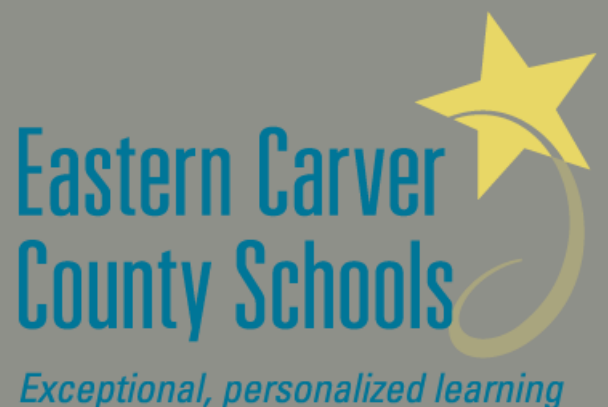




Comprehensive Annual Financial Report

YEAR ENDED JUNE 30, 2021

INDEPENDENT SCHOOL
DISTRICT NO. 112
CHASKA, MN



**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

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

YEAR ENDED JUNE 30, 2021

**PREPARED BY THE
FINANCE DEPARTMENT**

**RONALD MEYER
DIRECTOR OF FINANCE AND OPERATIONS**

**PAM JENSEN
FINANCE AND HUMAN RESOURCES MANAGER**

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INTRODUCTORY SECTION

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November 9, 2021

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

INTRODUCTION

The Annual Comprehensive Financial Report (ACFR) of Independent School District No. 112, Eastern Carver County Schools, Chaska, Minnesota (the District) for the fiscal year ended June 30, 2021 is presented for your information and review. The ACFR 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 ACFR 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 graduation rate of 95.4% is well above the state average of 83.8%. Its students consistently perform above state averages on state tests and more than 90 percent of its graduates go on to 2-year, 4-year, and elite colleges. The district offers 27 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 focus on personalized learning. Personalized learning places the student at the center of the learning process. In the fall of 2019, voters approved a renewal of the 2013 capital projects referendum, which provides a learning device to every third through 12th grade student as a means to enhance and enrich learning. The district entered into a strategic planning process in the spring of 2020 to develop a roadmap for continuing its educational excellence. This plan should be operationalized by mid-2022.

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 9,257 students from a population of 61,436 residents living in an 84.16 square mile area. During 2020-2021, 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 27.9 and comprise of over 2.2 million square feet in size.

Superintendent Lisa Sayles-Adams began her tenure in the district in July 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 is currently pursuing her Doctorate in Educational Leadership at Minnesota State University Mankato.

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 self's, 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, 2021, 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 2020-21 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 30th 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.

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, voters approved a bond referendum in 2015 for a new elementary school in Carver, land for current and future growth and additions at Clover Ridge and Victoria Elementary Schools which combined provided space for 1,020 additional elementary students. That 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 was the case in school districts across the state and nation, the COVID-19 pandemic had a significant impact on Eastern Carver County Schools. The district lost over 300 students during the 2020-2021 school year as a result of the pandemic, the first drop in enrollment in a decade. This loss of enrollment had an impact on the current budget as well as the future financial forecast. It also created challenges in how to project facility needs as the previous trend for enrollment was disrupted.

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 2020-21. 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. Given these numbers, despite the current decline, the District anticipates that student enrollment will again increase steadily starting in the 22-23 school 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 local referendum operating revenue. Legislative actions moved \$300 per pupil out of voter approved

referenda to Local Operational Revenue (LOR). This coupled with similar 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 continue the high level of educational excellence as well as financial stability for the future. 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 2020-21 this levy provided \$4.4 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. This funding source provides resources to address deferred maintenance needs in all district-owned facilities to protect these important community assets.

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 increase. Market values increased by over \$2.7 billion from 2013 to 2020 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 also evident throughout all four communities.

The 2021 Legislative session increased K-12 funding in Minnesota for the biennium, including a 2.45% increase the first year and 2.0% in the second year in the general education formula allowance.

COMMUNITY

Carver County is one of the fastest growing Minnesota counties with a 13.6% increase between 2011 and 2020. It is one of the highest educated and healthiest counties in the state, and our communities are regularly named as some of the best to live in the nation. Most recently, Money Magazine named the City of Chanhassen the number one best place to live in the US in 2021. In 2020 Carver County's population surpassed 106,000 residents which makes it the 11th 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.

The need for an increase in infrastructure includes transportation options, 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 and continues to see

investment and expansion. This includes a 5-mile stretch between Carver and Cologne that is expanding to a 4-lane highway that is expected to be complete in late October of 2022. Other major road construction was recently completed at the intersection of Highways 169 and 41, which improved traffic flow for residents and businesses between Minneapolis and Chaska. The Southwest Light Rail Transit is a 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 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

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 strategic planning process, starting in the spring of 2020, will help set priorities for the district into the future. This process will also help to redefine how personalized learning can strategically assist the district in moving toward accomplishing those priorities.

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. That program has now been expanded to Chanhassen High School.

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.

In June of 2021, the Eastern Carver County School Board unanimously approved putting an operating referendum in front of voters in the November 2, 2021 election. The operating levy is a strategic investment in sustaining and building the district's high quality educational and programming activities into the future. The 10-year operating levy would provide an increase in operating revenue of \$550 per pupil, which equates to approximately \$5.2 million of additional revenue for the district in the first year. The estimated tax impact on the average homeowner would be about \$20/month, based on an average home value of \$375,000.

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 2019-2020 Annual Comprehensive Financial Report (ACFR). The District plans to submit the 2020-2021 ACFR to the ASBO Certificate Program for consideration.

ACKNOWLEDGMENTS

The time, effort, and attention that go into the timely preparation of a ACFR 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



Ronald Meyer
Director of Financing & Operations



Pam Jensen
Finance & HR Manager

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
SCHOOL BOARD AND ADMINISTRATION
JUNE 30, 2021**

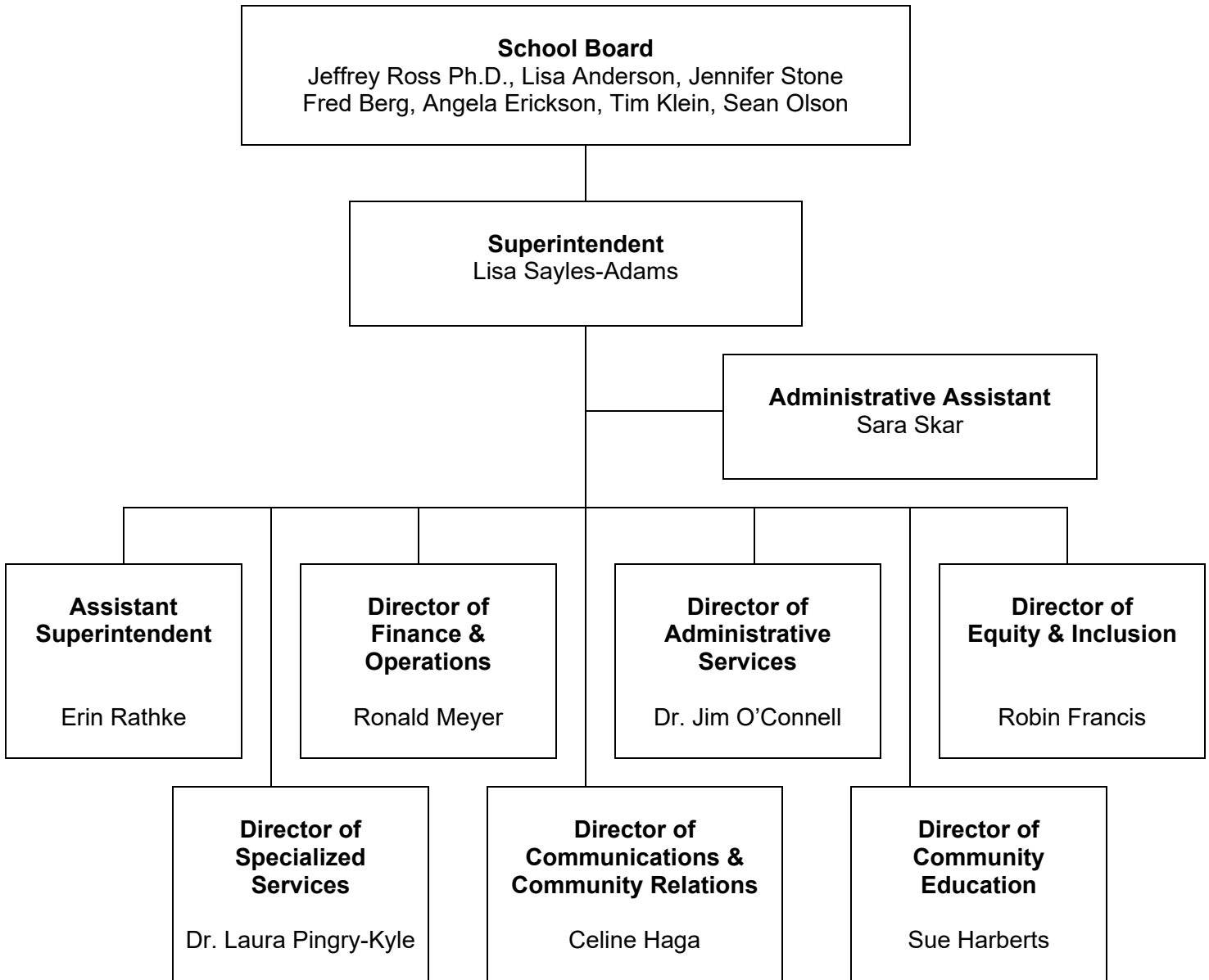
SCHOOL BOARD

NAME	TERM ON BOARD EXPIRES	BOARD POSITION
Jeffrey Ross, Ph.D.	January 1, 2024	Chairperson
Lisa Anderson	January 3, 2022	Vice Chairperson/Clerk
Jennifer Stone	January 3, 2022	Treasurer
Fred Berg	January 3, 2022	Director
Angela Erickson	January 1, 2024	Director
Tim Klein	January 3, 2022	Director
Sean Olsen	January 1, 2024	Director

ADMINISTRATION

Lisa Sayles-Adams	Superintendent
Ronald Meyer	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, 2021**



INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING
JUNE 30, 2021



The Certificate of Excellence in Financial Reporting
is presented to

Eastern Carver County Schools ISD 112

**for its Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2020.**

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



A handwritten signature in black ink, reading 'W. Edward Chabal'.

W. Edward Chabal
President

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

David J. Lewis
Executive Director

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FINANCIAL SECTION

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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, 2021, 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, 2021, 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 2020 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 in our report dated October 1, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 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, 2020, 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, 2020, 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 2020 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 2020 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 November 9, 2021, 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
November 9, 2021

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REQUIRED SUPPLEMENTARY INFORMATION

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**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

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, 2021. 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 2020-2021 fiscal years include the following:

- The District's total revenues exceeded expenses by \$9,271,506 during the fiscal year ended June 30, 2021, resulting in an ending net position deficit of \$5,751,850.
- At June 30, 2021, 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 \$73,103,989, an increase of \$52,753,093 from the prior year. The primary cause for the increase is from the sales of bonds for the refunding of the 2012A and 2013A bonds. The bond proceeds of approximately \$46 million were deposited into an escrow account and will be called for redemption on February 1, 2022 for the 2012A bonds and February 1, 2023 for the 2013A bonds.
- After a number of years of enrollment growth, the District's enrollment decreased from 9,648.60 in 2019-2020 to 9,355.10 in 2020-2021, a loss of 293.5 in Average Daily Membership (ADMs) or a decrease of 3.04%. Statewide, Minnesota school enrollment dropped during the 2020-21 school year by 2.3% as pandemic concerns have caused families to make alternate educational choices.
- The District's General Fund, its primary operating fund, closed the fiscal year with an unassigned fund balance of \$8,394,545, a slight increase of \$373,669 from June 30, 2020, or from 6.24% to 6.44% of total expenditures.
- The District increased its assigned fund balance for future energy efficiency projects by \$83,024 for a total of \$190,362. 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 received a donation from the estate of Myron and Rhonda J Cottrell, former residents of Chaska. In 2020-21, the District received \$2.5 million and is expected to receive another \$1.0 million in 2021-22 as the remaining assets are liquidated. As these funds are received, the District has put them into an assigned fund balance for future use.
- The District sold 19.75 gross acres in Victoria that was originally purchased for \$728,689 in 2000 but was determined to no longer be an appropriate site for a future school. The proceeds for the sale, \$2,106,505 were placed in an assigned fund balance for future use.

**INDEPENDENT SCHOOL DISTRICT NO. 112
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- 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 \$1,265,398. Due to the disruptions the pandemic has caused and the needs of some students for additional support, this program is even more critical. These funds will be used for full implementation of the MTSS framework for interventions to ensure that all students receive evidence-based instruction that leads to academic proficiency.
- The District maintains an internal service fund for medical, dental, and Chrome Book® self-insurance. The self-insured medical plan fund balance has reached \$7,087,333 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 \$424,966, down from \$442,034 in 2020. 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 \$51,791.

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*.

**INDEPENDENT SCHOOL DISTRICT NO. 112
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- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- 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, 2021**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's *combined* net position was a deficit of \$5,751,850 on June 30, 2021 (see Table A-1).

The District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at June 30, 2021, resulting in the District's net position to be a deficit of \$5,751,850. The District's total net position was significantly impacted in fiscal 2021 and 2020 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 \$6,735,546 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
	2021	2020	
Current and Other Assets	\$ 150,515,620	\$ 93,563,240	60.87 %
Capital Assets	228,983,511	230,573,952	(0.69)
Total Assets	379,499,131	324,137,192	17.08
Deferred Outflows of Resources	46,545,106	73,250,298	(36.46)
Current Liabilities	23,438,489	18,837,261	24.43
Net Pension Liability	99,684,831	85,562,615	16.51
Long-Term Liabilities	186,536,836	153,213,857	21.75
Total Liabilities	309,660,156	257,613,733	20.20
Deferred Inflows of Resources	122,135,931	154,797,113	(21.10)
Net Position:			
Net Investment in Capital Assets	90,069,514	81,786,405	10.13
Restricted	6,735,546	7,049,447	(4.45)
Unrestricted	(102,556,910)	(103,859,208)	(1.25)
Total Net Position	<u>\$ (5,751,850)</u>	<u>\$ (15,023,356)</u>	(61.71)

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

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
	2021	2020	
Revenues			
<u>Program Revenues</u>			
Charges for Services	\$ 5,595,152	\$ 9,366,267	(40.26)%
Operating Grants and Contributions	32,316,846	24,882,885	29.88
Capital Grants and Contributions	1,938,643	2,211,337	(12.33)
<u>General Revenues</u>			
Property Taxes	51,490,909	50,971,338	1.02
Unrestricted State Aid	72,037,933	72,818,607	(1.07)
Investment Earnings	3,393	798,185	(99.57)
Other	3,264,681	644,413	406.61
Total Revenues	166,647,557	161,693,032	3.06
Expenses			
Administration	4,237,426	4,922,490	(13.92)
District Support Services	3,529,396	3,513,516	0.45
Regular Instruction	64,302,241	70,557,757	(8.87)
Vocational Education Instruction	1,529,612	1,616,409	(5.37)
Special Education Instruction	24,676,576	24,772,432	(0.39)
Instructional Support Services	11,069,300	10,525,819	5.16
Pupil Support Services	17,438,421	13,902,718	25.43
Sites and Buildings	17,818,745	16,392,661	8.70
Fiscal and Other Fixed Cost Programs	606,849	338,863	79.08
Food Service	1,640,932	4,262,122	(61.50)
Community Service	6,135,275	7,593,677	(19.21)
Interest and Fiscal Charges on			
Long-Term Liabilities	4,391,278	3,894,220	12.76
Total Expenses	157,376,051	162,292,684	(3.03)
Change in Net Position	9,271,506	(599,652)	
Beginning Net Position	(15,023,356)	(14,423,704)	
Ending Net Position	\$ (5,751,850)	\$ (15,023,356)	

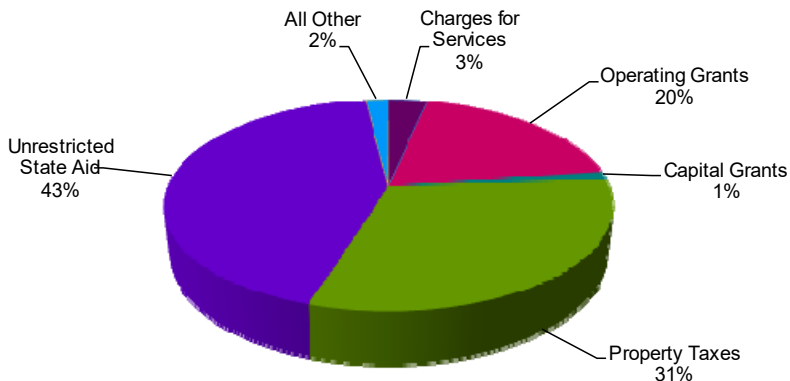
Total revenues were \$166,647,557 while total expenses were \$157,376,051, increasing net position by \$9,271,506.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

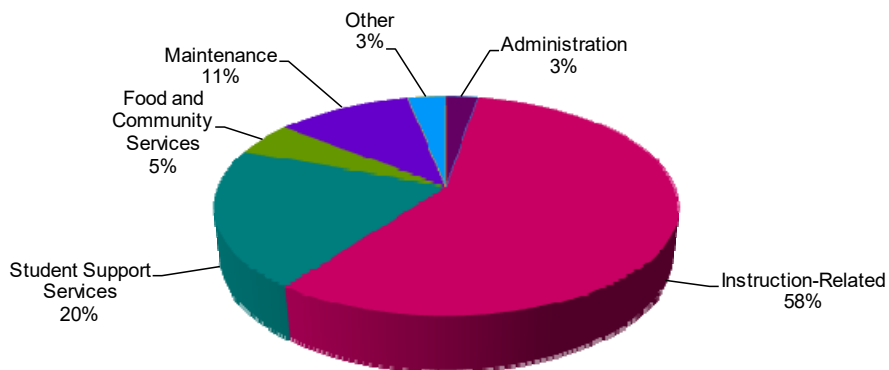
The cost of all *governmental* activities this year was \$157,376,051.

