



# Annual Comprehensive Financial Report

YEAR ENDED JUNE 30, 2022

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, 2022**

**PREPARED BY THE  
FINANCE DEPARTMENT**

**KAREN DEVET  
DIRECTOR OF FINANCE AND OPERATIONS**

**PAM JENSEN  
FINANCE MANAGER**



CPAs | CONSULTANTS | WEALTH ADVISORS

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EASTERN CARVER COUNTY SCHOOLS  
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## **INTRODUCTORY SECTION**



November 10, 2022

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

## INTRODUCTION

As required by Minnesota State Statutes to publish audited financial statements, this 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, 2022 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 auditors' 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 Chaska and Chanhassen High schools, the 91.9 graduation rate is well above the state average of 83.3%. 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 30 Advanced Placement courses, and student enrollment in those rigorous classes has been increasing. At the same time, achievement in those classes is also 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. In the fall of 2019, voters approved a renewal of the 2013 capital projects referendum, which provides a learning device to every 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.

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 schools serving grades 9-12. The district enrolled 9,244 students from a population of 61,436 residents living in an 84.16 square mile area. During 2021-2022, the District operated 16 school buildings: 2 traditional high schools, an arts-focused alternative learning center high school, 3 middle schools, 8 elementary schools, including a Spanish immersion elementary school, an early childhood center, and a transition center for young adult special education students. The district also owns a bus garage, a multipurpose domed athletic 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 25 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 recently completed her Doctorate in Educational Leadership at Minnesota State University Mankato.

## **STRATEGIC PLAN**

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

### **Mission**

We prepare every student to achieve their personal best, engage in lifelong learning, and be a thoughtful and responsible citizen.

### **Vision**

We are committed to providing educational excellence for all by:

- Offering personalized, rigorous academic and extensive extracurricular programming delivered by highly-trained staff



- Promoting a welcoming, inclusive, and equitable culture where everyone has the opportunities and supports needed to be successful
- Engaging with community partners to support student learning and career exploration
- Investing our resources wisely to best meet the needs of our learners and communities

## **Core Values**

- Student-Centered: Student needs and growth drive our words, actions, and choices
- Excellence: Committed to high standards and striving for our best
- Respect: Everyone is seen, heard, valued, and included
- Collaboration: Engaging, listening, and partnering with others to learn, develop, and innovate
- Accountability: Fostering a culture of integrity and responsibility

## **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, 2022, 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 2021-22 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. 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 \$175,000. 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, the Chaska Herald, to inform residents of the District's financial position and operating plan for the fiscal year. For the sixth consecutive year, the District has been recognized with the Meritorious Budget Award from the Association of School Business Officials International.

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

The budget is adopted by the School Board by June 30<sup>th</sup> of each year for the following fiscal year beginning July 1. If needed, the budget is revised based upon enrollment changes, effects of negotiated employee contracts, or other new information impacting revenues or expenditures in the fall and spring. Any 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 18,500 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 FY11 to FY20. In that decade, over 600 students joined the District, an increase of 6.6%.

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 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 294 students during the 2020-2021 school year and another 111 in the 2021-22 school year as a result of the pandemic. This enrollment loss had a significant impact on the current budget as well as the future financial forecast. It also creates 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 543 new housing permits in calendar year 2021. 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. Post-pandemic, many public-school districts are still experiencing enrollment decline. We are studying this trend to determine how enrollment projection methodologies may need to adapt.

## **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 2021-22 this levy provided \$4.8 million for security and technology including providing devices for students in all grades.

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 referendum passed with 69% of voters approving the referendum question. 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 provides 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 is about \$20/month, based on an average home value of \$375,000.

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. The District has adopted a 10-year LTFM plan to better address deferred maintenance and building renewal needs at all of its buildings, starting with a \$7.3 million investment in 2022-23 at three schools.

## **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 and industrial 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. 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 11<sup>th</sup> largest county in Minnesota. Carver County's availability of land, abundant lakes, woods, trails, and open space are attractive features for growing communities and the population is expected to exceed 161,000 by 2040.

The majority of the population is in the eastern part of the county, including the cities of Chaska and Chanhassen. By 2040, Chanhassen and Chaska are predicted to 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 market value of properties in Carver County has also seen a significant increase of over 29% from 2017 to 2021.

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 and 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 busing 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**

Eastern Carver County Schools has completed a comprehensive strategic planning process to identify what was working well, what needed improvement, and the desired daily experiences of students, families, and staff. The Board approved the new strategic plan in August 2022. This strategic plan is the roadmap the district will follow to continuously improve personalized instruction, climate, and experience to achieve high levels of success for all students. The District's Mission is to prepare every student to achieve their personal best, engage in lifelong learning, and be a thoughtful, responsible citizen.

The Strategic Direction established within this plan has four elements:

- Improve teaching and personalized learning for the development of each learner
- Fostering a safe, welcoming, and inclusive environment
- Developing strong partnerships within the communities we serve
- Optimizing our management of resources to support student learning

The three-year district operational plan, using the four elements of the district's strategic direction, identifies the initiatives and projects that will be implemented to improve and innovate within our schools. A District Vision Card will be shared with the Board and community twice a year as this process unfolds.

In 2020, the Board approved building an 19,000 square foot addition to Carver Elementary School to address enrollment stemming from new housing developments in the City of Carver and the Carver Elementary attendance area.

The District has completed a long-term facility needs analysis that identified the deferred identified the deferred maintenance needs across all buildings for the next 20 years. The annual average investment that was identified over that time period was estimated to be \$15 Million annually, which would be needed to ensure the facilities would reach the maximum expected lifespan.

At the end of the 2021-22 school year, the District closed a small elementary school, East Union Elementary, after working with a Facility Task Force. Through a Facility Conditions Study conducted by KFI Engineering, it was determined that East Union needed over \$5.7 million in

deferred maintenance. That, coupled with the relatively small enrollment at this site, 107 students, made the annual operational costs per student much higher than other schools in our system.

In 2019, the District contracted with School Bus Consultants for a transportation study. As a result of the study, the Board directed the District to insource transportation, which was completed during the 2021-22 school year. The anticipated savings was \$6 million over 10 years. Service to students and families is improved with centralizing district management and providing internal oversight to operations, as well as improved communications between transportation, drivers, schools and parents.

Eastern Carver County Schools attainment of the Minnesota World's Best Workforce goals exceeds the Minnesota averages in all third graders reading at grade level, closing the achievement gap for multilingual learners receiving English development instruction, math proficiency and reading proficiency. The 4-year high school graduation rate is above the state average and compares favorably to like districts in the greater Metro area.

Eastern Carver County Schools offers a broad range of both Accelerated Courses at two high schools, as well as Advanced Placement courses. The District received a 2-year grant in 2021 – Youth Skills Training – that provides our students with hands-on training in high demand fields of advanced manufacturing, agriculture, automotive, health care and information technology. Recognizing the potential for commercial and industrial growth in these sectors, along with housing growth, in Carver County, this allows high schools, businesses and community organizations to work together in work force development.

Eastern Carver County Schools offers a two-way dual language Spanish immersion program for learners starting in kindergarten through high school. Our goal is for learners to become biliterate and bilingual with learners who may qualify to earn a Seal of Biliteracy and college credit by high school graduation. Students in the immersion program attend La Academia for elementary school and then, if they desire to continue in immersion programming, Chaska Middle School West and Chanhassen High School.

Our Kinder Academy program is for “young” 5-year old students to spend one or two years in kindergarten before “graduating” to first grade. Kinder Academy is housed in the building with La Academia Spanish Immersion. At the beginning of the 2022-23 school year, the District began offering StormHawks Nature-Based Preschool, a new half-day preschool, focusing on Science Standards, that includes learning through outdoor experience and exploration.

