 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 2015 were \$18,982. The liability for severance totaled \$411,000 and is recorded in the Statement of Net Position.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**Q. Pensions**

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

**R. 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.

**S. 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, preschool fees, and fund balance penalty for Community Education.

**T. 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, 2015**

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

**T. 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.

**U. 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.

**V. 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 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.

**WINONA AREA PUBLIC SCHOOLS  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**W. Restatement Due to a Change in Accounting Principle**

At June 30, 2015, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and related Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. These pronouncements require the restatement of the June 30, 2014, net position of the governmental activities as follows:

	Governmental Activities
Net Position, June 30, 2014, as Previously Reported	\$ 20,314,342
Cumulative Affect of Application of GASB 68, Net Pension Liability	(29,758,993)
Cumulative Affect of Application of GASB 71, Deferred Outflow of Resources for District Contributions Made to the Plan During Fiscal Year Ending June 30, 2014	1,759,408
Net Position, June 30, 2014, as Restated	\$ (7,685,243)

**X. 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, 2014, from which the summarized information was derived.

**NOTE 2 STEWARDSHIP AND ACCOUNTABILITY**

**A. Excess of Expenditures Over Budget**

Expenditures exceeded budgeted amounts in the following funds at June 30, 2015:

	Budget	Expenditures	Excess
General Fund	\$ 41,612,664	\$ 42,103,260	\$ 490,596
Special Revenue Fund:			
Capital Projects- Building Construction Fund	882,768	984,356	101,588
Debt Service Fund	2,149,310	2,152,685	3,375

**B. Deficit Fund Balance**

The Capital Projects Fund had a deficit fund balance of \$583,370 at June 30, 2015. The District will eliminate the deficit with future levy authority.

**WINONA AREA PUBLIC SCHOOLS  
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JUNE 30, 2015**

**NOTE 2 STEWARDSHIP AND ACCOUNTABILITY (CONTINUED)**

**C. Interfund Receivables and Payables**

The District had the following interfund receivables and payables at June 30, 2015:

	Due from Other Fund	Due to Other Fund
General Fund	\$ 479,745	\$ -
Capital Projects Fund	-	479,745
	\$ 479,745	\$ 479,745

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.

**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, 2015 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.

**WINONA AREA PUBLIC SCHOOLS  
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JUNE 30, 2015**

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

**B. Investments (Continued)**

- 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.

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, 2015, the District had the following investments:

**Guaranteed Investment Contract –**

	Fair Value
Bank of America	
Interest Rate of 3.00%, Matures on December 28, 2015	\$ 871,546

The investment is held by a fiscal agent, in accordance with the QZAB agreement, for payment of the QZAB loan (see Note 5C). The investment is unsecured and uncollateralized.

**Investments Held in Other Postemployment Benefit Trust –**

Type	Fair Value
Money Market Fund	\$ 5,190
Mutual Funds	6,289,274
Total	\$ 6,294,464

**WINONA AREA PUBLIC SCHOOLS  
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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

***Interest Rate Risk***

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

Type	Total	12 Months or Less
Money Market Fund	\$ 5,190	\$ 5,190
Mutual Funds	6,289,274	6,289,274
Guaranteed Investment Contract	871,546	871,546
Total	<u>\$ 7,166,010</u>	<u>\$ 7,166,010</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.

***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:

Type	Rating
Money Market Fund - First American Government Obligations	AAAm
Mutual Funds - Equity	Not Rated
Fixed Income	Not Rated
Guaranteed Investment Contract - Bank of America	Not Rated

**WINONA AREA PUBLIC SCHOOLS  
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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

***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 Developed Markets Index	\$ 951,588	13.28%
Vanguard Total Stock Market Index	1,734,123	24.20%
Baird Core Plus Bond Fund	733,770	10.24%
Doubleline Core Fix Income	496,372	6.93%
Metropolitan West	735,499	10.26%
Vanguard Intermediate Term	504,827	7.04%
Bank of America	871,546	12.16%

**C. Balance Sheet Presentation**

Total cash and investments at June 30, 2015 consist of:

