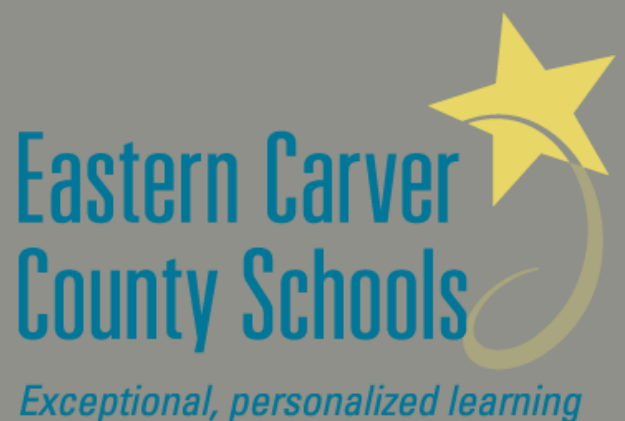




# Comprehensive Annual Financial Report

YEAR ENDED JUNE 30, 2020

INDEPENDENT SCHOOL  
DISTRICT NO. 112  
CHASKA, MN



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**EASTERN CARVER COUNTY SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 112  
CHASKA, MINNESOTA**

**YEAR ENDED JUNE 30, 2020**

**PREPARED BY THE  
FINANCE DEPARTMENT**

**DEEDEE KAHRING  
DIRECTOR OF FINANCE AND OPERATIONS**

**PAM JENSEN  
FINANCE AND HUMAN RESOURCES MANAGER**

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2020**

**INTRODUCTORY SECTION**

TRANSMITTAL LETTER	1
SCHOOL BOARD AND ADMINISTRATION	10
ORGANIZATIONAL CHART	11
CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING	12

**FINANCIAL SECTION**

INDEPENDENT AUDITORS' REPORT	13
REQUIRED SUPPLEMENTARY INFORMATION	
MANAGEMENT'S DISCUSSION AND ANALYSIS	16
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	30
STATEMENT OF ACTIVITIES	31
BALANCE SHEET – GOVERNMENTAL FUNDS	32
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION	33
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – GOVERNMENTAL FUNDS	34
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES	35
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND	36
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – FOOD SERVICE FUND	37
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – COMMUNITY SERVICE FUND	38
STATEMENT OF NET POSITION – PROPRIETARY FUND – INTERNAL SERVICE FUND	39
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION – PROPRIETARY FUND – INTERNAL SERVICE FUND	40
STATEMENT OF CASH FLOWS – PROPRIETARY FUND – INTERNAL SERVICE FUND	41
STATEMENT OF FIDUCIARY NET POSITION	42
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION	42
NOTES TO BASIC FINANCIAL STATEMENTS	43

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
TABLE OF CONTENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

**REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY (ASSET) AND RELATED RATIOS	83
SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN ON PLAN ASSETS - OPEB	84
TRA SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	85
TRA SCHEDULE OF DISTRICT CONTRIBUTIONS	86
GERF SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	87
GERF SCHEDULE OF DISTRICT CONTRIBUTIONS	88
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	89

**SUPPLEMENTARY INFORMATION**

<b>GENERAL FUND</b>	
BALANCE SHEET	92
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL	93
<b>FOOD SERVICE FUND</b>	
BALANCE SHEET	96
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL	97
<b>COMMUNITY SERVICE FUND</b>	
BALANCE SHEET	98
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL	99
<b>CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND</b>	
BALANCE SHEET	100
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL	101
<b>DEBT SERVICE FUND</b>	
BALANCE SHEET	102
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL	103
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS COMPLIANCE TABLE	104

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
TABLE OF CONTENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

**STATISTICAL SECTION (UNAUDITED)**

NET POSITION BY COMPONENT	106
CHANGES IN NET POSITION	108
FUND BALANCES, GOVERNMENTAL FUNDS	110
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS	112
ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY	114
DIRECT AND OVERLAPPING PROPERTY TAX RATES	115
PRINCIPAL PROPERTY TAXPAYERS	117
PROPERTY TAX LEVIES AND COLLECTIONS	118
OUTSTANDING DEBT BY TYPE	120
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT	121
LEGAL DEBT MARGIN INFORMATION	122
DEMOGRAPHIC AND ECONOMIC STATISTICS	124
PRINCIPAL EMPLOYERS	125
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE	126
OPERATING STATISTICS	127
SCHOOL FACILITIES INFORMATION	128
SUMMARY OF MEALS SERVED	129
SCHEDULE OF INSURANCE COVERAGE	130

## **INTRODUCTORY SECTION**



October 1, 2020

To: Citizens of the School District  
Board of Education  
Employees of the School District

## **INTRODUCTION**

The Comprehensive Annual Financial Report (CAFR) of Independent School District No. 112, Eastern Carver County Schools, Chaska, Minnesota (the District) for the fiscal year ended June 30, 2020 is presented for your information and review. The CAFR is intended to fully disclose the financial position of the District and the results of operations for the fiscal year. Every effort has been made to ensure the reliability and integrity of the data contained herein. Although that data was received from many sources, the accuracy and thoroughness of this report rests solely with the District. This report belongs to the citizens of the Eastern Carver County Schools, for it describes, in financial terms, the position and operating results of the District. Questions and comments are solicited and welcome.

## **REPORT FORMAT**

This CAFR is presented in three main sections: introductory, financial, and statistical. In addition to information contained in this letter, the introductory section includes the District's organizational chart, and a list of the District's principal officials. The financial section includes the independent auditor's report, Management's Discussion and Analysis (MD&A), basic financial statements, notes to basic financial statements, and detailed combining and individual statements and schedules. The statistical section includes selected financial and general information presented on a multi-year comparative basis. Where possible, historical data is presented for a 10-year period.

Accounting principles generally accepted in the United States of America require management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of an MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A of the District can be found immediately following the report of the independent auditors.

## DISTRICT ORGANIZATION

Eastern Carver County Schools serves the cities of Carver, Chaska, Chanhassen, and Victoria. This suburban school district ranks among the best in Minnesota by a number of independent analyses. Across both high schools, the number of graduating seniors rose almost three percent from 91.7% in 2017 to 94.9 9% in 2018. The state graduation rate was 83.2%. Its students consistently perform above state averages on state tests and more than 90% of its graduates go on to 2-year, 4-year, and elite colleges. In 2018, the two high schools were “Silver” award recipients in *U.S. News & World Report’s* annual “Best High Schools” ranking and in the top 15 in the state. The district offers 30 Advanced Placement courses, and has been enrolling more students in those rigorous classes. At the same time, achievement in those classes is increasing. Several elementary and middle schools have been recognized by state organizations for excellence in educational leadership. District curriculum is aligned from early childhood through high school to ensure each student graduates with a high level of knowledge and skills required to be successful in our global society. District teachers and administration consistently engage in a cycle of continuous curriculum improvement to prepare students to be “world ready” and to recommit the district to higher levels of student academic achievement and success. That work has laid the foundation for the District’s strategic plan for Exceptional, Personalized Learning which started in 2014-15. Personalized learning places the student at the center of the learning process. Differentiated experiences, resources, digital tools, and course pacing are based on student need and readiness. Exceptional, Personalized Learning aims to reimagine *school* and lead the charge to make learning more engaging, relevant, and personalized. It reconsiders many aspects of education from the ground-up including the layout and environment of learning spaces, expanding employee expectations and providing learning on a 24/7 basis. In the fall of 2019, voters approved a renewal of the 2013 capital projects referendum, which provides a learning device to every third through 12<sup>th</sup> grade student as a means to enhance and enrich learning

The District is organized by grade level with elementary schools serving students in kindergarten through grade 5, middle schools serving grades 6-8, and the high school serving grades 9-12. The District enrolled nearly 9,650 students from a population of 61,436 residents living in an 84.16 square mile area. During 2019-2020, the District operated 16 school buildings: 2 traditional high schools, a small, arts-focused alternative learning center, 3 middle schools, 8 elementary schools, including a Spanish immersion elementary school, a kindergarten center, and a transition center for young adult special education students. The District also owns a bus garage, a multipurpose domed facility and the District Education Center. District buildings have an average age of 26.95 and comprise of over 2.2 million square feet in size.

During the 2019-2020 school year, Superintendent Clint Christopher and Assistant Superintendent Amy LaDue both resigned, pursuing other employment opportunities at the end of June. The school board conducted an extensive search for a new superintendent and unanimously approved the hiring of Ms. Lisa Sayles-Adams. Ms. Sayles-Adams began her role as superintendent of Eastern Carver County Schools on July 1, 2020. A student-centered leader, Lisa is committed to ensuring educational equity and excellence for every learner. With more than 24 years of experience spanning a multitude of roles, her passion for education and data-driven decision-making has resulted in school performance turnarounds, new strategic planning practices, innovative approaches to teaching, expanding programming, and more. Superintendent Sayles-Adams served most recently as Assistant Superintendent of North St. Paul-Maplewood-Oakdale Public Schools, a position she also held with St. Paul Public Schools. She has also been a principal at all levels and middle school teacher. She has been a frequent guest panelist offering her expertise and insight on academic inequities, building effective leadership teams and strategies, and a practitioner’s perspective on education. She is



currently pursuing her Doctorate in Educational Leadership at Minnesota State University Mankato

After a rigorous and thorough interview process, Erin Rathke began her career at Eastern Carver County Schools in July 2020 as the assistant superintendent. Prior to joining the district, Ms. Rathke was the principal at Minneapolis Public Schools' Justice Page Middle School. Erin brings 20 years of diverse experience in urban and suburban districts to the role. She has held leadership and teaching roles at the middle and high school levels, as well as district level role in instructional development and support. Rathke's background positions her well to partner with principals and teaching staff to enhance Eastern Carver County Schools' already strong academics. She is a data-driven leader with a proven track record of success.

In the fall of 2019 the District brought the following three questions to the voters:

- Question 1 – a \$550 per pupil unit operating referendum (\$5.5 million) to fund the operating costs of the new elementary school and to bridge a funding gap between revenue and expenses.
- Question 2 – a \$111.7 million bond referendum to build a new elementary school and for deferred maintenance repair projects, contingent on passage of question one.
- Question 3 – a ten-year renewal of the 2013 capital projects levy (approximately \$4.4 million per year) to fund technology and security needs for the district.

Questions 1 and 2 were narrowly defeated with Question 3 approved by voters.

The District is guided by its mission, vision and community values:

### **Mission**

Eastern Carver County Schools will prepare learners to achieve their personal best.

### **Vision**

Eastern Carver County Schools is dedicated to the preparation of life-long learners so each may achieve personal success and contribute to family and community.

### **Community Values**

Citizenship: A quality in individuals whereby each adheres to and has an understanding and appreciation of the rights, responsibilities, and privileges afforded our society under the Constitution of the United States of America; and where every individual has a willingness and ability to participate in the democratic process in a lawful manner in a society where actions of the individual, group, or government are free from bias, favoritism, or prejudice.

Environmentalism: A quality of care and concern for our surroundings and being willing to help improve and preserve the environment.

Generosity: A quality in an individual whereby each is willing to share unselfishly in words as well as action and is willing to serve others without pay; indiscriminate altruism, gratitude, and appreciation.

Human Worth and Dignity: One's assessment of the extent to which one is lovable and capable; the personal sense of being valued.

Integrity: The quality of strict personal honesty, truthfulness, and sincerity in the conduct of human interactions.

Learning: A quality in individuals whereby each strives to learn more and increase personal levels of fulfillment and competence throughout life; a condition in which one uses problem solving and reasoned argument to identify, frame, and propose new and improved solutions to existing and emerging problems to the betterment of self and society.

Respect for Others: A quality whereby each and every individual has an unselfish regard and devotion, free from pride or prejudice, to the welfare of others, as well as one's self, by respecting others; by displaying courtesy and compassion; by appreciating and accepting individual differences and cultural diversities; and by showing regard for and knowing the unique qualities of each person as a valued individual.

## **REPORTING ENTITY**

Independent School District No. 112, also known as Eastern Carver County Schools, is an instrumentality of the state of Minnesota established to function as an educational institution. The elected School Board is responsible for legislative and fiscal control of Eastern Carver County Schools. The Superintendent is appointed by the Board and is responsible for administrative control of the District. The District's financial statements include all funds, departments, agencies, boards, commissions, and other component units for which the District is considered to be financially accountable. Component units are legally separate entities for which the District (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit included whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit.

Based on these criteria, there are no organizations considered to be component units of the District.

## **FINANCIAL STATEMENTS**

The financial statements contained in this report disclose the financial position of the District as of June 30, 2020, and the financial operations for the fiscal year then ended. The District's financial records and reports are maintained and prepared on a modified or full accrual basis of accounting in accordance with the Uniform Financial Accounting and Reporting System for Minnesota School Districts as well as the standards of the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. These records are audited annually by an independent certified public accountant as required by Minnesota law. The accounting firm of CliftonLarsonAllen LLP performed the audit for the 2019-20 fiscal year. Their report is included in the financial section of this report. The auditor has given an unmodified opinion on the District's financial statements. An unmodified opinion means that, in the judgment of the auditor, the financial statements present fairly, in all material respects, the financial position of the District and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

## **FEDERAL SINGLE AUDIT AND STATE COMPLIANCE AUDIT**

The independent audit of the financial statements of the District is part of a broader, federally mandated Single Audit designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The District is also required to undergo an annual Minnesota State Legal Compliance Audit under Minnesota Statute §6.65. These reports are available in a separate document.

## **ACCOUNTING AND BUDGETING**

A major thrust of the District's accounting system is to provide adequate internal accounting controls. These controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits likely to be derived, and that the evaluation of the cost and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the District's internal accounting controls adequately safeguard assets and provide reasonable assurance for proper recording of financial transactions.

Budgetary control is maintained through an annual budget adopted by the School Board for all funds as required by state statutes and School Board policy. The adopted budget serves as the authorizing document for all expenditures, and the School Board approves all checks issued on a monthly basis. The Superintendent and Director of Finance & Operations are authorized to make financial commitments within budgetary guidelines up to \$50,000. Additional expenditure controls are maintained by the Finance Department in accordance with state statutes, i.e., the District cannot incur a negative unassigned balance in the General Fund in excess of 2.5% of the preceding year's expenditures. The budget is published annually in the District's legal newspaper to inform residents of the District's financial position and operating plan for the fiscal year.

The District has established a system of internal controls that provide reasonable assurance that assets are safeguarded from misuse or losses. Encumbrances, or open purchase orders, are used as a budgetary control tool and are charged against line item budgets when issued. Specific expenditure, revenue, and detail transaction reports are available online or in hard copy for individuals with budget responsibilities. The reports can be viewed and printed either in the Finance Department or in the administrative office in each building or department. Ongoing budget monitoring by program managers helps to ensure budget integrity and provides an opportunity to detect material budget variances before the end of the fiscal year.

The budget is adopted by the School Board by June 30<sup>th</sup> of each year for the following fiscal year beginning July 1. If needed, the budget is revised based upon enrollment changes, effects of negotiated employee contracts, or other new information impacting revenues or expenditures in the fall and spring. The revised budget is presented to the School Board for approval. To accurately track and report financial activities with a focus on site-based accounting, approximately 18,000 active accounts have been defined in the District's chart of accounts. Legal budgetary control is at the fund level. Budgeted expenditure appropriations lapse at year-end.

## **SIGNIFICANT EVENTS**

The District's finances are largely dependent on student enrollment. Eastern Carver County experienced increasing enrollment from FY10 to FY20. In that decade, 600 students joined the District, an increase of 6.65%. In the most recent 5 years, the annual increase averaged 0.86% or 400 students.

To accommodate increasing enrollment during the last decade, a second high school – Chanhassen High School was opened in 2009. On November 3, 2015, voters approved a bond referendum for a new elementary school in Carver, land for current and future growth and additions at Clover Ridge and Victoria Elementary Schools which combined will provide space for 1,020 additional elementary students. The bond request also included funding for a second swimming pool and a multipurpose domed facility, both providing necessary space for physical education, personal wellness and to support co-curricular needs at both high schools. The bonds were sold in February of 2016 and planning and construction began immediately. All new facilities opened in the calendar years of 2017 and 2018.

As the economy and residential housing construction continues to grow in the District, cities in the District issued nearly 400 new housing permits in fiscal year 2019-20. Expansion continues in Victoria and Chaska with the largest growth in permits of the four cities. Local city officials estimate new construction to remain steady over the next year.

## **FINANCIAL PROSPECTS FOR FUTURE YEARS**

The residents of the District have typically supported efforts to increase revenue through levy referenda. Since 1997, nine operating referenda have been brought to voters and all but one passed. In November of 2019, voters did not approve an operating referendum of \$550 per pupil. The District annually receives approximately \$979.54 per pupil or \$10 million in operating referendum referenda. Legislative actions moved \$300 per pupil out of voter approved referenda to Local Operational Revenue (LOR). This coupled with legislative action in 2013, the District receives \$724 per pupil unit or approximately \$7.5 million in LOR. Operating referenda and LOR provide funds to operate new facilities and financial stability. In 2019 voters reauthorized a 10 year capital projects levy of 4.947% of the District's net tax capacity. This annual levy will provide funds to improve school security and technology in schools. In 2019-20, this levy provided \$4.5 million for security and technology including providing devices for students in all grades.

The Minnesota Legislature repealed the alternative facilities program and health and safety levy, effective for fiscal year 2016 and replaced it with Long-Term Facilities Maintenance Revenue (LTFM). This LTFM program establishes an equalization levy and state aid program for all Minnesota school districts.

## **ECONOMIC FACTORS**

The District is located in eastern Carver County, which is part of the seven-county metro area of Minneapolis/St. Paul. Residents are typically employed in professional vocations within the metropolitan area.

The market value of property within the District continues to bounce back from the economic downturn. Market values increased by over \$2.3 billion from 2013 to 2019 due to new construction and valuation increases. The communities of Carver, Chanhassen, Chaska, and Victoria continue to develop areas for residential expansion and growth. Commercial development and redevelopment is evident throughout all four communities.

The 2019 Legislative session increased K-12 funding in Minnesota for the biennium, including a 2.0% increase in the general education formula allowance.

## **COMMUNITY**

Carver County is one of the fastest growing Minnesota counties with a 15.4% increase between 2010 and 2019. In 2019, Carver County's population surpassed 105,000 residents which makes it the 11<sup>th</sup> largest county in Minnesota. Carver County's availability of land, abundant lakes, woods, trails, and open space are attractive features for growing communities and the population is expected to exceed 161,000 by 2040.

The majority of the population is in the eastern part of the county, including the cities of Chaska and Chanhassen. By 2040, Chanhassen and Chaska will have very little developable land remaining. Development will move further west and the cities of Carver & Victoria are expected to nearly double in size.

The significant growth will increase the need for public investment in infrastructure. This will include residential and business development by the private sector and investment in schools, parks, and libraries. With growth, the communities will see a need for more workers to meet the expanding population.

In 2018, the overall median family income in Carver County at approximately \$116,900, is a higher median family income than the state, and a lower percentage of household incomes below \$50,000. Overall, Carver County has the highest median household income of the 87 counties in the state.

Transportation continues to expand to communities within Eastern Carver County School District. The Highway 212 corridor is seen as the "gateway" to Carver County communities. In 2014 construction began on Highways 101 and 61 Reconnection Project. This road project constructed a four-lane bridge over a floodplain, added a bike trail, and made improvements to an interchange, which will improve traffic flow for Carver County. Other major road construction began at the intersection of Highways 169 and 41, which will improve traffic flow for residents and businesses between Minneapolis and Chaska. The Southwest Light Rail Transit is an under-construction 14.5-mile light rail transit corridor in Hennepin County, Minnesota with service between Minneapolis and Eden Prairie, which will offer another means of transportation for Eastern Carver County residents. Southwest Transit provides express bussing services to Minneapolis and St. Paul and has commuter stations in Chanhassen, Chaska, and Carver.

Carverlink, the Carver County fiber optic network, which was launched in 2013, is nearly 89 miles long, running through all 11 cities in the county. The link provides improved network connects for the County Departments, cities, school districts and other community partners.

Carver County recently added 7 miles of trails including 5.5 miles of the Dakota Rail Regional Trail which completes the 44-mile trail which extends from Wayzata to Hutchinson.

Carver County continues to attract commercial and industrial endeavors to the area. With the growth in residential housing developments, infrastructure will continue to grow providing retail, commercial and industrial development. All four cities within Eastern Carver County have community development plans.

## INITIATIVES

In 2017-18, the District revised its implementation plan for Exceptional, Personalized Learning. The District focus was to align curriculum instruction practices and learning experiences with the heightened expectations of a more global, interconnected, and tech-savvy world. The Plan requires sites to establish Focus 5 goals that deepens our commitment to a personal, exceptional education for each of our learners. This includes an emphasis on standards-based learning and equity. These goals support the District's benchmarks as a means to assure personalized learning for all students.

Personalized learning is not a buzzword for Eastern Carver County Schools. It reflects an educational environment where students are at the center of the learning process. High expectations for achievement are the norm by students demonstrating mastery of standards. The teacher assists, coaches, and connects appropriate supports and challenges congruent with each learner's needs. The stakes for accountability are higher than ever because students have to demonstrate mastery of content and a readiness to move to the next benchmark. Challenging students at their personal level is a benefit to all learners.

The District's two-way, dual-language Spanish/English immersion school, La Academia, continues its growth by adding 5th grade classrooms in the fall of 2016. The program has proven to be a popular option for District families and is recognized as the best way to acquire a second language for both native English and native Spanish speakers. In the fall of 2017, Chaska Elementary School was repurposed for the La Academia program which allowed expansion of the program. A similar program began in the fall of 2017 at Chaska Middle School West.

The first class of Kinder Academy started in the fall of 2014. This is a program for "young" 5-year old students to spend one or two years in kindergarten before "graduating" to first grade. Kinder Academy will move into the same location as La Academia to provide ample space for this popular program.

On November 3, 2015, voters approved a \$66.7 million bond referendum to:

- purchase land for a new elementary and a future elementary school
- build a 720 student elementary in Carver
- add classroom spaces to Clover Ridge and Victoria Elementary Schools
- construct a multipurpose dome facility at Chaska Middle School East
- add a 8-lane swimming pool to Pioneer Ridge Middle School
- provide funds for deferred maintenance

The additions at Clover Ridge Elementary and Victoria Elementary Schools were completed by January 2017 and provided five additional classrooms at both schools necessary for overcrowding. Carver Elementary School construction was finalized in late August 2017 to provide much needed space for students.

In 2016, District created an attendance task force made up of community members, staff, students, and administration to address four key school attendance issues:

- designate an existing school for the K-5 La Academia program
- review start and end time for all schools
- redefine boundaries due to the new elementary school in Carver and moving La Academia to an existing school
- transition plans for students in high school and middle school

The school board approved the recommendations of the attendance task for and implementation commenced in the fall of 2017.

## **INDEPENDENT AUDIT AND CERTIFICATE OF EXCELLENCE**

State statutes require an annual audit by independent certified public accountants. The accounting firm of CliftonLarsonAllen LLP was selected by the District Board to conduct the annual audit.

This report has been prepared following the guidelines provided by the Association of School Business Officials International (ASBO) for their Certificate of Excellence in Financial Reporting Program. Achieving recognition by this program is a goal of the District's Finance Department and provides a clear indication of the District's high standards for financial reporting. The District received ASBO's Certificate of Excellence in Financial Reporting for its 2010-2011 through 2018-2019 Comprehensive Annual Financial Report (CAFR). The District plans to submit the 2019-2020 CAFR to the ASBO Certificate Program for consideration.

## **ACKNOWLEDGMENTS**

The time, effort, and attention that go into the timely preparation of a CAFR require the commitment and cooperation of many people. Special appreciation must be extended to the entire Finance Department staff for their dedication and to the School Board for their encouragement and leadership.