## **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 2020-2021 Annual Comprehensive Financial Report (ACFR). The District plans to submit the 2021-2022 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



Karen DeVet  
Director of Finance & Operations



Pam Jensen  
Finance Manager



**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
SCHOOL BOARD AND ADMINISTRATION  
JUNE 30, 2022**

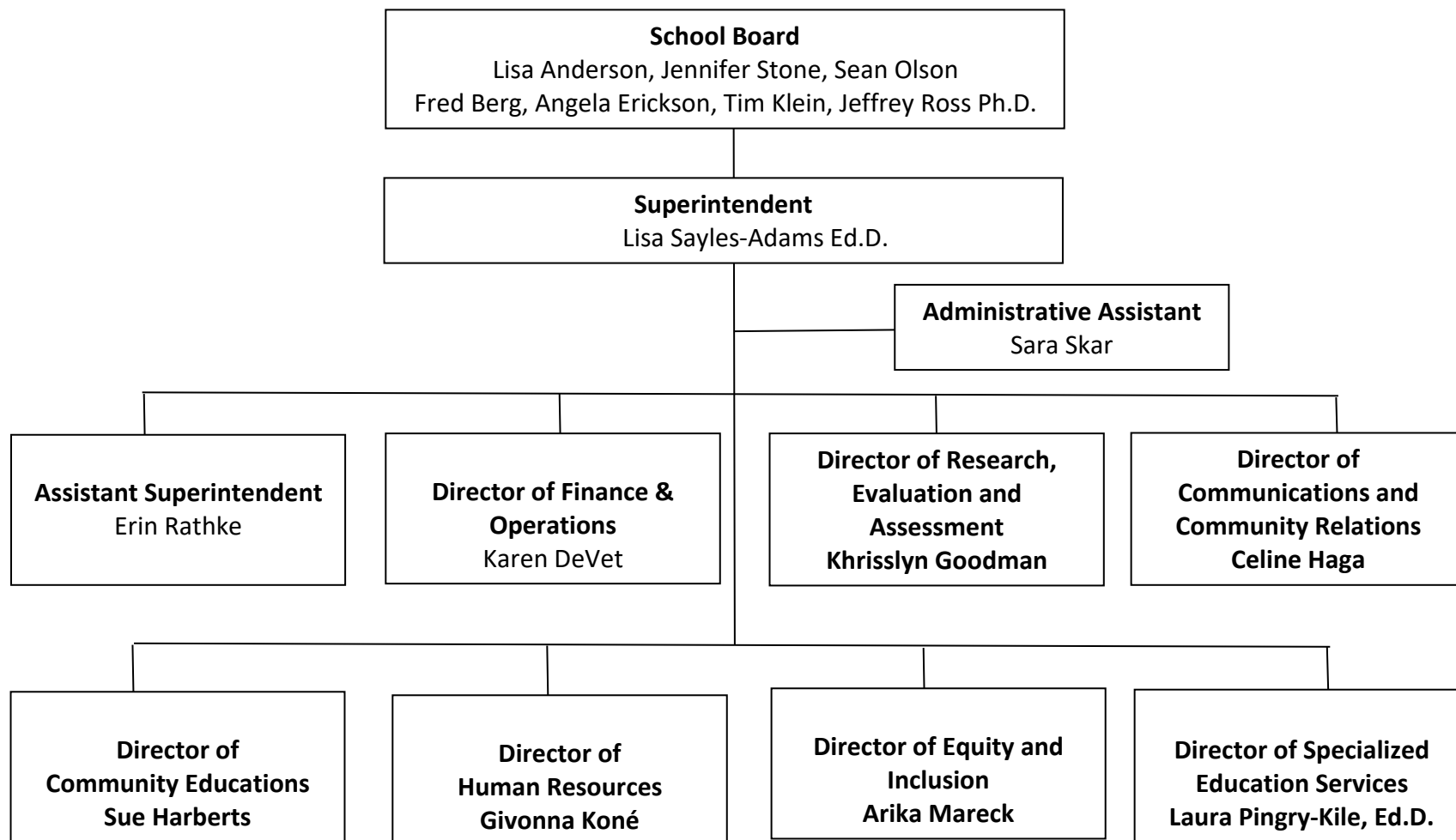
**SCHOOL BOARD**

<b>NAME</b>	<b>TERM ON BOARD EXPIRES</b>	<b>BOARD POSITION</b>
Lisa Anderson	January 1, 2023	Chairperson
Jennifer Stone	January 1, 2023	Vice Chairperson/Clerk
Sean Olson	January 1, 2025	Treasurer
Fred Berg	January 1, 2023	Director
Angela Erickson	January 1, 2025	Director
Tim Klein	January 1, 2023	Director
Jeffrey Ross, Ph.D.	January 1, 2025	Director

**ADMINISTRATION**

Lisa Sayles-Adams, Ed.D.	Superintendent
Karen DeVet	Director of Finance & Operations
Pamela Jensen	Finance Manager
Rochelle Greenwood	Senior Accountant
Donna Quaas	Accountant

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
ORGANIZATIONAL CHART  
JUNE 30, 2022**



INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING  
JUNE 30, 2022



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

The Certificate of Excellence in Financial Reporting  
is presented to

**Eastern Carver County Schools ISD 112**

for its Annual Comprehensive Financial Report  
for the Fiscal Year Ended June 30, 2021.

The district report meets the criteria established for  
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, reading 'Will Sutter'.

William A. Sutter  
President

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

David J. Lewis  
Executive Director

## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

School Board  
Eastern Carver County Schools  
Independent School District No. 112  
Chaska, Minnesota

### Report on the Audit of the Financial Statements

#### ***Opinions***

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, 2022, and the related notes to the financial statements, which collectively comprise the Independent School District No. 112's basic financial statements as listed in the table of contents.

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, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Independent School District No. 112 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Change in Accounting Principle***

As discussed in Note 1 to the financial statements, effective July 1, 2021, the District adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding lease deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Independent School District No. 112's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Independent School District No. 112's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Independent School District No. 112's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Report on Summarized Comparative Information***

We have previously audited the District's 2021 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 November 9, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, OPEB schedules, and schedules of the District's proportionate share of the net pension liability and pension contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 Independent School District No. 112's basic financial statements. The individual fund financial statements and Uniform Financial Accounting and Reporting Standards (UFARS) compliance table 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

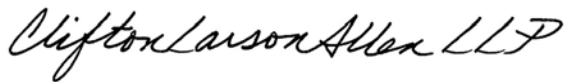
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



School Board  
Eastern Carver County Schools  
Independent School District No. 112

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated **November 14, 2022** November 10, 2022, 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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
November 10, 2022

## **REQUIRED SUPPLEMENTARY INFORMATION**

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022**

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, 2022. 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 2021-2022 fiscal years include the following:

- The District's total revenues exceeded expenses by \$23,509,799 during the fiscal year ended June 30, 2022, resulting in an ending net position of \$17,757,949.
- At June 30, 2022, 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 \$72,285,897, a decrease of \$818,092 from the prior year.
- After a number of years of enrollment growth, the District's enrollment started to decrease in fiscal year 2020. This trend continued in 2020-2021 as enrollment decreased from 9,355.10 in 2020-2021 to 9,244.25 in 2021-2022, a loss of 110.85 in Average Daily Membership (ADMs) or a decrease of 1.18%. Statewide, Minnesota school enrollment dropped during the 2021-22 school year by 2.5% 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 \$12,367,832, an increase of \$3,973,287 from June 30, 2021, or from 6.35% to 9.09% of total expenditures.
- The District increased its assigned fund balance for future energy efficiency projects by \$18,404 for a total of \$208,766. 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 in 2021-22 the District received an additional \$1,278,183. As these funds are received, the District has put them into an assigned fund balance for future use.
- The District has maintained the 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). 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.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022**

- As part of the 2020A crossover refunding of the 2012A and 2013A bonds, on February 1, 2022, the call date for the 2012A bonds, the \$13.3 million payment was paid from the escrow account. The remaining funds held in escrow for the 2013A bonds will have a call date on February 1, 2023.
- The District maintains an internal service fund for medical, dental, and Chrome Book® self-insurance. The self-insured medical plan fund balance has reached \$6,358,215 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 \$440,712, up from \$424,966 in 2021. 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 \$59,364.

### **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  
EASTERN CARVER COUNTY SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022**

- 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, 2022**

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

**Net Position**

The District's *combined* net position was \$17,757,949 on June 30, 2022 (see Table A-1).

The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2022, resulting in the District's net position to be \$17,757,949. The District's total net position was significantly impacted in fiscal 2022 and 2021 by the required actuarial calculation changes included in GASB Statements related to statewide pension plan. This effect decreased net position by \$8,447,455 in 2021 while a decrease in the District's net pension liabilities in 2022 resulted in a positive impact to net position of \$5,625,727. The District had \$9,218,745 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
	2022	2021	
Current and Other Assets	\$ 154,773,247	\$ 150,515,620	2.83 %
Capital Assets	232,935,434	228,983,511	1.73
Total Assets	<u>387,708,681</u>	<u>379,499,131</u>	2.16
Deferred Outflows of Resources	37,598,831	46,545,106	(19.22)
Current Liabilities	21,942,852	23,438,489	(6.38)
Net Pension Liability	57,481,948	99,684,831	(42.34)
Long-Term Liabilities	171,328,286	186,536,836	(8.15)
Total Liabilities	<u>250,753,086</u>	<u>309,660,156</u>	(19.02)
Deferred Inflows of Resources	<u>156,796,477</u>	<u>122,135,931</u>	28.38
Net Position:			
Net Investment in Capital Assets	101,925,549	90,069,514	13.16
Restricted	9,218,745	6,735,546	36.87
Unrestricted	(93,386,345)	(102,556,910)	(8.94)
Total Net Position	<u>\$ 17,757,949</u>	<u>\$ (5,751,850)</u>	(408.73)