- A portion of the cost was paid by the users of the District's programs (Table A-2, Charges for Services, \$5,595,152). The majority of this category, \$4.1 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, \$34,255,489).
- 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 \$51,490,909 in property taxes, \$72,037,933 of unrestricted state aid, and with investment earnings and other general revenues.

**Figure A-1
Sources of District's Revenues for Fiscal 2021**



**Figure A-2
District Expenses for Fiscal 2021**



**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
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YEAR ENDED JUNE 30, 2021**

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
	2021	2020		2021	2020	
Administration	\$ 4,237,426	\$ 4,922,490	(13.92)%	\$ 2,640,558	\$ 4,663,255	(43.38)%
District Support Services	3,529,396	3,513,516	0.45	3,505,040	3,426,581	2.29
Regular Instruction	64,302,241	70,557,757	(8.87)	57,688,401	66,250,635	(12.92)
Vocational Education Instruction	1,529,612	1,616,409	(5.37)	1,512,348	1,588,527	(4.80)
Special Education Instruction	24,676,576	24,772,432	(0.39)	7,739,656	8,920,128	(13.23)
Instructional Support Services	11,069,300	10,525,819	5.16	9,112,343	8,413,134	8.31
Pupil Support Services	17,438,421	13,902,718	25.43	17,402,390	13,537,197	28.55
Sites and Buildings	17,818,745	16,392,661	8.70	16,050,708	13,967,024	14.92
Fiscal and Other Fixed Cost Programs	606,849	338,863	79.08	606,849	338,863	79.08
Food Service	1,640,932	4,262,122	(61.50)	(3,466,305)	(252,834)	1270.98
Community Service	6,135,275	7,593,677	(19.21)	342,144	1,085,465	(68.48)
Interest and Fiscal Charges on Long-Term Liabilities	4,391,278	3,894,220	12.76	4,391,278	3,894,220	12.76
Total	<u>\$ 157,376,051</u>	<u>\$ 162,292,684</u>	(3.03)	<u>\$ 117,525,410</u>	<u>\$ 125,832,195</u>	(6.60)

The cost of all governmental activities this year was \$157,376,051, a decrease of \$4,916,633 from the prior year. After applying program specific revenue, the net cost of all governmental activities this year was \$117,525,410 or a decrease of \$8,306,785 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 revenues exceeded its expenditures and other financing sources by \$6,017,942. The Food Service Fund's revenues exceeded its expenditures by \$720,247. The Community Service Fund's revenues exceeded its expenditures by \$187,629. The Capital Projects-Building Construction Fund, and Debt Service Fund had planned deficit spending. At the end of the 2020-21 fiscal year, the District's governmental funds reported combined fund balances (non-spendable, restricted, committed, assigned, and unassigned) of \$73,103,989, a net increase in fund balances of \$52,753,093.

Revenues were \$166,198,001 plus other financing sources of \$49,065,333 for the District's governmental funds totaling \$215,263,334, while expenditures were \$162,510,241. As a result, the District completed the year with a net change in fund balances of \$52,753,093.

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YEAR ENDED JUNE 30, 2021**

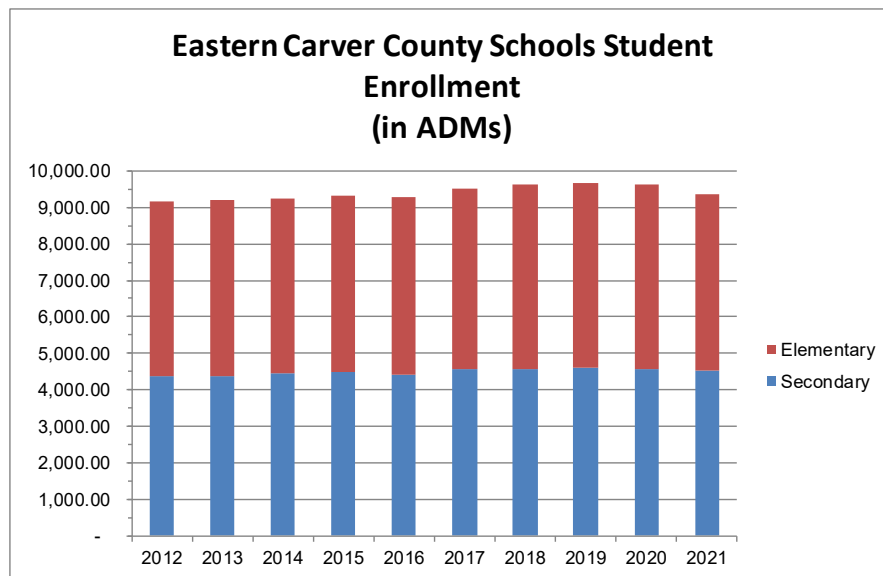
General Fund

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)**



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Pre-K & KH	84	82	85	128	128	161	167	146	149	133
Reg K, Pre-K & KH	564	606	627	590	633	677	670	694	705	627
Elementary	4,149	4,132	4,111	4,106	4,107	4,101	4,205	4,243	4,245	4,056
Secondary	4,379	4,378	4,437	4,503	4,428	4,573	4,573	4,586	4,551	4,539
Total Students for Aid	9,176	9,198	9,259	9,326	9,296	9,511	9,615	9,670	9,649	9,355
Percentage Change	0.58%	0.23%	0.67%	0.72%	-0.33%	2.32%	1.09%	0.57%	-0.22%	-3.04%

**INDEPENDENT SCHOOL DISTRICT NO. 112
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The following schedule presents a summary of General Fund Revenues.

**Table A-5
General Fund Revenues**

	Year Ended		Change	
	June 30, 2021	June 30, 2020	Increase (Decrease)	% Change
Local Sources:				
Property Taxes	\$ 30,492,311	\$ 28,980,262	\$ 1,512,049	5.2 %
Earnings on Investments	47,996	518,448	(470,452)	(90.7)
Other	6,398,025	4,533,049	1,864,976	41.1
State Sources	91,176,434	91,497,077	(320,643)	(0.4)
Federal Sources	5,854,359	2,421,112	3,433,247	141.8
Total General Fund Revenue	<u>\$ 133,969,125</u>	<u>\$ 127,949,948</u>	<u>\$ 6,019,177</u>	4.7

General Fund revenue increased by \$6,019,177 or 4.7% from the previous year. The changes in the major sources of revenue include:

Property Taxes increased by \$1,512,049 or 5.2%. The largest cause was the increase of almost \$1.1 million in Long-Term Facility Maintenance (LTFM) due to deferred maintenance needs and projects.

Earnings on Investments decreased by \$470,452 or 90.7% due to lower interest rates due to market conditions.

Other local revenue increased by \$1,864,976 or 41.1%. The increase was due to the donation from the Cottrell estate of \$2.5 million. Other revenue sources in this category such as rental income, donations, admissions and fees were down due to the pandemic.

State Sources decreased by \$320,643 or 0.4% due to a number of factors. The major cause of the decrease in revenue was from the loss of enrollment. Similar to what other Minnesota school districts experienced in loss of enrollment due to the pandemic, the District lost 3.04% or 293.5 in student enrollment as measured in average daily membership (ADMS).

Federal revenue is recorded in the year in which the related expenditure is made. Federal sources increased by \$3,433,247 due to federal pandemic stimulus funding. The District was able to use these funds to support our students and staff in responding to the impact of COVID-19 and keeping our buildings clean, safe and secure.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
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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, 2021	June 30, 2020	Increase (Decrease)	Percent Change
Salaries	\$ 77,899,707	\$ 79,717,783	\$ (1,818,076)	(2.3)%
Employee Benefits	19,751,758	20,000,278	(248,520)	(1.2)
Purchased Services	17,609,723	18,712,765	(1,103,042)	(5.9)
Supplies and Materials	4,057,417	3,512,162	545,255	15.5
Capital Expenditures	12,156,591	5,184,040	6,972,551	134.5
Debt Service	28,170	652,787	(624,617)	(95.7)
Other Expenditures	734,185	699,647	34,538	4.9
Total General Fund Expenditures	<u>\$ 132,237,551</u>	<u>\$ 128,479,462</u>	<u>\$ 3,758,089</u>	2.9

Total General Fund expenditures increased \$3,758,089 or 2.9% from the previous year. The changes in the major expenditure categories include:

Salaries decreasing by \$1,818,076 or 2.3% is comprised of a number of items, including approximately 60 staff reductions related to district-wide cost containment. Additionally, as part of the cost containment plan, non-teachers had a pay freeze as part of the first year of their contract. Teaching staff received an increase as part of the second year of their contract.

Employee benefits decreased by \$248,520 or -1.20%. The decrease is due to the corresponding statutory benefits associated with salaries.

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 5.7% or \$1,074,872 in purchased services was primarily due to a decrease in transportation contracts because school was in distance and hybrid learning for a portion of the year, which resulted in less routes. In addition, fieldtrips, travel between buildings and conferences fees were down by \$397,649 due to COVID-19.

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Supplies and Materials increased by \$545,255 or 15.5%. This increase is due to an increase in general supplies of \$207,144 which includes personal protective equipment like masks, shields and cleaning supplies. In addition, due to distance and hybrid learning, additional technology was needed including \$85,222 for technology supplies, \$157,360 for devices and \$115,330 for software.

The Debt Service category decreased by 100% due to the final payment of the principal and interest payments on the 2009 Certificates of Participation (COPs) in 2019-20 school year.

Capital Expenditures increased in the General Fund by \$6,972,551 or 134.5%. The increase is due to almost \$1.3 million in the use of federal COVID relief funds to purchase air filtration systems for all district buildings. Additional causes of the increase include approximately \$2.5 million in purchases of buses and equipment in preparation of bringing transportation from contracted service to in-house operations and an additional \$1.5 million in Long-term Facility Maintenance projects (LTFM). 2020-21 projects included chillers at Jonathan Elementary School, building hardware/door projects at Chaska Middle School West and boiler replacement at the District Education Center.

Other expenses which include; dues and memberships, scholarships, taxes and other fees; increased by \$34,538. This increase was caused by an increase in Special Education Preschool scholarships provided to students from the previous year and an additional \$22,000 in membership dues to the Minnesota High School League as part of their COVID-19 financial sustainability plan.

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 an increase of \$1,759,076, total fund balance increased by \$6,017,942. Revenue was over budget by \$2,284,080 or 1.73%. The District experienced better than expected results in state sources and other revenue. State sources were greater than budget by \$1,00,789 or 1.11%. Other revenue which includes donations, interest, fees, miscellaneous exceeded budget by \$845,061. The District continues to practice conservative budgeting for these 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 6.44% of expenditures which is within the Board policy guideline.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

Food Service Fund

The Food Service Fund revenue for 2020-21 totaled \$5,105,694 and expenditures were \$4,385,447. The June 30, 2021 fund balance is \$2,433,405, an increase of \$720,247 from fiscal year 2020 which was better than anticipated. The COVID-19 pandemic had a significant positive impact on the Food Services fund balance. The District was able to participate in the federal waivers provided by the US Department of Agriculture (USDA) and Food and Nutrition Services (FNS) divisions which provided access to free meals for children 18 and under. Federal revenue sources in 2020-21 were \$4,707,267 or 92.2 percent of total revenue.

Community Service Fund

The Community Service Fund revenue for 2020-21 totaled \$6,783,574 and expenditures were \$6,595,945. Total fund balance increased by \$187,629 which was slightly better than budgeted. Actual revenues were 3.55% or \$232,366 over budget and expenditures were 1.6% or \$105,490 over budget. With the COVID-19 pandemic, the Community Services staff had to adapt their programming to the needs of the community while working within the MN Department of Education guidelines and parameters for things like group size and space capacities. Fee-based programs were operated throughout the year but at different participation levels than a typical year.

Capital Projects - Building Construction Fund

The District currently has one active category of construction fund: Capital Projects Levy and Capital Projects - Building Construction Fund.

The Capital Projects or Technology Levy – Building Construction Fund revenue for 2020-21 totaled \$2,481,507 which was funded through voter-approved property taxes. The District recognizes a portion of this levy in the general fund and the construction fund. The construction fund portion supports secured entrances upgrades and improvements as well as technology infrastructure and support. Expenses were \$2,400,994 in 2020-21. This levy was renewed in the fall of 2019 for ten years. The remaining balance in the Capital Projects fund balance was \$387,994.

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. In the fall of 2020, the district refunded the 2012A and 2013A bonds. The proceeds from this 2020A bond sale were deposited into an escrow account and will be called for redemption on February 1, 2022 for the 2012A bonds and February 1, 2023 for the 2013A bonds. The refunding will provide cash flow savings of \$2,570,500. The Debt Service Fund revenue for 2020-21 totaled \$17,858,101. Expenditures were \$18,667,895 for principal and interest payments. The total Debt Service Fund balance is \$50,277,605, which includes the \$46 million in escrow, an increase of \$45,836,762 from fiscal year 2020. Revenue and expenditures were within 0.9% and 1.38% of budget, respectively.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of June 30, 2021, the District has invested just under \$351 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 \$9.1 million.

**Table A-7
Capital Assets**

	2021	2020	Percentage Change
Land	\$ 19,320,976	\$ 20,020,976	(3.5)%
Construction in Progress	429,277	155,390	176.3
Land Improvements	8,686,915	7,479,029	16.2
Buildings and Improvements	307,600,648	304,393,222	1.1
Equipment	14,947,858	11,824,839	26.4
Less: Accumulated Depreciation	(122,002,163)	(113,299,504)	7.7
Total Capital Assets Net of Depreciation	<u>\$ 228,983,511</u>	<u>\$ 230,573,952</u>	(0.7)

Long-Term Liabilities

At year-end, the District had \$165,930,000 in general obligation bonds outstanding as shown in Note 5 to the financial statements. The District also had an estimated \$2,892,604 in net severance and compensated absences at June 30, 2021, a net decrease of \$177,480 from June 30, 2020, as well as a net OPEB liability of \$1,960,526. The District had an estimated \$99,684,831 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**

	2021	2020	Percentage Change
General Obligation Bonds	\$ 165,930,000	\$ 134,745,000	23.1 %
Net Bond Premium and Discount	14,135,093	13,168,130	7.3
Capital Leases Payable	1,618,613	-	-
Net Pension Liability	99,684,831	85,562,615	16.5
Net Other Postemployment Benefits Liability	1,960,526	2,230,643	(12.1)
Severance Benefits Payable	1,936,878	2,106,697	(8.1)
Compensated Absences Payable	955,726	963,387	(0.8)
Total Long-Term Liabilities	<u>\$ 286,221,667</u>	<u>\$ 238,776,472</u>	19.9
Long-Term Liabilities:			
Due Within One Year	\$ 27,234,560	\$ 13,362,264	
Due in More Than One Year	258,987,107	225,414,208	
Total	<u>\$ 286,221,667</u>	<u>\$ 238,776,472</u>	

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

FACTORS BEARING ON THE DISTRICT'S FUTURE

With the exception of the voter-approved 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 the next biennium, fiscal years 2022 and 2023, the state of Minnesota provided an increase of 2.45% and 2.0%, respectively, 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 approximately \$5.6 million per year for 10 years, the District developed and implemented a cost containment plan to reduce expenses by \$9 million over three years. With these cuts, the district was projected to be able to maintain an unassigned fund balance greater than 5%. The school board unanimously approved putting an operating referendum on the ballot for voters in the November 2, 2021 election. The operating levy is a strategic investment in sustaining and building the district's high quality educational and programming activities into the future. If passed, this 10-year operating levy will provide an increase in operating revenue of \$550 per pupil, which equates to approximately \$5.2 million of additional revenue for the district in the first year. The 2019 voters approved the renewal of the district's existing security and technology levy, which will 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 funding provided the District with additional funds for operational costs – including air filtration/purification systems, personal protective equipment, cleaning and screening supplies. These funds have also provided additional technology support, devices and supplies and mental health support for staff and students. Federal funds were also used to provide resources for all learning models utilized during the pandemic including distance, hybrid and in-person.