Sincerely,



Lisa Sayles-Adams  
Superintendent



DeeDee Kahring  
Director of Financing & Operations



Pam Jensen  
Finance & HR Manager



**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
SCHOOL BOARD AND ADMINISTRATION  
JUNE 30, 2020**

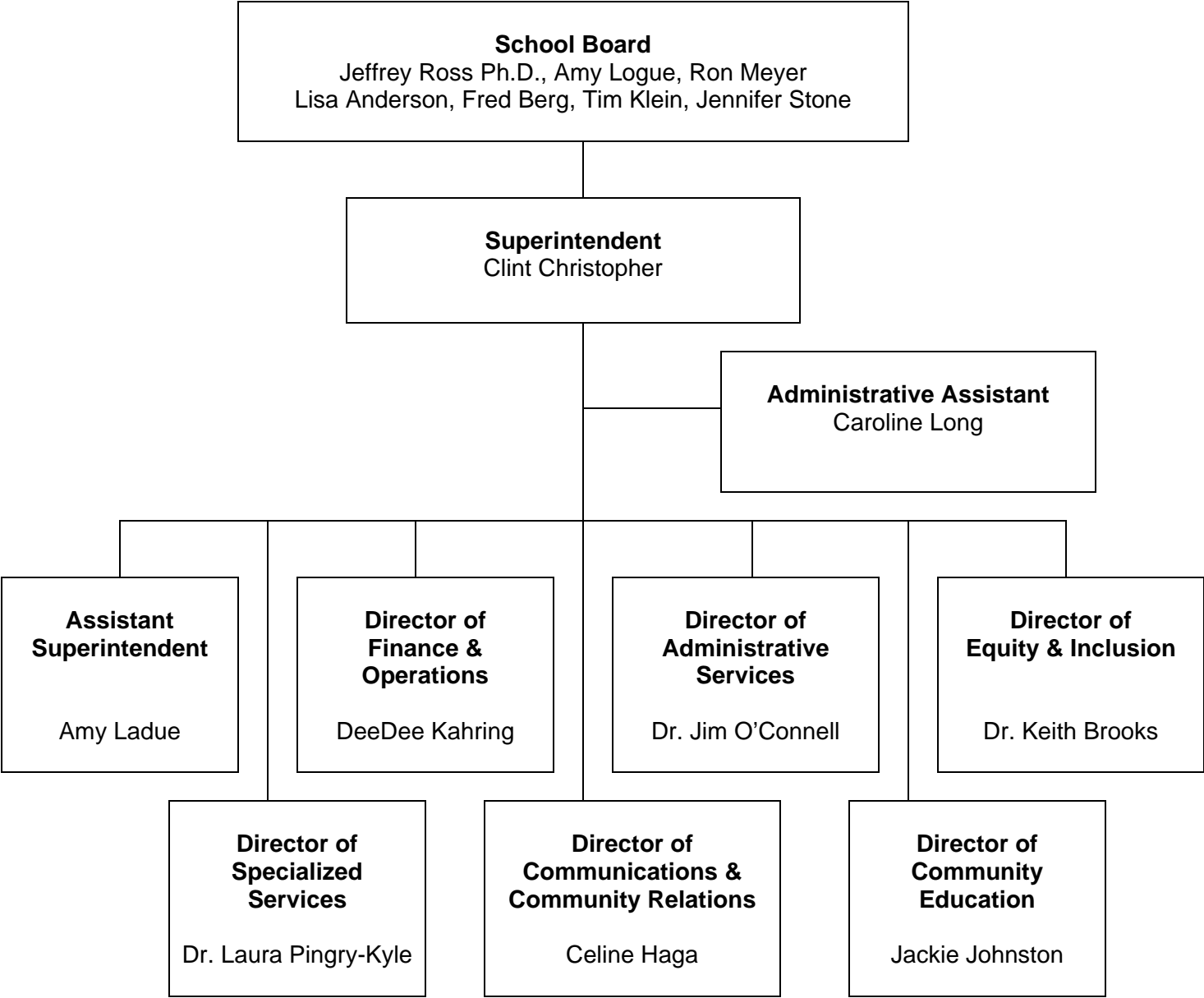
**SCHOOL BOARD**

<b>NAME</b>	<b>TERM ON BOARD EXPIRES</b>	<b>BOARD POSITION</b>
Jeffrey Ross, Ph.D.	January 4, 2021	Chairperson
Amy Logue	January 4, 2021	Vice Chairperson/Clerk
Ron Meyer	January 4, 2021	Treasurer
Lisa Anderson	January 2, 2023	Director
Fred Berg	January 2, 2023	Director
Tim Klein	January 2, 2023	Director
Jennifer Stone	January 2, 2023	Director

**ADMINISTRATION**

Lisa Sayles-Adams	Superintendent
DeeDee Kahring	Director of Finance & Operations
Pamela Jensen	Finance & Human Resources Manager
Rochelle Greenwood	Senior Accountant
Donna Quaas	Accountant

INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
ORGANIZATIONAL CHART  
JUNE 30, 2020



INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING  
JUNE 30, 2020



The Certificate of Excellence in Financial Reporting  
is presented to

**Eastern Carver County Schools**

for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2019.

The CAFR meets the criteria established for  
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, reading 'Claire Hertz'.

**Claire Hertz, SFO**  
President

A handwritten signature in black ink, reading 'David J. Lewis'.

**David J. Lewis**  
Executive Director

## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

School Board  
Eastern Carver County Schools  
Independent School District No. 112  
Chaska, 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. 112, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Independent School District No. 112'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. 112 as of June 30, 2020, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended and budgetary comparison for General, Food Service, and Community Service, in accordance with accounting principles generally accepted in the United States of America.

### ***Report on Prior Year Summarized Information***

We have previously audited Independent School District No. 112's 2019 financial statements of the governmental activities, each major fund and the aggregate remaining fund information, and we have expressed unmodified opinions on those audited financial statements in our report dated October 17, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 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, schedule of changes in the district's net OPEB liability (asset) and related ratios, schedule of money-weighted rate of return on plan assets, schedules of district's proportionate share of net pension liability and schedules of district's pension 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. 112's basic financial statements. The introductory section, the individual fund financial statements, the uniform financial accounting and reporting standards compliance table and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements and the uniform financial accounting and reporting standards compliance table 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

Other Matters (Continued)  
*Supplementary Information (Continued)*

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 individual fund financial statements and the uniform financial accounting and reporting standards compliance table are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the District's basic financial statements for the year ended June 30, 2019, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The individual fund financial statements for the year ended June 30, 2019, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2019 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 2019 individual fund financial statements are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2020, on our consideration of Independent School District No. 112's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Independent School District No. 112's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Independent School District No. 112's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
October 1, 2020



## **REQUIRED SUPPLEMENTARY INFORMATION**

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

This section of Independent School District No. 112's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2020. Please read it in conjunction with the district's financial statements, which immediately follow this letter.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Government Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.

**Financial Highlights**

Key financial highlights for the 2019-2020 fiscal years include the following:

- The District's total expenses exceeded revenues by \$599,652 during the fiscal year ended June 30, 2020, resulting in an ending net position deficit of \$15,023,356.
- At June 30, 2020, the District's governmental funds, which includes General, Food Service, Community Service, Capital Projects and Debt Service funds, reported a combined ending fund balance of \$20,350,896, an increase of \$229,982 from the prior year.
- After a number of years of enrollment growth, the District's enrollment decreased from 9,670.00 in 2018-2019 to 9,648.60 in 2019-2020, a loss of 21.40 in Average Daily Membership (ADMs) or a decrease of 0.22%.
- The District's General Fund, its primary operating fund, closed the fiscal year with an unassigned fund balance of \$8,020,876, a decrease of \$1,175,445 from June 30, 2019. This decrease includes a deficit of \$150,561 in the long-term facility maintenance (LTFM) reserve from early completion of fiscal year 2020-2021 projects. With absorbing the LTFM deficit reserve, the unassigned fund balance is 6.24% of total General Fund expenditures compared to 7.31% in fiscal year 2019. Under the Uniform Financial Accounting and Reporting System (UFARS) for Minnesota School Districts, the District may carry a deficit LTFM reserve; however, negative restricted fund balances are not allowed under GASB accounting standards which is why the (\$150,561) has been netted against the unassigned fund balance.
- The District increased its assigned fund balance for future energy efficiency projects by \$102,338 for a total of \$107,338. Funds for this assigned fund balance have come from previous energy project rebate checks including light upgrades, variable frequency drive (VFD) replacements and water heater replacements.
- The District increased its assigned fund balance for the Multi-Tiered System of Supports (MTSS) utilizing the revenue generated from the state funded Alternative Delivery of Specialized Instructional Services (ADSIS) to \$687,598. These funds are used for implementation of the MTSS framework for interventions to ensure that all students receive evidence-based instruction that leads to academic proficiency.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

- The District maintains an internal service fund for medical, dental, and Chrome Book® self-insurance. The self-insured medical plan fund balance has reached \$6,216,301 which provides stability to prevent future large increases in health insurance premiums. The District's self-insured dental plan ended the fiscal year with a fund balance of \$442,034, up from \$303,401 in 2019. The District's self-insured Chrome Book® plan allows parents to purchase insurance for any damage not covered under warranty. Repair costs are paid from the insurance premiums. The self-insured Chrome Book® reserve ended the year at \$47,525.
- Since 2011, better than expected earnings on the OPEB irrevocable trust brought it to a level that now meets or exceeds the financial obligations of the District.

### **Overview of the Financial Statements**

The financial section of the annual report consists of four parts: Independent Auditors' Report, Required Supplementary Information which includes MD&A (this section), the basic financial statements, single and supplementary information. The basic financial statements include several statements that present different views of the District:

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

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

### **Government-Wide Statements**

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

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

- To assess the overall health of the District you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

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

### **Fund Financial Statements**

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

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

The District has three kinds of funds:

- *Governmental Funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements to explain the relationship (or differences) between them.
- *Proprietary Fund* – The District maintains one type of proprietary fund. The Internal Service Fund is used as an accounting device to accumulate and allocate costs internally among the District's various functions. The District uses its Internal Service Fund to account for its dental and health self-insurance programs. These services have been included within the governmental activities in the government-wide financial statements.
- *Fiduciary Funds* – The District is the trustee, or *fiduciary*, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the government-wide financial and governmental fund statements because the District cannot use these assets to finance its operations.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Position**

The District's *combined* net position was a deficit of \$15,023,356 on June 30, 2020 (see Table A-1).

The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2020 resulting in the District's net position to be a deficit of \$15,023,356. The District's total net position was significantly impacted in fiscal 2020 and 2019 by the required actuarial calculation changes included in GASB Statements related to statewide pension plans on top of the implementation of GASB Statement No. 75 related to OPEB benefits. The District had \$7,049,447 of net position that was available to meet its ongoing obligations, but restricted for specific uses.

A large part of the District's net position is the investment in capital assets (land, buildings and equipment) less depreciation and the related debt outstanding that was used to acquire the assets. The District uses the capital assets to provide educational services to students. These are not capital assets available for future spending. Even though the District's investment in capital assets is reported net of the related debt, the resources needed to repay this debt must be provided from other sources because the capital assets cannot be used to liquidate these liabilities.

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

	Governmental Activities as of June 30,		Percentage Change
	2020	2019	
Current and Other Assets	\$ 93,563,240	\$ 95,971,635	(2.51)%
Capital Assets	230,573,952	236,233,102	(2.40)
Total Assets	324,137,192	332,204,737	(2.43)
Deferred Outflows of Resources	73,250,298	97,897,035	(25.18)
Current Liabilities	18,837,261	21,893,496	(13.96)
Net Pension Liability	85,562,615	81,839,708	4.55
Long-Term Liabilities	153,213,857	166,307,248	(7.87)
Total Liabilities	257,613,733	270,040,452	(4.60)
Deferred Inflows of Resources	154,797,113	174,485,024	(11.28)
Net Position:			
Net Investment in Capital Assets	81,786,405	72,086,288	13.46
Restricted	7,049,447	5,343,716	31.92
Unrestricted	(103,859,208)	(91,853,708)	13.07
Total Net Position	\$ (15,023,356)	\$ (14,423,704)	4.16

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

**Changes in Net Position**

In Table A-2, Change in Net Position, operations are reported on a governmental-wide basis with no reference to funds.

**Table A-2  
Change in Net Position**

	Governmental Activities for the Fiscal Year Ended June 30,		Percentage Change
	2020	2019	
<b>Revenues</b>			
<u>Program Revenues</u>			
Charges for Services	\$ 9,366,267	\$ 11,662,309	(19.69)%
Operating Grants and Contributions	24,882,885	20,137,190	23.57
Capital Grants and Contributions	2,211,337	2,203,659	0.35
<u>General Revenues</u>			
Property Taxes	50,971,338	46,300,972	10.09
Unrestricted State Aid	72,818,607	71,600,202	1.70
Investment Earnings	798,185	1,216,486	(34.39)
Other	644,413	171,820	275.05
Total Revenues	161,693,032	153,292,638	5.48
<b>Expenses</b>			
Administration	4,922,490	2,869,939	71.52
District Support Services	3,513,516	3,183,384	10.37
Regular Instruction	70,557,757	43,362,490	62.72
Vocational Education Instruction	1,616,409	1,194,965	35.27
Special Education Instruction	24,772,432	15,813,336	56.66
Instructional Support Services	10,525,819	7,918,964	32.92
Pupil Support Services	13,902,718	11,393,683	22.02
Sites and Buildings	16,392,661	17,768,869	(7.75)
Fiscal and Other Fixed Cost Programs	338,863	253,396	33.73
Food Service	4,262,122	5,824,059	(26.82)
Community Service	7,593,677	7,077,382	7.29
Interest and Fiscal Charges on Long-Term Liabilities	3,894,220	4,334,349	(10.15)
Total Expenses	162,292,684	120,994,816	34.13
<b>Change in Net Position</b>	(599,652)	32,297,822	
Beginning Net Position	(14,423,704)	(46,721,526)	
Ending Net Position	<u>\$ (15,023,356)</u>	<u>\$ (14,423,704)</u>	

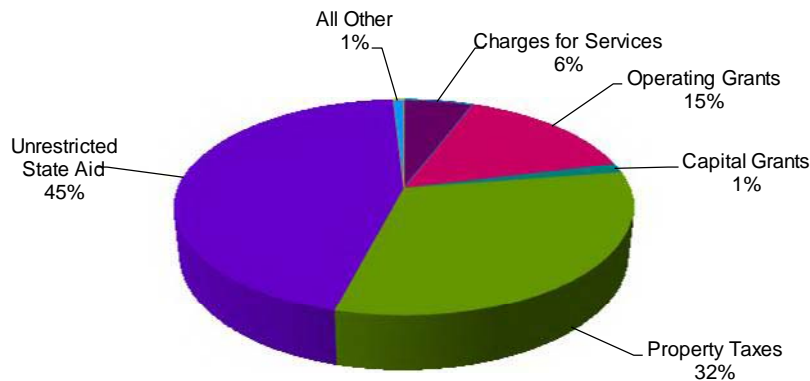
Total revenues were \$161,693,032 while total expenses were \$162,292,684, decreasing net position by \$599,652.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

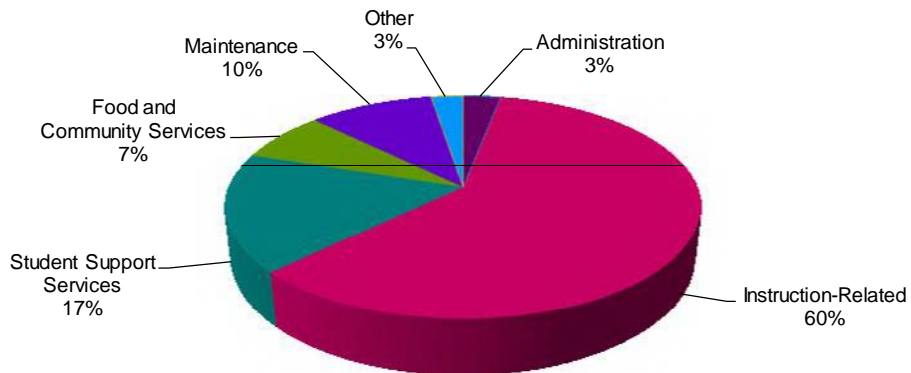
The cost of all *governmental* activities this year was \$162,292,684.

- A portion of the cost was paid by the users of the District's programs (Table A-2, Charges for Services, \$9,366,267). The majority of this category, \$7.8 million, comes from food service meal sales and community education class tuition.
- The federal and state governments subsidized certain programs with grants and contributions (Table A-2, Operating and Capital Grants and Contributions, \$27,094,222).
- Most of the District's costs were supported by local property taxes, unrestricted state aid, investment earnings, and other general revenues. Governmental activities were sustained by accessing \$50,971,338 in property taxes, \$72,818,607 of unrestricted state aid, and with investment earnings and other general revenues.

**Figure A-1  
Sources of District's Revenues for Fiscal 2020**



**Figure A-2  
District Expenses for Fiscal 2020**





**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

All governmental activities include not only funds received for the general operation of the District, which are used for classroom instruction, but also include resources from Food Service and Community Education funds. Funding for the general operation of the District is controlled by the State and the District does not have the latitude to allocate money received in Food Service or Community Education or for fiscal services to enhance general operation resources.

Table A-3, seen below, presents the cost of twelve major District activities such as, instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and others. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

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

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2020	2019		2020	2019	
Administration	\$ 4,922,490	\$ 2,869,939	71.52 %	\$ 4,663,255	\$ 2,828,214	64.88 %
District Support Services	3,513,516	3,183,384	10.37	3,426,581	3,035,587	12.88
Regular Instruction	70,557,757	43,362,490	62.72	66,250,635	41,493,968	59.66
Vocational Education Instruction	1,616,409	1,194,965	35.27	1,588,527	1,239,413	28.17
Special Education Instruction	24,772,432	15,813,336	56.66	8,920,128	1,947,483	358.03
Instructional Support Services	10,525,819	7,918,964	32.92	8,413,134	5,332,004	57.79
Pupil Support Services	13,902,718	11,393,683	22.02	13,537,197	11,462,432	18.10
Sites and Buildings	16,392,661	17,768,869	(7.75)	13,967,024	15,064,140	(7.28)
Fiscal and Other Fixed Cost Programs	338,863	253,396	33.73	338,863	253,396	33.73
Food Service	4,262,122	5,824,059	(26.82)	(252,834)	190,038	(233.04)
Community Service	7,593,677	7,077,382	7.29	1,085,465	(189,366)	(673.21)
Interest and Fiscal Charges on Long-Term Liabilities	3,894,220	4,334,349	(10.15)	3,894,220	4,334,349	(10.15)
Total	<u>\$ 162,292,684</u>	<u>\$ 120,994,816</u>	34.13	<u>\$ 125,832,195</u>	<u>\$ 86,991,658</u>	44.65

The cost of all governmental activities this year was \$162,292,684, an increase of \$41,297,868 from the prior year. After applying program specific revenue, the net cost of all governmental activities this year was \$125,832,195 or an increase of \$38,840,537 from the prior year.

### **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The financial performance of the District as a whole is reflected in its governmental funds. The General Fund's expenditures exceeded its revenues and other financing sources by \$523,460. The Food Service Fund's revenues exceeded its expenditures by \$247,346. The Community Service Fund's expenditures exceeded its revenues by \$340,065. The Capital Projects-Building Construction Fund, and Debt Service Fund had planned deficit spending. At the end of the 2019-20 fiscal year, the District's governmental funds reported combined fund balances (non-spendable, restricted, committed, assigned, and unassigned) of \$20,350,896, a net increase in fund balances of \$229,982.

Revenues were \$161,454,534 plus other financing sources of \$6,054 for the District's governmental funds totaling \$161,460,588, while expenditures were \$161,230,606. As a result, the District completed the year with a net change in fund balances of \$229,982.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

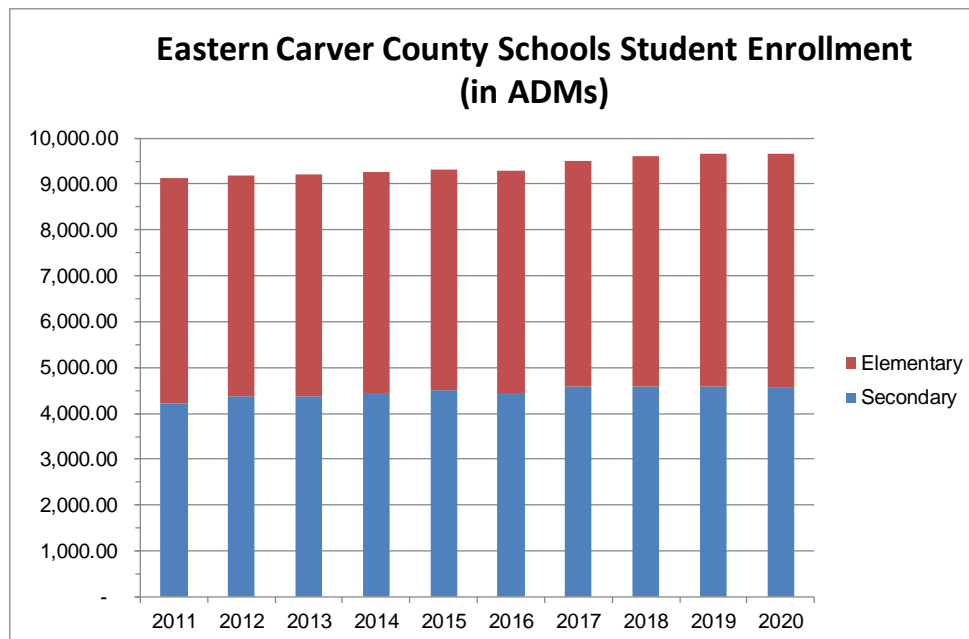
**General Fund**

The General Fund is used to account for all revenues and expenditures of the District not accounted for elsewhere. The General Fund is used to account for: K-12 educational activities; District instructional and student support programs; expenditures for the superintendent; District administration; normal operations and maintenance; pupil transportation; capital expenditures; and legal school District expenditures not specifically designated to be accounted for in any other fund.

**Enrollment**

Enrollment is a critical factor in determining revenue with approximately 70% of General Fund revenue being determined by enrollment. While many Minnesota school districts are facing declining enrollment, during the last ten years, the District has increased in students and anticipates further growth. The following chart shows the number of students served over the past ten years.

**Table A-4  
Average Daily Membership (ADM)**



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Pre-K & KH	92	84	82	85	128	128	161	167	146	149
Reg K, Pre-K & KH	603	564	606	627	590	633	677	670	694	705
Elementary	4,210	4,149	4,132	4,111	4,106	4,107	4,101	4,205	4,243	4,245
Secondary	4,219	4,379	4,378	4,437	4,503	4,428	4,573	4,573	4,586	4,551
<b>Total Students for Aid</b>	<b>9,124</b>	<b>9,176</b>	<b>9,198</b>	<b>9,259</b>	<b>9,326</b>	<b>9,296</b>	<b>9,511</b>	<b>9,615</b>	<b>9,670</b>	<b>9,649</b>
Percentage Change	0.86%	0.58%	0.23%	0.67%	0.72%	-0.33%	2.32%	1.09%	0.57%	-0.22%

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

The following schedule presents a summary of General Fund Revenues.

**Table A-5  
General Fund Revenues**

	Year Ended		Change	
	June 30, 2020	June 30, 2019	Increase (Decrease)	% Change
Local Sources:				
Property Taxes	\$ 28,980,262	\$ 26,433,846	\$ 2,546,416	9.6 %
Earnings on Investments	518,448	723,540	(205,092)	(28.3)
Other	4,533,049	5,290,549	(757,500)	(14.3)
State Sources	91,497,077	89,273,990	2,223,087	2.5
Federal Sources	2,421,112	2,419,042	2,070	0.1
Total General Fund Revenue	<u>\$ 127,949,948</u>	<u>\$ 124,140,967</u>	<u>\$ 3,808,981</u>	3.1

General Fund revenue increased by \$3,808,981 or 3.1% from the previous year. The changes in the major sources of revenue include:

Property Taxes increased by \$2,564,416 or 9.6%. The primary reason for the increase is the recognition of \$2,437,564 in excess tax increment financing (TIF) from the City of Chaska collected in FY16.

Earnings on Investments decreased by \$205,092 or 28.3% due to lower interest rates due to market conditions.

Other local revenue decreased by \$757,500 or 14.3% mostly due to the COVID-19 pandemic. This category includes such items as rental income, donations, admissions and fees which were less than anticipated as buildings were closed and school was in distant learning.

State Sources increased by \$2,223,087 or 2.5% by a number of factors. Minnesota legislation increased the general education aid formula by 2% in the first year of the biennium. Special Education revenue increased by \$1.1 million over fiscal year 2019 partially due to full implementation of the alternative delivery of specialized instructional services (ADSIS) which provided approximately an additional \$537,000 in state revenue.

Federal revenue is recorded in the year in which the related expenditure is made. Federal sources increased by \$2,070 and has remained relatively flat from year to year.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

General Fund Revenue is received in two major categories. In summary, the two categories are:

1. State Education Finance Appropriations

- A. General Education Aid – The largest share of the education finance appropriation, general education aid, is intended to provide the basic financial support for the education program and is enrollment driven.
- B. Categorical Aids – Categorical revenue formulas are used to meet costs of that program (i.e. special education) or promote certain types of programs (i.e., career and technical aid, adult basic education aid).

2. Property Tax Levies

The largest share of the levy is from voter-approved levies which include the operating referendum, which is enrollment driven.

The following schedule presents a summary of General Fund Expenditures.

**Table A-6  
General Fund Expenditures**

	Year Ended		Change	
	June 30, 2020	June 30, 2019	Increase (Decrease)	Percent Change
Salaries	\$ 79,717,783	\$ 76,754,522	\$ 2,963,261	3.9 %
Employee Benefits	20,000,278	18,673,564	1,326,714	7.1
Purchased Services	18,712,765	18,826,064	(113,299)	(0.6)
Supplies and Materials	3,512,162	3,603,473	(91,311)	(2.5)
Capital Expenditures	5,184,040	6,541,690	(1,357,650)	(20.8)
Debt Service	652,787	652,231	556	0.1
Other Expenditures	699,647	721,869	(22,222)	(3.1)
Total General Fund Expenditures	<u>\$ 128,479,462</u>	<u>\$ 125,773,413</u>	<u>\$ 2,706,049</u>	2.2

Total General Fund expenditures increased \$2,706,049 or 2.2% from the previous year. The changes in the major expenditure categories include:

Salaries increased by \$2,963,261 or 3.9% which was primarily due to planned contract increases. Due to the COVID-19 pandemic, and the stay at home order from the governor of Minnesota, the District moved to distance learning in March of 2020. The District experienced savings in substitutes, event workers and overtime costs. However, the District was required to continue to pay all general fund employees and transportation contracts during this time period. Due to federal regulations with nutrition services, the general fund had to absorb \$215,304 in salary costs for nutrition service workers that were not partaking in meal preparation.