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022**

**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
	2022	2021	
<b>Revenues</b>			
<u>Program Revenues</u>			
Charges for Services	\$ 8,845,569	\$ 5,595,152	58.09 %
Operating Grants and Contributions	35,625,962	32,316,846	10.24
Capital Grants and Contributions	1,798,584	1,938,643	(7.22)
<u>General Revenues</u>			
Property Taxes	51,273,598	51,490,909	(0.42)
Unrestricted State Aid	72,559,729	72,037,933	0.72
Investment Earnings	(87,338)	3,393	(2674.06)
Other	2,249,089	3,264,681	(31.11)
Total Revenues	172,265,193	166,647,557	3.37
<b>Expenses</b>			
Administration	4,336,194	4,237,426	2.33
District Support Services	3,687,034	3,529,396	4.47
Regular Instruction	62,372,604	64,302,241	(3.00)
Vocational Education Instruction	1,386,290	1,529,612	(9.37)
Special Education Instruction	22,073,550	24,676,576	(10.55)
Instructional Support Services	9,098,005	11,069,300	(17.81)
Pupil Support Services	12,813,583	17,438,088	(26.52)
Sites and Buildings	18,641,986	17,818,745	4.62
Fiscal and Other Fixed Cost Programs	632,351	606,849	4.20
Food Service	6,533,063	1,640,932	298.13
Community Service	7,044,888	6,135,275	14.83
Interest and Fiscal Charges on Long-Term Liabilities	135,846	4,391,611	(96.91)
Total Expenses	148,755,394	157,376,051	(5.48)
<b>Change in Net Position</b>	23,509,799	9,271,506	
Beginning Net Position	(5,751,850)	(15,023,356)	
Ending Net Position	\$ 17,757,949	\$ (5,751,850)	

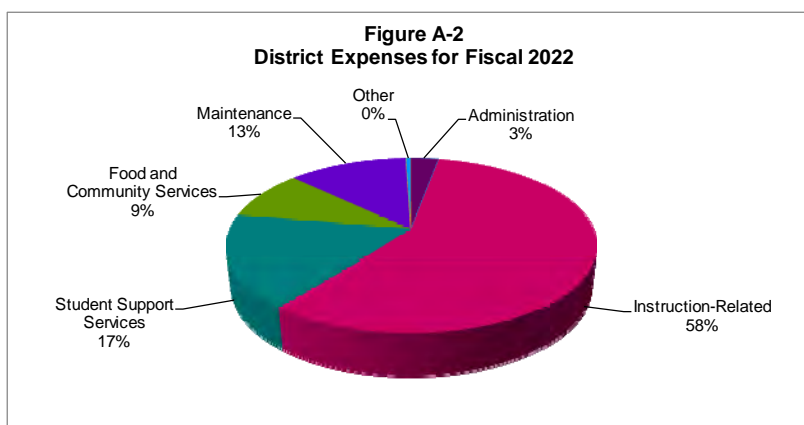
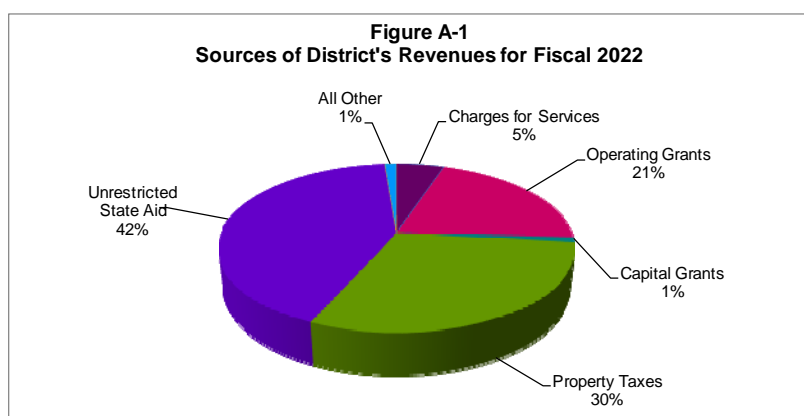
Total revenues were \$172,265,193 while total expenses were \$148,755,394, increasing net position by \$23,509,799.



**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022**

The cost of all *governmental* activities this year was \$148,755,394.

- A portion of the cost was paid by the users of the District's programs (Table A-2, Charges for Services, \$8,845,569). The majority of this category, \$6.9 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, \$37,424,546).
- 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 \$51,273,598 in property taxes, \$72,559,729 of unrestricted state aid, and with investment earnings and other general revenues.



**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022**

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
	2022	2021		2022	2021	
Administration	\$ 4,336,194	\$ 4,237,426	2.33 %	\$ 2,881,208	\$ 2,640,558	9.11 %
District Support Services	3,687,034	3,529,396	4.47	3,681,966	3,505,040	5.05
Regular Instruction	62,372,604	64,302,241	(3.00)	56,308,634	57,688,401	(2.39)
Vocational Education Instruction	1,386,290	1,529,612	(9.37)	1,360,374	1,512,348	(10.05)
Special Education Instruction	22,073,550	24,676,576	(10.55)	4,881,987	7,739,656	(36.92)
Instructional Support Services	9,098,005	11,069,300	(17.81)	6,980,416	9,112,343	(23.40)
Pupil Support Services	12,813,583	17,438,088	(26.52)	12,191,302	17,402,390	(29.94)
Sites and Buildings	18,641,986	17,818,745	4.62	16,299,211	16,050,708	1.55
Fiscal and Other Fixed Cost Programs	632,351	606,849	4.20	632,351	606,849	4.20
Food Service	6,533,063	1,640,932	298.13	(2,282,423)	(3,466,305)	(34.15)
Community Service	7,044,888	6,135,275	14.83	(585,593)	342,144	(271.15)
Interest and Fiscal Charges on Long-Term Liabilities	135,846	4,391,611	(96.91)	135,846	4,391,278	(96.91)
Total	<u>\$ 148,755,394</u>	<u>\$ 157,376,051</u>	(5.48)	<u>\$ 102,485,279</u>	<u>\$ 117,525,410</u>	(12.80)

The cost of all governmental activities this year was \$148,755,394, a decrease of \$8,620,657 from the prior year. After applying program specific revenue, the net cost of all governmental activities this year was \$102,485,279 or a decrease of \$15,040,131 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 \$6,707,051. The Food Service Fund's revenues exceeded its expenditures by \$2,141,590. The Community Service Fund's revenues exceeded its expenditures by \$767,376. The Capital Projects-Building Construction Funds revenues and other financing sources exceeded its expenditures by \$5,212,144. The Debt Service Fund had planned deficit spending. At the end of the 2021-22 fiscal year, the District's governmental funds reported combined fund balances (non-spendable, restricted, committed, assigned, and unassigned) of \$72,285,897, a net decrease in fund balances of \$818,092.

Revenues were \$173,077,085 plus other financing sources were \$16,184,156 for the District's governmental funds totaling \$189,261,241, while expenditures were \$176,779,333 plus other financing sources were \$13,300,000 totaling \$190,079,333. As a result, the District completed the year with a net change in fund balances of (\$818,092).

**INDEPENDENT SCHOOL DISTRICT NO. 112  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022**

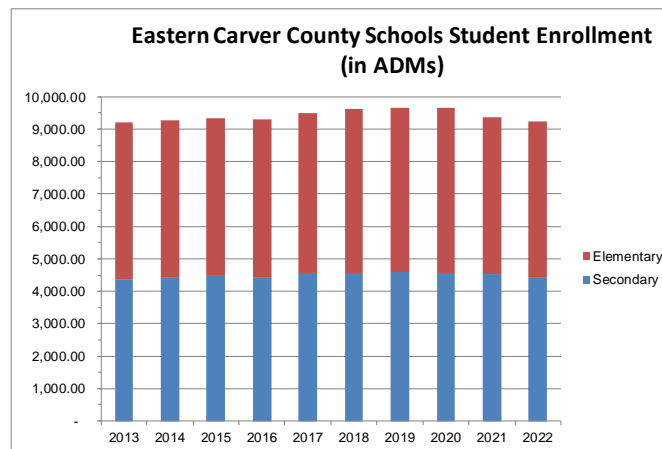
**General Fund**

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. Like many other Minnesota school districts, the District has experienced enrollment loss during the COVID-19 pandemic. The following chart shows the number of students served over the past ten years.

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



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Pre-K & KH	82	85	128	128	161	167	146	149	133	161
Reg K, Pre-K & KH	606	627	590	633	677	670	694	705	627	615
Elementary	4,132	4,111	4,106	4,107	4,101	4,205	4,243	4,245	4,056	4,029
Secondary	4,378	4,437	4,503	4,428	4,573	4,573	4,586	4,551	4,539	4,440
Total Students for Aid	9,198	9,259	9,326	9,296	9,511	9,615	9,670	9,649	9,355	9,244
Percentage Change	0.23%	0.67%	0.72%	-0.33%	2.32%	1.09%	0.57%	-0.22%	-3.04%	-1.18%

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022**

The following schedule presents a summary of General Fund Revenues.