Deposits	\$ 10,894,222
Cash on Hand	1,225
Money Market Fund	5,190
Mutual Funds	6,289,274
Guaranteed Investment Contract	871,546
Total Cash and Investments	<u>\$ 18,061,457</u>
Cash and Investments - Statement of Net Position	\$ 11,169,143
Cash and Investments Held by Trustee - Statement of Net Position	871,546
Cash and Investment - Fiduciary Funds	6,020,768
Total Cash and Investments	<u>\$ 18,061,457</u>



**WINONA AREA PUBLIC SCHOOLS  
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**NOTE 4 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 1,314,192	\$ -	\$ -	\$ 1,314,192
Total Capital Assets, Not Being	1,314,192	-	-	1,314,192
Capital Assets, Being Depreciated				
Land Improvements	4,967,317	-	(465)	4,966,852
Buildings and Improvements	47,238,977	-	-	47,238,977
Equipment	6,929,776	428,691	(19,265)	7,339,202
Total Capital Assets, Being Depreciated	59,136,070	428,691	(19,730)	59,545,031
Accumulated Depreciation for				
Land Improvements	(2,153,538)	(195,810)	465	(2,348,883)
Buildings and Improvements	(22,922,169)	(1,448,735)	-	(24,370,904)
Equipment	(4,846,196)	(410,930)	19,265	(5,237,861)
Total Accumulated Depreciation	(29,921,903)	(2,055,475)	19,730	(31,957,648)
Total Capital Assets, Being	29,214,167	(1,626,784)	-	27,587,383
Governmental Activities Capital Assets, Net	\$ 30,528,359	\$ (1,626,784)	\$ -	\$ 28,901,575

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

<b>Governmental Activities</b>	
Administration	\$ 52,307
District Support Services	78,997
Regular Instruction	1,238,874
Vocational Education Instruction	27,154
Special Education Instruction	49,276
Instructional Support Services	84,665
Pupil Support Services	363,827
Sites and Buildings	118,505
Food Service	41,870
Total Depreciation Expense, Governmental Activities	<u>#####</u>

**WINONA AREA PUBLIC SCHOOLS  
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**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	\$ 1,460,000	\$ 6,795,000
1/15/2009	3.25% - 6.70%	8,690,000	2/1/2029	325,000	7,005,000
2/5/2013	2.00% - 2.15%	1,580,000	2/1/2028	100,000	1,385,000
11/13/2013	2.00% - 3.05%	2,140,000	2/1/2028	130,000	1,960,000
Total General Obligation Bonds				2,015,000	17,145,000
Bond Premium - Net				-	298,706
Bond Discounts - Net				-	(58,071)
Capital Lease Payable				415,146	1,800,734
Certificates of Participation Payable				161,641	1,197,743
QZAB Loan				942,903	942,903
Net Pension Liability				-	24,063,960
Severance Payable				92,659	411,000
Compensated Absences Payable				161,312	161,312
				<u>\$ 3,788,661</u>	<u>\$ 45,963,287</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 Bonds Payable		General Obligation Refunding Bonds Payable		General Obligation Capital Facilities Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 325,000	\$ 427,340	\$ 1,460,000	\$ 117,650	\$ 230,000	\$ 78,510
2017	345,000	411,090	1,730,000	88,450	235,000	73,910
2018	365,000	393,150	1,780,000	53,850	235,000	69,210
2019	390,000	373,440	1,825,000	18,250	240,000	64,510
2020	415,000	351,600	-	-	245,000	59,710
2021 - 2025	2,510,000	1,354,170	-	-	1,300,000	214,700
2026 - 2029	2,655,000	452,870	-	-	860,000	46,490
	<u>\$ 7,005,000</u>	<u>\$ 3,763,660</u>	<u>\$ 6,795,000</u>	<u>\$ 278,200</u>	<u>\$ 3,345,000</u>	<u>\$ 607,040</u>

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

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

Year Ending June 30	QZAB Loan Payable	
2016	Principal	Interest
	\$ 942,903	\$ -
	\$ 942,903	\$ -
Certificates of Participation		
Year Ending June 30	Payable	
2016	Principal	Interest
2017	\$ 161,641	\$ 72,344
2018	171,404	62,581
2019	181,757	52,228
2020	192,735	41,250
2021 - 2022	204,376	29,608
	285,830	53,814
	\$ 1,197,743	\$ 311,825

**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.

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**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 does not bear interest. Annual payments of \$55,100 are made to a reserve account at Bank of America. The reserve account holds the cash until the loan's maturity date on December 28, 2015, at which time the balance in the reserve account will pay off the loan. The reserve account is 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 are 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.