Employee benefits increased \$1,326,714 or 7.1%. The increase is due to the corresponding statutory benefits to the salary increases. In addition, due to the COVID-19 pandemic, the District experienced an increase of over \$400,000 unemployment expense for the period April, May and June 2020 compared to the same period in 2019. Approximately \$40,000 in benefit costs for nutrition service workers was also absorbed in the General Fund.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

Purchased Services consist of expenditures for fees for service including transportation contracts, postage, utilities, property insurance, maintenance repairs, leases, travel, telephone, and tuition. The District's decrease of 0.6% or \$113,299 in purchased services was relatively flat mostly due to distance learning in the spring which reduced professional development opportunities, field trips and utility costs.

The Debt Service expenditures consists of principal and interest payments on Certificates of Participation (COPs) issued in November, 2009. The final payment on the COPs was in fiscal year 2020. See note 5 for more information.

Capital Expenditures decreased in the General Fund by \$1,357,650 or 20.8% mainly due to a decrease of \$1,110,706 in Long-term Facility Maintenance projects. Originally, these projects were planned for the 2019-20 fiscal year, but were completed early in fiscal year 2018-19.

Other expenses which include; dues & memberships, scholarships, taxes and other fees; decreased by \$22,222. This decrease is caused by fewer Special Education Preschool scholarships provided to students due to COVID-19 pandemic and the cancellation of Early Childhood classes.

#### **General Fund Budgetary Highlights**

The District is required to adopt an operating budget prior to the beginning of its fiscal year (July 1) and is referred to as the original budget. Over the course of the year, the District revised its annual operating budget to the appropriate levels. The budget amendments fall into two categories:

- Implementing budgets for specially funded projects, which include both federal and state grants, adjusting staffing and various instructional allocations to the schools based on actual enrollment and unspent funds carried over from fiscal year 2019-20.
- Increase in appropriations for significant unbudgeted costs.

While the District anticipated that the net change in fund balance would be a decrease of \$3,627,153, total fund balance decreased by \$523,460. Revenue was over budget by \$2,368,392 or 1.9%. The District experienced better than expected results in state sources and other revenue. State sources were greater than budget by \$1,860,000 in the following categories: General Education, Special Education, Achievement and Integration, Safe Schools, and Long-Term Facility Maintenance. Other revenue which includes donations, interest, fees, miscellaneous exceeded budget by \$314,164. The District continues to practice conservative budgeting for these types of items as they can fluctuate dramatically from year to year. Overall expenditures were within 1% of budget. The unassigned portion of the fund balance in the General Fund is 6.24% of expenditures which is within the Board policy guideline.

#### **Nutrition Service Fund**

The Nutrition Service Fund revenue for 2019-20 totaled \$4,537,531 and expenditures were \$4,290,185. The June 30, 2020 fund balance is \$1,713,158, an increase of \$247,346 from fiscal year 2019, which was better than expected. The COVID-19 pandemic had a significant impact on the Nutrition Services Fund, ironically as an improvement to the fund balance. The District was able to participate in the waivers provided through the Families First Coronavirus Response Act which brought in \$131,938 in federal revenue during the spring when students were in distance learning. The Nutrition Services department laid off over 74 nutrition service workers in the spring of which the General Fund was required to absorb the unemployment costs for these employees.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

**Community Service Fund**

The Community Service Fund revenue for 2019-20 totaled \$7,468,826 and expenditures were \$7,808,891. Total fund balance decreased by \$340,065 which was greater than expected and the direct result of the COVID-19 pandemic. Actual revenues were 10.1% or \$841,547 under budget and expenditures were 5.8% or \$481,892 under budget. In March of 2020, the Governor of Minnesota announced a stay at home order due to the COVID-19 pandemic. Almost all fee-based programs ended with the exception of a scaled back preschool through distance learning and ECFE classes with a 50% reduction in tuition. A majority of the early childhood families chose to remove their students from programming and impacting the expected tuition revenue. Child care programs were shut down and the only child care provided was to essential workers which led to a dramatic reduction in revenue. The General Fund helped provide funds and staff to assist with the child care for essential workers. Due to the stay at home order and the cancelling of fee-based classes, over 100 Community Service employees were temporarily laid off in May.

**Capital Projects - Building Construction Fund**

The District records construction funds in two separate categories: Capital Projects Levy and Capital Projects - Building Construction Fund.

- 2015 Referendum New Construction & Deferred Maintenance – All projects were completed in this construction fund financed with the 2016A Building Bonds. Total expenses in fiscal year 2020 were \$358,798 which included \$114,862 in pool construction expenses at Pioneer Ridge Middle School, \$26,188 in retainage and commissioning at Carver Elementary and \$61,421 at La Academia for a new playground.
- The Capital Projects or Technology Levy – Building Construction Fund revenue for 2019-20 totaled \$2,240,510 which was funded through voter-approved property taxes. This was the sixth year of the Capital Projects levy which has been used to fund secured entrances and technology infrastructure improvements and support. This levy was renewed in the fall of 2019 for ten years. The remaining balance in the Capital Projects fund balance was \$397,481.

**Debt Service Fund**

The Debt Service Fund is used to record revenues and expenditures for a school district's outstanding bonded indebtedness, whether for building construction, other postemployment benefits (OPEB) or for initial or refunding bonds. The Debt Service Fund revenue for 2019-20 totaled \$19,222,738. Expenditures were \$18,260,242 for principal and interest payments. The total Debt Service Fund balance is \$4,440,843, an increase of \$962,496 from fiscal year 2019. Revenue and expenditures were within 0.2% and 0.02% of budget, respectively. In fiscal year 2020, the District made the final payment on the \$7,575,000 General Obligation Refunding Bonds, Series 2014A.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of June 30, 2020, the District has invested just under \$344 million in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices (see Table A-7). (More detailed information about capital assets can be found in Note 4 to the financial statements.) Total depreciation expense for the year was slightly over \$8.9 million.

**Table A-7  
Capital Assets**

	2020	2019	Percentage Change
Land	\$ 20,020,976	\$ 20,020,976	-
Construction in Progress	155,390	1,445,051	(89.2)
Land Improvements	7,479,029	7,072,140	5.8
Buildings and Improvements	304,393,222	301,292,012	1.0
Equipment	11,824,839	10,735,940	10.1
Less: Accumulated Depreciation	(113,299,504)	(104,333,017)	8.6
Total General Fund Expenditures	<u>\$ 230,573,952</u>	<u>\$ 236,233,102</u>	(2.4)

**Long-Term Liabilities**

At year-end, the District had \$134,745,000 in general obligation bonds outstanding as shown in Note 5 to the financial statements. The District also had an estimated \$3,070,084 in net severance and compensated absences at June 30, 2020, a net decrease of \$104,814 from June 30, 2019, as well as a net OPEB liability of \$2,230,643. The District had an estimated \$85,562,615 in net pension liability related to the District's proportionate share of the net pension liability of the Teachers' Retirement Association (TRA) and Public Employees' Retirement Association (PERA).

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

	2020	2019	Percentage Change
General Obligation Bonds	\$ 134,745,000	\$ 147,130,000	(8.4)%
Net Bond Premium and Discount	13,168,130	14,837,768	(11.3)
Certificates of Participation Payable	-	640,000	(100.0)
Net Pension Liability	85,562,615	81,839,708	4.5
Net Other Postemployment Benefits Liability	2,230,643	524,582	325.2
Severance Benefits Payable	2,106,697	2,259,505	(6.8)
Compensated Absences Payable	963,387	915,393	5.2
Total Long-Term Liabilities	<u>\$ 238,776,472</u>	<u>\$ 248,146,956</u>	(3.8)
Long-Term Liabilities:			
Due Within One Year	\$ 13,858,387	\$ 13,362,264	
Due in More Than One Year	224,918,085	234,784,692	
Total	<u>\$ 238,776,472</u>	<u>\$ 248,146,956</u>	

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

With the exception of the voter-approved excess operating referendum, the District is dependent on the state of Minnesota for its revenue authority. The general education program is the method by which school districts receive the majority of their financial support. This source of funding is primarily state aid and, as such, school districts rely heavily on the state of Minnesota for educational resources. For fiscal year 2020, the state of Minnesota provided a modest funding increase of 2% on the basic funding formula. For years, state funding has not kept pace with inflation or increasing costs, and does not close the funding gap for our special education services.

Due to the failure of the operating referendum in November 2019, which would have provided \$5.6 million per year for the next 10 years, the district developed a cost containment plan to reduce expenses by \$10 million over the next three years. If completed as expected, this plan will maintain a fund balance of at least 5 percent for the next 3-5 years. The school board may consider an operating referendum in the fall of 2021 or 2022 to address budget shortfalls. The 2019 the voters approved the renewal of the District's existing security and technology levy, which would provide approximately \$4.8 million per year for ten years to support school security systems, technology for students and staff, and related professional development and support.

Due to the COVID-19 pandemic, Federal CARES Funding has provided the District with additional funds for operational costs – including air filtration/purification system, personal protective equipment, cleaning and screening supplies. These funds have also provided additional technology support, devices and supplies, mental health support for staff and students.

There is still much uncertainty with the pandemic. The District will continue to monitor changes in enrollment, unemployment and other economic factors that will affect the District.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Office, Independent School District No. 112, 11 Peavey Road, Chaska, MN 55318.



## **BASIC FINANCIAL STATEMENTS**

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
STATEMENT OF NET POSITION  
JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	Governmental Activities	
	2020	2019
<b>ASSETS</b>		
Cash and Investments	\$ 56,844,941	\$ 60,086,347
Receivables:		
Property Taxes	27,226,270	26,014,371
Other Governments	8,971,568	9,302,862
Other	156,348	297,698
Prepaid Items	44,625	72,646
Inventories	319,488	197,711
Capital Assets:		
Capital Assets Not Being Depreciated	20,176,366	21,466,027
Other Capital Assets, Net of Depreciation	210,397,586	214,767,075
Total Assets	<u>324,137,192</u>	<u>332,204,737</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Losses on Debt Refunding	64,975	98,075
Deferred Outflows - Pensions	72,568,292	97,728,311
Deferred Outflows - OPEB	617,031	70,649
Total Deferred Outflows	<u>73,250,298</u>	<u>97,897,035</u>
<b>LIABILITIES</b>		
Salaries Payable	11,933,080	12,100,142
Accounts and Contracts Payable	2,568,244	5,645,202
Accrued Interest	2,230,167	2,447,800
Due to Other Governmental Units	1,398,166	940,546
Unearned Revenue	707,604	759,806
Long-Term Liabilities:		
Net Pension Liability	85,562,615	81,839,708
Net Other Postemployment Benefits Liability	2,230,643	524,582
Portion Due Within One Year	13,858,387	13,362,264
Portion Due in More Than One Year	137,124,827	152,420,402
Total Liabilities	<u>257,613,733</u>	<u>270,040,452</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes Levied for Subsequent Year	49,610,140	49,927,404
Gains on Debt Refunding	912,742	1,052,380
Deferred Inflows - Pensions	103,491,480	122,597,822
Deferred Inflows - Other Postemployment Benefits	782,751	907,418
Total Deferred Inflows of Resources	<u>154,797,113</u>	<u>174,485,024</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	81,786,405	72,086,288
Restricted for:		
General Fund Operating Capital Purposes	740,059	691,414
General Fund State-Mandated Reserves	1,470,234	902,657
Food Service	1,713,158	1,385,062
Community Service	403,280	726,384
Debt Service	2,325,235	1,124,383
Capital Projects - Building Construction	397,481	513,816
Unrestricted	(103,859,208)	(91,853,708)
Total Net Position	<u>\$ (15,023,356)</u>	<u>\$ (14,423,704)</u>

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

Functions	2020				Net (Expense)	Net (Expense)
	Expenses	Program Revenues			Revenue and	Revenue and
		Charges for	Operating	Capital	Change in	Change in
					Net Position	Net Position
		Services	Grants and	Grants and	Total	Total
			Contributions	Contributions	Governmental	Governmental
					Activities	Activities
<b>GOVERNMENTAL ACTIVITIES</b>						
Administration	\$ 4,922,490	\$ 168,753	\$ 90,482	\$ -	\$ (4,663,255)	\$ (2,828,214)
District Support Services	3,513,516	-	8,966	77,969	(3,426,581)	(3,035,587)
Regular Instruction	70,557,757	998,644	2,726,188	582,290	(66,250,635)	(41,493,968)
Vocational Education Instruction	1,616,409	-	27,882	-	(1,588,527)	(1,239,413)
Special Education Instruction	24,772,432	300,505	15,551,799	-	(8,920,128)	(1,947,483)
Instructional Support Services	10,525,819	136,300	1,812,346	164,039	(8,413,134)	(5,332,004)
Pupil Support Services	13,902,718	-	37,507	328,014	(13,537,197)	(11,462,432)
Sites and Buildings	16,392,661	9,448	1,357,164	1,059,025	(13,967,024)	(15,064,140)
Fiscal and Other Fixed Cost Programs	338,863	-	-	-	(338,863)	(253,396)
Food Service	4,262,122	2,721,332	1,793,624	-	252,834	(190,038)
Community Service	7,593,677	5,031,285	1,476,927	-	(1,085,465)	189,366
Interest and Fiscal Charges on						
Long-Term Liabilities	3,894,220	-	-	-	(3,894,220)	(4,334,349)
Total School District	<u>\$ 162,292,684</u>	<u>\$ 9,366,267</u>	<u>\$ 24,882,885</u>	<u>\$ 2,211,337</u>	<u>(125,832,195)</u>	<u>(86,991,658)</u>
<b>GENERAL REVENUES</b>						
Property Taxes Levied for:						
General Purposes					29,012,480	26,432,218
Community Service					939,668	861,791
Debt Service					18,776,189	17,027,085
Capital Projects					2,243,001	1,979,878
State Aid Not Restricted to Specific Purposes					72,818,607	71,600,202
Earnings on Investments					798,185	1,216,486
Miscellaneous					638,359	171,820
Gain on Sale of Capital Assets					6,054	-
Total General Revenues					<u>125,232,543</u>	<u>119,289,480</u>
<b>CHANGE IN NET POSITION</b>					(599,652)	32,297,822
Net Position - Beginning					(14,423,704)	(46,721,526)
<b>NET POSITION - ENDING</b>					<u>\$ (15,023,356)</u>	<u>\$ (14,423,704)</u>

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	Major Funds					Total Governmental Funds	
	General	Food Service	Community Service	Capital Projects	Debt Service	2020	2019
<b>ASSETS</b>							
Cash and Investments	\$ 32,175,129	\$ 1,892,725	\$ 1,292,353	\$ 554,052	\$ 12,668,175	\$ 48,582,434	\$ 52,542,171
Receivables:							
Current Property Taxes	16,797,039	-	526,601	-	9,449,455	26,773,095	25,687,808
Delinquent Property Taxes	266,875	-	8,527	-	177,773	453,175	326,563
Due from Other Minnesota School Districts	53,456	8,463	-	-	-	61,919	57,228
Due from Minnesota Department of Education	7,313,449	-	109,468	-	33,598	7,456,515	8,257,788
Due from Federal through Minnesota Department of Education	1,176,321	43,722	-	-	-	1,220,043	823,537
Due from Federal Government Received Directly	774	-	-	-	-	774	-
Due from Other Governmental Units	232,317	-	-	-	-	232,317	164,309
Accounts and Interest Receivable	150,969	481	1,970	-	2,928	156,348	297,698
Prepays	31,417	1,250	11,958	-	-	44,625	72,646
Inventory	142,865	176,623	-	-	-	319,488	197,711
<b>Total Assets</b>	<b>\$ 58,340,611</b>	<b>\$ 2,123,264</b>	<b>\$ 1,950,877</b>	<b>\$ 554,052</b>	<b>\$ 22,331,929</b>	<b>\$ 85,300,733</b>	<b>\$ 88,427,459</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>							
Liabilities:							
Salaries and Compensated Absences Payable	\$ 9,057,737	\$ 51,052	\$ 283,740	\$ 71,256	\$ -	\$ 9,463,785	\$ 9,693,766
Payroll Deductions and Employer Contributions Payable	2,382,005	11,750	59,019	16,521	-	2,469,295	2,406,376
Accounts and Contracts Payable	925,591	1,353	15,359	68,794	500	1,011,597	4,346,001
Due to Other Governmental Units	1,365,221	-	32,945	-	-	1,398,166	940,546
Unearned Revenue	201,261	345,951	160,392	-	-	707,604	759,806
<b>Total Liabilities</b>	<b>13,931,815</b>	<b>410,106</b>	<b>551,455</b>	<b>156,571</b>	<b>500</b>	<b>15,050,447</b>	<b>18,146,495</b>
Deferred Inflows of Resources:							
Unavailable Revenue - Property Taxes Levied for Subsequent Year	30,837,971	-	996,142	-	17,776,027	49,610,140	49,927,404
Unavailable Revenue - Delinquent Property Taxes	169,311	-	5,380	-	114,559	289,250	232,646
<b>Total Deferred Inflows of Resources</b>	<b>31,007,282</b>	<b>-</b>	<b>1,001,522</b>	<b>-</b>	<b>17,890,586</b>	<b>49,899,390</b>	<b>50,160,050</b>
Fund Balance:							
Nonspendable:							
Prepays	31,417	1,250	11,958	-	-	44,625	72,646
Inventory	142,865	176,623	-	-	-	319,488	197,711
Restricted for:							
Student Activities	155,732	-	-	-	-	155,732	-
Achievement and Integration	88,295	-	-	-	-	88,295	-
Basic Skills Programs	462,829	-	-	-	-	462,829	441,673
Capital Projects Levy	237,986	-	-	397,481	-	635,467	427,360
Community Education	-	-	186,711	-	-	186,711	366,465
Early Childhood and Family Education	-	-	100,335	-	-	100,335	239,326
Medical Assistance	256,328	-	-	-	-	256,328	348,554
Operating Capital	740,059	-	-	-	-	740,059	691,414
Safe Schools Levy	269,064	-	-	-	-	269,064	-
School Readiness	-	-	5,065	-	-	5,065	25,570
Other Purposes	-	1,535,285	93,831	-	4,440,843	6,069,959	5,277,942
Assigned for:							
Transportation	500,000	-	-	-	-	500,000	500,000
Separation/Retirement Benefits	1,142,326	-	-	-	-	1,142,326	1,150,000
Capital Maintenance - Victoria Field House	80,000	-	-	-	-	80,000	80,000
Quality Comp	183,718	-	-	-	-	183,718	237,140
Energy Efficiency	107,338	-	-	-	-	107,338	5,000
MTSS-ADSS	687,598	-	-	-	-	687,598	494,363
Site Carry-Over	295,083	-	-	-	-	295,083	369,429
Unassigned	8,020,876	-	-	-	-	8,020,876	9,196,321
<b>Total Fund Balance</b>	<b>13,401,514</b>	<b>1,713,158</b>	<b>397,900</b>	<b>397,481</b>	<b>4,440,843</b>	<b>20,350,896</b>	<b>20,120,914</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 58,340,611</b>	<b>\$ 2,123,264</b>	<b>\$ 1,950,877</b>	<b>\$ 554,052</b>	<b>\$ 22,331,929</b>	<b>\$ 85,300,733</b>	<b>\$ 88,427,459</b>

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	<u>2020</u>	<u>2019</u>
<b>Total Fund Balance for Governmental Funds</b>	<b>\$ 20,350,896</b>	<b>\$ 20,120,914</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	20,020,976	20,020,976
Construction in Progress	155,390	1,445,051
Land Improvements, Net of Accumulated Depreciation	2,940,571	2,898,675
Buildings and Improvements, Net of Accumulated Depreciation	202,225,847	206,642,374
Equipment, Net of Accumulated Depreciation	5,231,168	5,226,026
Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows in the funds.		
	289,250	232,646
The District's Net Other Postemployment Benefits Liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:		
Net Other Postemployment Benefits Liability	(2,230,643)	(524,582)
Deferred Inflows of Resources - Other Postemployment Benefits	(782,751)	(907,418)
Deferred Outflows of Resources - Other Postemployment Benefits	617,031	70,649
When a bond defeasance occurs the difference between the amount paid to the refunded bond escrow and the principal of the defeased debt is expensed in the governmental funds. These expenditures are capitalized on the statement of net position as deferred outflows and deferred inflows.		
Losses on Debt Refunding	64,975	98,075
Gains on Debt Refunding	(912,742)	(1,052,380)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		
	(2,230,167)	(2,447,800)
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	(85,562,615)	(81,839,708)
Deferred Inflows of Resources - Pensions	(103,491,480)	(122,597,822)
Deferred Outflows of Resources - Pensions	72,568,292	97,728,311
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	(134,745,000)	(147,130,000)
Unamortized Premiums	(13,168,130)	(14,837,768)
Certificates of Participation Payable	-	(640,000)
Severance Benefits Payable	(2,106,697)	(2,259,505)
Compensated Absences Payable	(963,387)	(915,393)
Internal service funds are used by management to charge the costs of health and dental insurance services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. Internal service fund net position at year-end is:		
	6,705,860	6,244,975
<b>Total Net Position of Governmental Activities</b>	<b><u>\$ (15,023,356)</u></b>	<b><u>\$ (14,423,704)</u></b>

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	Major Funds					Total Governmental Funds	
	General	Food Service	Community Service	Capital Projects	Debt Service	2020	2019
<b>REVENUES</b>							
Local Sources:							
Property Taxes	\$ 28,980,262	\$ -	\$ 938,624	\$ 2,240,510	\$ 18,755,338	\$ 50,914,734	\$ 46,303,823
Earnings and Investments	518,448	19,534	17,770	6,327	131,434	693,513	1,057,671
Other	4,533,049	2,752,365	5,096,089	25,892	-	12,407,395	14,846,750
State Sources	91,497,077	222,625	1,416,343	2,762	335,966	93,474,773	91,369,319
Federal Sources	2,421,112	1,543,007	-	-	-	3,964,119	4,097,254
Total Revenues	127,949,948	4,537,531	7,468,826	2,275,491	19,222,738	161,454,534	157,674,817
<b>EXPENDITURES</b>							
Current:							
Administration	4,735,871	-	-	-	-	4,735,871	4,154,143
District Support Services	3,252,501	-	-	-	-	3,252,501	3,101,842
Elementary and Secondary Regular Instruction	56,798,534	-	-	-	-	56,798,534	55,609,467
Vocational Education Instruction	1,495,191	-	-	-	-	1,495,191	1,572,167
Special Education Instruction	22,768,084	-	-	-	-	22,768,084	21,725,366
Instructional Support Services	8,546,568	-	-	-	-	8,546,568	8,347,619
Pupil Support Services	12,708,746	-	-	-	-	12,708,746	12,095,059
Sites and Buildings	11,998,277	-	-	-	-	11,998,277	11,720,433
Fiscal and Other Fixed Cost Programs	338,863	-	-	-	-	338,863	253,396
Food Service	-	4,239,152	-	-	-	4,239,152	5,748,804
Community Service	-	-	7,759,823	-	-	7,759,823	8,123,098
Capital Outlay	5,184,040	51,033	49,068	2,391,826	-	7,675,967	10,780,825
Debt Service:							
Principal	640,000	-	-	-	12,385,000	13,025,000	12,500,000
Interest and Fiscal Charges	12,787	-	-	-	5,875,242	5,888,029	6,419,657
Total Expenditures	128,479,462	4,290,185	7,808,891	2,391,826	18,260,242	161,230,606	162,151,876
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(529,514)	247,346	(340,065)	(116,335)	962,496	223,928	(4,477,059)
<b>OTHER FINANCING SOURCES</b>							
Sale of Equipment	6,054	-	-	-	-	6,054	24,492
Insurance Recovery	-	-	-	-	-	-	67,177
Total Other Financing Sources	6,054	-	-	-	-	6,054	91,669
<b>NET CHANGE IN FUND BALANCE</b>	(523,460)	247,346	(340,065)	(116,335)	962,496	229,982	(4,385,390)
<b>FUND BALANCES</b>							
Beginning of Year	13,924,974	1,465,812	737,965	513,816	3,478,347	20,120,914	24,506,304
End of Year	\$ 13,401,514	\$ 1,713,158	\$ 397,900	\$ 397,481	\$ 4,440,843	\$ 20,350,896	\$ 20,120,914

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGE IN FUND BALANCE GOVERNMENTAL FUNDS  
TO STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	2020	2019
<b>Net Change in Fund Balance - Total Governmental Funds</b>	<b>\$ 229,982</b>	<b>\$ (4,385,390)</b>
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation exceeded capital outlays in the current period is:		
Capital Outlays	3,315,944	4,167,343
Loss on Disposal of Capital Assets	6,054	(216,234)
Proceeds from the Sales of Capital Assets	(6,054)	(24,492)
Depreciation Expense	(8,975,094)	(8,761,086)
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 deferred in the governmental funds.		
	56,604	(2,851)
Pension expenditures in the governmental funds are measured by current year employer contributions. Pension expense in the statement of activities is measured by the change in the net pension liability and the related deferred inflows and outflows of resources.		
	(9,776,584)	27,645,996
In the statement of activities, certain operating expenses - severance benefits and compensated absences - are measured by amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (amounts actually paid).		
	104,814	72,036
Other postemployment benefit (OPEB) expenditures in the governmental funds are measured by current year employer contributions. OPEB expenses on the statement of activities are measured by the change in the net OPEB liability and the related deferred inflows and outflows of resources.		
	(1,035,012)	(254,707)
The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:		
Repayment of Bond Principal	12,385,000	11,885,000
Repayment of Certificates of Participation Payable	640,000	615,000
Change in Accrued Interest	217,633	211,675
Amortization of Bond Premium	1,669,638	1,765,690
Amortization of Deferred Charges on Refunding Bonds	106,538	107,943
Internal service funds are used by the District to charge the costs of employee health and dental benefits to individual funds. The net revenue of the internal service funds is reported with governmental activities.		
	460,885	(528,101)
Total	<u>\$ (599,652)</u>	<u>\$ 32,297,822</u>

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 26,705,194	\$ 28,905,194	\$ 28,980,262	\$ 75,068
Earnings and Investments	300,000	300,000	518,448	218,448
Other	4,279,388	4,218,885	4,533,049	314,164
State Sources	91,903,718	89,637,045	91,497,077	1,860,032
Federal Sources	2,460,942	2,520,432	2,421,112	(99,320)
Total Revenues	<u>125,649,242</u>	<u>125,581,556</u>	<u>127,949,948</u>	<u>2,368,392</u>
<b>EXPENDITURES</b>				
Current:				
Administration	4,394,706	4,709,209	4,735,871	26,662
District Support Services	3,307,415	3,279,405	3,252,501	(26,904)
Elementary and Secondary Regular Instruction	57,905,095	56,486,470	56,798,534	312,064
Vocational Education Instruction	1,573,417	1,571,704	1,495,191	(76,513)
Special Education Instruction	22,683,655	22,766,014	22,768,084	2,070
Instructional Support Services	9,122,700	8,963,767	8,546,568	(417,199)
Pupil Support Services	12,452,240	12,689,881	12,708,746	18,865
Sites and Buildings	11,048,821	12,142,400	11,998,277	(144,123)
Fiscal and Other Fixed Cost Programs	336,147	350,484	338,863	(11,621)
Capital Outlay	6,541,840	5,596,575	5,184,040	(412,535)
Debt Service:				
Principal	640,000	640,000	640,000	-
Interest and Fiscal Charges	12,800	12,800	12,787	(13)
Total Expenditures	<u>130,018,836</u>	<u>129,208,709</u>	<u>128,479,462</u>	<u>(729,247)</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	(4,369,594)	(3,627,153)	(529,514)	3,097,639
<b>OTHER FINANCING SOURCES</b>				
Sale of Equipment	-	-	6,054	6,054
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (4,369,594)</u>	<u>\$ (3,627,153)</u>	<u>(523,460)</u>	<u>\$ 3,103,693</u>
<b>FUND BALANCE</b>				
Beginning of Year			<u>13,924,974</u>	
End of Year			<u>\$ 13,401,514</u>	

See accompanying Notes to Basic Financial Statements.