**Table A-5  
General Fund Revenues**

	Year Ended		Change	
	June 30, 2022	June 30, 2021	Increase (Decrease)	% Change
Local Sources:				
Property Taxes	\$ 30,523,562	\$ 30,492,311	\$ 31,251	0.1 %
Earnings on Investments	113,418	47,996	65,422	136.3
Other	6,956,744	6,398,025	558,719	8.7
State Sources	92,390,036	91,176,434	1,213,602	1.3
Federal Sources	5,717,833	5,854,359	(136,526)	(2.3)
Total General Fund Revenue	<u>\$ 135,701,593</u>	<u>\$ 133,969,125</u>	<u>\$ 1,732,468</u>	1.3

General Fund revenue increased by \$1,732,468 or 1.3% from the previous year. The changes in the major sources of revenue include:

Property Taxes increased by \$31,251 or 0.1%.

Earnings on Investments increased by \$65,422 or 136.3%.

Other local revenue increased by \$558,719 or 8.7%. The increase was due an increase in admissions and fees as activities started to bounce back to pre-pandemic levels.

State Sources increased by \$1,213,602 or 1.3% due to several factors. The largest factor was a \$484,344 increase to special education revenue as the need for special education services increased. General education revenue also increased \$501,662 due to a 2.45% increase in the General Education Revenue formula that more than offset the 1% decrease in enrollment.

Federal revenue is recorded in the year in which the related expenditure is made. Federal sources decreased by \$136,526 over FY21, but is still at a higher level than pre-pandemic due to the federal stimulus funding. These federal funds have helped the district tremendously on maintaining services during the pandemic.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022**

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, 2022	June 30, 2021	Increase (Decrease)	Percent Change
Salaries	\$ 81,410,469	\$ 77,899,707	\$ 3,510,762	4.5 %
Employee Benefits	20,402,500	19,751,758	650,742	3.3
Purchased Services	15,477,506	17,609,723	(2,132,217)	(12.1)
Supplies and Materials	4,926,889	4,057,417	869,472	21.4
Capital Expenditures	12,695,717	11,932,197	763,520	6.4
Debt Service	429,521	252,564	176,957	70.1
Other Expenditures	678,759	734,185	(55,426)	(7.5)
Total General Fund Expenditures	<u>\$ 136,021,361</u>	<u>\$ 132,237,551</u>	<u>\$ 3,783,810</u>	2.9

Total General Fund expenditures increased \$3,783,810 or 2.9% from the previous year. The changes in the major expenditure categories include:

The salaries increase of \$3,510,762 or 4.5%, is primarily due to the district bringing transportation in-house. In prior years, transportation service was outsourced to a variety of transportation companies and the expense would be recorded in the purchased services category. The main reason for bringing the program in house was for better control of operations, direct contact with the drivers and staff, improve control of safety programs and fleet maintenance. Salary expense in the transportation department increased by approximately \$3 million over the prior year. The other \$510,000 increase is due to salary increases in the non-teacher groups. As part of the planned \$3.1 million in 2020-21 budget cuts, licensed staff was on a pay freeze. Non-licensed staff had been on a pay freeze in 2019-20.

Employee benefits increased by \$650,742 or 3.3%. The increase is due to the corresponding statutory benefits associated with salaries.

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EASTERN CARVER COUNTY SCHOOLS  
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YEAR ENDED JUNE 30, 2022**

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 12.1% or \$2,132,217 in purchased services was due a number of items including bringing transportation in house. While transportation contracts decreased by over \$4.9 million, other increases in purchased services included \$420,911 for payments to SW Metro School Intermediate School District for the Online Learning Academy to support our students that preferred an online experience during the COVID-19 pandemic. Utility costs also increase over \$840,000 over the prior year

Supplies and Materials increased by \$869,472 or 21.4%. The increase is caused by the change from contracted transportation to insourcing of transportation and the supplies needed to repair and maintain the buses as well as fuel costs.

Capital Expenditures increased in the General Fund by \$763,520 or 6.4%. The increase is due to an increase in Long-Term Facilities Maintenance (LTFM) projects over multiple buildings.

The Debt Service category increased by 70.1% due to the implementation of GASB Statement No. 87 and the corresponding recognition of long-term leases and their related principal payments. These payments are related to copier leases as well as a ground lease with the City of Victoria for the property on which the District's second ice sheet is located.

Other expenses which include; dues and memberships, scholarships, taxes and other fees; decreased by \$55,426.

**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 2020-21.
- Increase in appropriations for significant unbudgeted costs.

While the District anticipated that the net change in fund balance would be an increase of \$3,09,669, total fund balance increased by \$6,662,255. Revenue was over budget by \$3,363,681 or 2.54%. The District experienced better than expected results in all areas, the largest being state sources and other revenue. State sources were greater than budget by \$1,808,295 or 2.0%. Other revenue which includes donations, interest, fees, miscellaneous exceeded budget by \$1,121,667. The District continues to practice conservative budgeting for these items as they can fluctuate dramatically from year to year. Overall expenditures were within 0.001% of budget. The unassigned portion of the fund balance in the General Fund is 8.92% of expenditures which is within the Board policy guideline.

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YEAR ENDED JUNE 30, 2022**

**Food Service Fund**

The Food Service Fund revenue for 2021-22 totaled \$8,823,807 and expenditures were \$6,682,217. The June 30, 2022 fund balance is \$4,574,995, an increase of \$2,141,590 from fiscal year 2021 which was better than anticipated. The District continued its participation in the federal waivers provided by the US Department of Agriculture (USDA) and Food and Nutrition Services (FNS) divisions during the COVID-19 pandemic. These waivers provided access to free meals for all students, Pre-K-grade 12, in our school district. Federal revenue sources in 2021-22 were \$7,428,382.16 or 84.2 percent of total revenue.

**Community Service Fund**

The Community Service Fund revenue for 2021-22 totaled \$8,669,950 and expenditures were \$7,902,574. Total fund balance increased by \$767,376 which was slightly better than budgeted. Actual revenues were 3.7% or \$310,923 over budget and expenditures were 2.8% or \$228,756 under budget. With the COVID-19 pandemic continuing throughout the 2021-22 fiscal year, the Community Services staff continued to adapt their programming to the needs of the community while working within the MN Department of Education guidelines and parameters. Revenue increased by almost \$1.9 million over the 2020-21 fiscal year. Fee-based programs were operated throughout the year but at a different participation levels than a typical year.

**Capital Projects - Building Construction Fund**

The District currently has two active construction categories: Capital Projects Levy and Carver Elementary Addition.

The Capital Projects or Technology Levy – Building Construction Fund revenue for 2021-22 totaled \$2,801,805 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. Expenditures were \$2,787,468 in 2021-22. This levy was renewed in the fall of 2019 for ten years. The remaining balance in the Capital Projects fund balance was \$402,331.

The Carver Elementary addition which includes an additional six classrooms, three special education rooms, an art/music room and a storm shelter is being financed with the sale of \$9.1 million in certificates of participation. The original plan called for the construction to be completed by early fall of 2022, but due to delays in the supply chain for building supplies, the completion of the addition is scheduled for December, 2022.

**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 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 on February 1, 2022 a portion of these proceeds were used to call the remaining principal on the 2012A bonds. The remaining portion of the proceeds will be used to call the remaining principal on the 2013A bonds as of February 1, 2023. The refunding will provide cash flow savings of \$2,570,500. The Debt Service Fund revenue for 2021-22 totaled \$17,067,962. Expenditures were \$19,414,215 for principal and interest payments. The total Debt Service Fund balance is \$34,631,352, which includes the \$31.5 million remaining in escrow, a decrease of \$15,646,253 from fiscal year 2021. Revenue and expenditures were within 4.46% and 0.0% of budget, respectively.



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YEAR ENDED JUNE 30, 2022**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of June 30, 2022, the District has invested just over \$365 million in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, administrative offices, and leased assets (see Table A-7). (More detailed information about capital assets can be found in Note 4 to the financial statements.) Total depreciation and amortization expense for the year was slightly over \$10.5 million.