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.

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**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 \$1,648,335. 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, 2015:

<u>Year Ending June 30,</u>	<u>Annual Lease Payments</u>
2016	\$ 496,475
2017	295,625
2018	295,625
2019	295,625
2020	241,394
2021 - 2022	<u>482,788</u>
Total Minimum Lease Payments	2,107,532
Less Amounts Representing Interest	<u>306,798</u>
Present Value of Net Minimum Lease Payments	<u><u>\$ 1,800,734</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, 2015. 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, 2014</u>	<u>Net Additions</u>	<u>Retirements</u>	<u>June 30, 2015</u>
Bonds Payable	\$ 19,165,000	\$ -	\$ 2,020,000	\$ 17,145,000
Bond Premium	365,821	-	67,115	298,706
Bond Discounts	(62,373)	-	(4,302)	(58,071)
Certificates of Participation Payable	1,350,177	-	152,434	1,197,743
QZAB Loan	942,903	-	-	942,903
Lease Purchase Obligations	2,005,256	247,123	451,645	1,800,734
Net Pension Liability	29,758,993	14,251,156	19,946,189	24,063,960
Severance Benefits Payable	360,000	59,991	8,991	411,000
Compensated Absences Payable - Net	164,488	319,149	322,325	161,312
	<u>\$ 54,050,265</u>	<u>\$ 14,877,419</u>	<u>\$ 22,964,397</u>	<u>\$ 45,963,287</u>

**WINONA AREA PUBLIC SCHOOLS  
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**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.

**H. Restricted for Career and Technical Programs**

Restricted for career and technical programs represents available resources to be used only to provide for career and technical programs.

**WINONA AREA PUBLIC SCHOOLS  
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**NOTE 6 RESTRICTED FUND BALANCES (CONTINUED)**

**Restricted Fund Equity (Continued)**

**I. Restricted for Community Education Programs**

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

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

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

**K. 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.

**L. Restricted for Adult Basic Education**

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

**M. 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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**NOTE 8 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 cities of Duluth and 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 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 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 PENSION PLANS (CONTINUED)**

**B. Benefits Provided (Continued)**

2. TRA Benefits (Continued)

The benefit provisions stated apply to active plan participants. Vested, terminated employees who are entitled to benefits but not yet receiving them are bound by the 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 6.25%, respectively, of their annual covered salary in calendar year 2014. Coordinated Plan members contributed 6.5% of pay in 2015. In calendar year 2014, the District was required to contribute 11.78% of pay for Basic Plan members and 7.25% for Coordinated Plan members. In 2015, employer rates increased to 7.5% in the Coordinated Plan. The District's contributions to the GERF for the plan's fiscal year ended June 30, 2015, were \$566,623. 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, 2014		Ending June 30, 2015	
	Employee	Employer	Employee	Employer
Basic	10.50%	11.00%	11.00%	11.50%
Coordinated	7.0	7.0	7.5	7.5

The District's contributions to TRA for the plan's fiscal year ended June 30, 2015, were \$1,305,316. 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, 2015, the District reported a liability of \$6,861,686 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2014, 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, 2013, through June 30, 2014, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2014, the District's proportion was 0.146%.

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**NOTE 8 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

1. GERF Pension Costs (Continued)

For the year ended June 30, 2015, the District recognized pension expense of \$509,130 for its proportionate share of GERF's pension expense.

At June 30, 2015, 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	\$ 105,255	\$ -
Changes in Actuarial Assumptions	706,821	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,853,120
District Contributions Subsequent to the Measurement Date	566,623	-
Total	<u>\$ 1,378,699</u>	<u>\$ 1,853,120</u>

Of the resources related to pensions resulting from District contributions to GERF subsequent to the measurement date, \$566,623 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, 2016. Other amounts reported as deferred outflows and inflows of resources related to GERF pensions will be recognized in pension expense as follows:

Year Ended June 30	Pension Expenses Amount
2016	\$ (192,588)
2017	(192,588)
2018	(192,588)
2019	(463,280)

2. TRA Pension Costs

At June 30, 2015, the District reported a liability of \$17,202,274 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2014, 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 0.3735% at the end of the measurement period and 0.3802% for the beginning of the period.