**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
FOOD SERVICE FUND  
YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>REVENUES</b>				
Local Sources:				
Earnings and Investments	\$ 500	\$ 500	\$ 19,534	\$ 19,034
Other - Primarily Meal Sales	3,635,575	3,679,875	2,752,365	(927,510)
State Sources	322,700	278,400	222,625	(55,775)
Federal Sources	1,677,869	1,677,869	1,543,007	(134,862)
Total Revenues	<u>5,636,644</u>	<u>5,636,644</u>	<u>4,537,531</u>	<u>(1,099,113)</u>
<b>EXPENDITURES</b>				
Current:				
Food Service	5,568,344	5,562,744	4,239,152	(1,323,592)
Capital Outlay	68,000	73,600	51,033	(22,567)
Total Expenditures	<u>5,636,344</u>	<u>5,636,344</u>	<u>4,290,185</u>	<u>(1,346,159)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 300</u>	<u>\$ 300</u>	247,346	<u>\$ 247,046</u>
<b>FUND BALANCE</b>				
Beginning of Year			<u>1,465,812</u>	
End of Year			<u>\$ 1,713,158</u>	

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
COMMUNITY SERVICE FUND  
YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 940,704	\$ 940,704	\$ 938,624	\$ (2,080)
Earnings and Investments	10,200	10,200	17,770	7,570
Other - Primarily Tuition and Fees	5,873,000	5,873,000	5,096,089	(776,911)
State Sources	<u>1,486,469</u>	<u>1,486,469</u>	<u>1,416,343</u>	<u>(70,126)</u>
Total Revenues	<u>8,310,373</u>	<u>8,310,373</u>	<u>7,468,826</u>	<u>(841,547)</u>
<b>EXPENDITURES</b>				
Current:				
Community Service	8,263,783	8,263,783	7,759,823	(503,960)
Capital Outlay	<u>27,000</u>	<u>27,000</u>	<u>49,068</u>	<u>22,068</u>
Total Expenditures	<u>8,290,783</u>	<u>8,290,783</u>	<u>7,808,891</u>	<u>(481,892)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 19,590</u>	<u>\$ 19,590</u>	(340,065)	<u>\$ (359,655)</u>
<b>FUND BALANCE</b>				
Beginning of Year			<u>737,965</u>	
End of Year			<u>\$ 397,900</u>	

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 112**  
**EASTERN CARVER COUNTY SCHOOLS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**INTERNAL SERVICE FUND**  
**JUNE 30, 2020**  
**(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 8,262,507	\$ 7,544,176
<b>LIABILITIES</b>		
Accounts Payable	<u>1,556,647</u>	<u>1,299,201</u>
<b>NET POSITION</b>		
Unrestricted	<u><u>\$ 6,705,860</u></u>	<u><u>\$ 6,244,975</u></u>

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION  
PROPRIETARY FUND  
INTERNAL SERVICE FUND  
YEAR ENDED JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	<u>2020</u>	<u>2019</u>
<b>OPERATING REVENUES</b>		
Charges for Services:		
Health Insurance Premiums	\$ 9,400,046	\$ 9,124,034
Dental Insurance Premiums	720,828	691,024
Chrome Book Insurance Premiums	19,297	39,212
Total Operating Revenues	<u>10,140,171</u>	<u>9,854,270</u>
<b>OPERATING EXPENSES</b>		
Health Insurance Claim Payments	9,193,745	9,825,519
Dental Insurance Claim Payments	584,101	701,856
General Administration Fees	3,432	3,206
Supplies and Materials	2,680	10,605
Total Operating Expenses	<u>9,783,958</u>	<u>10,541,186</u>
<b>OPERATING INCOME (LOSS)</b>	356,213	(686,916)
<b>NONOPERATING INCOME</b>		
Earnings on Investments	<u>104,672</u>	<u>158,815</u>
<b>CHANGE IN NET POSITION</b>	460,885	(528,101)
Net Position - Beginning	<u>6,244,975</u>	<u>6,773,076</u>
<b>NET POSITION - ENDING</b>	<u><u>\$ 6,705,860</u></u>	<u><u>\$ 6,244,975</u></u>

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
INTERNAL SERVICE FUND  
YEAR ENDED JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Interfund Services Provided	\$ 10,120,874	\$ 9,815,058
Receipts from Insurance Premiums	19,297	39,212
Payments for Administrative Costs	(3,432)	(3,206)
Payments for Medical Fees and Insurance Claims	(9,519,380)	(10,228,795)
Payments for Supplies and Materials	(3,700)	(10,605)
Net Cash Provided (Used) by Operating Activities	<u>613,659</u>	<u>(388,336)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received	<u>104,672</u>	<u>158,815</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	718,331	(229,521)
Cash and Cash Equivalents - Beginning	<u>7,544,176</u>	<u>7,773,697</u>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<u><u>\$ 8,262,507</u></u>	<u><u>\$ 7,544,176</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ 356,213	\$ (686,916)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Increase in Accounts Payable	<u>257,446</u>	<u>298,580</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 613,659</u></u>	<u><u>\$ (388,336)</u></u>

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2020**

	Employee Benefit Trust	Scholarship Private-Purpose Trust	OPEB Irrevocable Trust
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 351,574	\$ 52,983	\$ -
Investments	-	-	6,316,547
Due From Other Funds	-	5,000	-
Total Assets	351,574	57,983	6,316,547
<b>LIABILITIES</b>			
Accounts and Contracts Payable	49,713	57,983	-
Due to Other Funds	5,000	-	-
Total Liabilities	54,713	57,983	-
<b>NET POSITION</b>			
Restricted for Employee Benefits and OPEB	<u>\$ 296,861</u>	<u>\$ -</u>	<u>\$ 6,316,547</u>

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2020**

	Employee Benefit Trust	Scholarship Private-Purpose Trust	OPEB Irrevocable Trust
<b>ADDITIONS</b>			
Plan Member Contributions	\$ 605,648	\$ -	\$ -
Contributions	-	83,185	-
Investment Income	2,081	97	392,528
Total Additions	607,729	83,282	392,528
<b>DEDUCTIONS</b>			
Benefits Paid to Plan Members	551,960	-	652,767
Scholarships Awarded	(37,006)	125,288	-
Administrative Expenses	-	-	4,189
Total Deductions	514,954	125,288	656,956
<b>NET INCREASE (DECREASE) IN NET POSITION</b>	92,775	(42,006)	(264,428)
Net Position - Beginning of Year	204,086	42,006	6,580,975
<b>NET POSITION - END OF YEAR</b>	<u>\$ 296,861</u>	<u>\$ -</u>	<u>\$ 6,316,547</u>

See accompanying Notes to Basic Financial Statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The financial statements of Independent School District No. 112 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.

**B. Financial Reporting Entity**

Independent School District No. 112 (the District) is an instrumentality of the state of Minnesota established to function as an educational institution. The elected School Board (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

GAAP requires that the District's financial statements include all funds, departments, agencies, boards, commissions, and other organizations which are not legally separated 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. There are no other entities for which the District is financially accountable.

Student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside school hours. The School Board does have a fiduciary responsibility in establishing broad policies and ensuring that appropriate financial records are maintained for student activities. In accordance with Minnesota state statutes, the District's student activity accounts are included in these financial statements. As part of the implementation of GASB Statement No. 84 in the fiscal year ended June 30, 2020, the District's student activity funds were under board control and were moved into the District's General Fund.



**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**C. Basic Financial Statement Presentation**

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the District's internal service fund is charges for services in the form of health and dental insurance premiums, early retirement incentive costs, and sick pay.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**C. Basic Financial Statement Presentation (Continued)**

Operating expenses for the internal service fund include the cost of services (claims and administrative costs). All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Measurement Focus and Basis of Accounting**

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

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

**1. Revenue Recognition**

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

**2. Recording of Expenditures**

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

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

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

*Description of Funds*

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

*Major Governmental Funds*

General Fund

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

Food Service Special Revenue Fund

The Food Service Fund is used to account for food service revenues and expenditures.

Community Service Special Revenue Fund

The Community Service Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, adult or early childhood programs, or other similar services.

Capital Projects Fund – Building Construction Fund

The Capital Projects 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 is used to account for the accumulation of resources for, and payment of, general obligation bond principal, interest, and related costs.

*Proprietary Fund*

Internal Service Fund

The Internal Service Fund is used to account for the financial resources used for the District's self-insurance of the employee dental and health insurance programs. As a proprietary fund, the internal service fund employs the economic resources measurement focus, and is accounted for on the accrual basis.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

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

*Fiduciary Funds*

Employee Benefit Trust Fund

The Employee Benefit Trust Fund is used to administer resources received and held by the District as the trustee for employees participating in the District's flexible benefit plan (Internal Revenue Code § 125 Cafeteria Plan).

Scholarship Private-Purpose Trust Fund

The Scholarship Private-Purpose Trust Fund is used to account for resources held in trust to be used by various other third parties to award scholarships to students.

Other Postemployment Benefit Trust

The Other Postemployment Benefit Trust Fund is used to account for resources set aside and held in an irrevocable trust arrangement for postemployment benefits.

**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, Capital Projects, and Debt Service Funds. The approved budget is published in summary form in the District's legal newspaper. Reported budget amounts represent the amended budget as adopted by the School Board. Legal budgetary control is at the fund level. Budgeted expenditure appropriations lapse at year-end.

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.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**E. Budgeting (Continued)**

Budgeted amounts include mid-year budget amendments that amended revenue and expenditure budgets as follows:

	Original Budget	Amendments	Amended Budget
<u>Revenues</u>			
General Fund	\$ 125,649,242	\$ (67,686)	\$ 125,581,556
Special Revenue Fund:			
Capital Projects Fund	2,240,560	31,292	2,271,852
<u>Expenditures</u>			
General Fund	\$ 130,018,836	\$ (810,127)	\$ 129,208,709
Special Revenue Fund:			
Capital Projects Fund	2,490,560	105,109	2,595,669

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

At the end of each fiscal year, if the General Fund has a net unassigned deficit fund balance, calculated in accordance with the uniform financial accounting and reporting standards for Minnesota school districts which excludes certain restricted balances specified in Minnesota Statutes, exceeding 2.5% of expenditures, a condition referred to as "statutory operating debt" exists. That debt requires retirement through the accumulation of subsequent operating surpluses in accordance with a "special operating plan" approved by the Commissioner of the Department of Education.

**F. Cash and Investments**

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**F. Cash and Investments (Continued)**

Cash with Fiscal Agent includes balances held in segregated accounts that are established for specific purposes. In the Debt Service Fund, the refunding bond escrow account held by trustee can be used only to retire refunded bond issues and to pay interest on refunding bond issues until the crossover refunding dates. Interest earned on these investments is allocated directly to the escrow account.

Investments are stated at their fair value as determined by quoted market prices, except for money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less which are recorded at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Money market investments are short-term, highly liquid debt instruments including commercial paper, banker's acceptances, and U.S. Treasury and agency obligations. Investments in external investment pools are valued at net asset value.

**G. Accounts Receivable**

Represents amounts receivable from individuals, firms, and corporations for goods and services furnished by the District. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary.

**H. Inventories**

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

**I. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Prepaid items are expensed in the periods benefitted.

**J. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

J. Deferred Outflows/Inflows of Resources (Continued)

The District has three types of items that qualify for reporting in this category. When refunding debt issuances, the difference between the reacquisition price of the refunded debt and the net carrying amount of that debt (net of any unamortized premium or discount) is considered a deferred outflow of resources and amortized as a component of interest expense over the shorter of the remaining life of the refunded debt or the life of the new refunding debt. The second is deferred outflows of resources related to pensions. See Note 8 for details. The third is deferred outflows of resources related to other postemployment benefits. See Note 10 for details.

In addition to liabilities, the statement of financial position and balance sheet 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 of resources (revenue) until that time. The District has five types of deferred inflows, two of which are related to revenue recognition. The first is property taxes levied for subsequent year. As an imposed nonexchange revenue transaction, property taxes received or reported as a receivable before the period for which the property taxes are levied are reported as a deferred inflow of resources in the government-wide financial statements and in the governmental fund financial statements. The second type of deferred inflow of resources is delinquent property taxes. 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. Delinquent taxes not collected within 60 days after the District's year-end are considered unavailable and reported as a deferred inflow of resources in the governmental fund financial statements. The third type is a gain on debt refunding, similar to the loss on debt refunding described in the previous paragraph. The fourth and fifth items and deferred inflows of resources related to pensions and other postemployment benefits. See Notes 8 and 10, respectively, for details.

K. Property Taxes

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

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**K. Property Taxes (Continued)**

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

In accordance with state law, the current tax shift consists of an amount equal to 31% of the District's 2000 Pay 2001 operating referendum levy (frozen at \$1,809,945) advance recognized as revenue each year with no corresponding state aid adjustment. Certain other portions of the District's 2019 pay 2020 levy, normally revenue for the 2020-21 fiscal year, are also advance recognized as June 30, 2020, 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 not 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, 2020, are included in the Property Taxes Levied for Subsequent Year account to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

**L. Capital Assets**

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The District maintains a capital asset threshold level of \$5,000 or more and an estimated useful life in excess of one year. 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.



**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**L. Capital Assets (Continued)**

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

Capital assets not being depreciated include land and construction in process.

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

**M. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in governmental activities. Bond premiums and discounts are amortized as a component of interest expense over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

**N. Pensions**

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

TRA has a special funding situation created by direct aid contributions made by the state of Minnesota, City of Minneapolis, and Minneapolis School District. This direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. A second direct aid source is from the state of Minnesota for the merger of the Duluth Teachers Retirement Fund Association (DTRFA) in 2015. Additional information can be found in Note 8.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

O. Accrued Employee Benefits

Vacation Pay

Under the terms of union contracts, certain employees accrue vacation at varying rates, portions of which are carried over to future years. Employees are reimbursed for any unused, accrued vacation upon termination. Vacation pay is accrued when incurred as compensated absences payable in the government-wide financial statements. Vacation pay is accrued in the governmental fund financial statements only when used or matured due to employee termination or similar circumstances.

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 or Retirement Pay

Members of certain district employee groups, including teachers, may become eligible to receive lump sum severance or retirement pay benefits. Teachers who began teaching full-time after July 1, 1991 are not eligible for early retirement incentive payments, but are eligible for deferred compensation matching programs. Eligibility for these benefits is based on years of service and/or minimum age requirements. The amount of the severance or retirement benefit is calculated by converting a portion of unused accumulated sick leave. No employee can receive severance or retirement benefits that exceed one year's salary. Retirement benefits for certain eligible employees are paid into a postemployment tax-advantaged medical savings account. For all other employees, severance benefits are paid out directly to the employee.

Postemployment Health Care Benefits

Under the terms of certain collectively bargained employment contracts, including the teachers' contract, the District is required to pay the health insurance premiums for retired employees until they reach age 65. For employees meeting certain length of service experience requirements, the amount to be paid is equal to the same insurance premium benefit as a full-time employee. See Note 10 for further information.

P. Restricted Assets

Restricted assets are cash and cash equivalents whose use is limited by legal requirements such as a bond indenture. Restricted assets in these financial statements are labeled "Cash with Fiscal Agent". The District has no such restricted assets at June 30, 2020.

Q. 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 for prepaid General Fund and Community Service Fund revenues and school lunch balances for students in the Food Service Fund.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**R. Fund Balance**

In the fund financial statements, governmental funds report fund balances in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

Nonspendable – portions of fund balance related to prepaids, inventories, long-term receivables, and corpus on any permanent fund.

Restricted – funds are constrained from outside parties (statute, grantors, bond agreements, etc.).

Committed – funds are established and modified by a resolution approved by the School Board.

Assigned – consists of internally imposed constraints. The School Board passed a resolution authorizing the Superintendent and Finance and Operations Director to assign fund balances and their intended uses.

Unassigned – is the residual classification for the General Fund and also reflects negative residual amounts in other funds.

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 amounts are available, it is the District's policy to use committed first, then assigned, and finally unassigned amounts.

The District formally adopted a fund balance policy for the General Fund. The policy establishes a year-end minimum unassigned fund balance target of 5% of the annual operating budget.

Under the Uniform Financial Accounting and Reporting System (UFARS) for Minnesota School Districts, the District has a negative restricted fund balance of (\$150,561) in the General Fund. As negative restricted fund balances are not allowed under GASB accounting standards, this negative balance has been netted with unassigned fund balance in the General Fund for financial statement reporting purposes.

**S. Risk Management**

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

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**S. Risk Management (Continued)**

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.

**T. Net Position**

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

**U. Use of Estimates**

The preparation of financial statement in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

**NOTE 2 STEWARDSHIP AND ACCOUNTABILITY**

**Excess of Expenditures Over Budget**

The District had no funds with expenditures in excess of budget.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 3 DEPOSITS AND INVESTMENTS**

**A. Deposits**

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and the balance sheet as "Cash and Investments." In accordance with Minnesota Statutes, the District maintains deposits at financial institutions which are authorized by the School District's Board.

**Custodial Credit Risk** – Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits. Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds. Authorized collateral include: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letter of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota Statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust departments of a commercial bank or other financial institution not owned or controlled by the depository.

The carrying value and bank balance of the District's deposits in banks at June 30, 2020 is \$4,821,078 and \$5,624,480, respectively, and were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

At June 30, 2020, the District's petty cash fund totaled \$3,250.

**B. Investments**

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

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

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

B. Investments (Continued)

- Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by a least two nationally recognized rating agencies, and maturing in 270 days or less
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories
- 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
- Investments related to the OPEB Revocable Trust Fund may be invested in accordance with Minnesota Statute 356A.06.

At June 30, 2020, the District’s investment balances were as follows:

	Amortized Cost
MSDLAF Term	\$ 500,000
Minnesota School District Liquid Asset Fund Plus Liquid Class	815
Minnesota School District Liquid Asset Fund Plus Max Class	43,488,933
MN Trust Investment Shares	224,573
Money Markets	8,210,852
Total Investments Held with Broker	<u>\$ 52,425,173</u>

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

The following investments are held within the other postemployment benefit trust. The funds are invested in accordance with the investment policy adopted by the District for the OPEB Trust. State statute does not limit the allowable investments for OPEB trust assets.

Mutual Fund - Equity	\$ 3,032,818
Mutual Fund - Fixed Income	3,264,389
Money Market Mutual Funds	19,337
Total	<u>\$ 6,316,544</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**B. Investments (Continued)**

***Credit Risk and Interest Rate 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.

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 policies do not limit the maturities of investments; however, when purchasing investments the District considers such things as interest rates and cash flow needs.

The credit ratings and maturities of the District's investments are as follows:

Type	Total	Maturity Duration in Years			No Maturities	Rating
		Less Than 1	1 to 2	2 to 5		
MSDLAF+ Liquid Class	\$ 815	\$ -	\$ -	\$ -	\$ 815	AA
MSDLAF+ Max Class	43,488,933	-	-	-	43,488,933	A-1
MSDLAF TERM	500,000	500,000	-	-	-	AAAm
MN Trust Investment Shares	224,573	-	-	-	224,573	AAAf
Money Market	8,210,852	-	-	-	8,210,852	AAAm
Total	<u>\$ 52,425,173</u>	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,925,173</u>	

The credit ratings and average duration for the OPEB Trust assets are as follows:

Type	Total	Maturity Duration in Years				No Maturities	Rating
		Less Than 1	1 to 2	2 to 5	Over 5		
Mutual Fund - Equity	\$ 3,032,818	\$ -	\$ -	\$ -	\$ -	\$ 3,032,818	NR
Mutual Fund - Fixed Income	3,264,389	-	-	734,681	2,529,708	-	NR
Money Market Mutual Funds	19,337	19,337	-	-	-	-	AAAm
Total	<u>\$ 6,316,544</u>	<u>\$ 19,337</u>	<u>\$ -</u>	<u>\$ 734,681</u>	<u>\$ 2,529,708</u>	<u>\$ 3,032,818</u>	

***Custodial Credit Risk*** – For an investment, custodial risk is the risk that, in the event of failure of the counterparty, the School District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The School District's investment policy requires that brokers provide insurance to cover balances held in each investment account. As of June 30, 2020, the investment balances were fully covered by insurance for each brokerage firm.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**B. Investments (Continued)**

***Concentration of Credit Risk***

The District places no limit on the amount that the District may invest in any one issuer. Currently, the District did not have investments with any issuer which individually comprised more than 5% of total investments.