**Table A-7  
Capital Assets**

	2022	2021	Percentage Change
Land	\$ 19,320,976	\$ 19,320,976	- %
Construction in Progress	3,460,148	429,277	706.0
Land Improvements	9,784,349	8,686,915	12.6
Buildings and Improvements	308,642,374	307,600,648	0.3
Equipment	22,104,201	13,081,392	69.0
Leased Assets	2,037,758	1,866,466	9.2
Less: Accumulated Depreciation/Amortization	(132,414,372)	(122,002,163)	8.5
Total Capital Assets Net of Depreciation/Amortization	<u>\$ 232,935,434</u>	<u>\$ 228,983,511</u>	1.7

**Long-Term Liabilities**

At year-end, the District had \$139,885,000 in general obligation bonds outstanding as shown in Note 6 to the financial statements. The District also had an estimated \$2,191,988 in net severance and compensated absences at June 30, 2022, a net decrease of \$700,616 from June 30, 2021, as well as a net OPEB liability of \$2,550,950, an increase of \$590,424. The District also had an estimated \$57,481,948 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**

	2022	2021	Percentage Change
General Obligation Bonds	\$ 139,885,000	\$ 165,930,000	(15.7)%
Net Bond Premium and Discount	8,977,257	14,135,093	(36.5)
Equipment Certificates Payable	6,139,000	-	N/A
Certificates of Participation Payable	8,435,000	-	N/A
Financed Purchases	1,282,780	1,486,365	(13.7)
Long-Term Leases	1,866,311	132,248	1311.2
Net Pension Liability	57,481,948	99,684,831	(42.3)
Net Other Postemployment Benefits Liability	2,550,950	1,960,526	30.1
Severance Benefits Payable	1,365,679	1,936,878	(29.5)
Compensated Absences Payable	826,309	955,726	(13.5)
Total Long-Term Liabilities	<u>\$ 228,810,234</u>	<u>\$ 286,221,667</u>	(20.1)
Long-Term Liabilities:			
Due Within One Year	\$ 46,237,488	\$ 27,234,560	
Due in More Than One Year	182,572,746	258,987,107	
Total	<u>\$ 228,810,234</u>	<u>\$ 286,221,667</u>	

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2022**

**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 current 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.

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 referendum passed with 69% of voters approving the referendum question. The 10-year operating levy provides 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, fiscal year 2023. 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. The District has two additional operating levies which will expire in the coming years, \$150.35 in fiscal year 2024 and \$829.19 in fiscal year 2026. Planning for the renewal and/or replacement of the expiring operating levies has already started.

During 2021-22 federal funding provided the District with \$3.5 million in additional COVID-19 pandemic funding to support students in a variety of areas including special education, summer academic and mental health supports, expanded summer school and enrichment programs, contract tracing, personal protective equipment, cleaning and screening supplies. 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**

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
STATEMENT OF NET POSITION  
JUNE 30, 2022  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

	Governmental Activities	
	2022	2021
<b>ASSETS</b>		
Cash and Investments	\$ 80,692,192	\$ 67,230,182
Cash with Fiscal Agent	31,536,224	46,162,102
Receivables:		
Property Taxes	29,133,972	26,511,528
Other Governments	10,939,131	10,069,686
Other	235,921	68,647
Prepaid Items	270,484	63,238
Inventories	151,353	107,984
Due from Irrevocable Trust Fund	-	302,253
Lease Receivables	1,813,970	-
Capital Assets:		
Capital Assets Not Being Depreciated or Amortized	22,781,124	19,750,253
Other Capital Assets, Net of Depreciation and Amortization	210,154,310	209,233,258
Total Assets	<u>387,708,681</u>	<u>379,499,131</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Losses on Debt Refunding	33,401	46,331
Deferred Outflows - Pensions	36,717,983	45,876,068
Deferred Outflows - OPEB	847,447	622,707
Total Deferred Outflows	<u>37,598,831</u>	<u>46,545,106</u>
<b>LIABILITIES</b>		
Salaries Payable	12,734,754	12,702,484
Accounts and Contracts Payable	5,324,544	5,747,154
Accrued Interest	2,101,487	2,556,093
Due to Other Governmental Units	883,097	1,446,078
Due to Irrevocable Trust Fund	27,864	-
Unearned Revenue	871,106	986,680
Long-Term Liabilities:		
Net Pension Liability	57,481,948	99,684,831
Net Other Postemployment Benefits Liability	2,550,950	1,960,526
Portion Due Within One Year	46,237,488	27,234,560
Portion Due in More Than One Year	122,539,848	157,341,750
Total Liabilities	<u>250,753,086</u>	<u>309,660,156</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes Levied for Subsequent Year	53,911,579	48,779,727
Deferred Inflows - Lease Receivable	1,769,174	-
Gains on Debt Refunding	1,191,969	782,895
Deferred Inflows - Pensions	98,543,566	71,124,495
Deferred Inflows - Other Postemployment Benefits	1,380,189	1,448,814
Total Deferred Inflows of Resources	<u>156,796,477</u>	<u>122,135,931</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	101,925,549	90,069,514
Restricted for:		
General Fund Operating Capital Purposes	771,654	745,627
General Fund State-Mandated Reserves	1,244,094	1,404,660
Food Service	4,423,642	2,433,405
Community Service	1,345,394	588,957
Debt Service	1,031,630	1,174,903
Capital Projects - Building Construction	402,331	387,994
Unrestricted	(93,386,345)	(102,556,910)
Total Net Position	<u>\$ 17,757,949</u>	<u>\$ (5,751,850)</u>

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2021)**

	2022				2021	
					Net (Expense) Revenue and Change in Net Position	Net (Expense) Revenue and Change in Net Position
		Program Revenues				
			Operating	Capital	Total	Total
Functions	Expenses	Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Governmental Activities
<b>GOVERNMENTAL ACTIVITIES</b>						
Administration	\$ 4,336,194	\$ 227,976	\$ (14,935)	\$ 1,241,945	\$ (2,881,208)	\$ (2,640,558)
District Support Services	3,687,034	-	5,068	-	(3,681,966)	(3,505,040)
Regular Instruction	62,372,604	1,226,412	4,837,558	-	(56,308,634)	(57,688,401)
Vocational Education Instruction	1,386,290	-	25,916	-	(1,360,374)	(1,512,348)
Special Education Instruction	22,073,550	344,526	16,847,037	-	(4,881,987)	(7,739,656)
Instructional Support Services	9,098,005	197,935	1,919,654	-	(6,980,416)	(9,112,343)
Pupil Support Services	12,813,583	-	622,281	-	(12,191,302)	(17,402,390)
Sites and Buildings	18,641,986	12,032	1,774,104	556,639	(16,299,211)	(16,050,708)
Fiscal and Other Fixed Cost Programs	632,351	-	-	-	(632,351)	(606,849)
Food Service	6,533,063	1,161,926	7,653,560	-	2,282,423	3,466,305
Community Service	7,044,888	5,674,762	1,955,719	-	585,593	(342,144)
Interest and Fiscal Charges on						
Long-Term Liabilities	135,846	-	-	-	(135,846)	(4,391,278)
Total School District	<u>\$ 148,755,394</u>	<u>\$ 8,845,569</u>	<u>\$ 35,625,962</u>	<u>\$ 1,798,584</u>	<u>(102,485,279)</u>	<u>(117,525,410)</u>
<b>GENERAL REVENUES</b>						
Property Taxes Levied for:						
General Purposes					30,476,915	30,430,947
Community Service					1,002,523	991,904
Debt Service					16,996,637	17,591,545
Capital Projects					2,797,523	2,476,513
State Aid Not Restricted to Specific Purposes					72,559,729	72,037,933
Earnings on Investments					(87,338)	3,393
Miscellaneous					2,245,658	3,250,049
Gain on Sale of Capital Assets					3,431	14,632
Total General Revenues					<u>125,995,078</u>	<u>126,796,916</u>
<b>CHANGE IN NET POSITION</b>					23,509,799	9,271,506
Net Position - Beginning					<u>(5,751,850)</u>	<u>(15,023,356)</u>
<b>NET POSITION - ENDING</b>					<u>\$ 17,757,949</u>	<u>\$ (5,751,850)</u>