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

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**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2020)**

	Governmental Activities	
	2021	2020
ASSETS		
Cash and Investments	\$ 67,230,182	\$ 56,844,941
Cash with Fiscal Agent	46,162,102	-
Receivables:		
Property Taxes	26,511,528	27,226,270
Other Governments	10,069,686	8,971,568
Other	68,647	156,348
Prepaid Items	63,238	44,625
Inventories	107,984	319,488
Due from Irrevocable Trust Fund	302,253	-
Capital Assets:		
Capital Assets Not Being Depreciated	19,750,253	20,176,366
Other Capital Assets, Net of Depreciation	209,233,258	210,397,586
Total Assets	<u>379,499,131</u>	<u>324,137,192</u>
DEFERRED OUTFLOWS OF RESOURCES		
Losses on Debt Refunding	46,331	64,975
Deferred Outflows - Pensions	45,876,068	72,568,292
Deferred Outflows - OPEB	622,707	617,031
Total Deferred Outflows	<u>46,545,106</u>	<u>73,250,298</u>
LIABILITIES		
Salaries Payable	12,702,484	11,933,080
Accounts and Contracts Payable	5,747,154	2,568,244
Accrued Interest	2,556,093	2,230,167
Due to Other Governmental Units	1,446,078	1,398,166
Unearned Revenue	986,680	707,604
Long-Term Liabilities:		
Net Pension Liability	99,684,831	85,562,615
Net Other Postemployment Benefits Liability	1,960,526	2,230,643
Portion Due Within One Year	27,234,560	13,362,264
Portion Due in More Than One Year	157,341,750	137,620,950
Total Liabilities	<u>309,660,156</u>	<u>257,613,733</u>
DEFERRED INFLOWS OF RESOURCES		
Property Taxes Levied for Subsequent Year	48,779,727	49,610,140
Gains on Debt Refunding	782,895	912,742
Deferred Inflows - Pensions	71,124,495	103,491,480
Deferred Inflows - Other Postemployment Benefits	1,448,814	782,751
Total Deferred Inflows of Resources	<u>122,135,931</u>	<u>154,797,113</u>
NET POSITION		
Net Investment in Capital Assets	90,069,514	81,786,405
Restricted for:		
General Fund Operating Capital Purposes	745,627	740,059
General Fund State-Mandated Reserves	1,404,660	1,470,234
Food Service	2,433,405	1,713,158
Community Service	588,957	403,280
Debt Service	1,174,903	2,325,235
Capital Projects - Building Construction	387,994	397,481
Unrestricted	(102,556,910)	(103,859,208)
Total Net Position	<u>\$ (5,751,850)</u>	<u>\$ (15,023,356)</u>

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2020)**

	2021				2020	
		Program Revenues			Net (Expense) Revenue and Change in Net Position	Net (Expense) Revenue and Change in Net Position
Functions	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Total Governmental Activities
GOVERNMENTAL ACTIVITIES						
Administration	\$ 4,237,426	\$ 209,863	\$ 28,713	\$ 1,358,292	\$ (2,640,558)	\$ (4,663,255)
District Support Services	3,529,396	-	24,356	-	(3,505,040)	(3,426,581)
Regular Instruction	64,302,241	847,444	5,766,396	-	(57,688,401)	(66,250,635)
Vocational Education Instruction	1,529,612	-	17,264	-	(1,512,348)	(1,588,527)
Special Education Instruction	24,676,576	408,126	16,528,794	-	(7,739,656)	(8,920,128)
Instructional Support Services	11,069,300	40,918	1,916,039	-	(9,112,343)	(8,413,134)
Pupil Support Services	17,438,421	-	36,031	-	(17,402,390)	(13,537,197)
Sites and Buildings	17,818,745	5,823	1,181,863	580,351	(16,050,708)	(13,967,024)
Fiscal and Other Fixed Cost Programs	606,849	-	-	-	(606,849)	(338,863)
Food Service	1,640,932	349,750	4,757,487	-	3,466,305	252,834
Community Service	6,135,275	3,733,228	2,059,903	-	(342,144)	(1,085,465)
Interest and Fiscal Charges on Long-Term Liabilities	4,391,278	-	-	-	(4,391,278)	(3,894,220)
Total School District	<u>\$ 157,376,051</u>	<u>\$ 5,595,152</u>	<u>\$ 32,316,846</u>	<u>\$ 1,938,643</u>	(117,525,410)	(125,832,195)
GENERAL REVENUES						
Property Taxes Levied for:						
General Purposes					30,430,947	29,012,480
Community Service					991,904	939,668
Debt Service					17,591,545	18,776,189
Capital Projects					2,476,513	2,243,001
State Aid Not Restricted to Specific Purposes					72,037,933	72,818,607
Earnings on Investments					3,393	798,185
Miscellaneous					3,250,049	638,359
Gain on Sale of Capital Assets					14,632	6,054
Total General Revenues					126,796,916	125,232,543
CHANGE IN NET POSITION					9,271,506	(599,652)
Net Position - Beginning					(15,023,356)	(14,423,704)
NET POSITION - ENDING					\$ (5,751,850)	\$ (15,023,356)

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2020)**

	Major Funds					Total Governmental	
	General	Food Service	Community Service	Capital Projects	Debt Service	Funds	
						2021	2020
ASSETS							
Cash and Investments	\$ 41,581,653	\$ 2,575,707	\$ 1,906,728	\$ 494,080	\$ 12,286,349	\$ 58,844,517	\$ 48,582,434
Cash with Fiscal Agent	-	-	-	-	46,162,102	46,162,102	-
Receivables:							
Current Property Taxes	16,815,207	-	521,405	-	8,947,967	26,284,579	26,773,095
Delinquent Property Taxes	138,073	-	4,334	-	84,542	226,949	453,175
Due from Other Minnesota School Districts	38,093	-	-	-	-	38,093	61,919
Due from Minnesota Department of Education	7,844,937	84	169,244	-	28,575	8,042,840	7,456,515
Due from Federal through Minnesota Department of Education	1,270,403	372,797	65,488	-	-	1,708,688	1,220,043
Due from Federal Government Received Directly	-	-	-	-	-	-	774
Due from Other Governmental Units	280,065	-	-	-	-	280,065	232,317
Accounts and Interest Receivable	65,339	698	748	-	1,862	68,647	156,348
Due from Other Funds	269,605	-	-	-	-	269,605	-
Prepays	58,542	-	4,696	-	-	63,238	44,625
Inventory	-	107,984	-	-	-	107,984	319,488
Total Assets	\$ 68,361,917	\$ 3,057,270	\$ 2,672,643	\$ 494,080	\$ 67,511,397	\$ 142,097,307	\$ 85,300,733
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE							
Liabilities:							
Salaries and Compensated Absences Payable	\$ 9,521,296	\$ 194,033	\$ 411,517	\$ 53,118	\$ -	\$ 10,179,964	\$ 9,463,785
Payroll Deductions and Employer Contributions Payable	2,383,572	39,597	82,983	16,368	-	2,522,520	2,469,295
Accounts and Contracts Payable	4,759,877	48,740	46,935	36,600	-	4,892,152	1,011,597
Due to Other Governmental Units	1,378,156	-	64,261	-	-	1,442,417	1,398,166
Due to Other Funds	4,440	-	-	-	-	4,440	-
Unearned Revenue	173,353	341,495	471,832	-	-	986,680	707,604
Total Liabilities	18,220,694	623,865	1,077,528	106,086	-	20,028,173	15,050,447
Deferred Inflows of Resources:							
Unavailable Revenue - Property Taxes Levied for Subsequent Year	30,610,559	-	1,006,158	-	17,163,010	48,779,727	49,610,140
Unavailable Revenue - Delinquent Property Taxes	111,208	-	3,428	-	70,782	185,418	289,250
Total Deferred Inflows of Resources	30,721,767	-	1,009,586	-	17,233,792	48,965,145	49,899,390
Fund Balance:							
Nonspendable:							
Prepays	58,542	-	4,696	-	-	63,238	44,625
Inventory	-	107,984	-	-	-	107,984	319,488
Restricted for:							
Student Activities	164,120	-	-	-	-	164,120	155,732
Staff Development	5,123	-	-	-	-	5,123	-
Achievement and Integration	-	-	-	-	-	-	88,295
Basic Skills Programs	293,499	-	-	-	-	293,499	462,829
Bond Refundings	-	-	-	-	46,163,321	46,163,321	-
Capital Projects Levy	256,516	-	-	387,994	-	644,510	635,467
Community Education	-	-	252,250	-	-	252,250	186,711
Early Childhood and Family Education	-	-	182,905	-	-	182,905	100,335
Long-Term Facility Maintenance	154,082	-	-	-	-	154,082	-
Medical Assistance	395,516	-	-	-	-	395,516	256,328
Operating Capital	745,627	-	-	-	-	745,627	740,059
Safe Schools Levy	135,804	-	-	-	-	135,804	269,064
School Readiness	-	-	8,768	-	-	8,768	5,065
Other Purposes	-	2,325,421	136,910	-	4,114,284	6,576,615	6,069,959
Assigned for:							
Transportation	513,510	-	-	-	-	513,510	500,000
Future Use - Donation/Sale of Land	4,606,505	-	-	-	-	4,606,505	-
Separation/Retirement Benefits	1,142,326	-	-	-	-	1,142,326	1,142,326
Capital Maintenance - Victoria Field House	80,000	-	-	-	-	80,000	80,000
Quality Comp	482,964	-	-	-	-	482,964	183,718
Energy Efficiency	190,362	-	-	-	-	190,362	107,338
MTSS-ADSSIS	1,265,398	-	-	-	-	1,265,398	687,598
Site Carry-Over	535,017	-	-	-	-	535,017	295,083
Unassigned	8,394,545	-	-	-	-	8,394,545	8,020,876
Total Fund Balance	19,419,456	2,433,405	585,529	387,994	50,277,605	73,103,989	20,350,896
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 68,361,917	\$ 3,057,270	\$ 2,672,643	\$ 494,080	\$ 67,511,397	\$ 142,097,307	\$ 85,300,733

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, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2020)**

	2021	2020
Total Fund Balance for Governmental Funds	\$ 73,103,989	\$ 20,350,896
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	19,320,976	20,020,976
Construction in Progress	429,277	155,390
Land Improvements, Net of Accumulated Depreciation	3,812,359	2,940,571
Buildings and Improvements, Net of Accumulated Depreciation	197,827,114	202,225,847
Equipment, Net of Accumulated Depreciation	7,593,785	5,231,168
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.		
	185,418	289,250
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	(1,960,526)	(2,230,643)
Deferred Inflows of Resources - Other Postemployment Benefits	(1,448,814)	(782,751)
Deferred Outflows of Resources - Other Postemployment Benefits	622,707	617,031
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	46,331	64,975
Gains on Debt Refunding	(782,895)	(912,742)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		
	(2,556,093)	(2,230,167)
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	(99,684,831)	(85,562,615)
Deferred Inflows of Resources - Pensions	(71,124,495)	(103,491,480)
Deferred Outflows of Resources - Pensions	45,876,068	72,568,292
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	(165,930,000)	(134,745,000)
Unamortized Premiums	(14,135,093)	(13,168,130)
Obligations Under Capital Leases	(1,618,613)	-
Severance Benefits Payable	(1,936,878)	(2,106,697)
Compensated Absences Payable	(955,726)	(963,387)
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:		
	7,564,090	6,705,860
Total Net Position of Governmental Activities	\$ (5,751,850)	\$ (15,023,356)

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, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2020)**

	Major Funds					Total Governmental	
	General	Food Service	Community Service	Capital Projects	Debt Service	Funds 2021	2020
REVENUES							
Local Sources:							
Property Taxes	\$ 30,492,311	\$ -	\$ 993,904	\$ 2,481,507	\$ 17,627,019	\$ 51,594,741	\$ 50,914,734
Earnings and Investments	47,996	2,283	1,697	-	(54,667)	(2,691)	693,513
Other	6,398,025	362,567	3,738,219	-	-	10,498,811	12,407,395
State Sources	91,176,434	33,577	1,630,589	-	285,749	93,126,349	93,474,773
Federal Sources	5,854,359	4,707,267	419,165	-	-	10,980,791	3,964,119
Total Revenues	133,969,125	5,105,694	6,783,574	2,481,507	17,858,101	166,198,001	161,454,534
EXPENDITURES							
Current:							
Administration	4,770,836	-	-	-	-	4,770,836	4,735,871
District Support Services	3,392,763	-	-	-	-	3,392,763	3,252,501
Elementary and Secondary Regular Instruction	54,324,714	-	-	-	-	54,324,714	56,798,534
Vocational Education Instruction	1,429,151	-	-	-	-	1,429,151	1,495,191
Special Education Instruction	22,799,560	-	-	-	-	22,799,560	22,768,084
Instructional Support Services	8,921,666	-	-	-	-	8,921,666	8,546,568
Pupil Support Services	11,779,031	-	-	-	-	11,779,031	12,708,746
Sites and Buildings	12,028,220	-	-	-	-	12,028,220	11,998,277
Fiscal and Other Fixed Cost Programs	606,849	-	-	-	-	606,849	338,863
Food Service	-	4,303,948	-	-	-	4,303,948	4,239,152
Community Service	-	-	6,594,492	-	-	6,594,492	7,759,823
Capital Outlay	12,156,591	81,499	1,453	2,490,994	-	14,730,537	7,675,967
Debt Service:							
Principal	24,917	-	-	-	12,895,000	12,919,917	13,025,000
Interest and Fiscal Charges	3,253	-	-	-	5,772,895	5,776,148	5,888,029
Total Expenditures	132,237,551	4,385,447	6,595,945	2,490,994	18,667,895	164,377,832	161,230,606
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,731,574	720,247	187,629	(9,487)	(809,794)	1,820,169	223,928
OTHER FINANCING SOURCES							
Sale of Real Property	2,106,505	-	-	-	-	2,106,505	-
Sale of Equipment	14,632	-	-	-	-	14,632	6,054
Insurance Recovery	297,640	-	-	-	-	297,640	-
Capital Lease Proceeds	1,867,591	-	-	-	-	1,867,591	-
Sale of Bonds	-	-	-	-	44,080,000	44,080,000	-
Bond Premium	-	-	-	-	2,566,556	2,566,556	-
Total Other Financing Sources	4,286,368	-	-	-	46,646,556	50,932,924	6,054
NET CHANGE IN FUND BALANCE	6,017,942	720,247	187,629	(9,487)	45,836,762	52,753,093	229,982
FUND BALANCES							
Beginning of Year	13,401,514	1,713,158	397,900	397,481	4,440,843	20,350,896	20,120,914
End of Year	\$ 19,419,456	\$ 2,433,405	\$ 585,529	\$ 387,994	\$ 50,277,605	\$ 73,103,989	\$ 20,350,896

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, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2020)**

	2021	2020
Net Change in Fund Balance - Total Governmental Funds	\$ 52,753,093	\$ 229,982
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	8,345,516	3,315,944
Loss on Disposal of Capital Assets	1,341,559	6,054
Proceeds from the Sales of Capital Assets	(2,121,137)	(6,054)
Depreciation Expense	(9,156,379)	(8,975,094)
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.	(103,832)	56,604
Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net position, the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net position.		
Other Financing Sources - Capital Lease	(1,867,591)	-
Principal Payments - Capital Leases	248,978	-
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.		
	(8,447,455)	(9,776,584)
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).		
	177,480	104,814
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.		
	(390,270)	(1,035,012)
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:		
General Obligation and Certificates of Participation Bond Proceeds	(44,080,000)	-
Bond Premium	(2,566,556)	-
Repayment of Bond Principal	12,895,000	12,385,000
Repayment of Certificates of Participation Payable	-	640,000
Change in Accrued Interest	(325,926)	217,633
Amortization of Bond Premium	1,599,593	1,669,638
Amortization of Deferred Charges on Refunding Bonds	111,203	106,538
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.		
Change in Net Position of Governmental Activities	858,230	460,885
	<u>\$ 9,271,506</u>	<u>\$ (599,652)</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, 2021**