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**NOTE 8 PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

2. TRA Pension Costs (Continued)

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

Description	Amount
District's Proportionate Share of the TRA Net Pension Liability	\$ 17,202,274
State's Proportionate Share of TRA's Net Pension Liability Associated with the District	1,210,819

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, 2015, the District recognized pension expense of \$784,783. It also recognized \$52,819 as pension expense for the support provided by direct aid.

At June 30, 2015, the District reported its proportionate share of the TRA's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 1,468,532	\$ -
Net Difference Between Projected and Actual Investment Earnings	-	5,410,843
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	71,787	317,971
District Contributions Subsequent to the Measurement Date	1,305,316	-
Total	\$ 2,845,635	\$ 5,728,814

**WINONA AREA PUBLIC SCHOOLS  
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**NOTE 8 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, \$1,305,316 is reported as deferred outflows and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to TRA will be recognized in pension expense as follows:

Year Ended June 30	Pension Expenses Amount
2016	\$ (1,097,523)
2017	(1,097,523)
2018	(1,097,523)
2019	(1,097,523)
2020	201,597

**E. Actuarial Assumptions**

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions:

Assumptions	GERF	TRA
Inflation	2.75%	3.50%
Active Member Payroll Growth	3.50% per Year	3.75% Based on Years of Service
Investment Rate of Return	7.90%	8.25%

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.

Actuarial assumptions used in the June 30, 2014, valuation were based on the results of actuarial experience studies. The actuarial assumptions used in the June 30, 2014, 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 2014: As of July 1, 2013, the postretirement benefit increase rate was assumed to increase from 1.0% to 2.5% on January 1, 2046. As of July 1, 2014, the postretirement benefit increase rate was assumed to increase from 1.0% to 2.5% on January 1, 2031.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 8 PENSION PLANS (CONTINUED)**

**E. Actuarial Assumptions (Continued)**

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 to 2.5% annually once the legally specified criteria are met. This is estimated to occur July 1, 2034.

The long-term expected rate of return on pension plan investments is 7.9% for GERF and 8.25% 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>	

**F. Discount Rate**

The discount rate used to measure the total pension liability was 7.9% for GERF and 8.25% 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.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 8 PENSION PLANS (CONTINUED)**

**G. Pension Liability Sensitivity**

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

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
<u>GERF Discount Rate</u>	6.90%	7.90%	8.90%
District's Proportionate Share of the GERF Net Pension Liability	\$ 11,053,935	\$ 6,861,686	\$ 3,404,723
<u>TRA Discount Rate</u>	7.25%	8.25%	9.25%
District's Proportionate Share of the TRA Net Pension Liability	\$ 28,443,246	\$ 17,202,274	\$ 7,846,477

**H. Pension Plan Fiduciary Net Position**

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

**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.



**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**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 2015, 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.

	2015
Annual Required Contribution	\$ 621,485
Interest on Net OPEB Calculation	(224,507)
Adjustment to Annual Required Contribution	316,563
Annual OPEB Cost (Expense)	713,541
Contributions Made	-
Decrease in Net OPEB Obligation	713,541
Net OPEB Obligation (Asset) - Beginning of Year	(5,612,665)
Net OPEB Obligation (Asset)- End of Year	\$ (4,899,124)

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, 2015, and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation Obligation
6/30/2015	\$ 713,541	0.0%	\$ (4,899,124)
6/30/2014	960,683	702.4%	(5,612,665)
6/30/2013	958,302	117.4%	174,275

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**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.

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, 2015 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, 2015, 2014, and 2013 are \$100,499, \$115,030, and \$116,337, respectively. The related employee contributions were \$513,904, \$565,006, and \$546,408, for the years ended June 30, 2015, 2014, and 2013, respectively.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 11 FLEXIBLE BENEFIT PLAN**

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

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

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

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

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

**NOTE 12 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, 2015.

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**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.

**Operating Leases**

The District has commitments under operating leases for district vehicles. The following is a schedule of future minimum rental payments required under the operating leases.

<u>Year Ending June 30</u>	
2016	\$ 9,334
2017	9,334
2018	<u>1,556</u>
Total Minimum Lease Payments	<u><u>\$ 20,224</u></u>

The District had \$9,334 of expenditures related to operating leases during the year ended June 30, 2015.