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

Cash and Investments - Statement of Net Position	\$ 56,844,941
Cash and Cash Equivalents - Statement of Fiduciary Net Position	6,721,104
Total Cash and Investments	<u>\$ 63,566,045</u>

**C. Fair Value Measurements**

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

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

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

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

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

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



**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

C. Fair Value Measurements (Continued)

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

Investments Measured at Amortized Cost	<u>\$ 52,425,173</u>
--	----------------------

Assets of the OPEB Trust measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
Mutual Fund - Equity	\$ 3,032,818	\$ -	\$ -	\$ 3,032,818
Mutual Fund - Fixed Income	3,264,389	-	-	3,264,389
Total	<u>\$ 6,297,207</u>	<u>\$ -</u>	<u>\$ -</u>	<u>6,297,207</u>

Investments Measured at Amortized Cost	19,337
Total	<u>\$ 6,316,544</u>

**NOTE 4 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 20,020,976	\$ -	\$ -	\$ 20,020,976
Construction in Progress	1,445,051	155,390	(1,445,051)	155,390
Total Capital Assets, Not Being Depreciated	21,466,027	155,390	(1,445,051)	20,176,366
Capital Assets, Being Depreciated:				
Land Improvements	7,072,140	406,889	-	7,479,029
Buildings and Improvements	301,292,012	3,101,210	-	304,393,222
Equipment	10,735,940	1,097,506	(8,607)	11,824,839
Total Capital Assets, Being Depreciated	319,100,092	4,605,605	(8,607)	323,697,090
Accumulated Depreciation for:				
Land Improvements	(4,173,465)	(364,993)	-	(4,538,458)
Buildings and Improvements	(94,649,638)	(7,517,737)	-	(102,167,375)
Equipment	(5,509,914)	(1,092,364)	8,607	(6,593,671)
Total Accumulated Depreciation	(104,333,017)	(8,975,094)	8,607	(113,299,504)
Total Capital Assets, Being Depreciated, Net	214,767,075	(4,369,489)	-	210,397,586
Governmental Activities Capital Assets, Net	<u>\$ 236,233,102</u>	<u>\$ (4,214,099)</u>	<u>\$ (1,445,051)</u>	<u>\$ 230,573,952</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 4 CAPITAL ASSETS (CONTINUED)**

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

**Governmental Activities**

Regular Instruction	\$ 7,639,902
Instructional Support Services	594,050
Pupil Support Services	140,534
Sites and Buildings	507,874
Food Service	92,734
Total Depreciation Expense, Governmental Activities	<u>\$ 8,975,094</u>

**NOTE 5 LONG-TERM LIABILITIES**

**A. Components of General Long-Term Debt**

Issue	Net Interest Rate	Original Issue	Maturities	Principal Outstanding	
				Due Within One Year	Total
2012A Alt. Facilities and Refunding Bonds	2.00% - 5.00%	\$ 47,830,000	2013-2025	\$ 4,670,000	\$ 22,945,000
2013A GO Building Refunding Bonds	3.00% - 4.00%	65,815,000	2018-2028	4,755,000	52,175,000
2015A GO Refunding Bonds	3.00%	4,985,000	2019-2021	3,145,000	3,145,000
2016A GO Building Bonds	3.50% - 5.00%	57,650,000	2018-2036	325,000	56,480,000
Total General Obligation Bonds				12,895,000	134,745,000
Bond Premiums				-	13,168,130
Severance Benefits Payable				-	2,106,697
Compensated Absences Payable				963,387	963,387
Total				<u>\$ 13,858,387</u>	<u>\$ 150,983,214</u>

**B. Descriptions of Long-Term Liabilities**

**General Obligation Bonds Payable**

These bonds were issued to finance acquisitions, improvements, and/or construction of capital facilities or to refinance (refund) prior bond issues. Assets of the Debt Service Fund, together with scheduled future ad valorem tax revenue, are dedicated for the retirement of these obligations. The annual future debt service levies authorized are equal to 105% of the principal and interest due each year. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

In May 2012, the District issued \$47,830,000 of General Obligation Alternative Facilities and Refunding Bonds, Series 2012A. A portion of the proceeds were used to refund the 2004A Bond. The remaining portion of the proceeds was used to fund various future projects as part of the District's capital improvement plan. Maturity payments on these bonds occur annually through February 1, 2025, with installment amounts ranging from \$855,000 to \$5.0 million.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**B. Descriptions of Long-Term Liabilities (Continued)**

General Obligation Bonds Payable (Continued)

In March 2013, the District issued \$65,815,000 of General Obligation School Building Refunding Bonds, Series 2013A. The proceeds were placed in an escrow account and used to refund the remaining maturities of the 2007A at the crossover date of February 1, 2017. Maturity payments on these bonds occur annually through February 1, 2028, with installment amounts ranging from \$4.3 to \$8.8 million.

In November 2015, the District issued \$4,985,000 of General Obligation Refunding Bonds, Series 2015A. The proceeds of the 2015A issuance were used to refund the 2006A General Obligation Refunding Bonds on February 1, 2016. Maturity payments on these bonds occur annually through February 1, 2021, with installment amounts ranging from \$710,000 to \$3.1 million.

In February 2016, the District issued \$57,650,000 of General Obligation School Building Bonds, Series 2016A. The proceeds of this issue were used to finance the acquisition and betterment of school sites and facilities in the District including the purchase of land for and construction of a new elementary school; a multi-purpose athletic facility; a swimming pool and related improvements at Pioneer Ridge Middle School; the construction and equipping of additions to the Clover Ridge and Victoria Elementary School facilities; and the completion of deferred maintenance projects at various school sites and facilities. Maturity payments on these bonds occur annually through February 1, 2036, with installment amounts ranging from \$210,000 to \$4.9 million.

**C. Minimum Debt Payments**

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

<u>Year Ending June 30.</u>	<u>General Obligation Bonds Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 12,895,000	\$ 5,352,400
2022	12,745,000	4,818,100
2023	12,405,000	4,232,150
2024	12,825,000	3,708,200
2025	13,465,000	3,178,250
2026-2030	43,380,000	9,120,750
2031-2035	22,140,000	3,185,075
2036	4,890,000	171,150
Total	<u>\$ 134,745,000</u>	<u>\$ 33,766,075</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

D. Changes in Long-Term Debt

	June 30, 2019	Additions	Retirements	June 30, 2020
Bonds Payable	\$ 147,130,000	\$ -	\$ 12,385,000	\$ 134,745,000
Bond Premiums	14,837,768	-	1,669,638	13,168,130
Certificates of Participations	640,000	-	640,000	-
Severance Benefits Payable	2,259,505	2,106,697	2,259,505	2,106,697
Compensated Absences Payable	915,393	1,193,673	1,145,679	963,387
Total	<u>\$ 165,782,666</u>	<u>\$ 3,300,370</u>	<u>\$ 18,099,822</u>	<u>\$ 150,983,214</u>

Governmental compensated absences and severance benefits are typically liquidated (paid) by the operating funds.

**NOTE 6 INTERFUND BALANCES AND TRANSFERS**

The District had no interfund balances or transfers for the year ended June 30, 2020.

**NOTE 7 FUND BALANCES**

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. A description of deficit balance reserves is included herein since the District has specific statutory authority to levy taxes for such deficits.

Restricted and Assigned fund balances at year-end are as follows:

Restricted for Student Activities – Represents the resources available for the extracurricular activity funds raised by students.

Restricted for Achievement and Integration – Represents available resources available to provide achievement and integration programming.

Restricted for Basic Skills Program – Represents available resources to be used for basic skills programs as specified by state statute.

Restricted for Health and Safety – Represents available resources to be used exclusively for capital expenditure health and safety projects. Revenues are derived from tax levies and expenditures are for necessary corrections for fire and life safety hazards, asbestos removal and related repairs and cleanup, removal, disposal and repairs related to storing heating fuel or transportation fuel.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 7 FUND BALANCES (CONTINUED)**

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.

Restricted for Safe Schools Levy – Represents the unspent resources available from the safe schools levy.

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

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

Restricted for School Readiness – Represents accumulated resources available to provide school readiness programming.

Restricted for Bond Refundings – Represents available resources dedicated for refunding bond payments.

Restricted for Long-term Facility Maintenance – Represents resources available to be used for long-term facilities maintenance projects in accordance with the District's ten-year plan.

Restricted for Medical Assistance – Represents resources available to be used for Medical Assistance expenditures.

Restricted for Capital Projects Levy – Represents available resources dedicated for capital projects.

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. Amounts included in Restricted for Other Purposes are as follows:

Restricted for Food Service	\$ 1,535,285
Restricted for Community Education	93,831
Restricted for Debt Service	4,440,843
Total Restricted for Other Purposes	<u>\$ 6,069,959</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 7 FUND BALANCES (CONTINUED)**

Assigned for Transportation – Represents amounts that are assigned for transportation costs.

Assigned for Separation/Retirement Benefits – Represents amounts assigned for retirement benefits, including compensated absences, pension, other postemployment benefits, and termination benefits.

Assigned for Capital Maintenance – Victoria Field House – Represents dollars assigned for the capital maintenance of the Victoria Field House.

Assigned for Quality Comp (Alternative Compensation) – Represents dollars assigned for unspent Q-Comp Aid and Levy revenue.

Assigned for Energy Efficiency – Represents dollars assigned for energy efficiency projects and initiatives within the District.

Assigned for MTSS-ADSIS – Represents dollars assigned for Multi-Tiered System of Supports and Alternative Delivery of Specialized Instructional Services.

Assigned for Site Carryover – Represents dollars assigned for unspent site supply allocations.

**NOTE 8 DEFINED BENEFIT PENSION PLANS**

Substantially all employees of the District are required by state law to belong to pension plans administered by Teachers' Retirement Association (TRA) or Public Employees' Retirement Association (PERA), all of which are administered on a statewide basis. Disclosures relating to these plans follow:

**A. Plan Description**

The District participates in the following cost sharing multiple employer, defined benefit pension plans administered by the Public Employees Retirement Association (PERA) and Teachers Retirement Fund (TRA). PERA's and TRA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's 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**

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

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

A. Plan Description (Continued)

**2. Teachers Retirement Fund (TRA)**

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

Educators employed in Minnesota's public elementary and secondary schools, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those employed by St. Paul schools or University of Minnesota System).

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. 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. General Employees Plan Benefits**

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

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. If the General Employees Plan is at least 90% funded for two consecutive years, benefit recipients are given a 2.5% increase. If the plan has not exceeded 90% funded, or have fallen below 80%, benefit recipients are given a one percent increase. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30, will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30, will receive a pro rata increase.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**B. Benefits Provided (Continued)**

**2. TRA Benefits**

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

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

*Tier 1 Benefits*

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

With these provisions:

- (a) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- (b) 3.0% per year early retirement reduction factor for all years under normal retirement age.
- (c) Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

or

*Tier II Benefits*

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

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.



**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**B. Benefits Provided (Continued)**

**2. TRA Benefits (Continued)**

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.

**C. Contributions**

**1. General Employees Plan Contributions**

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature. Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2020 and the District was required to contribute 7.50% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2020 were \$1,550,469. The District's contributions were equal to the required contributions as set by state statute.

**2. TRA Contributions**

Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for fiscal year 2020 were:

	2020	
	Employee	Employer
Basic	11.00%	11.92%
Coordinated	7.50%	7.92%

The Districts contributions to TRA for the plan's fiscal year ended June 30, 2020 were \$5,119,104. The District's contributions were equal to the required contributions for each year as set by state statute.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**D. Pension Costs**

**1. General Employees Plan Pension Costs**

At June 30, 2020, the District reported a liability of \$15,607,735 for its proportionate share of the General Employees Plan's net pension liability. The District's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million to the fund in 2019. The state of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the District totaled \$485,102, for a total net pension liability of \$16,092,881 associated with the District. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018 through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers.

At June 30, 2019, the District's proportionate share was .2823% which was an increase of .0082% from its proportionate share measured as of June 30, 2018.

For the year ended June 30, 2019, the District recognized pension expense of \$1,871,504 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized an additional \$36,333 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the General Employees Fund.

At June 30, 2020, the District reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 432,548	\$ -
Changes in Actuarial Assumptions	-	1,226,778
Net Difference Between Projected and Actual Earnings on Plan Investments	-	1,582,028
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	207,084	382,704
District Contributions Subsequent to the Measurement Date	1,550,469	-
Total	<u>\$ 2,190,101</u>	<u>\$ 3,191,510</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

D. Pension Costs (Continued)

**1. General Employees Plan Pension Costs (Continued)**

\$1,550,469 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30.</u>	<u>Pension Expense Amount</u>
2021	\$ (836,830)
2022	(1,300,175)
2023	(440,024)
2024	25,151
Thereafter	-

**2. TRA Pension Costs**

At June 30, 2020 the District reported a liability of \$69,954,880 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2019, 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 1.0975% at the end of the measurement period and 1.0464% at the beginning of the period.

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

<u>Description</u>	<u>Amount</u>
District's Proportionate Share of the TRA	
Net Pension Liability	\$ 69,954,880
State's Proportionate Share of the Net Pension	
Liability Associated with the District	6,190,796
Total	<u>\$ 76,145,676</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

D. Pension Costs (Continued)

**2. TRA Pension Costs (Continued)**

For the year ended June 30, 2020, the District recognized pension expense of \$15,099,206. It also recognized \$470,575 as a decrease to pension expense and negative grant revenue for the support provided by direct aid.

At June 30, 2020, the District reported its proportionate share of the TRA's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 9,946	\$ 1,698,643
Changes in Actuarial Assumptions	58,869,975	92,804,233
Net Difference Between Projected and Actual Earnings on Plan Investments	-	5,797,094
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	6,379,167	-
District Contributions Subsequent to the Measurement Date	5,119,103	-
Total	<u>\$ 70,378,191</u>	<u>\$ 100,299,970</u>

A total of \$5,119,103 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2021	\$ 5,643,447
2022	1,271,672
2023	(25,067,120)
2024	(17,562,065)
2025	673,184
Thereafter	-

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**D. Pension Costs (Continued)**

**3. Aggregate Pension Costs**

	TRA	GERF	Total
Net Pension Liability	\$ 69,954,880	\$ 15,607,735	\$ 85,562,615
Deferred Outflows of Resources	70,378,191	2,190,101	72,568,292
Deferred Inflows of Resources	100,299,970	3,191,510	103,491,480
Pension Expense	29,732,410	1,907,837	31,640,247

**E. Actuarial Assumptions**

The total pension liability in the June 30, 2019 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Assumptions	General Employees Plan	TRA
Inflation	2.50% per Year	2.50% per Year
Salary Growth	3.25% per Year	2.85% for 10 years and 3.25% thereafter
Investment Rate of Return	7.50%	7.50%

PERA Salary increases were based on a service-related table. PERA mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. PERA cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan.

Actuarial assumptions used in the PERA June 30, 2019 valuation were based on the results of actuarial experience studies. The recent four-year experience study in the General Employees Plan was completed in 2015. Economic assumptions were updated in 2017 based on a review of inflation and investment return assumptions.

TRA preretirement mortality rates were based on the RP-2014 white-collar employee table, male rates set back 6 years and female rates set back 5 years. Generational projection uses the MP-2015 scale. Post-retirement mortality rates were based on the RP-2014 white-collar annuitant table, male rates set back 3 years, and female rates set back 3 years, with further adjustments of the rates. Generational projection uses the MP-2015 scale. Post-disability mortality rates were based on the RP-2014 disabled retiree mortality table, without adjustment. TRA cost of living benefit increases 1.0% for January 2019 through January 2023, then increasing by 0.1% each year up to 1.5% annually.

TRA assumptions are based on the full experience study dated June 2015 and the study of the economic assumptions presented to the Board in November 2017.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

E. Actuarial Assumptions (Continued)

The following changes in actuarial assumptions for PERA occurred in 2019:

- The morality projection scale was changed from MP-2017 to MP-2018.
- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

The following changes in actuarial assumptions for TRA occurred in 2019:

- The COLA was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 4 years, (7.92% in 2019, 8.13% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.
- The single discount rate was changed from 5.12% to 7.5%.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**E. Actuarial Assumptions (Continued)**

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	35.50 %	5.10 %
Private Markets	25.00	5.90
Fixed Income	20.00	0.75
International Equity	17.50	5.90
Cash Equivalents	2.00	-
Totals	100.00 %	

**F. Discount Rate**

The discount rate used to measure the PERA General Employees Plan liability in 2019 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The discount rate used to measure the TRA pension liability was 7.50%. There was no change from the discount rate at. The projection of cash flows used to determine the discount rate assumed that employee contribution will be made at the fiscal year 2019 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR).

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 8 DEFINED BENEFIT 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 in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
<u>General Employees Plan Discount Rate</u>	6.50%	7.50%	8.50%
District's Proportionate Share of the General Employees Plan Net Pension Liability	\$ 25,658,275	\$ 15,607,735	\$ 7,309,015
<u>TRA Discount Rate</u>	6.50%	7.50%	8.50%
District's Proportionate Share of the TRA Net Pension Liability	\$ 111,525,184	\$ 69,954,880	\$ 35,680,779

**H. Pension Plan Fiduciary Net Position**

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

Detailed information about TRA's fiduciary net position is available in a separately issued TRA financial report. That report can be obtained at [www.MinnesotaTRA.org](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 1-800-657-3669.

**NOTE 9 COMMITMENTS AND CONTINGENCIES**

**A. Federal and State Programs**

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

**B. Contingencies**

The District is subject to legal proceedings and claims which arise in the ordinary course of business. As of the date of these financial statements, it is not determinable what the outcome of these issues will be or the potential liability, if any, to the District.



**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 9 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

C. Construction Commitments

At June 30, 2020, the District had the following construction commitments:

Total Construction Contracts Amount	Total Completed to Date	Amount Remaining as of 6/30/2020
\$ 650,280	\$ 155,390	\$ 494,890

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PLAN**

A. Plan Description

The District operates and administers a single-employer defined benefit other postemployment benefit plan (the Plan) that provides health insurance to eligible employees and their spouses through the District's self-insured health insurance plan. There are 1,270 active participants and 56 retired participants. Benefit and eligibility provisions are established through individual contracts and negotiations between the District and various unions representing District employees and are renegotiated each two-year bargaining period. Retirees are responsible for paying the entire premium for such group-insurance coverage. Principals, Directors and Teachers meeting specific criteria are also eligible to receive a District contribution to their Health Care Savings Plan. The Plan does not issue a publicly available financial report.

B. Funding Policy

The District has assets designated for OPEB. These assets are in a qualified irrevocable trust which is included as a fiduciary fund in these financial statements. The District's investment policy is to follow state statutes as listed in Note 2. The District is assumed to make no future contributions to the trust. Benefit payments equal to the annual direct subsidy plus implicit subsidy are assumed to be made from the trust.

Contribution requirements are also negotiated between the District and union representatives. The eligibility for, amount of, duration of, and District's contribution to the cost of the benefits provided varies by contract and date of retirement. For fiscal year 2020, the District was reimbursed by its irrevocable trust for the explicit and implicit cost of benefits for retirees, and made no additional contributions to the irrevocable trust and, therefore, made no contributions to the Plan.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)**

**C. Net OPEB Liability (Asset) of the District**

The components of the net OPEB liability (asset) of the District at June 30, 2020 were as follows:

Total OPEB Liability	\$ 8,547,190
Plan Fiduciary Net Position	6,316,547
District's net OPEB Liability (Asset)	<u>\$ 2,230,643</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	74%

**D. Actuarial Methods and Assumptions**

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

The District's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019. Liabilities in this report were calculated as of the valuation date and rolled forward to the measurement date using standard actuarial roll-forward techniques.

The total OPEB liability was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	Service Graded Table
Investment Rate of Return	4.00%
20-Year Municipal Bond Yield	2.40%
Health Care Trend Rates	6.50% decreasing to 5.00% over 6 years

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2018 Generational Improvement Scale.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2014.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)**

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

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

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return</b>
Fixed Income	50.00 %	3.20 %
Domestic Equity	33.00	4.90
International Equity	17.00	4.80
Real Estate and Alternatives	-	-
Cash and Equivalents	-	-
Total	<u>100.00 %</u>	<u>4.00</u>
Reduced for Assumed Investment Expense		-
Net Assumed Investment Return (Weighted Avg, Rounded to 1/4%)		<u>4.00 %</u>

The discount rate used to measure the total OPEB liability was 2.60%. The projection of cash flows and OPEB trust assets used to determine the discount rate were based on recent employer contribution history and their stated funding policy. The OPEB trust's long-term assumed investment return was used to discount projected benefit payments for as long as projected trust assets are available to fund OPEB payments. Once projected trust assets are exhausted, the municipal bond index rate of 2.40% was applied to the remaining expected benefit payments.

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

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)**

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

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

- For the fiscal year ended June 30, 2020:
  - Nineteen Teachers, who retired by June 30, 2020 under an Early Retirement Incentive, each received a lump sum payment of \$15,000 (pro-rated if less than 1.0 FTE) to a Health Savings Account. The increase in liability also reflects an increase in the implicit rate subsidy due to these employees retiring earlier than expected.
  - The health care trend rates were changed to better anticipate short term and long term medical increases.
  - The mortality tables were updated to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2018 Generational Improvement Scale.
  - The expected long-term investment return was changed from 4.50% to 4.00%.
  - For The discount rate was changed from 3.50% to 2.60%.

**E. Changes in the Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Beginning Balance	\$ 7,105,557	\$ 6,580,975	\$ 524,582
Changes for the Year:			
Service Cost	681,442	-	681,442
Change in Benefit Terms	500,555	-	500,555
Interest Cost	261,220	-	261,220
Differences Between Expected and Actual Experience	621,665	-	621,665
Assumption Changes	29,518	-	29,518
Contributions-Employer	-	-	-
Net Investment Income	-	392,528	(392,528)
Benefit Payments	(652,767)	(652,767)	-
Administrative Expense	-	(4,189)	4,189
Net Changes	<u>1,441,633</u>	<u>(264,428)</u>	<u>1,706,061</u>
Ending Balance	<u>\$ 8,547,190</u>	<u>\$ 6,316,547</u>	<u>\$ 2,230,643</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)**

**E. Changes in the Net OPEB Liability (Continued)**

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

	<u>1% Decrease (1.60%)</u>	<u>Discount Rate (2.60%)</u>	<u>1% Increase (3.60%)</u>
Net OPEB Liability (Asset)	\$ 2,742,277	\$ 2,230,643	\$ 1,728,811

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower (5.50% decreasing to 4.00%) or 1% point higher (7.50% decreasing to 6.0%) than the current healthcare cost trend rates:

	<u>Healthcare Cost</u>		
	<u>1% Decrease (5.50% Decreasing to 4.00% over 6 Years)</u>	<u>Current Trend Rates (6.50% Decreasing to 5.00% over 6 Years)</u>	<u>1% Increase (7.50% Decreasing to 6.00% over 6 Years)</u>
Net OPEB Liability (Asset)	\$ 1,323,697	\$ 2,230,643	\$ 3,302,947

For the year ended June 30, 2020, the District recognized OPEB expense of \$1,023,238. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 532,856	\$ 366,331
Change of Assumptions	84,175	138,659
Net Difference Between Projected and Actual Investment Earnings	-	277,761
Contributions Between Measurement Date and Reporting Date	N/A	N/A
Total	<u>\$ 617,031</u>	<u>\$ 782,751</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)**

E. Changes in the Net OPEB Liability (Continued)

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

<u>Year Ending June 30,</u>	<u>Future Recognition</u>
2021	\$ (149,154)
2022	(95,398)
2023	(71,692)
2024	(47,304)
2025	104,801
Thereafter	93,027
Total	<u>\$ (165,720)</u>

**NOTE 11 SELF-INSURANCE**

The District maintains an Internal Service Fund to account for and finance self-insurance programs for health and dental benefits. Accordingly, the District has not purchased outside insurance for the risks of losses to which it is exposed for amounts under its stop-loss limit of \$150,000 at which point reinsurance coverage is available. The District also has aggregate stop-loss coverage in place which limits the District's liability to 125% of the prior years' claims. District management believes it is more economical to manage its risks internally and set aside assets for claim settlement. The Internal Service Fund currently services all claims and risk of loss to which the District is exposed for health expenses. Claims have not exceeded the District's aggregate stop-loss limit for the past 7 years (fiscal year 2014 was the first year the District was self-insured for health benefits).

Participants in the program make premium payments to the fund based on the insurance premium. The excess amount received above current year claims is used to establish a reserve for future claims. At June 30, 2020, there is a reserve of \$6,705,860.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 11 SELF-INSURANCE (CONTINUED)**

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

There were no liabilities in excess of claims paid at June 30, 2020. There is a possibility for loss if claims are in excess of the premiums collected. The District does not believe this occurrence would have a material financial effect on the District. The District held \$8,262,507 in cash and investments at June 30, 2020, for payment of claims.