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

	Major Funds					Total Government Funds	Total Government Funds
	General	Food Service	Community Service	Capital Projects	Debt Service	2022	2021
<b>ASSETS</b>							
Cash and Investments	\$ 46,018,350	\$ 4,821,637	\$ 2,745,413	\$ 7,999,233	\$ 11,266,874	\$ 72,851,507	\$ 58,844,517
Cash with Fiscal Agent	-	-	-	-	31,536,224	31,536,224	46,162,102
Receivables:							
Current Property Taxes	19,554,404	-	536,636	-	8,895,264	28,986,304	26,284,579
Delinquent Property Taxes	91,503	-	2,856	-	53,309	147,668	226,949
Due from Other Minnesota School Districts	47,430	763	972	-	-	49,165	38,093
Due from Minnesota Department of Education	8,513,095	4,334	149,067	-	27,142	8,693,638	8,042,840
Due from Federal through Minnesota Department of Education	1,561,151	200,711	135,582	-	-	1,897,444	1,708,688
Due from Federal Government Received Directly	104,224	-	-	-	-	104,224	-
Due from Other Governmental Units	180,145	-	14,515	-	-	194,660	280,065
Accounts and Interest Receivable	152,523	8,825	5,474	44,828	24,271	235,921	68,647
Lease Receivable	1,813,970	-	-	-	-	1,813,970	-
Prepays	260,905	-	9,579	-	-	270,484	63,238
Inventory	-	151,353	-	-	-	151,353	107,984
<b>Total Assets</b>	<b>\$ 78,297,700</b>	<b>\$ 5,187,623</b>	<b>\$ 3,600,094</b>	<b>\$ 8,044,061</b>	<b>\$ 51,803,084</b>	<b>\$ 146,932,562</b>	<b>\$ 142,097,307</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>							
Liabilities:							
Salaries and Compensated Absences Payable	\$ 8,975,945	\$ 235,040	\$ 495,588	\$ 131,939	\$ -	\$ 9,838,512	\$ 10,179,964
Payroll Deductions and Employer Contributions Payable	2,704,956	51,354	102,219	37,713	-	2,896,242	2,522,520
Accounts and Contracts Payable	1,917,554	75,758	74,567	2,274,271	-	4,342,150	4,892,152
Due to Other Governmental Units	848,499	-	34,598	-	-	883,097	1,442,417
Due to Other Funds	27,864	-	-	-	-	27,864	4,440
Unearned Revenue	122,905	250,476	497,725	-	-	871,106	986,680
<b>Total Liabilities</b>	<b>14,597,723</b>	<b>612,628</b>	<b>1,204,697</b>	<b>2,443,923</b>	<b>-</b>	<b>18,858,971</b>	<b>20,028,173</b>
Deferred Inflows of Resources:							
Unavailable Revenue - Property Taxes Levied for Subsequent Year	35,737,412	-	1,040,424	-	17,133,743	53,911,579	48,779,727
Unavailable Revenue - Delinquent Property Taxes	66,884	-	2,068	-	37,989	106,941	185,418
Lease Receivable	1,769,174	-	-	-	-	1,769,174	-
<b>Total Deferred Inflows of Resources</b>	<b>37,573,470</b>	<b>-</b>	<b>1,042,492</b>	<b>-</b>	<b>17,171,732</b>	<b>55,787,694</b>	<b>48,965,145</b>
Fund Balance:							
Nonspendable:							
Prepays	260,905	-	9,579	-	-	270,484	63,238
Inventory	-	151,353	-	-	-	151,353	107,984
Restricted for:							
Student Activities	216,126	-	-	-	-	216,126	164,120
Staff Development	-	-	-	-	-	-	5,123
Area Learning Center	62,136	-	-	-	-	62,136	-
Basic Skills Programs	188,160	-	-	-	-	188,160	293,499
Bond Refundings	-	-	-	-	31,537,443	31,537,443	46,163,321
Capital Projects Levy	310,906	-	-	402,331	-	713,237	644,510
Community Education	-	-	939,015	-	-	939,015	252,250
Early Childhood and Family Education	-	-	291,102	-	-	291,102	182,905
Long-Term Facility Maintenance	-	-	-	-	-	-	154,082
Medical Assistance	442,242	-	-	-	-	442,242	395,516
Operating Capital	771,654	-	-	-	-	771,654	745,627
Projects Funded by Certificates of Participation	-	-	-	5,197,807	-	5,197,807	-
Safe Schools Levy	24,524	-	-	-	-	24,524	135,804
School Readiness	-	-	62,034	-	-	62,034	8,768
Other Purposes	-	4,423,642	51,175	-	3,093,909	7,568,726	6,576,615
Assigned for:							
Transportation	513,510	-	-	-	-	513,510	513,510
Future Use - Donation/Sale of Land	6,606,505	-	-	-	-	6,606,505	4,606,505
Separation/Retirement Benefits	1,700,000	-	-	-	-	1,700,000	1,142,326
Capital Maintenance - Victoria Field House	-	-	-	-	-	80,000	80,000
Quality Comp	458,894	-	-	-	-	458,894	482,964
Energy Efficiency	208,766	-	-	-	-	208,766	190,362
MTSS-ADSSIS	1,265,398	-	-	-	-	1,265,398	1,265,398
Site Carry-Over	648,949	-	-	-	-	648,949	535,017
Unassigned	12,367,832	-	-	-	-	12,367,832	8,394,545
<b>Total Fund Balance</b>	<b>26,126,507</b>	<b>4,574,995</b>	<b>1,352,905</b>	<b>5,600,138</b>	<b>34,631,352</b>	<b>72,285,897</b>	<b>73,103,989</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 78,297,700</b>	<b>\$ 5,187,623</b>	<b>\$ 3,600,094</b>	<b>\$ 8,044,061</b>	<b>\$ 51,803,084</b>	<b>\$ 146,932,562</b>	<b>\$ 142,097,307</b>

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2022  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

	<u>2022</u>	<u>2021</u>
<b>Total Fund Balance for Governmental Funds</b>	<b>\$ 72,285,897</b>	<b>\$ 73,103,989</b>
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	19,320,976	19,320,976
Construction in Progress	3,460,148	429,277
Land Improvements, Net of Accumulated Depreciation	4,530,334	3,812,359
Buildings and Improvements, Net of Accumulated Depreciation	191,318,632	197,827,114
Equipment, Net of Accumulated Depreciation	12,480,361	7,461,537
Leased Assets, Net of Amortization	1,824,983	1,841,549
Some of the District's property tax revenues 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.	106,941	185,418
The District's net other postemployment benefits liability and related deferred inflows and outflows are recorded only on the statement of net position. Balances at year-end are:		
Net Other Postemployment Benefits Liability	(2,550,950)	(1,960,526)
Deferred Inflows of Resources - Other Postemployment Benefits	(1,380,189)	(1,448,814)
Deferred Outflows of Resources - Other Postemployment Benefits	847,447	622,707
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	33,401	46,331
Gains on Debt Refunding	(1,191,969)	(782,895)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(2,101,487)	(2,556,093)
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	(57,481,948)	(99,684,831)
Deferred Inflows of Resources - Pensions	(98,543,566)	(71,124,495)
Deferred Outflows of Resources - Pensions	36,717,983	45,876,068
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	(139,885,000)	(165,930,000)
Unamortized Premiums	(8,977,257)	(14,135,093)
Certificates of Participation Payable	(6,139,000)	-
Equipment Certificates Payable	(8,435,000)	-
Long-Term Leases Payable	(1,866,311)	(1,841,549)
Financed Purchase Agreement Payable	(1,282,780)	(1,486,365)
Severance Benefits Payable	(1,365,679)	(1,936,878)
Compensated Absences Payable	(826,309)	(955,726)
Internal service funds are used by management to charge the costs of health and dental insurance services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. Internal service fund net position at year-end is:		
	6,858,291	7,564,090
<b>Total Net Position of Governmental Activities</b>	<b>\$ 17,757,949</b>	<b>\$ (5,751,850)</b>

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2022  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2021)**

	Major Funds					Total Governmental Funds	Total Governmental Funds
	General	Food Service	Community Service	Capital Projects	Debt Service	2022	2021
<b>REVENUES</b>							
Local Sources:							
Property Taxes	\$ 30,523,562	\$ -	\$ 1,004,057	\$ 2,801,805	\$ 17,022,651	\$ 51,352,075	\$ 51,594,741
Earnings and Investments	113,418	10,701	6,732	7,851	(238,872)	(100,170)	(2,691)
Other	6,956,744	1,162,185	5,702,334	3	10,500	13,831,766	10,498,811
State Sources	92,390,036	222,539	1,511,345	4,114	273,683	94,401,717	93,126,349
Federal Sources	5,717,833	7,428,382	445,482	-	-	13,591,697	10,980,791
Total Revenues	135,701,593	8,823,807	8,669,950	2,813,773	17,067,962	173,077,085	166,198,001
<b>EXPENDITURES</b>							
Current:							
Administration	4,556,769	-	-	-	-	4,556,769	4,770,836
District Support Services	3,501,419	-	-	-	-	3,501,419	3,392,763
Elementary and Secondary Regular Instruction	56,127,958	-	-	-	-	56,127,958	54,324,714
Vocational Education Instruction	1,431,874	-	-	-	-	1,431,874	1,429,151
Special Education Instruction	23,119,903	-	-	-	-	23,119,903	22,799,560
Instructional Support Services	8,315,474	-	-	-	-	8,315,474	8,921,666
Pupil Support Services	11,931,594	-	-	-	-	11,931,594	11,779,031
Sites and Buildings	13,278,781	-	-	-	-	13,278,781	12,028,220
Fiscal and Other Fixed Cost Programs	632,351	-	-	-	-	632,351	606,849
Food Service	-	6,391,501	-	-	-	6,391,501	4,303,948
Community Service	-	-	7,878,330	-	-	7,878,330	6,594,492
Capital Outlay	12,695,717	290,716	24,244	6,758,966	-	19,769,643	14,506,143
Debt Service:							
Principal	350,115	-	-	-	13,445,000	13,795,115	13,143,978
Interest and Fiscal Charges	79,406	-	-	-	5,969,215	6,048,621	5,776,481
Total Expenditures	136,021,361	6,682,217	7,902,574	6,758,966	19,414,215	176,779,333	164,377,832
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(319,768)	2,141,590	767,376	(3,945,193)	(2,346,253)	(3,702,248)	1,820,169
<b>OTHER FINANCING SOURCES</b>							
Sale of Equipment	7,105	-	-	-	-	7,105	14,632
Insurance Recovery	9,422	-	-	-	-	9,422	297,640
Issuance of Long-Term Leases	171,292	-	-	-	-	171,292	157,165
Issuance of Certificates of Participation	-	-	-	8,435,000	-	8,435,000	-
Premium on Certificates of Participation	-	-	-	722,337	-	722,337	-
Issuance of Equipment Certificates	6,839,000	-	-	-	-	6,839,000	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	(13,300,000)	(13,300,000)	-
Total Other Financing Sources	7,026,819	-	-	9,157,337	(13,300,000)	2,884,156	50,932,924
<b>NET CHANGE IN FUND BALANCE</b>	6,707,051	2,141,590	767,376	5,212,144	(15,646,253)	(818,092)	52,753,093
<b>FUND BALANCES</b>							
Beginning of Year	19,419,456	2,433,405	585,529	387,994	50,277,605	73,103,989	20,350,896
End of Year	\$ 26,126,507	\$ 4,574,995	\$ 1,352,905	\$ 5,600,138	\$ 34,631,352	\$ 72,285,897	\$ 73,103,989