**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%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
YEAR ENDED JUNE 30, 2015**

Fiscal Year Ended	Annual Required Contribution	Employer Contribution	Percentage Contributed
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><b>2015</b></u>
<b>Measurement Date</b>	6/30/14
<b>PERA</b>	
District's Proportion of the Net Pension Liability	0.1460%
District's Proportionate Share of the Net Pension Liability	\$ 6,861,686
District's Covered-Employee Payroll	7,651,708
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	89.68%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.70%
<b>TRA</b>	
District's Proportion of the Net Pension Liability	0.3735%
District's Proportionate Share of the Net Pension Liability	\$ 17,202,274
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>1,210,819</u>
	\$ 18,413,093
District's Covered-Employee Payroll	17,048,760
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	100.90%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.50%



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

	<b>2015</b>
<b>PERA</b>	
Contractually Required Contribution	\$ 566,623
Contributions in Relation to the Contractually Required Contribution	(566,623)
Contribution Deficiency (Excess)	\$ -
 District's Covered-Employee Payroll	\$ 7,660,610
 Contributions as a Percentage of Covered Employee Payroll	7.40%
 <b>TRA</b>	
Contractually Required Contribution	\$ 1,305,316
Contributions in Relation to the Contractually Required Contribution	(1,305,316)
Contribution Deficiency (Excess)	\$ -
 District's Covered-Employee Payroll	\$ 17,404,261
 Contributions as a Percentage of Covered Employee Payroll	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, 2015**

**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED OF JUNE 30, 2014)**

	2015		Over (Under) Final Budget	2014
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
<b>REVENUES</b>				
Local Sources:				
Earnings on Investments	\$ 800	\$ -	\$ (800)	\$ 5,681
Total Revenues	800	-	(800)	5,681
<b>EXPENDITURES</b>				
Current:				
Purchased Services	882,768	777,959	(104,809)	2,121,638
Capital Outlay	-	206,397	206,397	-
Total Expenditures	882,768	984,356	101,588	2,121,638
Deficiency of Revenues Under Expenditures	(881,968)	(984,356)	(102,388)	(2,115,957)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Sale of Bonds	-	-	-	2,140,000
Bond Premium	-	-	-	49,332
Transfer Out	-	-	-	(59,057)
Total Other Financing Sources (Uses)	-	-	-	2,130,275
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (881,968)</b>	<b>(984,356)</b>	<b>\$ (102,388)</b>	<b>14,318</b>
Fund Balance - Beginning of Year		400,986		386,668
<b>FUND BALANCE - END OF YEAR</b>		<b>\$ (583,370)</b>		<b>\$ 400,986</b>

**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, 2015**

**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED OF JUNE 30, 2014)**

	<u>2015</u>		<b>Over (Under) Final Budget</b>	<u>2014</u>
	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>		<b>Actual Amounts</b>
<b>REVENUES</b>				
Local Sources				
Property Tax	\$ 2,077,081	\$ 2,048,997	\$ (28,084)	\$ 1,697,582
Earnings on Investments	6,523	4,616	(1,907)	7,067
State Sources	29,000	36,803	7,803	28,992
Total Revenues	<u>2,112,604</u>	<u>2,090,416</u>	<u>(22,188)</u>	<u>1,733,641</u>
<b>EXPENDITURES</b>				
Debt Service:				
Bond Principal	1,895,000	1,895,000	-	1,630,000
Bond Interest	252,510	252,510	-	260,147
Paying Agent Fees and Other	1,800	5,175	3,375	1,350
Total Expenditures	<u>2,149,310</u>	<u>2,152,685</u>	<u>3,375</u>	<u>1,891,497</u>
Deficiency of Revenues Under Expenditures	(36,706)	(62,269)	(25,563)	(157,856)
<b>OTHER FINANCING SOURCES</b>				
Transfers In	-	-	-	59,057
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,057</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ (36,706)</u>	<u>(62,269)</u>	<u>\$ (25,563)</u>	<u>(98,799)</u>
Fund Balance - Beginning of Year		<u>397,744</u>		<u>496,543</u>
<b>FUND BALANCE - END OF YEAR</b>		<u>\$ 335,475</u>		<u>\$ 397,744</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, 2015**