Changes in the balances of claim liabilities during fiscal years 2020 and 2019 were as follows:

	2020	2019
Beginning of Fiscal Year Liability - July 1,	\$ 1,299,201	\$ 997,888
Current Year Claims, Changes in Estimates, and Other Charges	9,777,846	10,527,375
Current Year Claims Paid, Including an Estimate of Claims Incurred But Not Reported (IBNR)	(9,520,400)	(10,226,062)
End of Fiscal Year Liability - June 30,	<u>\$ 1,556,647</u>	<u>\$ 1,299,201</u>

**NOTE 12 SUBSEQUENT EVENT**

As part of the transition to insource the District's transportation operations, the District entered into a lease agreement to finance 15 buses. The lease term is eight years, with annual payments of \$224,394.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY (ASSET)  
AND RELATED RATIOS  
LAST TEN FISCAL YEARS\***

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
<b>Total OPEB Liability</b>				
Service Cost	\$ 681,442	\$ 503,435	\$ 474,096	\$ 495,806
Interest	261,220	256,717	252,157	240,822
Changes of Benefit Terms	500,555	-	-	-
Differences Between Expected and Actual Experience	621,665	-	(641,079)	-
Changes of Assumptions	29,518	82,424	(242,654)	-
Benefit Payments	(652,767)	(340,657)	(359,309)	(403,432)
<b>Net Change in Total OPEB Liability</b>	<b>1,441,633</b>	<b>501,919</b>	<b>(516,789)</b>	<b>333,196</b>
Total OPEB Liability - Beginning	7,105,557	6,603,638	7,120,427	6,787,231
<b>Total OPEB Liability - Ending (a)</b>	<b>\$ 8,547,190</b>	<b>\$ 7,105,557</b>	<b>\$ 6,603,638</b>	<b>\$ 7,120,427</b>
<b>Plan Fiduciary Net Position</b>				
Net Investment Income	\$ 392,528	\$ 414,913	\$ 409,420	\$ 540,837
Benefit Payments	(652,767)	(340,657)	(359,309)	(403,432)
Administrative Expense	(4,189)	(3,853)	(3,793)	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(264,428)</b>	<b>70,403</b>	<b>46,318</b>	<b>137,405</b>
Plan Fiduciary Net Position - Beginning	6,580,975	6,510,572	6,464,254	6,326,849
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 6,316,547</b>	<b>\$ 6,580,975</b>	<b>\$ 6,510,572</b>	<b>\$ 6,464,254</b>
<b>District's Net OPEB Liability - Ending (a) - (b)</b>	<b>\$ 2,230,643</b>	<b>\$ 524,582</b>	<b>\$ 93,066</b>	<b>\$ 656,173</b>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	73.90%	92.62%	98.59%	90.78%
Covered-Employee Payroll	\$ 81,508,301	\$ 72,780,783	\$ 70,660,954	\$ 64,837,602
District's Net OPEB Liability as a Percentage of Covered-Employee Payroll	2.74%	0.72%	0.13%	1.01%

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

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN ON PLAN ASSETS - OPEB  
LAST TEN FISCAL YEARS**

Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2020	6.09%
2019	6.34%
2018	6.31%
2017	8.46%

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

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
TRA SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
LAST SIX MEASUREMENT DATES\***

	Measurement Date June 30,					
	2019	2018	2017	2016	2015	2014
District's Proportion of the Collective Net Pension Liability	1.0975%	1.0464%	1.0332%	1.0154%	0.9896%	1.0319%
District's Proportionate Share of the Collective Net Pension Liability	\$ 69,954,880	\$ 65,723,959	\$ 206,245,462	\$ 242,197,127	\$ 61,216,547	\$ 47,524,026
State's Proportionate Share of the Collective Net Pension Liability Associated with District	6,190,796	6,174,859	19,937,507	24,309,844	7,508,902	3,345,045
Total	<u>\$ 76,145,676</u>	<u>\$ 71,898,818</u>	<u>\$ 226,182,969</u>	<u>\$ 266,506,971</u>	<u>\$ 68,725,449</u>	<u>\$ 50,869,071</u>
District's Covered Payroll	\$ 58,771,280	\$ 58,771,280	\$ 56,020,080	\$ 53,050,160	\$ 50,681,707	\$ 47,576,600
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	119.03%	111.83%	368.16%	456.54%	120.79%	99.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.21%	78.07%	51.57%	44.88%	76.80%	81.50%

\*The District implemented GASB Statement No. 68 in fiscal year 2015, and the above table will be expanded to 10 years of information as the information becomes available.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
TRA SCHEDULE OF DISTRICT CONTRIBUTIONS  
LAST SIX FISCAL YEARS\***

	Year Ended June 30,					
	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 5,119,103	\$ 4,810,778	\$ 4,407,846	\$ 4,201,506	\$ 3,978,762	\$ 3,801,128
Contributions in Relation to the Statutorily Required Contribution	(5,119,103)	(4,810,778)	(4,407,846)	(4,201,506)	(3,978,762)	(3,801,128)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 68,254,707	\$ 64,143,707	\$ 58,771,280	\$ 56,020,080	\$ 53,050,160	\$ 50,681,707
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%

\*The District implemented GASB Statement No. 68 in fiscal year 2015, and the above table will be expanded to 10 years of information as the information becomes available.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
GERF SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
LAST SIX MEASUREMENT DATES\***

	Measurement Date June 30,					
	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.2823%	0.2905%	0.2853%	0.2827%	0.2857%	0.3156%
District's Proportionate Share of the Net Pension Liability	\$ 15,607,735	\$ 16,115,749	\$ 18,213,364	\$ 22,953,838	\$ 14,806,457	\$ 14,830,383
State's Proportionate Share of the Net Pension Liability Associated with the District	485,102	528,574	228,979	299,794	-	-
Total	<u>\$ 16,092,837</u>	<u>\$ 16,644,323</u>	<u>\$ 18,442,343</u>	<u>\$ 23,253,632</u>	<u>\$ 14,806,457</u>	<u>\$ 14,830,383</u>
District's Covered Payroll	\$ 19,627,627	\$ 19,627,627	\$ 18,396,040	\$ 17,595,507	\$ 16,914,210	\$ 16,569,766
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	79.52%	82.11%	99.01%	130.45%	87.54%	89.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.50%	79.50%	75.90%	68.90%	78.20%	78.70%

\*The District implemented GASB Statement No. 68 in fiscal year 2015, and the above table will be expanded to 10 years of information as the information becomes available.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
GERF SCHEDULE OF THE DISTRICT CONTRIBUTIONS  
LAST SIX FISCAL YEARS\***

	Year Ended June 30,					
	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 1,550,469	\$ 1,498,317	\$ 1,472,072	\$ 1,379,703	\$ 1,319,663	\$ 1,247,423
Contributions in Relation to the Statutorily Required Contribution	(1,550,469)	(1,498,317)	(1,472,072)	(1,379,703)	(1,319,663)	(1,247,423)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 20,672,920	\$ 19,977,560	\$ 19,627,627	\$ 18,396,040	\$ 17,595,507	\$ 16,914,210
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.38%

\*The District implemented GASB Statement No. 68 in fiscal year 2015, and the above table will be expanded to 10 years of information as the information becomes available.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS**

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

**A. General Employees Fund**

**2019**

- The mortality projection scale was changed from MP-2017 to MP-2018.
- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

**2018**

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed postretirement benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

**2017**

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

**2016**

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

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS**

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

**A. Coordinated Plan**

2019

- No changes.

2018

- The cost of living adjustment (COLA) was reduced from 2.0% each January 1 to 1.0%, effective January 1, 2019. Beginning January 1, 2024, the COLA will increase 0.1% each year until reaching the ultimate rate of 1.5% in January 1, 2028.
- Beginning July 1, 2024, eligibility for the first COLA changes to normal retirement age (age 65 to 66, depending on date of birth). However, members who retire under Rule of 90 and members who are at least age 62 with 30 years of service credit are exempt.
- The COLA trigger provision, which would have increased the COLA to 2.5% if the funded ratio was at least 90% for two consecutive years, was eliminated.
- Augmentation in the early retirement reduction factors is phased out over a five-year period beginning July 1, 2019 and ending June 30, 2024 (this reduces early retirement benefits). Members who retire and are at least age 62 with 30 years of service are exempt.
- Augmentation on deferred benefits will be reduced to zero percent beginning July 1, 2019. Interest payable on refunds to members was reduced from 4.0% to 3.0%, effective July 1, 2018. Interest due on payments and purchases from members, employers is reduced from 8.5% to 7.5%, effective July 1, 2018.
- The employer contribution rate is increased each July 1 over the next 4 years, (7.92% in 2019, 8.13% in 2021, 8.55% in 2022, and 8.75% in 2023). In addition, the employee contribution rate will increase from 7.50% to 7.75% on July 1, 2023. The state provides funding for the higher employer contribution rate through an adjustment in the school aid formula.
- The single discount rate was changed from 5.12% to 7.5%.

2017

- The COLA was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- The COLA was not assumed to increase to 2.5%, but remain at 2.0% for all future years.
- The investment return assumption was changed from 8.0% to 7.5%.
- The price inflation assumption was lowered from 2.75% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The general wage growth assumption was lowered from 3.5% to 2.85% for ten years followed by 3.25% thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.
- The single discount rate was changed from 4.66% to 5.12%.



**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS**

2016

- There was a change in actuarial assumptions that affected the measurement of the total liability since the prior measurement date.
- Postretirement benefit adjustments are now assumed to stay level at 2.0% annually.
- The single discount rate was changed from 8.0% to 4.66%.

The following changes were reflected in the valuation performed on behalf of the District's Postemployment Benefits Plan for the year ended June 30:

2019

- The discount rate was changed from 3.70% to 3.50%

2018

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality table was updated from RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale.
- The expected long-term investment return was changed from 3.40% to 3.70%
- For The discount rate was changed from 3.40% to 3.70%.

## **SUPPLEMENTARY INFORMATION**

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
GENERAL FUND  
BALANCE SHEET  
JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	2020	2019
<b>ASSETS</b>		
Cash and Investments	\$ 32,175,129	\$ 35,079,918
Receivables:		
Current Taxes	16,797,039	15,278,257
Delinquent Taxes	266,875	191,717
Accounts and Interest Receivable	150,969	222,781
Due from Other Minnesota School Districts	53,456	37,752
Due from Minnesota Department of Education	7,313,449	8,087,574
Due from Federal Through the Minnesota Department of Education	1,176,321	814,057
Due from Federal Government Received Directly	774	-
Due from Other Governmental Units	232,317	149,502
Inventory	142,865	122,971
Prepays	31,417	50,748
Total Assets	<u>\$ 58,340,611</u>	<u>\$ 60,035,277</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 9,057,737	\$ 8,942,213
Payroll Deductions and Employer Contributions Payable	2,382,005	2,252,976
Accounts and Contracts Payable	925,591	3,730,920
Due to Other Minnesota School Districts	421,207	350,476
Due to Other Governmental Units	944,014	489,761
Unearned Revenue	201,261	160,599
Total Liabilities	<u>13,931,815</u>	<u>15,926,945</u>
Deferred Inflows:		
Unavailable Revenue - Property Taxes Levied for Subsequent Year	30,837,971	30,048,855
Unavailable Revenue - Delinquent Taxes	169,311	134,503
Total Deferred Inflows of Resources	<u>31,007,282</u>	<u>30,183,358</u>
Fund Balance:		
Nonspendable:		
Inventory	142,865	122,971
Prepays	31,417	50,748
Restricted for:		
Student Activities	155,732	-
Achievement and Integration	88,295	-
Basic Skills Programs	462,829	441,673
Capital Projects Levy	237,986	237,361
Medical Assistance	256,328	348,554
Operating Capital	740,059	691,414
Safe Schools Levy	269,064	-
Assigned for:		
Transportation	500,000	500,000
Separation/Retirement Benefits	1,142,326	1,150,000
Capital Maintenance - Victoria Field House	80,000	80,000
Quality Comp	183,718	237,140
Energy Efficiency	107,338	5,000
MTSS-ADSIS	687,598	494,363
Site Carry-Over	295,083	369,429
Unassigned	8,020,876	9,196,321
Total Fund Balance	<u>13,401,514</u>	<u>13,924,974</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 58,340,611</u>	<u>\$ 60,035,277</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

		2020		2019
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 28,905,194	\$ 28,980,262	\$ 75,068	\$ 26,433,846
Earnings and Investments	300,000	518,448	218,448	723,540
Other	4,218,885	4,533,049	314,164	5,290,549
State Sources	89,637,045	91,497,077	1,860,032	89,273,990
Federal Sources	2,520,432	2,421,112	(99,320)	2,419,042
Total Revenues	125,581,556	127,949,948	2,368,392	124,140,967
<b>EXPENDITURES</b>				
Current:				
Administration:				
Salaries	3,724,413	3,769,938	45,525	3,266,138
Employee Benefits	801,567	803,726	2,159	738,403
Purchased Services	93,998	76,070	(17,928)	64,516
Supplies and Materials	12,178	9,585	(2,593)	12,524
Other Expenditures	77,053	76,552	(501)	72,562
Total Administration	4,709,209	4,735,871	26,662	4,154,143
District Support Services:				
Salaries	2,181,461	2,189,331	7,870	1,978,243
Employee Benefits	528,553	510,452	(18,101)	466,238
Purchased Services	507,959	445,085	(62,874)	514,368
Supplies and Materials	98,868	151,070	52,202	142,249
Other Expenditures	(37,436)	(43,437)	(6,001)	744
Total District Support Services	3,279,405	3,252,501	(26,904)	3,101,842
Elementary and Secondary Regular Instruction:				
Salaries	41,715,161	41,424,203	(290,958)	40,733,284
Employee Benefits	10,260,901	10,385,316	124,415	9,768,800
Purchased Services	2,159,596	2,450,705	291,109	2,563,615
Supplies and Materials	1,936,885	2,118,197	181,312	2,110,410
Other Expenditures	413,927	420,113	6,186	433,358
Total Elementary and Secondary Regular Instruction	56,486,470	56,798,534	312,064	55,609,467

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

		2020		2019
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>EXPENDITURES (Continued)</b>				
Current (Continued):				
Vocational Education Instruction:				
Salaries	\$ 762,224	\$ 780,169	\$ 17,945	\$ 815,361
Employee Benefits	185,817	188,254	2,437	210,595
Purchased Services	614,011	516,548	(97,463)	535,709
Supplies and Materials	5,050	5,720	670	5,400
Other Expenditures	4,602	4,500	(102)	5,102
Total Vocational Education Instruction	1,571,704	1,495,191	(76,513)	1,572,167
Special Education Instruction:				
Salaries	17,423,306	17,407,168	(16,138)	16,636,079
Employee Benefits	4,448,490	4,537,763	89,273	4,202,781
Purchased Services	486,826	506,370	19,544	578,135
Supplies and Materials	269,465	177,451	(92,014)	197,878
Other Expenditures	137,927	139,332	1,405	110,493
Total Special Education Instruction	22,766,014	22,768,084	2,070	21,725,366
Instructional Support Services:				
Salaries	6,308,433	6,272,417	(36,016)	6,166,709
Employee Benefits	1,446,744	1,482,827	36,083	1,443,370
Purchased Services	605,140	514,767	(90,373)	454,636
Supplies and Materials	545,356	225,248	(320,108)	229,392
Other Expenditures	58,094	51,309	(6,785)	53,512
Total Instructional Support Services	8,963,767	8,546,568	(417,199)	8,347,619
Pupil Support Services:				
Salaries	3,571,867	3,675,163	103,296	3,195,222
Employee Benefits	849,513	876,260	26,747	762,520
Purchased Services	8,010,355	8,061,270	50,915	7,934,252
Supplies and Materials	240,899	77,898	(163,001)	186,448
Other Expenditures	17,247	18,155	908	16,617
Total Pupil Support Services	12,689,881	12,708,746	18,865	12,095,059

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	2020			2019
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>EXPENDITURES (Continued)</b>				
Current (Continued):				
Sites and Buildings:				
Salaries	\$ 4,384,436	\$ 4,199,394	\$ (185,042)	\$ 3,963,486
Employee Benefits	1,272,759	1,215,680	(57,079)	1,080,857
Purchased Services	5,936,854	5,803,087	(133,767)	5,927,437
Supplies and Materials	516,563	746,993	230,430	719,172
Other Expenditures	31,788	33,123	1,335	29,481
Total Sites and Buildings	12,142,400	11,998,277	(144,123)	11,720,433
Fiscal and Other Fixed Costs:				
Purchased Services	350,484	338,863	(11,621)	253,396
Capital Outlay:				
Administration	1,000	657	(343)	267
District Support Services	155,582	194,012	38,430	181,661
Regular Instruction	1,635,708	1,512,718	(122,990)	1,348,593
Vocational Education Instruction	700	435	(265)	-
Special Education Instruction	33,847	33,847	-	-
Instructional Support Services	874,043	1,122,204	248,161	1,537,073
Pupil Support Services	333,648	331,786	(1,862)	99,324
Sites and Buildings	2,562,047	1,988,381	(573,666)	3,374,772
Total Capital Outlay	5,596,575	5,184,040	(412,535)	6,541,690
Debt Service:				
Principal	640,000	640,000	-	615,000
Interest and Fiscal Charges	12,800	12,787	(13)	37,231
Total Debt Service	652,800	652,787	(13)	652,231
Total Expenditures	129,208,709	128,479,462	(729,247)	125,773,413
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	(3,627,153)	(529,514)	3,097,639	(1,632,446)
<b>OTHER FINANCING SOURCES</b>				
Sale of Equipment	-	6,054	6,054	22,192
Insurance Recovery	-	-	-	241
Total Other Financing Sources	-	6,054	6,054	22,433
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (3,627,153)</u>	<u>(523,460)</u>	<u>\$ 3,103,693</u>	<u>(1,610,013)</u>
<b>FUND BALANCE</b>				
Beginning of Year		13,924,974		15,534,987
End of Year		<u>\$ 13,401,514</u>		<u>\$ 13,924,974</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
FOOD SERVICE FUND  
BALANCE SHEET  
JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and Investments	\$ 1,892,725	\$ 1,967,308
Receivables:		
Accounts and Interest Receivable	481	9,507
Due from Other Minnesota School Districts	8,463	19,476
Due from Minnesota Department of Education	-	1,799
Due from Federal Through the Minnesota Department of Education	43,722	9,480
Inventory	176,623	74,740
Prepays	1,250	6,010
	<u>\$ 2,123,264</u>	<u>\$ 2,088,320</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 51,052	\$ 229,904
Payroll Deductions and Employer Contributions Payable	11,750	47,339
Accounts and Contracts Payable	1,353	30,719
Due to Other Minnesota School Districts	-	61,900
Unearned Revenue	345,951	252,646
Total Liabilities	<u>410,106</u>	<u>622,508</u>
Fund Balance:		
Nonspendable:		
Inventory	176,623	74,740
Prepays	1,250	6,010
Restricted for:		
Food Service	1,535,285	1,385,062
Total Fund Balance	<u>1,713,158</u>	<u>1,465,812</u>
	<u>\$ 2,123,264</u>	<u>\$ 2,088,320</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
FOOD SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

		2020		2019
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>REVENUES</b>				
Local Sources:				
Earnings and Investments	\$ 500	\$ 19,534	\$ 19,034	\$ 43,151
Other - Primarily Meal Sales	3,679,875	2,752,365	(927,510)	3,668,220
State Sources	278,400	222,625	(55,775)	276,952
Federal Sources	1,677,869	1,543,007	(134,862)	1,678,212
Total Revenues	<u>5,636,644</u>	<u>4,537,531</u>	<u>(1,099,113)</u>	<u>5,666,535</u>
<b>EXPENDITURES</b>				
Current:				
Salaries	1,951,520	1,535,435	(416,085)	2,139,851
Employee Benefits	439,002	340,886	(98,116)	503,446
Purchased Services	354,675	306,950	(47,725)	453,143
Supplies and Materials	2,816,422	2,055,064	(761,358)	2,651,645
Other Expenditures	1,125	817	(308)	719
Capital Outlay	73,600	51,033	(22,567)	130,034
Total Expenditures	<u>5,636,344</u>	<u>4,290,185</u>	<u>(1,346,159)</u>	<u>5,878,838</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	300	247,346	247,046	(212,303)
<b>OTHER FINANCING SOURCES</b>				
Sale of Equipment	-	-	-	2,300
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 300</u>	<u>247,346</u>	<u>\$ 247,046</u>	<u>(210,003)</u>
<b>FUND BALANCE</b>				
Beginning of Year		1,465,812		1,675,815
End of Year		<u>\$ 1,713,158</u>		<u>\$ 1,465,812</u>



**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
COMMUNITY SERVICE FUND  
BALANCE SHEET  
JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and Investments	\$ 1,292,353	\$ 2,057,059
Receivables:		
Current Taxes	526,601	490,838
Delinquent Taxes	8,527	6,068
Accounts and Interest Receivable	1,970	19,891
Due from Minnesota Department of Education	109,468	137,335
Prepays	<u>11,958</u>	<u>15,888</u>
Total Assets	<u><u>\$ 1,950,877</u></u>	<u><u>\$ 2,727,079</u></u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 283,740	\$ 456,347
Payroll Deductions and Employer Contributions Payable	59,019	92,984
Accounts and Contracts Payable	15,359	108,358
Due to Other Minnesota School Districts	32,945	34,582
Due to Other Governmental Units	-	3,827
Unearned Revenue	<u>160,392</u>	<u>346,561</u>
Total Liabilities	551,455	1,042,659
Deferred Inflows:		
Property Taxes Levied for Subsequent Year	996,142	942,148
Unavailable Revenue - Delinquent Taxes	<u>5,380</u>	<u>4,307</u>
Total Deferred Inflows of Resources	1,001,522	946,455
Fund Balance:		
Nonspendable:		
Prepays	11,958	15,888
Restricted for:		
Community Education	186,711	366,465
Early Childhood and Family Education	100,335	239,326
School Readiness	5,065	25,570
Other Purposes	<u>93,831</u>	<u>90,716</u>
Total Fund Balance	<u><u>397,900</u></u>	<u><u>737,965</u></u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u><u>\$ 1,950,877</u></u>	<u><u>\$ 2,727,079</u></u>

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
COMMUNITY SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

		2020		2019
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 940,704	\$ 938,624	\$ (2,080)	\$ 861,844
Earnings and Investments	10,200	17,770	7,570	37,489
Other - Primarily Tuition and Fees	5,873,000	5,096,089	(776,911)	5,886,643
State Sources	1,486,469	1,416,343	(70,126)	1,494,957
Total Revenues	8,310,373	7,468,826	(841,547)	8,280,933
<b>EXPENDITURES</b>				
Current:				
Salaries	5,280,104	5,092,662	(187,442)	5,161,488
Employee Benefits	1,180,291	1,115,278	(65,013)	1,157,143
Purchased Services	1,230,436	1,118,057	(112,379)	1,181,811
Supplies and Materials	539,548	383,379	(156,169)	570,425
Other Expenditures	33,404	50,447	17,043	52,231
Capital Outlay	27,000	49,068	22,068	84,757
Total Expenditures	8,290,783	7,808,891	(481,892)	8,207,855
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 19,590</u>	(340,065)	<u>\$ (359,655)</u>	73,078
<b>FUND BALANCE</b>				
Beginning of Year		737,965		664,887
End of Year		<u>\$ 397,900</u>		<u>\$ 737,965</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND  
BALANCE SHEET  
JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and Investments	\$ 554,052	\$ 1,052,177
Receivables:		
Accounts and Interest Receivable	-	1,215
Due from Other Governmental Units	<u>-</u>	<u>14,807</u>
Total Assets	<u><u>\$ 554,052</u></u>	<u><u>\$ 1,068,199</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 71,256	\$ 65,302
Payroll Deductions and Employer Contributions Payable	16,521	13,077
Accounts and Contracts Payable	<u>68,794</u>	<u>476,004</u>
Total Liabilities	156,571	554,383
Fund Balance:		
Restricted for:		
Capital Projects Levy	397,481	189,999
Restricted for Capital Projects	<u>-</u>	<u>323,817</u>
Total Fund Balance	<u><u>397,481</u></u>	<u><u>513,816</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 554,052</u></u>	<u><u>\$ 1,068,199</u></u>

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

		2020		2019
		Actual	Over (Under)	Actual
	Final Budget	Amounts	Final Budget	Amounts
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 2,240,510	\$ 2,240,510	\$ -	\$ 1,980,000
Earnings and Investments	5,450	6,327	877	54,520
Other	25,892	25,892	-	1,338
State Sources	-	2,762	2,762	2,257
Total Revenues	2,271,852	2,275,491	3,639	2,038,115
<b>EXPENDITURES</b>				
Current:				
Salaries	872,802	872,804	2	682,777
Employee Benefits	230,900	209,352	(21,548)	155,099
Purchased Services	40,558	66,266	25,708	1,449,042
Other Expenditures	-	2,762	2,762	2,257
Capital Outlay	1,451,409	1,240,642	(210,767)	1,735,169
Total Expenditures	2,595,669	2,391,826	(203,843)	4,024,344
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>				
	(323,817)	(116,335)	207,482	(1,986,229)
<b>OTHER FINANCING SOURCES</b>				
Insurance Recovery	-	-	-	66,936
<b>NET CHANGE IN FUND BALANCE</b>				
	\$ (323,817)	(116,335)	\$ 207,482	(1,919,293)
<b>FUND BALANCE</b>				
Beginning of Year		513,816		2,433,109
End of Year		\$ 397,481		\$ 513,816

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
DEBT SERVICE FUND  
BALANCE SHEET  
JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2019)**

	Totals	
	2020	2019
<b>ASSETS</b>		
Cash and Investments	\$ 12,668,175	\$ 12,385,709
Receivables:		
Current Taxes	9,449,455	9,918,713
Delinquent Taxes	177,773	128,778
Accounts and Interest Receivable	2,928	44,304
Due from Minnesota Department of Education	33,598	31,080
	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 22,331,929</u>	<u>\$ 22,508,584</u>
<b>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
Liabilities:		
Accounts and Contracts Payable	\$ 500	\$ -
Deferred Inflows:		
Property Taxes Levied for Subsequent Year	17,776,027	18,936,401
Unavailable Revenue - Delinquent Taxes	114,559	93,836
Total Deferred Inflows of Resources	<u>17,890,586</u>	<u>19,030,237</u>
Fund Balance:		
Restricted for Debt Service	<u>4,440,843</u>	<u>3,478,347</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 22,331,929</u>	<u>\$ 22,508,584</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2020  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2019)**

	2020			2019
	Final Budgeted Amounts	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 18,907,588	\$ 18,755,338	\$ (152,250)	\$ 17,028,133
Earnings and Investments	100,000	131,434	31,434	198,971
State Sources	172,496	335,966	163,470	321,163
Total Revenues	<u>19,180,084</u>	<u>19,222,738</u>	<u>42,654</u>	<u>17,548,267</u>
<b>EXPENDITURES</b>				
Debt Service:				
Bond Principal	12,385,000	12,385,000	-	11,885,000
Bond Interest	5,869,600	5,869,600	-	6,372,700
Paying Agent Fees and Other	8,375	5,642	(2,733)	9,726
Total Expenditures	<u>18,262,975</u>	<u>18,260,242</u>	<u>(2,733)</u>	<u>18,267,426</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 917,109</u>	962,496	<u>\$ 45,387</u>	(719,159)
<b>FUND BALANCE</b>				
Beginning of Year		3,478,347		4,197,506
End of Year		<u>\$ 4,440,843</u>		<u>\$ 3,478,347</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS  
COMPLIANCE TABLE  
YEAR ENDED JUNE 30, 2020**