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Property Taxes	\$ 29,505,476	\$ 30,058,304	\$ 30,492,311	\$ 434,007
Earnings and Investments	100,000	35,000	47,996	12,996
Other	4,205,085	5,552,964	6,398,025	845,061
State Sources	93,154,595	90,175,645	91,176,434	1,000,789
Federal Sources	2,489,370	5,863,132	5,854,359	(8,773)
Total Revenues	129,454,526	131,685,045	133,969,125	2,284,080
EXPENDITURES				
Current:				
Administration	4,412,670	4,825,261	4,770,836	(54,425)
District Support Services	3,434,808	3,477,401	3,392,763	(84,638)
Elementary and Secondary Regular Instruction	57,797,510	55,022,584	54,324,714	(697,870)
Vocational Education Instruction	1,467,773	1,412,079	1,429,151	17,072
Special Education Instruction	23,737,262	23,212,355	22,799,560	(412,795)
Instructional Support Services	8,751,543	9,435,313	8,921,666	(513,647)
Pupil Support Services	12,678,998	12,095,866	11,779,031	(316,835)
Sites and Buildings	11,124,961	11,805,800	12,028,220	222,420
Fiscal and Other Fixed Cost Programs	700,000	606,849	606,849	-
Capital Outlay	6,546,839	12,197,052	12,156,591	(40,461)
Total Expenditures	130,652,364	134,090,560	132,237,551	(1,853,009)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,197,838)	(2,405,515)	1,731,574	4,137,089
OTHER FINANCING SOURCES				
Sale of Real Property	-	2,000,000	2,106,505	106,505
Sale of Equipment	-	-	14,632	14,632
Insurance Recovery	-	297,000	297,640	640
Capital Lease Proceeds	-	1,867,591	1,867,591	-
Total Other Financing Sources	-	4,164,591	4,286,368	121,777
NET CHANGE IN FUND BALANCE	<u>\$ (1,197,838)</u>	<u>\$ 1,759,076</u>	6,017,942	<u>\$ 4,258,866</u>
FUND BALANCE				
Beginning of Year			13,401,514	
End of Year			<u>\$ 19,419,456</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, 2021**

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Earnings and Investments	\$ 500	\$ 500	\$ 2,283	\$ 1,783
Other - Primarily Meal Sales	3,637,670	1,445,624	362,567	(1,083,057)
State Sources	290,800	31,532	33,577	2,045
Federal Sources	1,656,926	4,108,240	4,707,267	599,027
Total Revenues	<u>5,585,896</u>	<u>5,585,896</u>	<u>5,105,694</u>	<u>(480,202)</u>
EXPENDITURES				
Current:				
Food Service	5,528,146	5,528,146	4,303,948	(1,224,198)
Capital Outlay	55,300	55,300	81,499	26,199
Total Expenditures	<u>5,583,446</u>	<u>5,583,446</u>	<u>4,385,447</u>	<u>(1,197,999)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 2,450</u>	<u>\$ 2,450</u>	720,247	<u>\$ 717,797</u>
FUND BALANCE				
Beginning of Year			<u>1,713,158</u>	
End of Year			<u>\$ 2,433,405</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, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Local Sources:				
Property Taxes	\$ 994,814	\$ 994,814	\$ 993,904	\$ (910)
Earnings and Investments	10,000	10,000	1,697	(8,303)
Other - Primarily Tuition and Fees	6,149,844	3,617,244	3,738,219	120,975
State Sources	1,528,216	1,631,217	1,630,589	(628)
Federal Sources	-	297,933	419,165	121,232
Total Revenues	<u>8,682,874</u>	<u>6,551,208</u>	<u>6,783,574</u>	<u>232,366</u>
EXPENDITURES				
Current:				
Community Service	8,281,084	6,483,955	6,594,492	110,537
Capital Outlay	<u>13,500</u>	<u>6,500</u>	<u>1,453</u>	<u>(5,047)</u>
Total Expenditures	<u>8,294,584</u>	<u>6,490,455</u>	<u>6,595,945</u>	<u>105,490</u>
NET CHANGE IN FUND BALANCE	<u>\$ 388,290</u>	<u>\$ 60,753</u>	187,629	<u>\$ 126,876</u>
FUND BALANCE				
Beginning of Year			<u>397,900</u>	
End of Year			<u>\$ 585,529</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, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and Cash Equivalents	\$ 8,385,665	\$ 8,262,507
Due From Other Funds	<u>37,088</u>	<u>-</u>
Total Assets	8,422,753	8,262,507
LIABILITIES		
Claims Payable	855,002	1,556,647
Due to Other Governmental Units	<u>3,661</u>	<u>-</u>
Total Liabilities	<u>858,663</u>	<u>1,556,647</u>
NET POSITION		
Unrestricted	<u><u>\$ 7,564,090</u></u>	<u><u>\$ 6,705,860</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, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2020)**

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Charges for Services:		
Health Insurance Premiums	\$ 9,244,070	\$ 9,400,046
Dental Insurance Premiums	710,880	720,828
Chrome Book Insurance Premiums	14,108	19,297
Total Operating Revenues	<u>9,969,058</u>	<u>10,140,171</u>
OPERATING EXPENSES		
Health Insurance Claim Payments	8,375,130	9,193,745
Dental Insurance Claim Payments	728,249	584,101
General Administration Fees	3,661	3,432
Supplies and Materials	9,872	2,680
Total Operating Expenses	<u>9,116,912</u>	<u>9,783,958</u>
OPERATING INCOME	852,146	356,213
NONOPERATING INCOME		
Earnings on Investments	<u>6,084</u>	<u>104,672</u>
CHANGE IN NET POSITION	858,230	460,885
Net Position - Beginning	<u>6,705,860</u>	<u>6,244,975</u>
NET POSITION - ENDING	<u><u>\$ 7,564,090</u></u>	<u><u>\$ 6,705,860</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, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2020)**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Interfund Services Provided	\$ 9,917,862	\$ 10,120,874
Receipts from Insurance Premiums	14,108	19,297
Payments for Administrative Costs	(3,661)	(3,432)
Payments for Medical Fees and Insurance Claims	(9,801,363)	(9,520,400)
Payments for Supplies and Materials	(9,872)	(2,680)
Net Cash Provided by Operating Activities	<u>117,074</u>	<u>613,659</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	<u>6,084</u>	<u>104,672</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	123,158	718,331
Cash and Cash Equivalents - Beginning	<u>8,262,507</u>	<u>7,544,176</u>
CASH AND CASH EQUIVALENTS - ENDING	<u><u>\$ 8,385,665</u></u>	<u><u>\$ 8,262,507</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 852,146	\$ 356,213
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
(Increase) Decrease in Due From Other Funds	(37,088)	-
Increase (Decrease) in Claims Payable	(701,645)	257,446
Increase (Decrease) in Due to Other Governmental Units	3,661	-
Total Adjustments	<u>(735,072)</u>	<u>257,446</u>
Net Cash Provided by Operating Activities	<u><u>\$ 117,074</u></u>	<u><u>\$ 613,659</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, 2021**

	Scholarship Fund	OPEB Irrevocable Trust
ASSETS		
Cash and Cash Equivalents	\$ 114,077	\$ -
Investments	-	7,683,570
Total Assets	<u>114,077</u>	<u>7,683,570</u>
LIABILITIES		
Accounts and Contracts Payable	37,198	-
Due to Other Funds	-	302,253
Total Liabilities	<u>37,198</u>	<u>302,253</u>
NET POSITION		
Restricted for Employee Benefits and OPEB	<u>\$ 76,879</u>	<u>\$ 7,381,317</u>

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2021**

	Scholarship Fund	OPEB Irrevocable Trust
ADDITIONS		
Plan Member Contributions	\$ -	\$ -
Contributions	160,691	-
Investment Income	33	1,371,101
Total Additions	<u>160,724</u>	<u>1,371,101</u>
DEDUCTIONS		
Benefits Paid to Plan Members	-	302,253
Scholarships Awarded	83,845	-
Administrative Expenses	-	4,078
Total Deductions	<u>83,845</u>	<u>306,331</u>
NET INCREASE IN NET POSITION	76,879	1,064,770
Net Position - Beginning of Year	<u>-</u>	<u>6,316,547</u>
NET POSITION - END OF YEAR	<u>\$ 76,879</u>	<u>\$ 7,381,317</u>

See accompanying Notes to Basic Financial Statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

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**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

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, 2021**

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 custodial funds. 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, 2021**

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, 2021**

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, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Fiduciary Funds

Scholarship Fund

The Scholarship 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, 2021**

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	\$ 129,454,526	\$ 4,527,519	\$ 133,982,045
Special Revenue Fund:			
Community Service Fund	8,682,874	(2,131,666)	6,551,208
Debt Service Fund	18,012,240	46,389,461	64,401,701
<u>Expenditures</u>			
General Fund	\$ 130,652,364	\$ 3,438,196	\$ 134,090,560
Special Revenue Fund:			
Community Service Fund	8,294,584	(1,804,129)	6,490,455
Capital Projects Fund	2,292,007	189,500	2,481,507
Debt Service Fund	18,255,775	158,400	18,414,175

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, 2021**

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, 2021**

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, 2021**

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 2020 pay 2021 levy, normally revenue for the 2021-22 fiscal year, are also advance recognized as June 30, 2021, 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, 2021, 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, 2021**

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, 2021**

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".

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, 2021**

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, 2021**

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

	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Special Revenue Funds:			
Community Service Fund	\$ 6,490,455	\$ 6,595,945	\$ 105,490
Capital Projects Fund	2,481,507	2,490,994	9,487
Debt Service Fund	18,414,175	18,667,895	253,720

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

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, 2021 is \$6,712,641 and \$8,629,462, respectively, and were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

At June 30, 2021, 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, 2021**

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, 2021, the District’s investment balances were as follows:

	Amortized Cost
MSDLAF Term	\$ 36,250,000
Minnesota School District Liquid Asset Fund Plus Liquid Class	1,178
Minnesota School District Liquid Asset Fund Plus Max Class	2,030,084
MN Trust Investment Shares	103,435
Money Markets	22,243,641
Total Investments Held with Broker	<u>\$ 60,628,338</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	\$ 4,548,307
Mutual Fund - Fixed Income	3,113,921
Money Market Mutual Funds	21,342
Total	<u>\$ 7,683,570</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

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	\$ 1,178	\$ -	\$ -	\$ -	\$ 1,178	AA
MSDLAF+ Max Class	2,030,084	-	-	-	2,030,084	A-1
MSDLAF TERM	36,250,000	36,250,000	-	-	-	AAAm
MN Trust Investment Shares	103,435	-	-	-	103,435	AAAf
Money Market	22,243,641	-	-	-	22,243,641	AAAm
Total	<u>\$ 60,628,338</u>	<u>\$ 36,250,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,378,338</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	\$ 4,548,307	\$ -	\$ -	\$ -	\$ -	\$ 4,548,307	NR
Mutual Fund - Fixed Income	3,113,921	-	-	-	3,113,921	-	NR
Money Market Mutual Funds	21,342	21,342	-	-	-	-	AAAm
Total	<u>\$ 7,683,570</u>	<u>\$ 21,342</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,113,921</u>	<u>\$ 4,548,307</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, 2021, 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, 2021**

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	\$ 67,230,182
Cash and Investments Held by Trustee - Statement of Net Position	46,162,102
Cash and Cash Equivalents - Statement of Fiduciary Net Position	7,797,647
Total Cash and Investments	<u>\$ 121,189,931</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, 2021**

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><u>\$ 60,628,338</u></u>
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Assets of the OPEB Trust measured at fair value on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Fund - Equity	\$ 4,548,307	\$ -	\$ -	\$ 4,548,307
Mutual Fund - Fixed Income	3,113,921	-	-	3,113,921
Total	<u><u>\$ 7,662,228</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>7,662,228</u></u>
Investments Measured at Amortized Cost				21,342
Total				<u><u>\$ 7,683,570</u></u>

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 20,020,976	\$ -	\$ (700,000)	\$ 19,320,976
Construction in Progress	155,390	429,277	(155,390)	429,277
Total Capital Assets, Not Being Depreciated	<u>20,176,366</u>	<u>429,277</u>	<u>(855,390)</u>	<u>19,750,253</u>
Capital Assets, Being Depreciated:				
Land Improvements	7,479,029	1,207,886	-	8,686,915
Buildings and Improvements	304,393,222	3,215,899	(8,473)	307,600,648
Equipment	11,824,839	3,647,844	(524,825)	14,947,858
Total Capital Assets, Being Depreciated	<u>323,697,090</u>	<u>8,071,629</u>	<u>(533,298)</u>	<u>331,235,421</u>
Accumulated Depreciation for:				
Land Improvements	(4,538,458)	(336,098)	-	(4,874,556)
Buildings and Improvements	(102,167,375)	(7,609,548)	3,389	(109,773,534)
Equipment	(6,593,671)	(1,210,732)	450,330	(7,354,073)
Total Accumulated Depreciation	<u>(113,299,504)</u>	<u>(9,156,378)</u>	<u>453,719</u>	<u>(122,002,163)</u>
Total Capital Assets, Being Depreciated, Net	<u>210,397,586</u>	<u>(1,084,749)</u>	<u>(79,579)</u>	<u>209,233,258</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 230,573,952</u></u>	<u><u>\$ (655,472)</u></u>	<u><u>\$ (934,969)</u></u>	<u><u>\$ 228,983,511</u></u>

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
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NOTE 4 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities

Regular Instruction	\$ 7,758,669
Instructional Support Services	649,673
Pupil Support Services	171,695
Sites and Buildings	94,044
Food Service	482,297
Total Depreciation Expense, Governmental Activities	<u>\$ 9,156,378</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	\$ 18,275,000	\$ 18,275,000
2013A GO Building Refunding Bonds	3.00% - 4.00%	65,815,000	2018-2028	5,130,000	47,420,000
2016A GO Building Bonds	3.50% - 5.00%	57,650,000	2018-2036	2,640,000	56,155,000
2020A GO Refunding Bonds	2.00%	44,080,000	2023-2028	-	44,080,000
Total General Obligation Bonds				26,045,000	165,930,000
Bond Premiums				-	14,135,093
Capital Lease Payable				233,835	1,618,613
Severance Benefits Payable				-	1,936,878
Compensated Absences Payable				955,725	955,726
Total				<u>\$ 27,234,560</u>	<u>\$ 184,576,310</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.

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EASTERN CARVER COUNTY SCHOOLS
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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 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.

In November 2020, the District issued \$44,080,000 of Taxable General Obligation Refunding Bonds, Series 2020A. The proceeds of this issuance will be used to advance refund the February 1, 2022 through 2025 maturities of the District's \$47,830,000 General Obligation Alternative Facilities and Refunding Bonds, Series 2021A and the February 1, 2025 through 2028 maturities of the District's \$65,815,000 General Obligation School Building Refunding Bonds, Series 2013A Bonds.

Capital Leases

The District has purchased various assets through capitalized lease-purchase agreements. Annual principal and interest on these leases will be paid from the General Fund.

Asset Leased	Asset Value Capitalized	Interest Rate	Lease Date	Final Maturity	Principal Outstanding
Bus Lease	\$ 1,710,426	1.40%	9/29/2020	10/4/2027	\$ 1,486,365
Copier Lease	157,165	3.00%	9/8/2020	8/8/2025	132,248

Amortization of the assets capitalized through these lease agreements is included in depreciation expense in the government-wide financial statements. The amount charged to depreciation for the year ended June 30, 2021 was \$24,917.

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NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

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:

Year Ending June 30,	General Obligation Bonds Payable	
	Principal	Interest
2022	\$ 26,045,000	\$ 5,876,020
2023	49,390,000	4,491,700
2024	7,210,000	2,944,400
2025	13,285,000	2,712,750
2026	11,455,000	2,355,250
2027-2031	35,615,000	7,191,400
2032-2036	22,930,000	2,392,425
Total	<u>\$ 165,930,000</u>	<u>\$ 27,963,945</u>

D. Changes in Long-Term Debt

	June 30, 2020	Additions	Retirements	June 30, 2021
Bonds Payable	\$ 134,745,000	\$ 44,080,000	\$ 12,895,000	\$ 165,930,000
Bond Premiums	13,168,130	2,566,556	1,599,593	14,135,093
Capital Lease Payable	-	1,867,591	248,978	1,618,613
Severance Benefits Payable	2,106,697	1,936,878	2,106,697	1,936,878
Compensated Absences Payable	963,387	1,014,134	1,021,795	955,726
Total	<u>\$ 150,983,214</u>	<u>\$ 51,465,159</u>	<u>\$ 17,872,063</u>	<u>\$ 184,576,310</u>

Governmental compensated absences and severance benefits are typically liquidated (paid) by the general fund.