**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED OF JUNE 30, 2014)**

	2015		Over (Under) Final Budget	2014
	Final Budgeted Amounts	Actual Amounts		Actual Amounts
<b>REVENUES</b>				
Local Sources				
Property Tax	\$ 738,877	\$ 729,736	\$ (9,141)	\$ 730,043
Earnings on Investments	1,780	1,376	(404)	2,269
State Sources	11,400	13,110	1,710	12,477
Total Revenues	752,057	744,222	(7,835)	744,789
<b>EXPENDITURES</b>				
Debt Service:				
Bond Principal	310,000	310,000	-	295,000
Bond Interest	442,065	442,065	-	455,340
Paying Agent Fees and Other	450	450	-	450
Total Expenditures	752,515	752,515	-	750,790
Deficiency of Revenues Under Expenditures	\$ (458)	(8,293)	\$ (7,835)	(6,001)
Fund Balance - Beginning of Year		164,881		170,882
Fund Balance - End of Year		\$ 156,588		\$ 164,881

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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, 2015**

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	\$ 71,087	
Total Non-Cash Assistance					\$ 71,087
Cash Assistance:					
National School Lunch Program	10.555	#	1-861-000	561,485	
School Breakfast Program	10.553	#	1-861-000	122,737	
Child Nutrition Discretionary Grants	10.579		**	527	
Total Cash Assistance					684,749
Total US Department of Agriculture					<u>755,836</u>
U.S. Department of Education					
Pass-Through Minnesota Department of Education					
Cash Assistance:					
Title I - Grants to Local Education Agencies	84.010		**	418,068	
Title II, Part A - Teacher Quality	84.367		**	167,838	
Title III, Part A	84.365		**	9,138	
Special Education - Grants to States	84.027	&	**	819,111	
IDEA Part B Section 619 - Preschool					
Grant for Children with Disabilities	84.173	&	**	26,889	
Special Education - Grants for					
Infants and Families	84.181		**	32,265	
Pass-Through Zumbro Education District					
Cash Assistance:					
Special Education - Grants to States	84.027	&	**	1,250	
Pass-Through Goodhue County Education District					
Cash Assistance:					
Carl Perkins Vocational Education					
Basic Grants to States	84.048		**	8,079	
Pass-Through Owatonna Public Schools					
Cash Assistance:					
Adult Education Basic Grants to States	84.002		**	4,442	
Total US Department of Education					<u>1,487,080</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE EXPENDED					<u>\$ 2,242,916</u>

# - Child Nutrition Cluster

& - Special Education Cluster

\*\* - 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, 2015**

**NOTE 1 GENERAL**

The accompanying Schedule of Federal Awards presents the expenditures of all federal financial assistance programs of Independent School District No. 861. The reporting entity is defined in Note 1 to the District's financial statements. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included on the schedule.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the District's financial statements.

**NOTE 3 TOTALS BY CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER**

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Total Expenditures</u>
National School Lunch Program	10.555	\$ 632,572



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

Board of Education  
Independent School District No. 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, 2015, and the related notes to the financial statements, which collectively comprise Independent School District No. 861's basic financial statements, and have issued our report thereon dated November 18, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Independent School District No. 861'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 Independent School District No. 861's internal control. Accordingly, we do not express an opinion on the effectiveness of Independent School District No. 861's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001 that we consider to be a significant deficiency.

**Compliance and Other Matters**

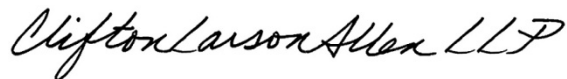
As part of obtaining reasonable assurance about whether Independent School District No. 861's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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**

Independent School District No. 861'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Austin, Minnesota  
November 18, 2015



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL  
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

**Report on Compliance for Each Major Federal Program**

We have audited Independent School District No. 861's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Independent School District No. 861's major federal programs for the year ended June 30, 2015. Independent School District No. 861'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 Independent School District No. 861'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Independent School District No. 861's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Independent School District No. 861 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, 2015.

**Report on Internal Control Over Compliance**

Management of Independent School District No. 861 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 Independent School District No. 861'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 OMB Circular A-133, 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 Independent School District No. 861'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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Austin, Minnesota  
November 18, 2015



## INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 861, as of and for the year ended June 30, 2015, and the related notes to the financial statements and have issued our report thereon dated November 18, 2015.