	AUDIT	UFARS	DIFFERENCE
<b>01 GENERAL FUND</b>			
Total Revenue	\$ 127,949,948	\$ 127,949,945	\$ 3
Total Expenditures	128,479,462	128,479,459	3
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	174,282	174,282	-
<i>Restricted:</i>			
401 Student Activities	155,732	155,732	-
403 Scholarships	-	-	-
403 Staff Development	-	-	-
406 Health and Safety	-	-	-
407 Capital Project Levy	237,986	237,986	-
408 Cooperative Programs	-	-	-
413 Projects Funded by COP	-	-	-
414 Operating Debt	-	-	-
416 Levy Reduction	-	-	-
417 Taconite Building Maintenance	-	-	-
424 Operating Capital	740,059	740,059	-
426 \$25 Taconite	-	-	-
427 Disabled Accessibility	-	-	-
428 Learning and Development	-	-	-
434 Area Learning Center	-	-	-
435 Contracted Alternative Programs	-	-	-
436 State-Approved Alternative Programs	-	-	-
438 Gifted and Talented	-	-	-
440 Teacher Development and Evaluations	-	-	-
441 Basic Skills Programs	462,829	462,829	-
445 Career and Technical Programs	-	-	-
448 Achievement and Integration	88,295	88,295	-
449 Safe Schools Crime Levy	269,064	269,064	-
451 QZAB Payments	-	-	-
452 OPEB Liability Not Held in Trust	-	-	-
453 Unfunded Severance & Retirement Levy	-	-	-
467 LTFM	(150,561)	(150,561)	-
472 Medical Assistance	256,328	256,328	-
464 Restricted Fund Balance	-	-	-
<i>Committed:</i>			
418 Committed for Separation	-	-	-
461 Committed Fund Balance	-	-	-
<i>Assigned:</i>			
462 Assigned Fund Balance	2,996,063	2,996,064	(1)
<i>Unassigned:</i>			
422 Unassigned Fund Balance	8,171,437	8,171,436	1
<b>02 FOOD SERVICE</b>			
Total Revenue	4,537,531	4,537,533	(2)
Total Expenditures	4,290,185	4,290,186	(1)
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	177,873	177,873	-
<i>Restricted:</i>			
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	1,535,285	1,535,286	(1)
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
<b>04 COMMUNITY SERVICE</b>			
Total Revenue	7,468,826	7,468,825	1
Total Expenditures	7,808,891	7,808,889	2
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	11,958	11,958	-
<i>Restricted:</i>			
426 \$25 Taconite	-	-	-
431 Community Education	186,711	186,712	(1)
432 E.C.F.E.	100,335	100,335	-
440 Teacher Development and Evaluations	-	-	-
444 School Readiness	5,065	5,065	-
447 Adult Basic Education	-	-	-
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	93,831	93,831	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS  
COMPLIANCE TABLE (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

	AUDIT	UFARS	DIFFERENCE
<b>06 BUILDING CONSTRUCTION</b>			
Total Revenue	\$ 2,275,491	\$ 2,275,491	\$ -
Total Expenditures	2,391,826	2,391,825	1
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
407 Capital Projects Levy	397,481	397,482	(1)
409 Alternative Facility Program	-	-	-
413 Projects Funded by COP	-	-	-
467 LTFM	-	-	-
464 Restricted Fund Balance	-	-	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
<b>07 DEBT SERVICE</b>			
Total Revenue	19,222,738	19,222,738	-
Total Expenditures	18,260,242	18,260,242	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
425 Bond Refunding	-	-	-
451 QZAB and QSCB Payments	-	-	-
464 Restricted Fund Balance	4,440,843	4,440,843	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
<b>08 TRUST</b>			
Total Revenue	607,729	607,729	-
Total Expenditures	514,954	514,954	-
<i>Net Position:</i>			
422 Net Position	296,861	296,861	-
<b>18 CUSTODIAL</b>			
Total Revenue	83,282	83,282	-
Total Expenditures	125,288	125,288	-
<i>Restricted/Reserved:</i>			
401 Student Activities	-	-	-
402 Scholarships	-	-	-
448 Achievement and Integration	-	-	-
<b>20 INTERNAL SERVICE</b>			
Total Revenue	10,244,843	10,244,843	-
Total Expenditures	9,783,958	9,783,958	-
<i>Net Position:</i>			
422 Net Position	6,705,860	6,705,860	-
<b>25 OPEB REVOCABLE TRUST</b>			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Net Position:</i>			
422 Net Position	-	-	-
<b>45 OPEB IRREVOCABLE TRUST</b>			
Total Revenue	392,528	392,527	1
Total Expenditures	656,956	656,956	-
<i>Net Position:</i>			
422 Net Position	6,316,547	6,316,547	-
<b>47 OPEB DEBT SERVICE</b>			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
425 Bond Refunding	-	-	-
464 Restricted Fund Balance	-	-	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-



## STATISTICAL SECTION (UNAUDITED)

This part of Independent School District No. 112 comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	106
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	114
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	120
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	124
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to services the District provides and the activities it performs.	126

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive financial reports for the relevant year.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

	Fiscal Year			
	2011	2012	2013	2014
<b>Governmental Activities</b>				
Net Investment in Capital Assets	\$ 11,653,829	\$ 20,696,189	\$ 25,761,731	\$ 36,163,062
Restricted	1,624,690	2,778,615	4,187,805	2,942,042
Unrestricted	14,440,062	14,118,400	14,478,502	15,487,611
Total Governmental Activities Net Position	<u>\$ 27,718,581</u>	<u>\$ 37,593,204</u>	<u>\$ 44,428,038</u>	<u>\$ 54,592,715</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NET POSITION BY COMPONENT (CONTINUED)  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 46,163,329	\$ 54,101,920	\$ 41,254,279	\$ 63,354,300	\$ 72,086,288	\$ 81,786,405
3,372,493	2,424,129	6,203,551	6,577,454	5,535,432	8,812,995
(54,403,668)	(55,982,696)	(76,298,983)	(116,653,280)	(92,045,424)	(105,622,756)
<u>\$ (4,867,846)</u>	<u>\$ 543,353</u>	<u>\$ (28,841,153)</u>	<u>\$ (46,721,526)</u>	<u>\$ (14,423,704)</u>	<u>\$ (15,023,356)</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

	Fiscal Year			
	2011	2012	2013	2014
<b>Expenses</b>				
Governmental Activities:				
Administration	\$ 3,103,027	\$ 3,070,561	\$ 3,212,710	\$ 3,626,402
District Support Services	4,017,516	3,774,333	3,890,877	3,321,431
Regular Instruction	42,561,001	41,957,126	42,607,593	42,899,211
Vocational Education Instruction	1,026,580	1,260,709	1,596,799	1,428,802
Special Education Instruction	14,262,502	14,509,410	14,206,646	14,576,886
Instructional Support Services	5,630,860	5,304,793	6,973,472	9,082,972
Pupil Support Services	8,606,176	8,466,970	8,958,437	9,284,103
Sites and Buildings	12,592,160	13,464,155	14,932,559	14,340,867
Fiscal and Other Fixed Cost Programs	185,888	161,549	166,687	186,669
Food Service	4,300,678	4,533,818	4,583,002	4,889,769
Community Service	7,055,801	7,194,509	7,953,288	8,197,305
Interest and Fiscal Charges on Long-Term Debt	7,968,970	7,673,615	7,004,520	8,208,150
Total Governmental Activities Expenses	111,311,159	111,371,548	116,086,590	120,042,567
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services:				
Administration	-	-	-	-
Regular Instruction	3,082,121	3,102,695	1,628,820	1,241,884
Special Education Instruction	461,505	638,505	318,409	226,020
Instructional Support Services	-	-	3,831	189,044
Sites and Buildings	48,750	65,461	75,988	78,869
Food Service	3,263,367	3,345,854	3,368,464	3,405,897
Community Service	4,538,786	5,108,522	5,505,281	6,219,265
Operating Grants and Contributions	15,590,593	11,064,246	12,114,349	13,831,646
Capital Grants and Contributions	1,294,958	1,190,790	2,047,800	2,061,041
Total Governmental Activities Program Revenues	28,280,080	24,516,073	25,062,942	27,253,666
<b>Net Governmental Activities (Expense)/Revenue</b>	(83,031,079)	(86,855,475)	(91,023,648)	(92,788,901)
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities:				
Property Taxes:				
General Purpose	22,194,745	16,190,394	17,515,743	10,782,119
Community Service	1,215,708	1,331,703	1,298,456	1,013,910
Debt Service	17,351,246	18,196,133	19,881,937	18,984,530
Capital Projects	1,043,202	905,000	-	-
Unrestricted State Aid	49,113,665	59,048,542	58,542,203	68,797,029
Unrestricted Investment Earnings	175,242	66,718	(1,245,964)	1,387,783
Miscellaneous	1,316,352	991,608	1,866,107	1,986,690
Gain on Sale of Capital Assets	-	-	-	-
Total Governmental Activities	92,410,160	96,730,098	97,858,482	102,953,578
<b>Change in Net Position</b>	9,379,081	9,874,623	6,834,834	10,164,677
Net Position - Beginning, as Previously Stated	23,362,346	27,718,581	37,593,204	44,428,038
Prior Period Adjustment	(5,022,846)	-	-	-
Net Position - Beginning, as Restated	18,339,500	27,718,581	37,593,204	44,428,038
Net Position - Ending	\$ 27,718,581	\$ 37,593,204	\$ 44,428,038	\$ 54,592,715

The District adopted GASB Statement No. 74 related Statement No. 75 as of June 30, 2017. As a result, the District's net position as of June 30, 2016 was restated to reflect the recognition of the School's Net Other Postemployment Benefits Liability.

The District adopted GASB Statement No. 68 related Statement No. 71 as of June 30, 2015. As a result, the District's net position as of June 30, 2014 was restated to reflect the recognition of the School's proportionate share of the PERA's net pension liability as well as their portion of the TRA's Coordinated and Basic Plan net pension liability.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
CHANGES IN NET POSITION (CONTINUED)  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 3,297,791	\$ 3,445,202	\$ 5,342,876	\$ 5,306,744	\$ 2,869,939	\$ 4,922,490
3,300,589	3,284,288	3,402,100	3,646,410	3,183,384	3,513,516
46,033,831	50,865,826	78,046,331	46,515,591	43,362,490	70,557,757
1,679,924	1,981,182	2,141,525	2,035,914	1,194,965	1,616,409
15,405,025	17,161,920	24,516,302	26,374,908	15,813,336	24,772,432
9,918,408	10,428,010	13,009,269	13,550,181	7,918,964	10,525,819
8,918,109	9,828,825	12,293,376	13,313,506	11,393,683	13,902,718
15,713,675	17,964,670	20,016,846	42,002,953	17,768,869	16,392,661
197,113	229,175	240,587	254,580	253,396	338,863
4,924,330	5,329,152	4,917,637	5,123,079	5,824,059	4,262,122
7,468,189	6,452,472	7,479,449	7,942,855	7,077,382	7,593,677
8,829,956	7,372,271	6,806,300	4,607,507	4,334,349	3,894,220
125,686,940	134,342,993	178,212,598	170,674,228	120,994,816	162,292,684
-	8,594	1,687	-	207,023	168,753
1,185,797	1,284,840	1,327,424	1,415,915	1,401,389	998,644
200,253	223,422	349,566	360,537	398,409	300,505
202,462	200,258	196,042	200,182	202,201	136,300
200,833	8,322	9,581	9,361	11,562	9,448
3,377,014	3,414,224	3,428,642	3,639,494	3,659,363	2,721,332
5,003,180	4,332,655	4,715,915	5,392,223	5,782,362	5,031,285
15,091,251	19,477,768	20,815,229	22,527,731	20,137,190	24,882,885
2,061,041	1,228,859	1,530,345	1,966,801	2,203,659	2,211,337
27,321,831	30,178,942	32,374,431	35,512,244	34,003,158	36,460,489
(98,365,109)	(104,164,051)	(145,838,167)	(135,161,984)	(86,991,658)	(125,832,195)
16,180,398	19,891,182	24,055,477	25,972,498	26,432,218	29,012,480
1,349,324	563,464	857,994	856,910	861,791	939,668
18,846,237	20,029,222	19,049,829	17,605,259	17,027,085	18,776,189
2,450,000	660,631	2,976,639	1,894,081	1,979,878	2,243,001
66,743,149	67,131,311	71,500,079	69,530,133	71,600,202	72,818,607
801,631	851,689	1,357,206	806,929	1,216,486	798,185
1,609,072	447,751	287,573	615,801	171,820	638,359
-	-	-	-	-	6,054
107,979,811	109,575,250	120,084,797	117,281,611	119,289,480	125,232,543
9,614,702	5,411,199	(25,753,370)	(17,880,373)	32,297,822	(599,652)
54,592,715	(4,867,846)	543,353	(28,841,153)	(46,721,526)	(14,423,704)
(69,075,263)	-	(3,631,136)	-	-	-
(14,482,548)	(4,867,846)	(3,087,783)	(28,841,153)	(46,721,526)	(14,423,704)
\$ (4,867,846)	\$ 543,353	\$ (28,841,153)	\$ (46,721,526)	\$ (14,423,704)	\$ (15,023,356)

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

	Fiscal Year			
	2011	2012	2013	2014
<b>General Fund</b>				
Nonspendable	\$ 244,879	\$ 237,899	\$ 288,083	\$ 221,320
Restricted (Formerly Reserved)	367,530	611,597	767,340	602,456
Assigned (Formerly Designated)	3,610,007	3,674,342	3,464,424	4,331,095
Unassigned (Formerly Unreserved)	7,251,844	9,758,851	10,020,646	9,884,913
Total General Fund	<u>\$ 11,474,260</u>	<u>\$ 14,282,689</u>	<u>\$ 14,540,493</u>	<u>\$ 15,039,784</u>
<b>All Other Governmental Funds</b>				
Nonspendable:				
Food Service	\$ 58,982	\$ 58,476	\$ 69,379	\$ 140,241
Community Service Fund	226,752	10,969	7,199	4,318
Restricted:				
Food Service Fund	557,929	697,986	867,314	607,620
Community Service Fund	67,156	675,515	851,697	1,297,088
Capital Project Funds	801,148	10,403,267	7,600,461	3,605,529
Debt Service Funds	3,672,526	48,907,989	74,375,206	73,958,775
Total All Other Governmental Funds	<u>\$ 5,384,493</u>	<u>\$ 60,754,202</u>	<u>\$ 83,771,256</u>	<u>\$ 79,613,571</u>
Total All Funds	<u>\$ 16,858,753</u>	<u>\$ 75,036,891</u>	<u>\$ 98,311,749</u>	<u>\$ 94,653,355</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
FUND BALANCES, GOVERNMENTAL FUNDS (CONTINUED)  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 170,001	\$ 296,527	\$ 135,274	\$ 210,909	\$ 173,719	\$ 174,282
584,120	516,471	1,535,946	1,328,466	1,719,002	2,210,293
3,829,447	3,097,970	2,444,142	2,814,814	2,835,932	2,996,063
9,815,081	9,167,649	10,293,579	11,180,798	9,196,321	8,020,876
<u>\$ 14,398,649</u>	<u>\$ 13,078,617</u>	<u>\$ 14,408,941</u>	<u>\$ 15,534,987</u>	<u>\$ 13,924,974</u>	<u>\$ 13,401,514</u>
\$ 69,415	\$ 33,329	\$ 98,314	\$ 82,246	\$ 80,750	\$ 177,873
7,299	12,593	19,145	12,659	15,888	11,958
1,016,100	774,486	1,162,848	1,593,569	1,385,062	1,535,285
1,433,169	806,804	631,787	652,228	722,077	385,942
910,822	62,578,992	29,108,220	2,433,109	513,816	397,481
72,178,500	70,869,122	4,531,725	4,197,506	3,478,347	4,440,843
<u>\$ 75,615,305</u>	<u>\$ 135,075,326</u>	<u>\$ 35,552,039</u>	<u>\$ 8,971,317</u>	<u>\$ 6,195,940</u>	<u>\$ 6,949,382</u>
<u>\$ 90,013,954</u>	<u>\$ 148,153,943</u>	<u>\$ 49,960,980</u>	<u>\$ 24,506,304</u>	<u>\$ 20,120,914</u>	<u>\$ 20,350,896</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

	Fiscal Year			
	2011	2012	2013	2014
<b>Revenues</b>				
Local Sources:				
Property Taxes	\$ 42,105,756	\$ 36,627,102	\$ 38,705,044	\$ 30,905,377
Earnings on Investments	10,881	66,321	(1,246,662)	1,384,323
Other	12,709,791	13,252,645	12,588,495	13,347,669
State Sources	59,857,513	67,733,367	68,453,513	80,721,823
Federal Sources	6,141,703	3,570,211	4,250,839	3,967,893
Total Revenues	120,825,644	121,249,646	122,751,229	130,327,085
<b>Expenditures</b>				
Current:				
Administration	2,989,686	3,053,551	3,183,911	3,229,555
District Support Services	3,575,930	3,441,379	3,220,168	2,921,996
Regular Instruction	41,723,907	41,548,792	41,438,470	42,559,310
Vocational Education Instruction	1,022,997	1,252,724	1,595,765	1,435,161
Special Education Instruction	14,064,526	14,480,818	14,173,613	14,780,351
Instructional Support Services	5,494,400	5,196,677	6,685,300	7,983,086
Pupil Support Services	8,551,977	8,321,449	8,902,325	9,240,479
Sites and Buildings	6,695,546	6,747,298	7,313,460	8,210,977
Fiscal and Other Fixed Cost Programs	185,888	161,549	166,687	186,669
Food Service	4,249,397	4,498,731	4,462,184	4,800,632
Community Service	7,005,956	7,150,503	7,648,954	8,073,085
Capital Outlay	1,893,340	2,616,556	5,979,968	7,879,474
Debt Service:				
Principal	10,193,636	11,248,746	13,305,575	13,521,548
Interest and Fiscal Charges	8,715,775	8,406,999	9,258,760	9,175,695
Total Expenditures	116,362,961	118,125,772	127,335,140	133,998,018
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,462,683	3,123,874	(4,583,911)	(3,670,933)
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Real Property	-	-	-	-
Proceeds from Sale of Equipment	-	-	-	12,539
Proceeds from Insurance Recovery	1,090	-	-	-
Face Value of Bonds Issued	-	52,360,000	65,815,000	-
Bond Premium	-	7,984,635	6,200,364	-
Capital Lease Proceeds	-	49,629	178,405	-
Payment to Refunded Bond Escrow Agent	-	(5,340,000)	(44,335,000)	-
Transfer In	401,753	-	-	-
Transfer Out	(401,753)	-	-	-
Total Other Financing Sources (Uses)	1,090	55,054,264	27,858,769	12,539
Prior Period Adjustment	-	-	-	-
Net Change in Fund Balances	\$ 4,463,773	\$ 58,178,138	\$ 23,274,858	\$ (3,658,394)
Debt Service as a Percentage of Noncapital Expenditures	16.5%	17.0%	18.6%	18.0%



**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (CONTINUED)  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

	Fiscal Year					
	2015	2016	2017	2018	2019	2020
\$	38,914,942	\$ 41,105,207	\$ 46,992,939	\$ 46,269,294	\$ 46,303,823	\$ 50,914,734
	794,519	836,176	1,328,823	733,946	1,051,401	693,513
	11,769,509	12,235,246	12,915,551	14,471,276	14,853,020	12,407,395
	80,101,012	80,455,993	83,554,147	86,883,567	91,369,319	93,474,773
	3,794,429	3,888,957	4,081,481	4,219,267	4,097,254	3,964,119
	<u>135,374,411</u>	<u>138,521,579</u>	<u>148,872,941</u>	<u>152,577,350</u>	<u>157,674,817</u>	<u>161,454,534</u>
	3,573,219	3,772,293	4,134,445	4,161,954	4,154,143	4,735,871
	3,027,945	2,950,102	2,916,857	3,315,225	3,101,842	3,252,501
	45,641,940	47,625,307	50,525,185	51,258,058	55,609,467	56,798,534
	1,685,188	1,948,773	1,642,922	1,596,160	1,572,167	1,495,191
	15,558,570	16,875,960	18,048,642	20,080,847	21,725,366	22,768,084
	9,543,585	9,595,473	9,314,024	9,467,393	8,347,619	8,546,568
	8,873,347	9,254,940	10,364,426	11,481,382	12,095,059	12,708,746
	8,128,629	9,125,931	9,883,532	11,178,646	11,720,433	11,998,277
	197,113	229,175	240,587	254,580	253,396	338,863
	4,795,546	5,242,730	4,824,277	5,026,265	5,748,804	4,239,152
	7,379,725	6,756,809	7,040,992	7,667,442	8,123,098	7,759,823
	8,469,470	10,731,959	41,142,038	33,660,934	10,780,825	7,675,967
	14,127,796	14,599,333	12,352,213	12,180,000	12,500,000	13,025,000
	9,120,453	8,768,095	10,107,748	6,811,550	6,419,657	5,888,029
	<u>140,122,526</u>	<u>147,476,880</u>	<u>182,537,888</u>	<u>178,140,436</u>	<u>162,151,876</u>	<u>161,230,606</u>
	(4,748,115)	(8,955,301)	(33,664,947)	(25,563,086)	(4,477,059)	223,928
	-	-	-	12,100	-	-
	9,102	11,108	13,741	75,263	24,492	6,054
	-	202,500	113,243	21,047	67,177	-
	8,930,000	62,635,000	-	-	-	-
	514,612	9,566,682	-	-	-	-
	-	-	-	-	-	-
	(9,345,000)	(5,320,000)	(64,655,000)	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>108,714</u>	<u>67,095,290</u>	<u>(64,528,016)</u>	<u>108,410</u>	<u>91,669</u>	<u>6,054</u>
	-	-	-	-	-	-
\$	<u>(4,639,401)</u>	<u>\$ 58,139,989</u>	<u>\$ (98,192,963)</u>	<u>\$ (25,454,676)</u>	<u>\$ (4,385,390)</u>	<u>\$ 229,982</u>
	17.7%	17.1%	15.9%	13.1%	12.5%	12.3%

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<u>Fiscal Year</u>	<u>Payable Year</u>	<u>Residential Property (1)</u>	<u>Commercial Property (2)</u>	<u>Total Assessed Value</u>	<u>Total Direct School Tax Rate</u>
2011	2010	\$ 5,334,932,400	\$ 879,165,700	\$ 6,214,098,100	35.839%
2012	2011	5,047,737,600	835,594,000	5,883,331,600	40.235%
2013	2012	4,652,809,233	794,184,667	5,446,993,900	44.383%
2014	2013	4,423,059,433	796,860,467	5,219,919,900	45.319%
2015	2014	4,739,454,967	800,140,833	5,539,595,800	44.917%
2016	2015	5,447,412,074	828,199,567	6,275,611,641	39.121%
2017	2016	5,772,010,900	868,743,200	6,640,754,100	39.247%
2018	2017	5,940,540,500	892,200,200	6,832,740,700	37.007%
2019	2018	6,414,108,333	934,214,267	7,348,322,600	33.836%
2020	2019	6,938,084,633	986,227,467	7,924,312,100	33.631%

Notes:

- (1) Residential includes single family homes, townhomes and condominiums, and all other property including vacant land, farm, utilities, personal property and railroad property.
- (2) Commercial property above includes both commercial and industrial property.

Source: Carver County Department of Property Tax and Public Records

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

	ISD No. 112 Direct Rate (1)					Overlapping Rates (2)		
Fiscal Year Ended June 30,	General Fund Basic Rate	Community Service	General Obligation Debt Service	OPEB	Total Direct School Tax Rate	City of Carver	City of Chanhasen	City of Chaska
2011	7.374	1.387	30.268	1.206	40.235	47.958	26.603	23.484
2012	7.081	1.392	34.673	1.237	44.383	52.247	28.532	25.785
2013	8.738	1.506	33.762	1.313	45.319	57.320	28.428	28.075
2014	10.887	1.268	31.421	1.341	44.917	54.555	27.238	26.586
2015	9.788	0.802	27.500	1.031	39.121	48.950	24.633	24.928
2016	11.994	1.176	25.150	0.927	39.247	48.998	24.252	26.118
2017	12.835	1.122	23.050	-	37.007	49.575	23.855	27.564
2018	12.098	1.047	20.691	-	33.836	47.703	22.666	27.234
2019	11.253	1.061	21.317	-	33.631	50.592	21.105	27.678
2020	13.748	1.022	18.236	-	33.006	49.453	21.176	28.425

Notes:

- (1) Overlapping rates are those of local and county governments that apply to property owners within the District.  
Not all overlapping rates apply to all of the District's property owners (e.g., the rates for special districts apply only to the proportion of the District's property owners whose property is located within the geographic boundaries of the special district).
- (2) Special Districts includes Mosquito Control, Watershed Districts, Carver County CDA, Chaska City HRA, NYA City EDA, Watertown City EDA, Carver County Rail Authority.