NOTE 6 INTERFUND BALANCES AND TRANSFERS

The District had the following interfund receivables and payables at year ended June 30, 2021.

	Due from Other Fund	Due to Other Fund
General Fund	\$ 269,605	\$ 4,440
Internal Service Funds:		
Self-Insurance Health Plan	37,088	-
Fiduciary Funds:		
OPEB Irrevocable Trust Fund	-	302,253
	<u>\$ 306,693</u>	<u>\$ 306,693</u>

The Irrevocable Trust Fund owes the General Fund and Internal Service Fund \$302,253 for OPEB payments which the each fund has made. The General Fund owes \$4,440 to the ISF fund for Dental and Health expenses.

**INDEPENDENT SCHOOL DISTRICT NO. 112
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JUNE 30, 2021**

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 Staff Development– Represents unspent staff development revenues set aside from General Education Revenue that were Restricted for Staff Development.

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

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

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.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
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JUNE 30, 2021**

NOTE 7 FUND BALANCES (CONTINUED)

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	\$ 2,325,421
Restricted for Community Education	136,910
Restricted for Debt Service	<u>4,114,284</u>
Total Restricted for Other Purposes	<u><u>\$ 6,576,615</u></u>

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

Assigned for Future Use – Represents funds set aside from the Cottrell Estate and sale of land in Victoria. The school board will determine how these funds will be spent.

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.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
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JUNE 30, 2021**

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.

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.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

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.

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

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

With these provisions:

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

or

Tier II Benefits

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

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

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

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 2021 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, 2021 were \$1,408,265. The District's contributions were equal to the required contributions as set by state statute.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

C. Contributions (Continued)

2. TRA Contributions

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

	2021	
	Employee	Employer
Basic	11.00%	12.13%
Coordinated	7.50%	8.13%

The Districts contributions to TRA for the plan's fiscal year ended June 30, 2021 were \$5,077,404. The District's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

1. General Employees Plan Pension Costs

At June 30, 2021, the District reported a liability of \$17,602,662 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 \$542,887, for a total net pension liability of \$18,145,549 associated with the District. The net pension liability was measured as of June 30, 2020, 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, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was .2936% at the end of the measurement period and .0113% for the beginning of the period.

The District's Proportionate Share of the	
Net Pension Liability	\$ 17,602,662
State of Minnesota's Proportionate Share of	
the Net Pension Liability Associated with	
the District	542,887
Total	<u>\$ 18,145,549</u>

For the year ended June 30, 2021, the District recognized pension expense of \$872,970 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized an additional \$47,248 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.

**INDEPENDENT SCHOOL DISTRICT NO. 112
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Plan Pension Costs (Continued)

At June 30, 2021, 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	\$ 160,493	\$ 66,600
Changes in Actuarial Assumptions	-	652,599
Net Difference Between Projected and Actual		
Earnings on Plan Investments	304,098	-
Changes in Proportion and Differences Between		
District Contributions and Proportionate Share		
of Contributions	623,628	255,136
District Contributions Subsequent to the		
Measurement Date	1,408,265	-
Total	<u>\$ 2,496,484</u>	<u>\$ 974,335</u>

\$1,408,265 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, 2022. 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>	Pension Expense Amount
2022	\$ (861,985)
2023	35,947
2024	514,636
2025	425,286
Thereafter	-

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs

At June 30, 2021 the District reported a liability of \$82,082,169 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2020, 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 1.1110% at the end of the measurement period and 1.0975% 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:

Description	Amount
District's Proportionate Share of the TRA Net Pension Liability	\$ 82,082,169
State's Proportionate Share of the Net Pension Liability Associated with the District	6,878,723
Total	<u>\$ 88,960,892</u>

For the year ended June 30, 2021, the District recognized pension expense of \$14,053,974. It also recognized \$630,137 as a decrease to pension expense and negative grant revenue for the support provided by direct aid.

At June 30, 2021, 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	\$ 1,646,071	\$ 1,244,172
Changes in Actuarial Assumptions	29,451,144	68,905,988
Net Difference Between Projected and Actual Earnings on Plan Investments	1,270,965	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	5,934,000	-
District Contributions Subsequent to the Measurement Date	5,077,404	-
Total	<u>\$ 43,379,584</u>	<u>\$ 70,150,160</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

A total of \$5,077,404 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, 2022. 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>
2022	\$ 3,474,273
2023	(23,185,429)
2024	(15,584,788)
2025	2,878,114
2026	569,850
Thereafter	-

3. Aggregate Pension Costs

	<u>TRA</u>	<u>GERF</u>	<u>Total</u>
Net Pension Liability	\$ 82,082,169	\$ 17,602,662	\$ 99,684,831
Deferred Outflows of Resources	43,379,584	2,496,484	45,876,068
Deferred Inflows of Resources	70,150,160	974,335	71,124,495
Pension Expense	14,053,974	872,970	14,926,944

E. Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

<u>Assumptions</u>	<u>General Employees Plan</u>	<u>TRA</u>
Inflation	2.25% per Year	2.50% per Year
Salary Growth	3.00% per Year	2.85% before July 1, 2028 3.25% thereafter
Investment Rate of Return	7.50%	7.50%

**INDEPENDENT SCHOOL DISTRICT NO. 112
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NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

PERA Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on Pub-2010 General Employee Mortality table for the General Employees. 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 June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation.

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 2020 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.

The following changes in actuarial assumptions for PERA occurred in 2020:

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

Change in Actuarial Assumptions (Continued)

- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions:

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

The following changes in actuarial assumptions for TRA occurred in 2020:

- 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.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

Change in Actuarial Assumptions (Continued)

- 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 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	5.30
Cash Equivalents	2.00	-
Totals	100.00 %	

F. Discount Rate

The discount rate used to measure the PERA General Employees Plan liability in 2020 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 2020 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, 2021**

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	\$ 28,210,961	\$ 17,602,662	\$ 8,851,667
<u>TRA Discount Rate</u>	6.50%	7.50%	8.50%
District's Proportionate Share of the TRA Net Pension Liability	\$ 125,666,932	\$ 82,082,169	\$ 46,170,527

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.

Detailed information about TRA's fiduciary net position is available in a separately issued TRA financial report. That report can be obtained at www.MinnesotaTRA.org; by writing to TRA at 60 Empire Drive #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, 2021**

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 2021, 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.

C. Net OPEB Liability (Asset) of the District

The components of the net OPEB liability (asset) of the District at June 30, 2021 were as follows:

Total OPEB Liability	\$ 9,341,843
Plan Fiduciary Net Position	<u>7,381,317</u>
District's net OPEB Liability (Asset)	<u><u>\$ 1,960,526</u></u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	79%

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

D. Actuarial Methods and Assumptions

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

The District's net OPEB liability was measured as of June 30, 2021, 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	3.50%
20-Year Municipal Bond Yield	2.10%
Health Care Trend Rates	6.25% decreasing to 5.00% over 5 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, 2021**

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:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Fixed Income	50.00 %	2.00 %
Domestic Equity	33.00	5.00
International Equity	17.00	5.20
Real Estate and Alternatives	-	-
Cash and Equivalents	-	-
Total	<u>100.00 %</u>	<u>3.50</u>
Reduced for Assumed Investment Expense		-
Net Assumed Investment Return (Weighted Avg, Rounded to 1/4%)		<u>3.50 %</u>

The discount rate used to measure the total OPEB liability was 2.30%. 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 2.10% 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, 2021**

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, 2021:
 - The expected long-term investment return was changed from 4.00% to 3.50%.
 - For The discount rate was changed from 2.6% to 2.30%.

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	\$ 8,547,190	\$ 6,316,547	\$ 2,230,643
Changes for the Year:			
Service Cost	731,921	-	731,921
Change in Benefit Terms	-	-	-
Interest Cost	235,974	-	235,974
Differences Between Expected and Actual Experience	-	-	-
Assumption Changes	129,011	-	129,011
Net Investment Income	-	1,371,101	(1,371,101)
Benefit Payments	(302,253)	(302,253)	-
Administrative Expense	-	(4,078)	4,078
Net Changes	<u>794,653</u>	<u>1,064,770</u>	<u>(270,117)</u>
Ending Balance	<u>\$ 9,341,843</u>	<u>\$ 7,381,317</u>	<u>\$ 1,960,526</u>

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

	1% Decrease (1.30%)	Discount Rate (2.30%)	1% Increase (3.30%)
Net OPEB Liability (Asset)	\$ 2,497,422	\$ 1,960,526	\$ 1,431,474

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

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 healthcare cost trend rates that are 1% point lower (5.25% decreasing to 4.00%) or 1% point higher (7.25% decreasing to 6.0%) than the current healthcare cost trend rates:

	Healthcare Cost		
	1% Decrease (5.25% Decreasing to 4.00% over 5 Years)	Current Trend Rates (6.25% Decreasing to 5.00% over 5 Years)	1% Increase (7.25% Decreasing to 6.00% over 5 Years)
Net OPEB Liability (Asset)	\$ 906,983	\$ 1,960,526	\$ 3,213,155

For the year ended June 30, 2021, the District recognized OPEB expense of \$390,140. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 444,046	\$ 274,748
Change of Assumptions	178,661	103,994
Net Difference Between Projected and Actual Investment Earnings	-	1,070,072
Contributions Between Measurement Date and Reporting Date	N/A	N/A
Total	<u>\$ 622,707</u>	<u>\$ 1,448,814</u>

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>
2022	\$ (306,998)
2023	(283,292)
2024	(258,905)
2025	(106,799)
2026	111,456
Thereafter	18,431
Total	<u>\$ (826,107)</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

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 8 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, 2021, there is a reserve of \$7,564,090.

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, 2021. 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 \$8,385,665 in cash and investments at June 30, 2021, for payment of claims.

Changes in the balances of claim liabilities during fiscal years 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Beginning of Fiscal Year Liability - July 1,	\$ 1,556,647	\$ 1,299,201
Current Year Claims, Changes in Estimates, and Other Charges	9,103,379	9,777,846
Current Year Claims Paid, Including an Estimate of Claims Incurred But Not Reported (IBNR)	<u>(9,805,024)</u>	<u>(9,520,400)</u>
End of Fiscal Year Liability - June 30,	<u>\$ 855,002</u>	<u>\$ 1,556,647</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 12 SUBSEQUENT EVENTS

In August of 2021, the District approved a resolution providing for the sale of Certificates of Participation, Series 2021A in the amount of \$8,435,000 for the purpose of financing the construction of an addition to Carver Elementary School. The closing date of the certificates of participation was August 10, 2021.

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REQUIRED SUPPLEMENTARY INFORMATION

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**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, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability					
Service Cost	\$ 731,921	\$ 681,442	\$ 503,435	\$ 474,096	\$ 495,806
Interest	235,974	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	129,011	29,518	82,424	(242,654)	-
Benefit Payments	(302,253)	(652,767)	(340,657)	(359,309)	(403,432)
Net Change in Total OPEB Liability	794,653	1,441,633	501,919	(516,789)	333,196
Total OPEB Liability - Beginning	8,547,190	7,105,557	6,603,638	7,120,427	6,787,231
Total OPEB Liability - Ending (a)	\$ 9,341,843	\$ 8,547,190	\$ 7,105,557	\$ 6,603,638	\$ 7,120,427
Plan Fiduciary Net Position					
Net Investment Income	\$ 1,371,101	\$ 392,528	\$ 414,913	\$ 409,420	\$ 540,837
Benefit Payments	(302,253)	(652,767)	(340,657)	(359,309)	(403,432)
Administrative Expense	(4,078)	(4,189)	(3,853)	(3,793)	-
Net Change in Plan Fiduciary Net Position	1,064,770	(264,428)	70,403	46,318	137,405
Plan Fiduciary Net Position - Beginning	6,316,547	6,580,975	6,510,572	6,464,254	6,326,849
Plan Fiduciary Net Position - Ending (b)	\$ 7,381,317	\$ 6,316,547	\$ 6,580,975	\$ 6,510,572	\$ 6,464,254
District's Net OPEB Liability - Ending (a) - (b)	\$ 1,960,526	\$ 2,230,643	\$ 524,582	\$ 93,066	\$ 656,173
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	79.01%	73.90%	92.62%	98.59%	90.78%
Covered-Employee Payroll	\$ 83,953,550	\$ 81,508,301	\$ 72,780,783	\$ 70,660,954	\$ 64,837,602
District's Net OPEB Liability as a Percentage of Covered-Employee Payroll	2.34%	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
2021	2.30%
2020	2.60%
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,					
	2020	2019	2018	2017	2016	2015
District's Proportion of the Collective Net Pension Liability	1.1110%	1.0975%	1.0464%	1.0332%	1.0154%	0.9896%
District's Proportionate Share of the Collective Net Pension Liability	\$ 82,082,169	\$ 69,954,880	\$ 65,723,959	\$ 206,245,462	\$ 242,197,127	\$ 61,216,547
State's Proportionate Share of the Collective Net Pension Liability Associated with District	6,878,723	6,190,796	6,174,859	19,937,507	24,309,844	7,508,902
Total	<u>\$ 88,960,892</u>	<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>
District's Covered Payroll	\$ 62,396,602	\$ 62,396,602	\$ 58,771,280	\$ 56,020,080	\$ 53,050,160	\$ 50,681,707
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	131.55%	112.11%	111.83%	368.16%	456.54%	120.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.48%	78.21%	78.07%	51.57%	44.88%	76.80%

*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 SEVEN FISCAL YEARS***

	Year Ended June 30,						
	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 5,077,404	\$ 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	(5,077,404)	(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>	<u>\$ -</u>
District's Covered Payroll	\$ 62,452,694	\$ 64,635,139	\$ 62,396,602	\$ 58,771,280	\$ 56,020,080	\$ 53,050,160	\$ 50,681,707
Contributions as a Percentage of Covered Payroll	8.13%	7.92%	7.71%	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,					
	2020	2019	2018	2017	2016	2015
District's Proportion of the Net Pension Liability	0.2936%	0.2823%	0.2905%	0.2853%	0.2827%	0.2857%
District's Proportionate Share of the Net Pension Liability	\$ 17,602,662	\$ 15,607,735	\$ 16,115,749	\$ 18,213,364	\$ 22,953,838	\$ 14,806,457
State's Proportionate Share of the Net Pension Liability Associated with the District	542,887	485,102	528,574	228,979	299,794	-
Total	<u>\$ 18,145,549</u>	<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>
District's Covered Payroll	\$ 20,672,920	\$ 19,977,560	\$ 19,627,627	\$ 18,396,040	\$ 17,595,507	\$ 16,914,210
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	85.15%	78.13%	82.11%	99.01%	130.45%	87.54%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.06%	80.23%	79.53%	75.90%	68.90%	78.20%

*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 SEVEN FISCAL YEARS***

	Year Ended June 30,						
	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 1,408,265	\$ 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	(1,408,265)	(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>	<u>\$ -</u>
District's Covered Payroll	\$ 18,776,867	\$ 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%	7.50%	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

2020

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.
- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

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.

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

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

2020

- No changes.