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 Political Subdivisions*, except as described in the Schedule of Findings and Questioned Costs as item 2015-001. 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.

Independent School District No. 861'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 compliance and, accordingly, we express no opinion on their response.

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



**CliftonLarsonAllen LLP**

Austin, Minnesota  
November 18, 2015

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**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2015**

**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? \_\_\_\_\_yes        X   no
  - Significant deficiency(ies) identified that are not considered to be material weakness(es)?   X   yes      \_\_\_\_\_ 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 section 510(a) of OMB Circular A-133? \_\_\_\_\_ 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	Child Nutrition
84.027 & 84.173	Special Education

Dollar threshold used to distinguish between Type A and Type B programs: \$   300,000  

Auditee qualified as low-risk auditee pursuant to OMB Circular A-133? \_\_\_\_\_ yes        x   no

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2015**

**PART II: FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS**

**Finding: 2015-001 Controls Over Proper UFARS Coding**

**Condition:** Two of 40 transactions selected for testing were not properly coded under the Minnesota Department of Education's Uniform Financial Accounting and Reporting Standards. The District's internal control processes were followed appropriately; however the coding errors were not prevented, or detected and corrected.

**Criteria:** The 2015 UFARS Manual describes permitted code combinations and the appropriate uses for particular coding dimensions. The District should have controls in place to prevent, or detect and correct, a material misstatement in the financial statements in a timely manner.

**Questioned Costs:** None

**Context:** The transaction identified was supported by appropriate documentation to substantiate the expenditure and was a proper District expenditure.

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

**Cause:** The code assigned to the disbursement did not properly correspond to the nature of the expenditure.

**Recommendation:** We recommend that the District continue in its review of account coding as described in the UFARS Manual.

**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 account coding for its disbursements.

**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 1, 2015

**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  
YEAR ENDED JUNE 30, 2015**

**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**

See 2015-001

**WINONA AREA PUBLIC SCHOOLS  
 INDEPENDENT SCHOOL DISTRICT NO. 861  
 SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS  
 YEAR ENDED JUNE 30, 2015**

<u>Comment Reference</u>	<u>Comment Title</u>	<u>Status</u>	<u>If not Corrected, Provide Planned Corrective Action or Other Explanation</u>
2014-001	Time and Effort Record Completion	Corrected	

**WINONA AREA PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 861  
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS  
COMPLIANCE TABLE  
JUNE 30, 2015**