Sources:

- (1) Carver County Department of Property Tax and Public Records
- (2) Carver County Auditor's Office

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
DIRECT AND OVERLAPPING PROPERTY TAX RATES (CONTINUED)  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Overlapping Rates (2)								Total Direct and Overlapping Tax Rate City of Chaska
City of Victoria	Dahlgren Township	Laketown Township	San Francisco Township	Metro Council	Metro Transit	Special Districts (2)	Carver County	
37.422	15.483	15.722	14.272	0.851	1.546	14.728	41.752	122.596
39.554	16.128	16.398	17.780	0.979	1.669	11.208	43.562	127.586
39.574	16.694	18.765	15.863	1.025	1.728	11.564	46.115	133.826
37.887	15.486	18.121	17.572	1.047	1.712	11.615	45.210	131.087
31.730	14.313	16.803	17.638	0.947	1.477	13.690	40.488	120.651
31.520	13.989	16.144	16.857	0.914	1.490	14.026	38.880	120.675
31.432	10.207	16.057	16.607	0.877	1.484	15.449	38.851	121.231
31.495	10.956	15.546	15.868	0.827	1.366	15.167	37.436	115.866
31.271	10.475	14.684	13.108	0.650	1.454	14.161	36.488	114.062
31.043	11.977	14.140	13.528	0.590	1.396	11.817	35.179	110.413

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
(UNAUDITED)**

Taxpayer	2020			2011		
	Tax Capacity	Rank	Percentage of Total Tax Capacity	Net Tax Capacity	Rank	Percentage of Total Net Tax Capacity
Northern States Power	\$ 2,250,448	1	2.75%	\$ -		0.00%
CenterPoint Energy Minnegasco	2,079,136	2	2.54%	303,309	5	0.52%
LTF Real Estate Co., Inc.	1,038,586	3	1.27%	239,202	8	0.41%
Target Corp	1,012,974	4	1.24%	260,928	6	0.45%
Istar Minnesota LLC	830,503	5	1.02%	369,750	4	0.63%
SGO MN West Village LLC	741,808	6	0.91%	-		0.00%
Par Real Estate LLC	694,196	7	0.85%	-		0.00%
Aurora Investments LLC	673,674	8	0.82%	208,278	10	0.36%
MFF Mortgage Borrower LLC	600,248	9	0.73%	-		0.00%
Ridgeview Real Estate LLC	568,828	10	0.70%	-		0.00%
Rosemount Inc.	-		-	433,552	1	0.74%
Ameriprise Financial Inc. (formerly IDS)	-		-	422,862	2	0.73%
IRET Properties	-		-	372,872	3	0.64%
Fluoroware Inc.	-		-	255,377	7	0.44%
Chaska Investment LP	-		-	219,132	9	0.38%
Total	<u>\$ 10,490,401</u>		<u>12.84%</u>	<u>\$ 3,085,262</u>		<u>5.29%</u>

Note: Carver County no longer publishes principal taxpayers by Net Tax Capacity as reported in 2011.  
2020 ranking is based on Tax Capacity. Tax Capacity is the total of Net Tax Capacity plus Fiscal Contributions and TIF (tax increment financing).

Source: Carver County Department of Property Tax and Public Records

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Taxes Levied for the Fiscal Year								
Fiscal Year	Payable Year	General Fund RMV Voter	General Fund RMV Other	General Fund Basic Levy	Community Service Levy	Debt Service Fund Levy	OPEB Levy	Total Tax Levy (1)
2012	2011	\$ 12,040,766	\$ 1,147,462	\$ 4,307,964	\$ 810,546	\$ 17,682,731	\$ 704,879	\$ 36,694,348 (2)
2013	2012	12,245,015	1,024,083	3,958,435	777,901	19,383,223	691,470	38,080,127 (2)
2014	2013	12,687,407	1,026,502	4,762,166	820,806	18,400,154	715,837	38,412,872 (2)
2015	2014	9,780,635	5,180,251 (4)	3,827,860	731,300	18,119,320	773,572	38,412,938 (2)
2016	2015	9,921,808	5,915,795 (4)	4,389,511	564,404	19,357,440	725,496	40,874,454 (2)
2017	2016	15,797,090	5,692,974 (4)	5,387,516	865,815	18,521,851	682,529	46,947,775 (2)
2018	2017	15,967,191	5,362,436 (4)	6,185,333	858,974	17,652,783	-	46,026,717 (2)
2019	2018	16,536,746	5,591,109 (4)	6,269,568	869,332	17,172,492	-	46,439,247 (2)
2020	2019	17,579,839	5,813,805 (4)	5,904,795	940,704	18,907,589	-	49,146,732 (2)
2021	2020	14,406,556	8,340,995 (5)	8,998,101	994,814	17,752,449	-	50,492,915 (2)

Notes:

- (1) State credits are included in the operating levy.
- (2) Original Gross Levy
- (3) Collections are through 6/5/2020
- (4) 2013 Minnesota legislation allowed up to \$424 conversion beginning in fiscal 2015 of local optional revenue from voter approved (RMV Voter) to non-voter approved (RMV Other) referendum.
- (5) 2019 Minnesota legislation increased the local optional revenue conversion from \$424 to \$724 beginning in fiscal 2021.

Source: Carver County Department of Property Tax and Public Records - School Tax Report; State Auditor - Taxes Receivable Report

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
PROPERTY TAX LEVIES AND COLLECTIONS (CONTINUED)  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Percentage of Levy Outstanding
Current Tax Collection	Percentage of Levy		Total Tax Collection	Percentage of Levy		
\$ 35,823,215	97.63%	\$ 871,133	\$ 36,694,348	100.00%	\$ -	0.00%
37,561,301	98.64%	518,826	38,080,127	100.00%	-	0.00%
37,977,273	98.87%	435,599	38,412,872	100.00%	-	0.00%
37,884,602	98.62%	506,865	38,391,467	99.94%	21,471	0.06%
40,421,162	98.89%	439,301	40,860,463	99.97%	13,991	0.03%
46,644,539	99.35%	260,881	46,905,420	99.91%	42,355	0.09%
45,778,504	99.46%	198,462	45,976,966	99.89%	49,751	0.11%
46,115,608	99.30%	267,012	46,382,620	99.88%	56,627	0.12%
48,755,523	99.20%	122,229	48,877,752	99.20%	268,980	0.55%
23,787,008	47.11%	-	23,787,008 (3)	47.11%	-	0.00%

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year	Governmental Activities			Total Primary Government (1)	Percentage of Personal Income (2)	Estimated Population (3)	Per Capita
	General Obligation Bonds	Capital Leases Payable	Certificates of Participation				
2011	\$ 188,797,664	\$ 842,026	\$ 4,990,000	\$ 194,629,690	-	51,662	\$ 3,767
2012	232,628,196	777,909	4,505,000	237,911,105	-	51,662	4,605
2013	246,580,564	647,334	4,005,000	251,232,898	-	51,662	4,863
2014	232,396,381	510,786	3,490,000	236,397,167	4.30%	56,000	4,221
2015	217,477,840	367,990	2,960,000	220,805,830	3.95%	56,000	3,943
2016	268,741,994	217,213	2,415,000	271,374,207	4.54%	56,000	4,846
2017	189,148,404	-	1,845,000	190,993,404	3.12%	56,000	3,411
2018	175,618,459	-	1,255,000	176,873,459	3.12%	56,000	3,158
2019	161,967,769	-	640,000	162,607,769	2.75%	56,000	2,904
2020	147,913,130	-	-	147,913,130	2.28%	58,871	2,512

Notes:

- (1) Details regarding the District's outstanding debt can be found in the notes to the financial statements.
- (2) Beginning in 2014, prior data on percentage of personal income was not available
- (3) Estimated Population data is taken from the Demographic schedule within this Statistical Section.

Source: School District records



**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT  
JUNE 30, 2020  
(UNAUDITED)**

<u>Fiscal Year 2020 (Payable Year 2019)</u>	<u>Adjusted Taxable Net Tax Capacity*</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Overlapping:</b>				
Carver County	\$ 153,858,855	\$ 31,360,000	57.6%	\$ 18,063,360
Cities:				
Carver	5,401,823	11,295,000	100.0%	11,295,000
Chanhassen	48,948,961	6,855,000	66.9%	4,585,995
Chaska	33,313,863	58,950,000	100.0%	58,950,000
Victoria	16,161,427	19,655,000	78.7%	15,468,485
Townships:				
Dahlgren	2,860,196	-	71.5%	-
Laketown	3,460,603	-	30.3%	-
San Francisco	1,675,675	-	47.0%	-
Metropolitan Council	4,281,620,797	5,735,000	2.1%	120,435
Metropolitan Transit	3,433,535,041	262,125,000	2.6%	6,815,250
Total Overlapping				<u>115,298,525</u>
<b>Direct:</b>				
Eastern Carver County Schools ISD No. 112	88,654,071	162,607,769	100.0%	<u>162,607,769</u>
Total Direct and Overlapping Bonded Debt				<u><u>\$ 277,906,294</u></u>

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the district. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the district's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt, of each overlapping government.

\*Adjusted Taxable Net Tax Capacity includes adjusted tax capacity and distribution tax capacity

Source: District's financial advisor, Baker Tilly Municipal Advisors, LLC

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
RATIO OF NET BONDED DEBT TO TAX CAPACITY  
AND LEGAL DEBT MARGIN  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<u>Fiscal Year</u>	<u>Payable Year</u>	<u>Net Bonded Debt (1)</u>	<u>Net Tax Capacity</u>	<u>% of Net Debt to Net Tax Capacity</u>	<u>Estimated Population (2)</u>	<u>Net Debt per Capita</u>
2011	2010	\$ 188,797,664	\$ 58,294,362	323.87%	51,662	\$ 3,654
2012	2011	232,628,196	54,947,365	423.37%	51,662	4,503
2013	2012	246,580,564	50,864,938	484.78%	51,662	4,773
2014	2013	232,396,381	49,526,350	469.24%	56,000	4,150
2015	2014	217,477,840	52,665,352	412.94%	56,000	3,884
2016	2015	268,741,994	64,588,548	416.08%	56,000	4,799
2017	2016	189,148,404	68,349,546	276.74%	56,000	3,378
2018	2017	175,618,459	70,429,593	249.35%	56,000	3,136
2019	2018	161,967,769	76,103,520	212.83%	56,000	2,892
2020	2019	147,913,130	81,718,870	181.00%	58,871	2,512

Notes:

- (1) Net Bonded Debt data is taken from the Outstanding Debt by Type schedule within this Statistical Section.
- (2) Estimated Population data is taken from the Demographic schedule within this Statistical Section.
- (3) The Indicated Market Value is calculated by dividing the taxable market value (\$7,924,312,100) by the sales ratio (93.5%).
- (4) The legal debt limit for a school district in Minnesota is 15% of the indicated market value of all taxable property within the school district.
- (5) The legal debt margin is calculated by subtracting outstanding net bonded debt from the legal debt limit.

Source: Carver County Department of Property Tax and Public Records

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
LEGAL DEBT MARGIN INFORMATION (CONTINUED)  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<u>Indicated Market Value (3)</u>	<u>Legal Debt Limit (4)</u>	<u>Legal Debt Margin (5)</u>	<u>% Bonded Debt to Debt Limit</u>	<u>% Bonded Debt to Market Value</u>
\$ 6,789,541,575	\$ 1,018,431,236	\$ 829,633,572	18.54%	2.78%
6,520,564,638	978,084,696	745,456,500	23.78%	3.57%
5,889,220,821	883,383,123	636,802,559	27.91%	4.19%
5,441,552,348	816,232,852	583,836,471	28.47%	4.27%
5,443,086,444	816,462,967	598,985,127	26.64%	4.00%
6,134,657,586	920,198,638	651,456,644	29.20%	4.38%
6,669,087,823	1,000,363,173	811,214,769	18.91%	2.84%
7,034,697,140	1,055,204,571	879,586,112	16.64%	2.50%
7,702,644,235	1,155,396,635	993,428,866	14.02%	2.10%
8,475,200,107	1,271,280,016	1,123,366,886	11.63%	1.75%

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Enrollment in ADMs</u>	<u>Carver Co. Unemployment Rate</u>
	(1)	(2)	(2)	(3)	(4)
2011	51,662	\$ -	\$ -	9,123	6.2%
2012	51,662	-	-	9,175	5.3%
2013	51,662	-	-	9,198	4.6%
2014	56,000	91,816	41,047	9,259	4.0%
2015	56,000	93,535	41,093	9,326	3.4%
2016	56,000	98,034	42,538	9,296	3.5%
2017	56,000	98,765	44,267	9,511	3.0%
2018	56,000	101,254	45,190	9,615	2.3%
2019	56,000	105,516	48,701	9,670	3.0%
2020	58,871	109,981	50,712	9,646	7.3%

**Note:**

Enrollment in adjusted average daily membership (ADM) is the net of all students served, which includes residents, plus open enrollment in and out to other Minnesota school districts.

**Sources:**

- (1) Eastern Carver County Schools Levy Documentation
- (2) Beginning 2014, US Census - Quick Facts, prior data unavailable
- (3) MN Department of Education
- (4) MN Department of Employment and Economic Development (month of June each year)

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO  
(UNAUDITED)**

Employer	2020		2011	
	Estimated Employees (1)	Rank (2)	Estimated Employees (3)	Rank
ISD #112	1,417	1	1,588	1
Instant Web Companies (IWCO Direct)	1,120	2		
Rosemount Inc./Emerson	977	3		
Beckman Coulter, Inc.	853	4	770	3
Lake Region Manufacturing Co.	800	5	753	4
Entergris, Inc.	700	6	477	5
The Bernard Group	660	7		
Carver County	646	8	776	2
City of Chaska	637	9	475	6
FSI International, Inc.	630	10	175	9
Target Corp - Super Target location			281	7
Legendary Baking			180	8
Century Link			150	10
Total	<u>8,440</u>		<u>5,625</u>	

**Note:**

Total employment for the area served by Eastern Carver County Schools is not available and, therefore, a percentage of total employment for each of the employers listed above is not included.

**Sources:**

- (1) This does not purport to be a comprehensive list and is based on a September 2020 best efforts telephone survey of individual employers. Some employers did not respond to inquiries.
- (2) School District records; does not include substitutes and casual workers
- (3) 2011 CAFR for ISD #112, information provided by Springsted Inc and Southwest Metro Chamber of Commerce

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
FULL-TIME EQUIVALENT DISTRICT LICENSED EMPLOYEES BY TYPE  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

	Full-Time-Equivalent Employees as of June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Administrative Staff</b>										
Superintendent	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Principals	12.0	12.0	12.2	12.7	12.6	13.7	15.0	13.8	13.7	13.8
Assistant Administrators (Asst. Principals & Asst. Superintendent)	9.0	9.0	9.8	9.8	10.0	9.6	9.9	8.9	9.0	9.0
Supervisory Coordinator	4.0	3.0	4.0	4.5	4.0	4.0	4.0	5.0	4.0	5.0
<b>Total Administrative Staff</b>	<b>26.0</b>	<b>25.0</b>	<b>27.0</b>	<b>28.0</b>	<b>27.6</b>	<b>28.3</b>	<b>29.9</b>	<b>28.7</b>	<b>27.7</b>	<b>28.8</b>
<b>Support Service Staff</b>										
Administrative Deans	7.0	4.5	7.5	8.0	15.0	13.6	14.3	14.0	15.1	15.2
Counselors	16.0	20.5	20.5	21.0	16.5	19.3	20.5	20.4	19.4	19.7
Media/Librarian	14.0	12.5	12.5	12.5	12.5	12.6	12.6	12.6	12.6	12.5
Nurse	14.0	16.3	15.8	14.3	13.7	13.7	13.2	13.8	14.1	14.9
Social Worker	8.0	7.5	7.5	8.0	7.6	6.0	6.0	6.6	7.5	8.3
Psychologists	5.8	8.5	7.6	7.4	6.4	6.3	7.7	8.7	8.6	9.4
District-Wide Sp Ed Coordinators	5.0	-	-	-	-	-	-	-	-	-
District-Wide Development Support (1)	13.7	15.1	13.0	26.0	29.5	31.0	34.2	32.7	31.9	31.2
<b>Total Support Service Staff</b>	<b>83.5</b>	<b>84.9</b>	<b>84.4</b>	<b>97.2</b>	<b>101.1</b>	<b>102.4</b>	<b>108.4</b>	<b>108.8</b>	<b>109.2</b>	<b>111.1</b>
<b>Special Education Teachers</b>										
Speech Language	18.0	17.3	17.4	17.7	18.2	17.4	19.1	19.7	19.5	18.9
Other Special Education Teachers	88.7	86.1	84.2	85.5	89.2	98.8	104.6	111.9	113.8	116.4
<b>Total Special Education Teachers</b>	<b>106.7</b>	<b>103.4</b>	<b>101.6</b>	<b>103.2</b>	<b>107.3</b>	<b>116.2</b>	<b>123.7</b>	<b>131.6</b>	<b>133.3</b>	<b>135.3</b>
<b>Classroom Teachers</b>										
K-12 Teacher	455.0	433.0	445.7	460.4	457.4	463.2	467.7	469.0	468.6	475.0
Vocational Education Teacher	3.7	5.3	5.8	5.5	8.5	9.4	9.3	8.5	9.9	9.4
Pre-K, ECCE, and Other Teacher	9.0	8.4	11.1	10.1	10.9	9.3	8.4	12.1	12.1	16.1
<b>Total Classroom Teachers</b>	<b>467.7</b>	<b>446.8</b>	<b>462.6</b>	<b>476.0</b>	<b>476.8</b>	<b>481.9</b>	<b>485.4</b>	<b>489.6</b>	<b>490.6</b>	<b>500.5</b>
<b>Total Licensed Staff (2)</b>	<b>683.9</b>	<b>660.1</b>	<b>675.6</b>	<b>704.4</b>	<b>712.8</b>	<b>728.8</b>	<b>747.4</b>	<b>758.7</b>	<b>760.8</b>	<b>775.7</b>

Notes:

- (1) Starting in FY14 includes teacher coaches for Personalized Learning, Digital Learning and Instructional.
- (2) Only reporting on staff licensed by the Minnesota Department of Education or the Minnesota Department of Health.

Source: District records

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year	Enrollment in ADMs (1)	Total Governmental Fund Expenditures (2)	Cost per Pupil	Percentage Change	Classroom Teaching Staff (3)	Pupil–Teacher Ratio
2011	9,123	\$ 116,362,961	\$ 12,755	-11.10%	574.4	15.9
2012	9,175	118,125,772	12,875	0.94%	550.2	16.7
2013	9,198	127,335,140	13,844	7.53%	564.2	16.3
2014	9,259	133,998,018	14,472	4.54%	574.8	16.1
2015	9,326	140,122,526	15,025	3.82%	584.1	16.0
2016	9,296	147,476,880	15,865	5.59%	598.1	15.5
2017	9,511	182,537,888	19,192	20.98% (4)	609.1	15.6
2018	9,615	178,140,436	18,527	-3.46% (4)	621.2	15.5
2019	9,670	162,151,876	16,769	-9.49% (4)	623.9	15.5
2020	9,646	161,230,606	16,715	-0.32%	635.8	15.2

Notes:

- (1) Enrollment in adjusted average daily membership (ADM) is the net of all students served, which includes residents, plus open enrollment in and out to other Minnesota school districts.
- (2) Total Governmental Fund Expenditures includes General, Food Service Special Revenue, Community Education Special Revenue, Capital Project - Building Construction and Debt Service Funds.
- (3) Classroom Teaching Staff includes licensed teachers in Special Education, Pre-K thru Grade 12 and ECFE.
- (4) Large increase in expenses are indicative of major building construction funds such as in 2017 when Carver Elementary was completed. As major construction projects are completed, large decreases in expenses may occur as in 2018 and 2019.

Source: District records

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
SCHOOL FACILITIES INFORMATION  
JUNE 30, 2020  
(UNAUDITED)**

Facility	Use	Grades	Year Built	Year of Major Addition	Square Footage	Site Enrollment in ADMs <sup>(1)</sup>
La Academia (2)	School	K-5	1970	2005	64,015	463
Carver Elementary	School	K-5	2017		109,450	695
Chanhassen Elementary	School	K-5	1967	1970, 2005, 2014	67,056	460
East Union Elementary	School	K-5	1963	1994	22,608	122
Bluff Creek Elementary	School	K-5	1995	2001	112,549	595
Clover Ridge Elementary	School	K-5	2001	2016	103,197	639
Victoria Elementary	School	K-5	2005	2016	107,300	681
Jonathan Elementary	School	K-5	1991		85,100	633
Chaska Middle East	School	6-8	1974	2000	158,563	683
Chaska Middle West	School	6-8	1962	1968, 1970, 1991, 2004	155,352	884
Pioneer Ridge Middle	School	6-8	2002	2018	151,188	572
Chaska High School	School	9-12	1996	2005	410,336	1,473
Chanhassen High School	School	9-12	2009		410,000	1,426
Integrated Arts Academy (ALC)	School	9-12	part of DEC		16,505 <sup>(3)</sup>	68
Family Learning Center	Special/Early Child/ Adult Education		1969	1993	58,061	72
STAR Building	Transitional Program		1976		10,739	31
District Education Center (DEC)	Office		1969	1993, 2000, 2014, 2015	38,358	
District Transportation Center	Garage		1971	1973, 1976, 1990, 1993	45,800	
Victoria Field House (4)	Athletics		2008		36,798	
Other Programs <sup>(5)</sup>	Various Facilities					
ALC Middle School						53
Targeted Services						38
All Other (Includes Anicca, tuition, etc)						58
<b>Total</b>					<b>2,162,975</b>	<b>9,646</b>

Notes:

- (1) Enrollment in this table is defined as the adjusted average daily membership (ADM) served by site, excluding resident students tuitioned out to other Minnesota school districts as of the 07/13/20 District ADM Summary report
- (2) Portion of La Academia building is used for the Kinder Academy program
- (3) Portion of DEC is used for the Integrated Arts Academy
- (4) Partnership with City of Victoria
- (5) Other Programs are located in various facilities throughout the district but enrollment is tracked under the program not the building. For example, the 53 ADMs are located between Chaska Middle School East, Chaska Middle School West and Pioneer Ridge Middle School.

Source: School District records, Minnesota Department of Education



**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
SUMMARY OF MEALS SERVED  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Year Ended June 30,	Non- Program Adult Meals	Total Meals Served Students	Regular Price Meals	Free Meals Served	Reduced Price Meals Served	COVID-19 Meals Served (2)
2011	24,546	1,077,318	842,093	172,025	63,200	-
2012	25,993	1,083,549	848,033	179,196	56,320	-
2013	28,132	1,055,734	814,090	188,534	53,110	-
2014	26,182	1,033,539	784,185	204,316	45,038	-
2015	24,719	1,047,041	768,365	229,917	48,759	-
2016	21,238	1,041,934	785,645	203,181	53,108	-
2017	21,647	1,035,164	778,435	195,676	61,053	-
2018	20,789	1,023,910	773,514	190,438	59,958	-
2019	21,954	1,007,036	764,109	180,268	62,659	-
2020	16,060	760,563	543,466	121,651	50,443	45,003

Year Ended June 30,	Student Regular Lunch Prices		
	Elementary	Middle	High School <sup>(1)</sup>
2010	2.10	2.25	2.45
2011	2.15	2.30	2.50
2012	2.20	2.35	2.55
2013	2.30	2.45	2.75
2014	2.35	2.55	2.75
2015	2.35	2.55	2.75
2016	2.45	2.65	2.85
2017	2.45	2.65	2.85
2018	2.55	2.75	2.95
2019	2.55	2.75	2.95
2020	2.55	2.75	2.95

Notes:

(1) Includes standard lunch menu and various lunch choices

(2) The U.S. Department of Agriculture (USDA) Food and Nutrition Services (FNS) division published nationwide waivers to allow school sites to operate under the Summer Food Service Program which provided access to free meals for all children 18 and under.

Source: School District Nutrition Services Department

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
SCHEDULE OF INSURANCE COVERAGE  
JUNE 30, 2020  
(UNAUDITED)**

Type of Coverage	Amount of Coverage
<b>Primary Property Coverage (including pool SIR: self-insured retention)</b>	
Real and Personal Property	\$ 1,000,000
<b>General Liability Coverage (excess of SIR):</b>	
Each Occurrence Limit	2,000,000
General Aggregate Limit	4,000,000
Sexual Abuse Liability	Included
Law Enforcement Liability	Included
Employee Dishonesty (each and every loss)	500,000
<b>Boiler and Machinery Coverage:</b>	
Property Damage	250,000,000
<b>School Board Legal Liability:</b>	
Each Occurrence Limit	2,000,000
District Aggregate Limit	4,000,000
<b>Business Auto Coverage:</b>	
Each Occurrence Limit	2,000,000
Uninsured/underinsured Motorist Liability	
Personal Injury Protection / No Fault	
Auto Physical Damage	Included
<b>Excess Property Limits:</b>	
Excess Property	200,000,000
Excess Flood - non-hazardous flood zone	30,000,000
Excess Earthquake - non-hazardous earthquake zone	30,000,000
Total Insured Values	441,951,017
<b>Excess Liability Limits:</b>	
Each Occurrence	2,000,000
Aggregate - Per Member	2,000,000
Includes: Excess Sexual Harassment Liability (each occurrence); Employee Benefits Liability (aggregate per member, all coverage combined); Director/School Board Legal Liability (per occurrence and aggregate per member)	
<b>Workers' Compensation</b>	
Each Accident	1,000,000
By Disease - each employee	1,000,000
By Disease - policy limit	1,000,000
<b>Cyber Liability</b>	
Each Member	1,000,000
Excess Cyber Liability - shared pool aggregate	750,000
<b>Pollution Liability</b>	
Third Party Bodily Injury/Property Damage Claims - each incident	3,000,000