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
(CONTINUED)**

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

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**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
GENERAL FUND
BALANCE SHEET
JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2020)**

	2021	2020
ASSETS		
Cash and Investments	41,581,653	\$ 32,175,129
Receivables:		
Current Taxes	16,815,207	16,797,039
Delinquent Taxes	138,073	266,875
Accounts and Interest Receivable	65,339	150,969
Due from Other Minnesota School Districts	38,093	53,456
Due from Minnesota Department of Education	7,844,937	7,313,449
Due from Federal Through the Minnesota Department of Education	1,270,403	1,176,321
Due from Federal Government Received Directly	-	774
Due from Other Governmental Units	280,065	232,317
Due from Other Funds	269,605	-
Inventory	-	142,865
Prepays	58,542	31,417
Total Assets	<u>\$ 68,361,917</u>	<u>\$ 58,340,611</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 9,521,296	\$ 9,057,737
Payroll Deductions and Employer Contributions Payable	2,383,572	2,382,005
Accounts and Contracts Payable	4,759,877	925,591
Due to Other Minnesota School Districts	298,384	421,207
Due to Other Governmental Units	1,079,772	944,014
Due to Other Funds	4,440	-
Unearned Revenue	173,353	201,261
Total Liabilities	<u>18,220,694</u>	<u>13,931,815</u>
Deferred Inflows:		
Unavailable Revenue - Property Taxes Levied for Subsequent Year	30,610,559	30,837,971
Unavailable Revenue - Delinquent Taxes	111,208	169,311
Total Deferred Inflows of Resources	<u>30,721,767</u>	<u>31,007,282</u>
Fund Balance:		
Nonspendable:		
Inventory	-	142,865
Prepays	58,542	31,417
Restricted for:		
Student Activities	164,120	155,732
Staff Development	5,123	-
Achievement and Integration	-	88,295
Basic Skills Programs	293,499	462,829
Capital Projects Levy	256,516	237,986
Long-Term Facility Maintenance	154,082	-
Medical Assistance	395,516	256,328
Operating Capital	745,627	740,059
Safe Schools Levy	135,804	269,064
Assigned for:		
Transportation	513,510	500,000
Future Use - Donation/Sale of Land	4,606,505	-
Separation/Retirement Benefits	1,142,326	1,142,326
Capital Maintenance - Victoria Field House	80,000	80,000
Quality Comp	482,964	183,718
Energy Efficiency	190,362	107,338
MTSS-ADSS	1,265,398	687,598
Site Carry-Over	535,017	295,083
Unassigned	8,394,545	8,020,876
Total Fund Balance	<u>19,419,456</u>	<u>13,401,514</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 68,361,917</u>	<u>\$ 58,340,611</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, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2020)**

	2021			2020
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 30,058,304	\$ 30,492,311	\$ 434,007	\$ 28,980,262
Earnings and Investments	35,000	47,996	12,996	518,448
Other	5,552,964	6,398,025	845,061	4,533,049
State Sources	90,175,645	91,176,434	1,000,789	91,497,077
Federal Sources	5,863,132	5,854,359	(8,773)	2,421,112
Total Revenues	131,685,045	133,969,125	2,284,080	127,949,948
EXPENDITURES				
Current:				
Administration:				
Salaries	3,849,500	3,824,795	(24,705)	3,769,938
Employee Benefits	823,523	810,969	(12,554)	803,726
Purchased Services	64,214	54,686	(9,528)	76,070
Supplies and Materials	11,881	9,225	(2,656)	9,585
Other Expenditures	76,143	71,161	(4,982)	76,552
Total Administration	4,825,261	4,770,836	(54,425)	4,735,871
District Support Services:				
Salaries	2,312,389	2,286,011	(26,378)	2,189,331
Employee Benefits	632,715	528,325	(104,390)	510,452
Purchased Services	474,512	511,580	37,068	445,085
Supplies and Materials	129,645	129,869	224	151,070
Other Expenditures	(71,860)	(63,022)	8,838	(43,437)
Total District Support Services	3,477,401	3,392,763	(84,638)	3,252,501
Elementary and Secondary Regular Instruction:				
Salaries	40,040,022	39,742,502	(297,520)	41,424,203
Employee Benefits	10,152,653	10,105,073	(47,580)	10,385,316
Purchased Services	2,154,050	1,977,008	(177,042)	2,450,705
Supplies and Materials	2,215,518	2,038,530	(176,988)	2,118,197
Other Expenditures	460,341	461,601	1,260	420,113
Total Elementary and Secondary Regular Instruction	55,022,584	54,324,714	(697,870)	56,798,534

**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, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2020)**

	2021			2020
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
EXPENDITURES (Continued)				
Current (Continued):				
Vocational Education Instruction:				
Salaries	\$ 691,373	\$ 708,188	\$ 16,815	\$ 780,169
Employee Benefits	177,836	180,461	2,625	188,254
Purchased Services	525,636	523,605	(2,031)	516,548
Supplies and Materials	5,680	5,750	70	5,720
Other Expenditures	11,554	11,147	(407)	4,500
Total Vocational Education Instruction	1,412,079	1,429,151	17,072	1,495,191
Special Education Instruction:				
Salaries	17,702,443	17,481,265	(221,178)	17,407,168
Employee Benefits	4,594,227	4,624,579	30,352	4,537,763
Purchased Services	505,381	382,211	(123,170)	506,370
Supplies and Materials	267,721	162,109	(105,612)	177,451
Other Expenditures	142,583	149,396	6,813	139,332
Total Special Education Instruction	23,212,355	22,799,560	(412,795)	22,768,084
Instructional Support Services:				
Salaries	6,488,926	6,410,451	(78,475)	6,272,417
Employee Benefits	1,552,113	1,523,767	(28,346)	1,482,827
Purchased Services	500,852	356,772	(144,080)	514,767
Supplies and Materials	836,445	570,719	(265,726)	225,248
Other Expenditures	56,977	59,957	2,980	51,309
Total Instructional Support Services	9,435,313	8,921,666	(513,647)	8,546,568
Pupil Support Services:				
Salaries	3,705,861	3,629,156	(76,705)	3,675,163
Employee Benefits	944,975	892,780	(52,195)	876,260
Purchased Services	7,291,138	7,120,203	(170,935)	8,061,270
Supplies and Materials	135,911	118,067	(17,844)	77,898
Other Expenditures	17,981	18,825	844	18,155
Total Pupil Support Services	12,095,866	11,779,031	(316,835)	12,708,746

**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, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2020)**

		2021		2020
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
EXPENDITURES (Continued)				
Current (Continued):				
Sites and Buildings:				
Salaries	\$ 3,857,689	\$ 3,817,339	\$ (40,350)	\$ 4,199,394
Employee Benefits	1,156,493	1,085,804	(70,689)	1,215,680
Purchased Services	5,943,794	6,076,809	133,015	5,803,087
Supplies and Materials	818,803	1,023,148	204,345	746,993
Other Expenditures	29,021	25,120	(3,901)	33,123
Total Sites and Buildings	11,805,800	12,028,220	222,420	11,998,277
Fiscal and Other Fixed Costs:				
Purchased Services	606,849	606,849	-	338,863
Capital Outlay:				
Administration	2,249	9,273	7,024	657
District Support Services	80,500	169,595	89,095	194,012
Regular Instruction	1,242,435	1,154,888	(87,547)	1,512,718
Vocational Education Instruction	6,978	-	(6,978)	435
Special Education Instruction	-	-	-	33,847
Instructional Support Services	1,388,821	1,332,808	(56,013)	1,122,204
Pupil Support Services	4,365,603	4,778,990	413,387	331,786
Sites and Buildings	5,110,466	4,711,037	(399,429)	1,988,381
Total Capital Outlay	12,197,052	12,156,591	(40,461)	5,184,040
Debt Service:				
Principal	-	24,917	24,917	640,000
Interest and Fiscal Charges	-	3,253	3,253	12,787
Total Debt Service	-	28,170	28,170	652,787
Total Expenditures	134,090,560	132,237,551	(1,853,009)	128,479,462
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,405,515)	1,731,574	4,137,089	(529,514)
OTHER FINANCING SOURCES				
Sale of Real Property	2,000,000	2,106,505	106,505	-
Sale of Equipment	-	14,632	14,632	6,054
Insurance Recovery	297,000	297,640	640	-
Capital Lease Proceeds	1,867,591	1,867,591	-	-
Total Other Financing Sources	4,164,591	4,286,368	121,777	6,054
NET CHANGE IN FUND BALANCE	<u>\$ 1,759,076</u>	6,017,942	<u>\$ 4,258,866</u>	(523,460)
FUND BALANCE				
Beginning of Year		13,401,514		13,924,974
End of Year		<u>\$ 19,419,456</u>		<u>\$ 13,401,514</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
FOOD SERVICE FUND
BALANCE SHEET
JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2020)**

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and Investments	\$ 2,575,707	\$ 1,892,725
Receivables:		
Accounts and Interest Receivable	698	481
Due from Other Minnesota School Districts	-	8,463
Due from Minnesota Department of Education	84	-
Due from Federal Through the Minnesota Department of Education	372,797	43,722
Inventory	107,984	176,623
Prepays	-	1,250
	<u> </u>	<u> </u>
Total Assets	<u>\$ 3,057,270</u>	<u>\$ 2,123,264</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 194,033	\$ 51,052
Payroll Deductions and Employer Contributions Payable	39,597	11,750
Accounts and Contracts Payable	48,740	1,353
Unearned Revenue	341,495	345,951
Total Liabilities	<u>623,865</u>	<u>410,106</u>
Fund Balance:		
Nonspendable:		
Inventory	107,984	176,623
Prepays	-	1,250
Restricted for:		
Food Service	<u>2,325,421</u>	<u>1,535,285</u>
Total Fund Balance	<u>2,433,405</u>	<u>1,713,158</u>
	<u> </u>	<u> </u>
Total Liabilities and Fund Balance	<u>\$ 3,057,270</u>	<u>\$ 2,123,264</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, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2020)**

	2021			2020
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Earnings and Investments	\$ 500	\$ 2,283	\$ 1,783	\$ 19,534
Other - Primarily Meal Sales	1,445,624	362,567	(1,083,057)	2,752,365
State Sources	31,532	33,577	2,045	222,625
Federal Sources	4,108,240	4,707,267	599,027	1,543,007
Total Revenues	<u>5,585,896</u>	<u>5,105,694</u>	<u>(480,202)</u>	<u>4,537,531</u>
EXPENDITURES				
Current:				
Salaries	1,890,301	1,549,163	(341,138)	1,535,435
Employee Benefits	431,861	348,472	(83,389)	340,886
Purchased Services	324,587	342,403	17,816	306,950
Supplies and Materials	2,880,272	2,063,351	(816,921)	2,055,064
Other Expenditures	1,125	559	(566)	817
Capital Outlay	55,300	81,499	26,199	51,033
Total Expenditures	<u>5,583,446</u>	<u>4,385,447</u>	<u>(1,197,999)</u>	<u>4,290,185</u>
NET CHANGE IN FUND BALANCE	<u>\$ 2,450</u>	720,247	<u>\$ 717,797</u>	247,346
FUND BALANCE				
Beginning of Year		<u>1,713,158</u>		<u>1,465,812</u>
End of Year		<u>\$ 2,433,405</u>		<u>\$ 1,713,158</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
COMMUNITY SERVICE FUND
BALANCE SHEET
JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2020)**

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and Investments	\$ 1,906,728	\$ 1,292,353
Receivables:		
Current Taxes	521,405	526,601
Delinquent Taxes	4,334	8,527
Accounts and Interest Receivable	748	1,970
Due from Minnesota Department of Education	169,244	109,468
Due from Federal Through the Minnesota Department of Education	65,488	-
Prepays	<u>4,696</u>	<u>11,958</u>
 Total Assets	 <u><u>\$ 2,672,643</u></u>	 <u><u>\$ 1,950,877</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 411,517	\$ 283,740
Payroll Deductions and Employer Contributions Payable	82,983	59,019
Accounts and Contracts Payable	46,935	15,359
Due to Other Minnesota School Districts	60,857	32,945
Due to Other Governmental Units	3,404	-
Unearned Revenue	<u>471,832</u>	<u>160,392</u>
Total Liabilities	1,077,528	551,455
 Deferred Inflows:		
Property Taxes Levied for Subsequent Year	1,006,158	996,142
Unavailable Revenue - Delinquent Taxes	<u>3,428</u>	<u>5,380</u>
Total Deferred Inflows of Resources	1,009,586	1,001,522
 Fund Balance:		
Nonspendable:		
Prepays	4,696	11,958
Restricted for:		
Community Education	252,250	186,711
Early Childhood and Family Education	182,905	100,335
School Readiness	8,768	5,065
Other Purposes	<u>136,910</u>	<u>93,831</u>
Total Fund Balance	<u>585,529</u>	<u>397,900</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 <u><u>\$ 2,672,643</u></u>	 <u><u>\$ 1,950,877</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, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2020)**

	2021			2020
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 994,814	\$ 993,904	\$ (910)	\$ 938,624
Earnings and Investments	10,000	1,697	(8,303)	17,770
Other - Primarily Tuition and Fees	3,617,244	3,738,219	120,975	5,096,089
State Sources	1,631,217	1,630,589	(628)	1,416,343
Federal Sources	297,933	419,165	121,232	-
Total Revenues	6,551,208	6,783,574	232,366	7,468,826
EXPENDITURES				
Current:				
Salaries	4,401,792	4,532,187	130,395	5,092,662
Employee Benefits	1,016,893	998,368	(18,525)	1,115,278
Purchased Services	665,763	740,973	75,210	1,118,057
Supplies and Materials	360,856	272,491	(88,365)	383,379
Other Expenditures	38,651	50,473	11,822	50,447
Capital Outlay	6,500	1,453	(5,047)	49,068
Total Expenditures	6,490,455	6,595,945	105,490	7,808,891
NET CHANGE IN FUND BALANCE	<u>\$ 60,753</u>	187,629	<u>\$ 126,876</u>	(340,065)
FUND BALANCE				
Beginning of Year		397,900		737,965
End of Year		<u>\$ 585,529</u>		<u>\$ 397,900</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND
BALANCE SHEET
JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2020)**

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and Investments	<u>\$ 494,080</u>	<u>\$ 554,052</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 53,118	\$ 71,256
Payroll Deductions and Employer Contributions Payable	16,368	16,521
Accounts and Contracts Payable	<u>36,600</u>	<u>68,794</u>
Total Liabilities	106,086	156,571
Fund Balance:		
Restricted for:		
Capital Projects Levy	<u>387,994</u>	<u>397,481</u>
Total Liabilities and Fund Balance	<u>\$ 494,080</u>	<u>\$ 554,052</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, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2020)**

	2021			2020
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 2,481,507	\$ 2,481,507	\$ -	\$ 2,240,510
Earnings and Investments	-	-	-	6,327
Other	-	-	-	25,892
State Sources	-	-	-	2,762
Total Revenues	2,481,507	2,481,507	-	2,275,491
EXPENDITURES				
Current:				
Salaries	753,129	751,606	(1,523)	872,804
Employee Benefits	213,115	213,152	37	209,352
Purchased Services	-	6,135	6,135	66,266
Other Expenditures	-	-	-	2,762
Capital Outlay	1,515,263	1,520,101	4,838	1,240,642
Total Expenditures	2,481,507	2,490,994	9,487	2,391,826
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	(9,487)	<u>\$ (9,487)</u>	(116,335)
FUND BALANCE				
Beginning of Year		397,481		513,816
End of Year		<u>\$ 387,994</u>		<u>\$ 397,481</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
DEBT SERVICE FUND
BALANCE SHEET
JUNE 30, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2020)**

	Totals	
	2021	2020
ASSETS		
Cash and Investments	\$ 12,286,349	\$ 12,668,175
Cash with Fiscal Agent	46,162,102	-
Receivables:		
Current Taxes	8,947,967	9,449,455
Delinquent Taxes	84,542	177,773
Accounts and Interest Receivable	1,862	2,928
Due from Minnesota Department of Education	28,575	33,598
	<u>28,575</u>	<u>33,598</u>
Total Assets	<u>\$ 67,511,397</u>	<u>\$ 22,331,929</u>
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Accounts and Contracts Payable	\$ -	\$ 500
Deferred Inflows:		
Property Taxes Levied for Subsequent Year	17,163,010	17,776,027
Unavailable Revenue - Delinquent Taxes	70,782	114,559
Total Deferred Inflows of Resources	<u>17,233,792</u>	<u>17,890,586</u>
Restricted for:		
Bond Refunding	46,163,321	-
Debt Service	4,114,284	4,440,843
Total Fund Balance	<u>50,277,605</u>	<u>4,440,843</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 67,511,397</u>	<u>\$ 22,331,929</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, 2021
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2020)**

	2021			2020
	Final Budgeted Amounts	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 17,752,449	\$ 17,627,019	\$ (125,430)	\$ 18,755,338
Earnings and Investments	100,000	(54,667)	(154,667)	131,434
State Sources	159,791	285,749	125,958	335,966
Total Revenues	18,012,240	17,858,101	(154,139)	19,222,738
EXPENDITURES				
Debt Service:				
Bond Principal	12,895,000	12,895,000	-	12,385,000
Bond Interest	5,352,400	5,352,400	-	5,869,600
Paying Agent Fees and Other	166,775	420,495	253,720	5,642
Total Expenditures	18,414,175	18,667,895	253,720	18,260,242
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(401,935)	(809,794)	(407,859)	962,496
OTHER FINANCING SOURCES (USES)				
Sale of Bonds	46,389,461	44,080,000	(2,309,461)	-
Bond Premium	-	2,566,556	2,566,556	-
Total Other Financing Sources (Uses)	46,389,461	46,646,556	257,095	-
NET CHANGE IN FUND BALANCE	<u>\$ 45,987,526</u>	45,836,762	<u>\$ (150,764)</u>	962,496
FUND BALANCE				
Beginning of Year		4,440,843		3,478,347
End of Year		<u>\$ 50,277,605</u>		<u>\$ 4,440,843</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
YEAR ENDED JUNE 30, 2021**