	Audit	UFARS	Audit-UFARS		Audit	UFARS	Audit-UFARS
<b>01 GENERAL FUND</b>				<b>06 BUILDING CONSTRUCTION</b>			
Total Revenues	\$ 41,346,155	\$ 41,346,156	\$ (1)	Total Revenues	\$ -	\$ -	\$ -
Total Expenditures	\$ 42,103,260	\$ 42,103,256	\$ 4	Total Expenditures	\$ 984,356	\$ 984,356	\$ -
<i>Nonspendable:</i>				<i>Nonspendable:</i>			
460 Nonspendable	\$ 57,049	\$ 57,049	\$ -	460 Nonspendable	\$ -	\$ -	\$ -
<i>Restricted</i>				<i>Restricted</i>			
403 Staff Development	\$ 202,737	\$ 202,737	\$ -	407 Capital Projects Levy	\$ -	\$ -	\$ -
405 Deferred Maintenance	\$ 179,829	\$ 179,829	\$ -	409 Alternative Fac. Program	\$ (729,655)	\$ (729,655)	\$ -
406 Health & Safety	\$ (1,357,184)	\$ (1,357,184)	\$ -	413 Project Funded by COP	\$ -	\$ -	\$ -
407 Capital Project Levy	\$ -	\$ -	\$ -	464 Other Purposes	\$ 146,285	\$ 146,285	\$ -
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	\$ 2,090,416	\$ 2,090,417	\$ (1)
423 Certain Teacher Programs	\$ -	\$ -	\$ -	Total Expenditures	\$ 2,152,685	\$ 2,152,685	\$ -
424 Operating Capital	\$ 329,342	\$ 329,342	\$ -	<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	\$ 335,475	\$ 335,475	\$ -
436 St. Approved Alt. Prog.	\$ -	\$ -	\$ -	<i>Unassigned:</i>			
438 Gifted & Talented	\$ -	\$ -	\$ -	463 Unassigned	\$ -	\$ -	\$ -
440 Teacher Development and Evaluation	\$ 83,641	\$ 83,641	\$ -				
441 Basic Skills	\$ -	\$ -	\$ -	<b>08 TRUST</b>			
443 Telecomm. Access Cost	\$ -	\$ -	\$ -	Total Revenues	\$ -	\$ -	\$ -
445 Career & Tech Programs	\$ -	\$ -	\$ -	Total Expenditures	\$ -	\$ -	\$ -
449 Safe Schools Levy	\$ 29,875	\$ 29,875	\$ -	<i>Nonspendable:</i>			
450 Pre-Kindergarten	\$ -	\$ -	\$ -	460 Nonspendable	\$ -	\$ -	\$ -
451 QZAB Payments	\$ 876,964	\$ 876,964	\$ -	<i>Unassigned:</i>			
452 OPEB Liab. Not in Trust	\$ -	\$ -	\$ -	422 Unassigned	\$ -	\$ -	\$ -
453 Unfunded Sev & Retirement Levy	\$ -	\$ -	\$ -				
464 Restricted Fund Balance	\$ 177,520	\$ 177,520	\$ -	<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	\$ 183,514	\$ 183,514	\$ -	Total Revenues	\$ -	\$ -	\$ -
<i>Unassigned:</i>				Total Expenditures	\$ -	\$ -	\$ -
422 Unassigned	\$ 5,911,094	\$ 5,911,096	\$ (2)	<i>Unassigned:</i>			
				422 Unassigned	\$ -	\$ -	\$ -
<b>02 FOOD SERVICE</b>							
Total Revenues	\$ 1,642,170	\$ 1,642,164	\$ 6	<b>25 OPEB REVOCABLE TRUST</b>			
Total Expenditures	\$ 1,692,127	\$ 1,692,121	\$ 6	Total Revenues	\$ -	\$ -	\$ -
<i>Nonspendable:</i>				Total Expenditures	\$ -	\$ -	\$ -
460 Nonspendable	\$ 17,922	\$ 17,922	\$ -	<i>Unassigned:</i>			
<i>Restricted:</i>				422 Unassigned	\$ -	\$ -	\$ -
452 OPEB Liab. Not in Trust	\$ -	\$ -	\$ -				
464 Other Purposes	\$ 187,699	\$ 187,699	\$ -	<b>45 OPEB IRREVOCABLE TRUST</b>			
<i>Unassigned:</i>				Total Revenues	\$ 209,894	\$ 209,894	\$ -
463 Unassigned	\$ -	\$ -	\$ -	Total Expenditures	\$ 789,729	\$ 789,730	\$ (1)
				<i>Unassigned:</i>			
				422 Unassigned	\$ 5,925,234	\$ 5,925,234	\$ -
<b>04 COMMUNITY SERVICE</b>							
Total Revenues	\$ 2,035,240	\$ 2,035,246	\$ (6)	<b>47 OPEB DEBT SERVICE</b>			
Total Expenditures	\$ 2,030,812	\$ 2,030,821	\$ (9)	Total Revenues	\$ 744,222	\$ 744,223	\$ (1)
<i>Nonspendable:</i>				Total Expenditures	\$ 752,515	\$ 752,515	\$ -
460 Nonspendable	\$ 765	\$ 765	\$ -	<i>Restricted:</i>			
<i>Restricted:</i>				464 Other Purposes	\$ 156,588	\$ 156,588	\$ -
426 \$25 Taconite	\$ -	\$ -	\$ -	<i>Unassigned:</i>			
431 Community Education	\$ 295,648	\$ 295,648	\$ -	463 Unassigned	\$ -	\$ -	\$ -
432 E.C.F.E.	\$ 2,385	\$ 2,385	\$ -				
444 School Readiness	\$ 13,776	\$ 13,776	\$ -				
447 Adult Basic Education	\$ 55,198	\$ 55,198	\$ -				
452 OPEB Liab. Not in Trust	\$ -	\$ -	\$ -				
464 Other Purposes	\$ 1,108	\$ 1,107	\$ 1				
<i>Unassigned:</i>							
463 Unassigned	\$ -	\$ -	\$ -				