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, 2022  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2021)**

	2022	2021
<b>Net Change in Fund Balance - Total Governmental Funds</b>	<b>\$ (818,092)</b>	<b>\$ 52,753,093</b>
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets or the long-term right to use assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation and amortization expense. The amount by which depreciation/amortization exceeded capital outlays in the current period is:		
Capital Outlays	12,803,032	8,345,516
Gain on Disposal of Capital Assets	3,431	1,341,559
Proceeds from the Sales of Capital Assets	(7,105)	(2,121,137)
Depreciation and Amortization Expense	(10,556,736)	(9,156,379)
Delinquent property taxes 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.	(78,477)	(103,832)
Some capital asset additions are financed through long-term leases. In governmental funds, a long-term 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 long-term lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net position.		
Other Financing Sources - Long-Term Leases	(171,292)	(157,165)
Principal Payments - Long-Term Leases	146,530	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.		
	5,625,727	(8,447,455)
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).		
	700,616	177,480
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.		
	(297,059)	(390,270)
The governmental funds reports the issuance of long-term liabilities as financing sources, while repayment of 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 long-term liabilities and related items is as follows:		
Sale of General Obligation Bonds	-	(44,080,000)
Bond Premiums	-	(2,566,556)
Issuance of Certificates of Participation	(8,435,000)	-
Premiums on Certificates of Participation	(722,337)	-
Issuance of Equipment Certificates	(6,839,000)	-
Issuance of Financed Purchase Arrangements	-	(1,710,426)
Payment to Refunded Bond Escrow Agent	13,300,000	-
Deferred Charges on Refunding Bonds	(625,843)	-
Repayment of Bond Principal	12,745,000	12,895,000
Repayment of Certificates of Participation Payable	700,000	-
Repayment of Financed Purchases	203,585	-
Change in Accrued Interest	454,606	(325,926)
Amortization of Bond Premium	5,880,173	1,599,593
Amortization of Deferred Charges on Refunding Bonds	203,839	111,203
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.		
	(705,799)	858,230
Change in Net Position of Governmental Activities	<u>\$ 23,509,799</u>	<u>\$ 9,271,506</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, 2022**

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 30,396,831	\$ 30,396,831	\$ 30,523,562	\$ 126,731
Earnings and Investments	50,125	50,000	113,418	63,418
Other	6,970,729	5,790,281	6,956,744	1,166,463
State Sources	91,013,900	90,581,741	92,390,036	1,808,295
Federal Sources	4,479,641	5,474,263	5,717,833	243,570
Total Revenues	<u>132,911,226</u>	<u>132,293,116</u>	<u>135,701,593</u>	<u>3,408,477</u>
<b>EXPENDITURES</b>				
Current:				
Administration	4,501,499	4,572,751	4,556,769	(15,982)
District Support Services	4,226,116	3,504,579	3,501,419	(3,160)
Elementary and Secondary Regular Instruction	56,894,557	56,466,262	56,127,958	(338,304)
Vocational Education Instruction	1,433,330	1,431,097	1,431,874	777
Special Education Instruction	23,837,554	23,562,428	23,119,903	(442,525)
Instructional Support Services	8,620,357	8,017,135	8,315,474	298,339
Pupil Support Services	11,759,729	12,075,473	11,931,594	(143,879)
Sites and Buildings	11,705,509	12,360,624	13,278,781	918,157
Fiscal and Other Fixed Cost Programs	729,219	633,219	632,351	(868)
Capital Outlay	6,730,362	12,569,476	12,695,717	126,241
Debt Service:				
Principal	1,209,062	808,594	350,115	(458,479)
Interest and Fiscal Charges	50,333	20,809	79,406	58,597
Total Expenditures	<u>131,697,627</u>	<u>136,022,447</u>	<u>136,021,361</u>	<u>(1,086)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	1,213,599	(3,729,331)	(319,768)	3,409,563
<b>OTHER FINANCING SOURCES</b>				
Sale of Equipment	-	-	7,105	7,105
Insurance Recovery	-	-	9,422	9,422
Issuance of Capital Leases	-	-	171,292	171,292
Issuance of Equipment Certificates	-	6,839,000	6,839,000	-
Total Other Financing Sources	<u>-</u>	<u>6,839,000</u>	<u>7,026,819</u>	<u>187,819</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 1,213,599</u>	<u>\$ 3,109,669</u>	6,707,051	<u>\$ 3,597,382</u>
<b>FUND BALANCE</b>				
Beginning of Year			<u>19,419,456</u>	
End of Year			<u>\$ 26,126,507</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, 2022**

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Local Sources:				
Earnings and Investments	\$ 500	\$ 500	\$ 10,701	\$ 10,201
Other - Primarily Meal Sales	1,412,650	831,032	1,162,185	331,153
State Sources	8,875	275,000	222,539	(52,461)
Federal Sources	4,063,194	6,228,612	7,428,382	1,199,770
Total Revenues	<u>5,485,219</u>	<u>7,335,144</u>	<u>8,823,807</u>	<u>1,488,663</u>
<b>EXPENDITURES</b>				
Current:				
Food Service	5,465,960	6,914,144	6,391,501	(522,643)
Capital Outlay	50,500	574,293	290,716	(283,577)
Total Expenditures	<u>5,516,460</u>	<u>7,488,437</u>	<u>6,682,217</u>	<u>(806,220)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (31,241)</u>	<u>\$ (153,293)</u>	2,141,590	<u>\$ 2,294,883</u>
<b>FUND BALANCE</b>				
Beginning of Year			<u>2,433,405</u>	
End of Year			<u>\$ 4,574,995</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, 2022**

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 1,004,848	\$ 1,004,848	\$ 1,004,057	\$ (791)
Earnings and Investments	5,000	5,000	6,732	1,732
Other - Primarily Tuition and Fees	5,601,526	5,371,173	5,702,334	331,161
State Sources	1,544,046	1,593,979	1,511,345	(82,634)
Federal Sources	91,298	384,027	445,482	61,455
Total Revenues	<u>8,246,718</u>	<u>8,359,027</u>	<u>8,669,950</u>	<u>310,923</u>
<b>EXPENDITURES</b>				
Current:				
Community Service	7,992,521	8,100,480	7,878,330	(222,150)
Capital Outlay	26,500	28,700	24,244	(4,456)
Debt Service	-	2,150	-	(2,150)
Total Expenditures	<u>8,019,021</u>	<u>8,131,330</u>	<u>7,902,574</u>	<u>(228,756)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 227,697</u>	<u>\$ 227,697</u>	767,376	<u>\$ 539,679</u>
<b>FUND BALANCE</b>				
Beginning of Year			<u>585,529</u>	
End of Year			<u>\$ 1,352,905</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, 2022**  
**(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

	Governmental Activities Internal Service Funds	
	2022	2021
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 7,840,685	\$ 8,385,665
Due from Other Funds	-	37,088
Total Assets	<u>7,840,685</u>	<u>8,422,753</u>
<b>LIABILITIES</b>		
Claims Payable	<u>982,394</u>	<u>858,663</u>
<b>NET POSITION</b>		
Unrestricted	<u><u>\$ 6,858,291</u></u>	<u><u>\$ 7,564,090</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, 2022  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2021)**

	Governmental Activities Internal Service Funds	
	2022	2021
<b>OPERATING REVENUES</b>		
Charges for Services:		
Health Insurance Premiums	\$ 9,589,193	\$ 9,244,070
Dental Insurance Premiums	746,649	710,880
Chrome Book Insurance Premiums	38,218	14,108
Total Operating Revenues	<u>10,374,060</u>	<u>9,969,058</u>
<b>OPERATING EXPENSES</b>		
Health Insurance Claim Payments	10,326,945	8,375,130
Dental Insurance Claim Payments	731,349	728,249
General Administration Fees	3,673	3,661
Supplies and Materials	30,724	9,872
Total Operating Expenses	<u>11,092,691</u>	<u>9,116,912</u>
<b>OPERATING INCOME (LOSS)</b>	(718,631)	852,146
<b>NONOPERATING INCOME</b>		
Earnings on Investments	<u>12,832</u>	<u>6,084</u>
<b>CHANGE IN NET POSITION</b>	(705,799)	858,230
Net Position - Beginning	<u>7,564,090</u>	<u>6,705,860</u>
<b>NET POSITION - ENDING</b>	<u><u>\$ 6,858,291</u></u>	<u><u>\$ 7,564,090</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, 2022  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2021)**