	AUDIT	UFARS	DIFFERENCE
01 GENERAL FUND			
Total Revenue	\$ 134,266,765	\$ 134,266,764	\$ 1
Total Expenditures	132,237,551	132,237,549	2
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	58,542	58,542	-
<i>Restricted:</i>			
401 Student Activities	164,120	164,120	-
403 Scholarships	-	-	-
403 Staff Development	5,123	5,123	-
406 Health and Safety	-	-	-
407 Capital Project Levy	256,516	256,516	-
408 Cooperative Programs	-	-	-
413 Projects Funded by COP	-	-	-
414 Operating Debt	-	-	-
416 Levy Reduction	-	-	-
417 Taconite Building Maintenance	-	-	-
424 Operating Capital	745,627	745,627	-
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	293,499	293,499	-
445 Career and Technical Programs	-	-	-
448 Achievement and Integration	-	-	-
449 Safe Schools Crime Levy	135,804	135,804	-
451 QZAB Payments	-	-	-
452 OPEB Liability Not Held in Trust	-	-	-
453 Unfunded Severance & Retirement Levy	-	-	-
467 LTFM	154,082	154,082	-
472 Medical Assistance	395,516	395,516	-
464 Restricted Fund Balance	-	-	-
<i>Committed:</i>			
418 Committed for Separation	-	-	-
461 Committed Fund Balance	-	-	-
<i>Assigned:</i>			
462 Assigned Fund Balance	8,816,082	8,816,082	-
<i>Unassigned:</i>			
422 Unassigned Fund Balance	8,394,545	8,394,547	(2)
02 FOOD SERVICE			
Total Revenue	5,105,694	5,105,692	2
Total Expenditures	4,385,447	4,385,445	2
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	107,984	107,984	-
<i>Restricted:</i>			
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	2,325,421	2,325,421	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
04 COMMUNITY SERVICE			
Total Revenue	6,783,574	6,783,572	2
Total Expenditures	6,595,945	6,595,945	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	4,696	4,696	-
<i>Restricted:</i>			
426 \$25 Taconite	-	-	-
431 Community Education	252,250	252,250	-
432 E.C.F.E.	182,905	182,905	-
440 Teacher Development and Evaluations	-	-	-
444 School Readiness	8,768	8,768	-
447 Adult Basic Education	-	-	-
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	136,910	136,910	-
<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, 2021**

	AUDIT	UFARS	DIFFERENCE
06 BUILDING CONSTRUCTION			
Total Revenue	\$ 2,481,507	\$ 2,481,507	\$ -
Total Expenditures	2,490,994	2,490,995	(1)
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
407 Capital Projects Levy	387,994	387,994	-
409 Alternative Facility Program	-	-	-
413 Projects Funded by COP	-	-	-
467 LTFM	-	-	-
464 Restricted Fund Balance	-	-	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
07 DEBT SERVICE			
Total Revenue	17,858,101	17,858,100	1
Total Expenditures	18,667,895	18,667,895	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
425 Bond Refunding	46,163,321	46,163,321	-
451 QZAB and QSCB Payments	-	-	-
464 Restricted Fund Balance	4,114,284	4,114,284	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
08 TRUST			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Net Position:</i>			
422 Net Position	-	-	-
18 CUSTODIAL			
Total Revenue	160,724	160,724	-
Total Expenditures	83,845	83,845	-
<i>Restricted/Reserved:</i>			
401 Student Activities	-	-	-
402 Scholarships	76,879	76,879	-
448 Achievement and Integration	-	-	-
20 INTERNAL SERVICE			
Total Revenue	9,975,142	9,975,142	-
Total Expenditures	9,116,912	9,116,912	-
<i>Net Position:</i>			
422 Net Position	7,564,090	7,564,090	-
25 OPEB REVOCABLE TRUST			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Net Position:</i>			
422 Net Position	-	-	-
45 OPEB IRREVOCABLE TRUST			
Total Revenue	1,371,101	1,371,101	-
Total Expenditures	306,331	306,331	-
<i>Net Position:</i>			
422 Net Position	7,381,317	7,381,317	-
47 OPEB DEBT SERVICE			
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>
Financial Trends	
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	108
Revenue Capacity	
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	115
Debt Capacity	
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.	121
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	125
Operating Information	
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.	127

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				
	2012	2013	2014	2015	2016
Governmental Activities					
Net Investment in Capital Assets	\$ 20,696,189	\$ 25,761,731	\$ 36,163,062	\$ 46,163,329	\$ 54,101,920
Restricted	2,778,615	4,187,805	2,942,042	3,372,493	2,424,129
Unrestricted	14,118,400	14,478,502	15,487,611	(54,403,668)	(55,982,696)
Total Governmental Activities Net Position	<u>\$ 37,593,204</u>	<u>\$ 44,428,038</u>	<u>\$ 54,592,715</u>	<u>\$ (4,867,846)</u>	<u>\$ 543,353</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				
2017	2018	2019	2020	2021
\$ 41,254,279	\$ 63,354,300	\$ 72,086,288	\$ 81,786,405	\$ 93,146,068
6,203,551	6,577,454	5,535,432	7,049,447	6,735,546
<u>(76,298,983)</u>	<u>(116,653,280)</u>	<u>(92,045,424)</u>	<u>(103,859,208)</u>	<u>(105,633,464)</u>
<u>\$ (28,841,153)</u>	<u>\$ (46,721,526)</u>	<u>\$ (14,423,704)</u>	<u>\$ (15,023,356)</u>	<u>\$ (5,751,850)</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				
	2012	2013	2014	2015	2016
Expenses					
Governmental Activities:					
Administration	\$ 3,070,561	\$ 3,212,710	\$ 3,626,402	\$ 3,297,791	\$ 3,445,202
District Support Services	3,774,333	3,890,877	3,321,431	3,300,589	3,284,288
Regular Instruction	41,957,126	42,607,593	42,899,211	46,033,831	50,865,826
Vocational Education Instruction	1,260,709	1,596,799	1,428,802	1,679,924	1,981,182
Special Education Instruction	14,509,410	14,206,646	14,576,886	15,405,025	17,161,920
Instructional Support Services	5,304,793	6,973,472	9,082,972	9,918,408	10,428,010
Pupil Support Services	8,466,970	8,958,437	9,284,103	8,918,109	9,828,825
Sites and Buildings	13,464,155	14,932,559	14,340,867	15,713,675	17,964,670
Fiscal and Other Fixed Cost Programs	161,549	166,687	186,669	197,113	229,175
Food Service	4,533,818	4,583,002	4,889,769	4,924,330	5,329,152
Community Service	7,194,509	7,953,288	8,197,305	7,468,189	6,452,472
Interest and Fiscal Charges on Long-Term Debt	7,673,615	7,004,520	8,208,150	8,829,956	7,372,271
Total Governmental Activities Expenses	111,371,548	116,086,590	120,042,567	125,686,940	134,342,993
Program Revenues					
Governmental Activities:					
Charges for Services:					
Administration	-	-	-	-	8,594
Regular Instruction	3,102,695	1,628,820	1,241,884	1,185,797	1,284,840
Special Education Instruction	638,505	318,409	226,020	200,253	223,422
Instructional Support Services	-	3,831	189,044	202,462	200,258
Sites and Buildings	65,461	75,988	78,869	200,833	8,322
Food Service	3,345,854	3,368,464	3,405,897	3,377,014	3,414,224
Community Service	5,108,522	5,505,281	6,219,265	5,003,180	4,332,655
Operating Grants and Contributions	11,064,246	12,114,349	13,831,646	15,091,251	19,477,768
Capital Grants and Contributions	1,190,790	2,047,800	2,061,041	2,061,041	1,228,859
Total Governmental Activities Program Revenues	24,516,073	25,062,942	27,253,666	27,321,831	30,178,942
Net Governmental Activities (Expense)/Revenue	(86,855,475)	(91,023,648)	(92,788,901)	(98,365,109)	(104,164,051)
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Property Taxes:					
General Purpose	16,190,394	17,515,743	10,782,119	16,180,398	19,891,182
Community Service	1,331,703	1,298,456	1,013,910	1,349,324	563,464
Debt Service	18,196,133	19,881,937	18,984,530	18,846,237	20,029,222
Capital Projects	905,000	-	-	2,450,000	660,631
Unrestricted State Aid	59,048,542	58,542,203	68,797,029	66,743,149	67,131,311
Unrestricted Investment Earnings	66,718	(1,245,964)	1,387,783	801,631	851,689
Miscellaneous	991,608	1,866,107	1,986,690	1,609,072	447,751
Gain on Sale of Capital Assets	-	-	-	-	-
Total Governmental Activities	96,730,098	97,858,482	102,953,578	107,979,811	109,575,250
Change in Net Position	9,874,623	6,834,834	10,164,677	9,614,702	5,411,199
Net Position - Beginning, as Previously Stated	27,718,581	37,593,204	44,428,038	54,592,715	(4,867,846)
Prior Period Adjustment	-	-	-	(69,075,263)	-
Net Position - Beginning, as Restated	27,718,581	37,593,204	44,428,038	(14,482,548)	(4,867,846)
Net Position - Ending	\$ 37,593,204	\$ 44,428,038	\$ 54,592,715	\$ (4,867,846)	\$ 543,353

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				
2017	2018	2019	2020	2021
\$ 5,342,876	\$ 5,306,744	\$ 2,869,939	\$ 4,922,490	\$ 4,237,426
3,402,100	3,646,410	3,183,384	3,513,516	3,529,396
78,046,331	46,515,591	43,362,490	70,557,757	64,302,241
2,141,525	2,035,914	1,194,965	1,616,409	1,529,612
24,516,302	26,374,908	15,813,336	24,772,432	24,676,576
13,009,269	13,550,181	7,918,964	10,525,819	11,072,553
12,293,376	13,313,506	11,393,683	13,902,718	17,438,421
20,016,846	42,002,953	17,768,869	16,392,661	17,818,745
240,587	254,580	253,396	338,863	606,849
4,917,637	5,123,079	5,824,059	4,262,122	1,640,932
7,479,449	7,942,855	7,077,382	7,593,677	6,135,275
6,806,300	4,607,507	4,334,349	3,894,220	4,388,025
178,212,598	170,674,228	120,994,816	162,292,684	157,376,051
1,687	-	207,023	168,753	209,863
1,327,424	1,415,915	1,401,389	998,644	847,444
349,566	360,537	398,409	300,505	408,126
196,042	200,182	202,201	136,300	40,918
9,581	9,361	11,562	9,448	5,823
3,428,642	3,639,494	3,659,363	2,721,332	349,750
4,715,915	5,392,223	5,782,362	5,031,285	3,733,228
20,815,229	22,527,731	20,137,190	24,882,885	32,316,846
1,530,345	1,966,801	2,203,659	2,211,337	1,938,643
32,374,431	35,512,244	34,003,158	36,460,489	39,850,641
(145,838,167)	(135,161,984)	(86,991,658)	(125,832,195)	(117,525,410)
24,055,477	25,972,498	26,432,218	29,012,480	30,430,947
857,994	856,910	861,791	939,668	991,904
19,049,829	17,605,259	17,027,085	18,776,189	17,591,545
2,976,639	1,894,081	1,979,878	2,243,001	2,476,513
71,500,079	69,530,133	71,600,202	72,818,607	72,037,933
1,357,206	806,929	1,216,486	798,185	3,393
287,573	615,801	171,820	638,359	3,250,049
-	-	-	6,054	14,632
120,084,797	117,281,611	119,289,480	125,232,543	126,796,916
(25,753,370)	(17,880,373)	32,297,822	(599,652)	9,271,506
543,353	(28,841,153)	(46,721,526)	(14,423,704)	(15,023,356)
(3,631,136)	-	-	-	-
(3,087,783)	(28,841,153)	(46,721,526)	(14,423,704)	(15,023,356)
\$ (28,841,153)	\$ (46,721,526)	\$ (14,423,704)	\$ (15,023,356)	\$ (5,751,850)

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

	Fiscal Year				
	2012	2013	2014	2015	2016
General Fund					
Nonspendable	\$ 237,899	\$ 288,083	\$ 221,320	\$ 170,001	\$ 296,527
Restricted (Formerly Reserved)	611,597	767,340	602,456	584,120	516,471
Assigned (Formerly Designated)	3,674,342	3,464,424	4,331,095	3,829,447	3,097,970
Unassigned (Formerly Unreserved)	9,758,851	10,020,646	9,884,913	9,815,081	9,167,649
Total General Fund	<u>\$ 14,282,689</u>	<u>\$ 14,540,493</u>	<u>\$ 15,039,784</u>	<u>\$ 14,398,649</u>	<u>\$ 13,078,617</u>
All Other Governmental Funds					
Nonspendable:					
Food Service	\$ 58,476	\$ 69,379	\$ 140,241	\$ 69,415	\$ 33,329
Community Service Fund	10,969	7,199	4,318	7,299	12,593
Restricted:					
Food Service Fund	697,986	867,314	607,620	1,016,100	774,486
Community Service Fund	675,515	851,697	1,297,088	1,433,169	806,804
Capital Project Funds	10,403,267	7,600,461	3,605,529	910,822	62,578,992
Debt Service Funds	48,907,989	74,375,206	73,958,775	72,178,500	70,869,122
Total All Other Governmental Funds	<u>\$ 60,754,202</u>	<u>\$ 83,771,256</u>	<u>\$ 79,613,571</u>	<u>\$ 75,615,305</u>	<u>\$ 135,075,326</u>
Total All Funds	<u>\$ 75,036,891</u>	<u>\$ 98,311,749</u>	<u>\$ 94,653,355</u>	<u>\$ 90,013,954</u>	<u>\$ 148,153,943</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				
2017	2018	2019	2020	2021
\$ 135,274	\$ 210,909	\$ 173,719	\$ 174,282	\$ 58,542
1,535,946	1,328,466	1,719,002	2,210,293	2,150,287
2,444,142	2,814,814	2,835,932	2,996,063	8,816,082
10,293,579	11,180,798	9,196,321	8,020,876	8,394,545
<u>\$ 14,408,941</u>	<u>\$ 15,534,987</u>	<u>\$ 13,924,974</u>	<u>\$ 13,401,514</u>	<u>\$ 19,419,456</u>
\$ 98,314	\$ 82,246	\$ 80,750	\$ 177,873	\$ 107,984
19,145	12,659	15,888	11,958	4,696
1,162,848	1,593,569	1,385,062	1,535,285	2,325,421
631,787	652,228	722,077	385,942	580,833
29,108,220	2,433,109	513,816	397,481	387,994
4,531,725	4,197,506	3,478,347	4,440,843	50,277,605
<u>\$ 35,552,039</u>	<u>\$ 8,971,317</u>	<u>\$ 6,195,940</u>	<u>\$ 6,949,382</u>	<u>\$ 53,684,533</u>
<u>\$ 49,960,980</u>	<u>\$ 24,506,304</u>	<u>\$ 20,120,914</u>	<u>\$ 20,350,896</u>	<u>\$ 73,103,989</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				
	2012	2013	2014	2015	2016
Revenues					
Local Sources:					
Property Taxes	\$ 36,627,102	\$ 38,705,044	\$ 30,905,377	\$ 38,914,942	\$ 41,105,207
Earnings on Investments	66,321	(1,246,662)	1,384,323	794,519	836,176
Other	13,252,645	12,588,495	13,347,669	11,769,509	12,235,246
State Sources	67,733,367	68,453,513	80,721,823	80,101,012	80,455,993
Federal Sources	3,570,211	4,250,839	3,967,893	3,794,429	3,888,957
Total Revenues	121,249,646	122,751,229	130,327,085	135,374,411	138,521,579
Expenditures					
Current:					
Administration	3,053,551	3,183,911	3,229,555	3,573,219	3,772,293
District Support Services	3,441,379	3,220,168	2,921,996	3,027,945	2,950,102
Regular Instruction	41,548,792	41,438,470	42,559,310	45,641,940	47,625,307
Vocational Education Instruction	1,252,724	1,595,765	1,435,161	1,685,188	1,948,773
Special Education Instruction	14,480,818	14,173,613	14,780,351	15,558,570	16,875,960
Instructional Support Services	5,196,677	6,685,300	7,983,086	9,543,585	9,595,473
Pupil Support Services	8,321,449	8,902,325	9,240,479	8,873,347	9,254,940
Sites and Buildings	6,747,298	7,313,460	8,210,977	8,128,629	9,125,931
Fiscal and Other Fixed Cost Programs	161,549	166,687	186,669	197,113	229,175
Food Service	4,498,731	4,462,184	4,800,632	4,795,546	5,242,730
Community Service	7,150,503	7,648,954	8,073,085	7,379,725	6,756,809
Capital Outlay	2,616,556	5,979,968	7,879,474	8,469,470	10,731,959
Debt Service:					
Principal	11,248,746	13,305,575	13,521,548	14,127,796	14,599,333
Interest and Fiscal Charges	8,406,999	9,258,760	9,175,695	9,120,453	8,768,095
Total Expenditures	118,125,772	127,335,140	133,998,018	140,122,526	147,476,880
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,123,874	(4,583,911)	(3,670,933)	(4,748,115)	(8,955,301)
Other Financing Sources (Uses)					
Proceeds from Sale of Real Property	-	-	-	-	-
Proceeds from Sale of Equipment	-	-	12,539	9,102	11,108
Proceeds from Insurance Recovery	-	-	-	-	202,500
Face Value of Bonds Issued	52,360,000	65,815,000	-	8,930,000	62,635,000
Bond Premium	7,984,635	6,200,364	-	514,612	9,566,682
Capital Lease Proceeds	49,629	178,405	-	-	-
Payment to Refunded Bond Escrow Agent	(5,340,000)	(44,335,000)	-	(9,345,000)	(5,320,000)
Transfer In	-	-	-	-	-
Transfer Out	-	-	-	-	-
Total Other Financing Sources (Uses)	55,054,264	27,858,769	12,539	108,714	67,095,290
Prior Period Adjustment	-	-	-	-	-
Net Change in Fund Balances	\$ 58,178,138	\$ 23,274,858	\$ (3,658,394)	\$ (4,639,401)	\$ 58,139,989
Debt Service as a Percentage of Noncapital Expenditures	17.0%	18.6%	18.0%	17.7%	17.1%

**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				
2017	2018	2019	2020	2021
\$ 46,992,939	\$ 46,269,294	\$ 46,303,823	\$ 50,914,734	\$ 51,594,741
1,328,823	733,946	1,051,401	693,513	(2,691)
12,915,551	14,471,276	14,853,020	12,407,395	10,498,811
83,554,147	86,883,567	91,369,319	93,474,773	93,126,349
4,081,481	4,219,267	4,097,254	3,964,119	10,980,791
<u>148,872,941</u>	<u>152,577,350</u>	<u>157,674,817</u>	<u>161,454,534</u>	<u>166,198,001</u>
4,134,445	4,161,954	4,154,143	4,735,871	4,770,836
2,916,857	3,315,225	3,101,842	3,252,501	3,392,763
50,525,185	51,258,058	55,609,467	56,798,534	54,324,714
1,642,922	1,596,160	1,572,167	1,495,191	1,429,151
18,048,642	20,080,847	21,725,366	22,768,084	22,799,560
9,314,024	9,467,393	8,347,619	8,546,568	8,949,836
10,364,426	11,481,382	12,095,059	12,708,746	11,779,031
9,883,532	11,178,646	11,720,433	11,998,277	12,028,220
240,587	254,580	253,396	338,863	606,849
4,824,277	5,026,265	5,748,804	4,239,152	4,303,948
7,040,992	7,667,442	8,123,098	7,759,823	6,594,492
41,142,038	33,660,934	10,780,825	7,675,967	12,862,946
12,352,213	12,180,000	12,500,000	13,025,000	12,895,000
10,107,748	6,811,550	6,419,657	5,888,029	5,772,895
<u>182,537,888</u>	<u>178,140,436</u>	<u>162,151,876</u>	<u>161,230,606</u>	<u>162,510,241</u>
(33,664,947)	(25,563,086)	(4,477,059)	223,928	3,687,760
-	12,100	-	-	2,106,505
13,741	75,263	24,492	6,054	14,632
113,243	21,047	67,177	-	297,640
-	-	-	-	44,080,000
-	-	-	-	2,566,556
-	-	-	-	-
(64,655,000)	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>(64,528,016)</u>	<u>108,410</u>	<u>91,669</u>	<u>6,054</u>	<u>49,065,333</u>
-	-	-	-	-
<u>\$ (98,192,963)</u>	<u>\$ (25,454,676)</u>	<u>\$ (4,385,390)</u>	<u>\$ 229,982</u>	<u>\$ 52,753,093</u>
15.9%	13.1%	12.5%	12.3%	12.5%

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**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>
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	40.235%
2014	2013	4,423,059,433	796,860,467	5,219,919,900	44.383%
2015	2014	4,739,454,967	800,140,833	5,539,595,800	45.319%
2016	2015	5,447,412,074	828,199,567	6,275,611,641	44.917%
2017	2016	5,772,010,900	868,743,200	6,640,754,100	39.121%
2018	2017	5,940,540,500	892,200,200	6,832,740,700	39.247%
2019	2018	6,414,108,333	934,214,267	7,348,322,600	37.007%
2020	2019	6,938,084,633	986,227,467	7,924,312,100	33.836%
2021	2020	7,620,043,800	1,052,289,700	8,672,333,500	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)**

Fiscal Year Ended June 30,	Payable Year	ISD No. 112 Direct Rate (1)				Overlapping Rates (2)			
		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
2012	2011	7.374	1.387	30.268	1.206	40.235	47.958	26.603	23.484
2013	2012	7.081	1.392	34.673	1.237	44.383	52.247	28.532	25.785
2014	2013	8.738	1.506	33.762	1.313	45.319	57.320	28.428	28.075
2015	2014	10.887	1.268	31.421	1.341	44.917	54.555	27.238	26.586
2016	2015	9.788	0.802	27.500	1.031	39.121	48.950	24.633	24.928
2017	2016	11.994	1.176	25.150	0.927	39.247	48.998	24.252	26.118
2018	2017	12.835	1.122	23.050	-	37.007	49.575	23.855	27.564
2019	2018	12.098	1.047	20.691	-	33.836	47.703	22.666	27.234
2020	2019	11.253	1.061	21.317	-	33.631	50.592	21.105	27.678
2021	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	Carver County	
						(2)		
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
31.73	14.313	16.803	17.638	0.947	1.477	13.690	40.488	120.651
31.5203	13.989	16.144	16.857	0.914	1.490	14.026	38.880	120.675
31.4316	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

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

Taxpayer	2021			2012		
	Tax Capacity	Rank	Percentage of Total Tax Capacity	Net Tax Capacity	Rank	Percentage of Total Net Tax Capacity
CenterPoint Energy Minnegasco	\$ 904,966	1	1.01%	\$ 370,189	3	0.67%
LTF Real Estate Co., Inc.	379,612	2	0.42%	239,202	10	0.44%
Xcel Energy	612,866	3	0.68%	-		0.00%
Istar Minnesota LLC	514,524	4	0.57%	357,098	5	0.65%
United Healthcare Services Inc.	522,372	5	0.58%	-		0.00%
SGO MN West Village LLC	459,988	6	0.51%	-		0.00%
Target Corp	448,354	7	0.50%	442,244	1	0.80%
Aurora Investments LLC	416,149	8	0.46%	327,564	6	0.60%
MFF Mortgage Borrower LLC	339,250	9	0.38%	-		0.00%
RCS-RCA Oak Ridge LLC	325,300	10	0.36%	-		0.00%
Rosemount Inc./Emerson	-		-	299,998	7	0.55%
Ameriprise Financial Inc. (formerly IDS)	-		-	405,659	2	0.74%
IRET Properties	-		-	369,740	4	0.67%
Fluoroware Inc.	-		-	250,015	9	0.46%
Hazeltine National Golf Club	-		-	284,004	8	0.52%
Total	<u>\$ 4,923,381</u>		<u>5.50%</u>	<u>\$ 3,345,713</u>		<u>6.09%</u>

Note: Carver County no longer publishes principal taxpayers by Net Tax Capacity as reported in 2012.

Source:

(1) Baker Tilly Municipal Advisors LLC

(2) 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)
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)
2022	2021	14,447,704	7,992,312 (5)	9,978,853	1,004,848	17,140,794	-	50,564,511 (2)

Notes:

- (1) State credits are included in the operating levy.
- (2) Original Gross Levy
- (3) Collections are through 6/7/21
- (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		
\$ 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	47.11%	-	0.00%
24,345,777	48.15%	-	24,345,777 (3)	48.15%	-	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				
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
2021	135,375,093	1,618,613	-	136,993,706	2.08%	58,871	2,327

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, 2021
(UNAUDITED)**

Fiscal Year 2021 (Payable Year 2020)	Adjusted Taxable Net Tax Capacity*	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping:				
Carver County	\$ 167,390,403	\$ 28,650,000	58.1%	\$ 16,645,650
Cities:				
Carver	6,127,293	14,725,000	100.0%	14,725,000
Chanhasen	53,309,400	5,960,000	67.4%	4,017,040
Chaska	36,527,116	63,790,000	100.0%	63,790,000
Victoria	18,486,107	18,015,000	79.1%	14,249,865
Townships:				
Dahlgren	2,933,194	-	71.5%	-
Laketown	3,598,587	-	30.3%	-
San Francisco	1,767,526	-	47.0%	-
Metropolitan Council	4,576,186,304	12,435,000	2.1%	261,135
Metropolitan Transit	3,662,962,426	221,425,000	2.7%	5,978,475
Total Overlapping				<u>119,667,165</u>
Direct:				
Eastern Carver County Schools ISD No. 112	97,203,986	147,913,130	100.0%	<u>147,913,130</u>
Total Direct and Overlapping Bonded Debt				<u><u>\$ 267,580,295</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>
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
2021	2020	135,375,093	89,592,584	151.10%	58,871	2,300

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>
\$ 6,520,564,638	\$ 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%
9,109,594,013	1,366,439,102	1,231,064,009	9.91%	1.49%

**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)
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%
2021	58,871	112,075	52,645	9,355	3.6%

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	2021		2012	
	Estimated Employees	Rank	Estimated Employees	Rank
	(1)		(3)	
Ridgeview Medical Center	1,500	1	-	
Lifetime Fitness	1,464	2	1,601	2
ISD #112	1,314 (2)	3	1,347	4
Instant Web Companies (IWCO Direct)	1,120	4	-	
Rosemount Inc./Emerson	977	5	1,600	3
Beckman Coulter, Inc.	853	6	770	6
Lake Region Manufacturing Co.	800	7	753	7
Entergris, Inc.	700	8	477	8
The Bernard Group	660	9	-	
Carver County	646	10	776	5
City of Chaska	-		475	9
Schwan's Sales Enterprises, Inc.	-		3,000	1
Target Corp - Super Target location	-		281	10
Total	<u>10,034</u>		<u>11,080</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) Baker Tilley 2021 Bonding Document. (This listing may not be a comprehensive listing for all district employers)
- (2) School District records; does not include substitutes and casual workers
- (3) 2012 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,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Administrative Staff										
Superintendent	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Principals	12.0	12.2	12.7	12.6	13.7	15.0	13.8	13.7	13.8	13.7
Assistant Administrators (Asst. Principals & Asst. Superintendent)	9.0	9.8	9.8	10.0	9.6	9.9	8.9	9.0	9.0	9.0
Supervisory Coordinator	3.0	4.0	4.5	4.0	4.0	4.0	5.0	4.0	5.0	5.5
Total Administrative Staff	25.0	27.0	28.0	27.6	28.3	29.9	28.7	27.7	28.8	29.2
Support Service Staff										
Administrative Deans	4.5	7.5	8.0	15.0	13.6	14.3	14.0	15.1	15.2	14.0
Counselors	20.5	20.5	21.0	16.5	19.3	20.5	20.4	19.4	19.7	19.4
Media/Librarian	12.5	12.5	12.5	12.5	12.6	12.6	12.6	12.6	12.5	12.5
Nurse	16.3	15.8	14.3	13.7	13.7	13.2	13.8	14.1	14.9	14.6
Social Worker	7.5	7.5	8.0	7.6	6.0	6.0	6.6	7.5	8.3	7.3
Psychologists	8.5	7.6	7.4	6.4	6.3	7.7	8.7	8.6	9.4	9.6
District-Wide Development Support (1)	15.1	13.0	26.0	29.5	31.0	34.2	32.7	31.9	31.2	24.3
Total Support Service Staff	84.9	84.4	97.2	101.1	102.4	108.4	108.8	109.2	111.1	101.7
Special Education Teachers										
Speech Language	17.3	17.4	17.7	18.2	17.4	19.1	19.7	19.5	18.9	19.5
Other Special Education Teachers	86.1	84.2	85.5	89.2	98.8	104.6	111.9	113.8	116.4	115.4
Total Special Education Teachers	103.4	101.6	103.2	107.3	116.2	123.7	131.6	133.3	135.3	134.9
Classroom Teachers										
K-12 Teacher	433.0	445.7	460.4	457.4	463.2	467.7	469.0	468.6	475.0	445.6
Vocational Education Teacher	5.3	5.8	5.5	8.5	9.4	9.3	8.5	9.9	9.4	7.5
Pre-K, ECFE, and Other Teacher	8.4	11.1	10.1	10.9	9.3	8.4	12.1	12.1	16.1	13.0
Total Classroom Teachers	446.8	462.6	476.0	476.8	481.9	485.4	489.6	490.6	500.5	466.1
Total Licensed Staff (2)	660.1	675.6	704.4	712.8	728.8	747.4	758.7	760.8	775.7	732.0

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)**

<u>Fiscal Year</u>	<u>Enrollment in ADMs (1)</u>	<u>Total Governmental Fund Expenditures (2)</u>	<u>Cost per Pupil</u>	<u>Percentage Change</u>	<u>Classroom Teaching Staff (3)</u>	<u>Pupil- Teacher Ratio</u>
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
2021	9,355	162,510,241	17,371	3.93%	601.0	15.6

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, 2021
(UNAUDITED)**

Facility	Use	Grades	Year Built	Year of Major Addition	Square Footage	Site Enrollment in ADMs ⁽¹⁾
La Academia (2)	School	K-5	1970	2005	64,015	488
Carver Elementary	School	K-5	2017		109,450	706
Chanhassen Elementary	School	K-5	1967	1970, 2005, 2014	67,056	441
East Union Elementary	School	K-5	1963	1994	22,608	111
Bluff Creek Elementary	School	K-5	1995	2001	112,549	537
Clover Ridge Elementary	School	K-5	2001	2016	103,197	589
Victoria Elementary	School	K-5	2005	2016	107,300	656
Jonathan Elementary	School	K-5	1991		85,100	591
Chaska Middle East	School	6-8	1974	2000	158,563	604
Chaska Middle West	School	6-8	1962	1968, 1970, 1991, 2004	155,352	838
Pioneer Ridge Middle	School	6-8	2002	2018	151,188	580
Chaska High School	School	9-12	1996	2005	410,336	1,532
Chanhassen High School	School	9-12	2009		410,000	1,435
Integrated Arts Academy (ALC)	School	9-12	part of DEC		16,505 ⁽³⁾	72
Family Learning Center	Special/Early Child/ Adult Education		1969	1993	58,061	66
STAR Building	Transitional Program		1976		10,739	22
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 ⁽⁵⁾	Various Facilities					
ALC Middle School						41
Targeted Services						-
All Other (Includes Anicca, Tuition, Etc.)						47
Total					<u>2,162,975</u>	<u>9,356</u>

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)**

<u>Year Ended June 30,</u>	<u>Non- Program Adult Meals</u>	<u>Total Meals Served Students</u>	<u>Regular Price Meals</u>	<u>Free Meals Served</u>	<u>Reduced Price Meals Served</u>	<u>COVID-19 Meals Served (2)</u>
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
2021	9,996	749,959	6,201	461	-	743,297

<u>Year Ended June 30,</u>	<u>Student Regular Lunch Prices</u>		
	<u>Elementary</u>	<u>Middle</u>	<u>High School</u> ⁽¹⁾
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
2021	2.65	2.95	3.05

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, 2021
(UNAUDITED)**

Type of Coverage	Amount of Coverage
Primary Property Coverage (including pool SIR: self-insured retention)	
Real and Personal Property	\$ 1,000,000
General Liability Coverage (excess of SIR):	
Each Occurrence Limit	4,000,000
General Aggregate Limit	8,000,000
Sexual Abuse Liability	Included
Law Enforcement Liability	Included
Employee Dishonesty (each and every loss)	1,000,000
Boiler and Machinery Coverage:	
Property Damage	250,000,000
School Board Legal Liability:	
Each Occurrence Limit	4,000,000
District Aggregate Limit	8,000,000
Business Auto Coverage:	
Each Occurrence Limit	4,000,000
Auto Physical Damage	Included in Property
Excess Property Limits:	
Excess Property	200,000,000
Excess Flood - non-hazardous flood zone	5,000,000
Excess Earthquake - non-hazardous earthquake zone	5,000,000
Total Insured Values	583,847,825
Workers' Compensation	
Each Accident	1,000,000
By Disease - each employee	1,000,000
By Disease - policy limit	1,000,000
Cyber Liability	
Each Member	2,000,000
Pollution Liability	
Third Party Bodily Injury/Property Damage Claims - each incident	3,000,000