	Governmental Activities Internal Service Funds	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Interfund Services Provided	\$ 10,372,930	\$ 9,917,862
Receipts from Insurance Premiums	38,218	14,108
Payments for Administrative Costs	(3,673)	(3,661)
Payments for Medical Fees and Insurance Claims	(10,934,563)	(9,801,363)
Payments for Supplies and Materials	(30,724)	(9,872)
Net Cash Provided (Used) by Operating Activities	(557,812)	117,074
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received	12,832	6,084
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(544,980)	123,158
Cash and Cash Equivalents - Beginning	8,385,665	8,262,507
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<u>\$ 7,840,685</u>	<u>\$ 8,385,665</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ (718,631)	\$ 852,146
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
(Increase) Decrease in Due from Other Funds	37,088	(37,088)
Increase (Decrease) in Claims Payable	127,392	(701,645)
Increase (Decrease) in Due to Other Governmental Units	(3,661)	3,661
Total Adjustments	160,819	(735,072)
Net Cash Provided (Used) by Operating Activities	<u>\$ (557,812)</u>	<u>\$ 117,074</u>

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2022**

	Scholarship Fund	OPEB Irrevocable Trust
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 145,895	\$ -
Investments	-	5,783,332
Due from Other Funds	-	27,864
Total Assets	<u>145,895</u>	<u>5,811,196</u>
<b>LIABILITIES</b>		
Accounts and Contracts Payable	<u>27,016</u>	<u>-</u>
<b>NET POSITION</b>		
Restricted for Employee Benefits and OPEB	<u><u>\$ 118,879</u></u>	<u><u>\$ 5,811,196</u></u>

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2022**

	Scholarship Fund	OPEB Irrevocable Trust
<b>ADDITIONS</b>		
Contributions	\$ 111,222	\$ -
Investment Income	218	(953,832)
Total Additions	<u>111,440</u>	<u>(953,832)</u>
<b>DEDUCTIONS</b>		
Benefits Paid to Plan Members	-	612,783
Scholarships Awarded	69,440	-
Administrative Expenses	-	3,506
Total Deductions	<u>69,440</u>	<u>616,289</u>
<b>NET INCREASE (DECREASE) IN NET POSITION</b>	42,000	(1,570,121)
Net Position - Beginning of Year	<u>76,879</u>	<u>7,381,317</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 118,879</u></u>	<u><u>\$ 5,811,196</u></u>

See accompanying Notes to Basic Financial Statements.



## **NOTES TO BASIC FINANCIAL STATEMENTS**

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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.

**Adoption of New Accounting Standards:**

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The District adopted the requirements of the guidance effective July 1, 2021, and has elected to apply the provisions of this standard to the beginning of the period of adoption.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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 are 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 and amortization 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.

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.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

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

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

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary 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, 2022**

**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, 2022**

**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, 2022**

**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	\$ 132,911,226	\$ 6,220,890	\$ 139,132,116
Special Revenue Fund:			
Food Service Fund	5,485,219	1,849,925	7,335,144
Community Service Fund	8,246,718	112,309	8,359,027
Capital Projects Fund	2,801,805	9,125,649	11,927,454
<u>Expenditures</u>			
General Fund	\$ 131,697,627	\$ 4,324,820	\$ 136,022,447
Special Revenue Fund:			
Food Service Fund	5,516,460	1,971,977	7,488,437
Community Service Fund	8,019,021	112,309	8,131,330
Capital Projects Fund	2,801,805	6,500,630	9,302,435
Debt Service Fund	31,929,220	785,195	32,714,415

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, 2022**

**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, 2022**

**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 six 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 the unamortized deferred inflow related to long-term leases. The fourth type is a gain on debt refunding, similar to the loss on debt refunding described in the previous paragraph. The fifth and sixth items and deferred inflows of resources related to pensions and other postemployment benefits. See Notes 8 and 10, respectively, for details.

**K. Leases**

For lease receivables, the District determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statements of net position and fund financial statements.

Lease receivables represent the District's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

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

**K. Leases (Continued)**

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

The District has elected to recognize payments received for short-term leases with a lease term of 12 months or less as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position and fund financial statements.

For lease payables, the Entity determines if an arrangement is a lease at inception. Leases are included in lease assets and lease liabilities in the statements of net position.

Lease assets represent the Entity's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the Entity will exercise that option.

The Entity has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Entity has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

**L. Property Taxes**

Property tax levies are established by the School Board in December each year and are certified to the County for collection the following calendar year. In Minnesota, counties act as collection agents for all property taxes 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  
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JUNE 30, 2022**

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

**L. 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 2021 pay 2022 levy, normally revenue for the 2022-23 fiscal year, are also advance recognized as June 30, 2022, 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, 2022, 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.

**M. 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.

Capital assets are recorded in the Government-wide financial statement but are not reported in the Fund financial statements. Capital assets are depreciated (or amortized in the case of leased assets) 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.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

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

**M. Capital Assets (Continued)**

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.

**N. 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.

**O. 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.

**P. 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.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

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

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

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.

**Q. 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".

**R. Unearned Revenue**

Unearned revenues are those in which resources are received by the District before it has a legal claim to them. The District has reported unearned revenues 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, 2022**

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

**S. 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.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

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

**T. 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.

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

**U. Net Position**

Net position represents the difference between assets, 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.

**V. Use of Estimates**

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

**NOTE 2 STEWARDSHIP AND ACCOUNTABILITY**

**Excess of Expenditures Over Budget**

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

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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, 2022 is \$1,129,861 and \$3,806,774, respectively, and were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

At June 30, 2022, the District's petty cash fund totaled \$3,280.

**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



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**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, 2022, the District’s investment balances were as follows:

	Fair Value
Municipal Bonds	\$ 2,492,379
U.S. Treasury Notes	84,220
Total	<u>\$ 2,576,599</u>
	Amortized
	Cost
MSDLAF Term	\$ 58,799,428
Minnesota School District Liquid Asset Fund Plus Liquid Class	218
Minnesota School District Liquid Asset Fund Plus Max Class	4,451,165
MN Trust Investment Shares	32,882
MN Trust TERM Series	-
Negotiable Certificates of Deposit	248,000
U.S. Treasury Notes	1,316,849
Money Markets	12,279,804
Total Investments Held with Broker	<u>\$ 79,704,945</u>

**Investments Held in Bond Escrow**

Federal Farm Credit Bank	\$ 31,254,880
U.S. Treasury Notes	281,345
Total Investments Held with Broker	<u>\$ 31,536,225</u>

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

**B. Investments (Continued)**

**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	\$ 2,946,309
Mutual Fund - Fixed Income	2,461,159
Money Market Mutual Funds	375,864
Total	<u><u>\$ 5,783,332</u></u>

***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	\$ 218	\$ -	\$ -	\$ -	\$ 218	AA
MSDLAF+ Max Class	4,451,165	-	-	-	4,451,165	A-1
MSDLAF TERM	58,799,428	58,799,428	-	-	-	AAAm
Federal Farm Credit Bank	31,254,880	31,254,880	-	-	-	Aaa
Negotiable Certificates of Deposit	248,000	248,000	-	-	-	AAAm
MN Trust Investment Shares	32,882	-	-	-	32,882	AAAf
Municipal Bonds	2,492,379	2,492,379	-	-	-	AA to AAA
U.S. Treasury Notes	1,682,414	1,682,414	-	-	-	Aaa
Money Market	12,279,804	-	-	-	12,279,804	AAAm
Total	<u><u>\$ 111,241,170</u></u>	<u><u>\$ 94,477,101</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 16,764,069</u></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	\$ 2,946,309	\$ -	\$ -	\$ -	\$ -	\$ 2,946,309	NR
Mutual Fund - Fixed Income	2,461,159	-	-	-	2,461,159	-	NR
Money Market Mutual Funds	375,864	-	-	-	-	375,864	AAAm
Total	<u><u>\$ 5,783,332</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,461,159</u></u>	<u><u>\$ 3,322,173</u></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, 2022, the investment balances were fully covered by insurance for each brokerage firm.

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**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	\$ 80,692,192
Cash and Investments Held by Trustee - Statement of Net Position	31,536,224
Cash and Cash Equivalents - Statement of Fiduciary Net Position	5,929,227
Total Cash and Investments	<u><u>\$ 118,157,643</u></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.

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

**C. Fair Value Measurements (Continued)**

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

	Level 1	Level 2	Level 3	Total
Federal Farm Credit Bank	\$ -	\$ 31,254,880	\$ -	\$ 31,254,880
U.S. Treasury Notes	365,565	-	-	365,565
Municipal Bonds	-	2,492,379	-	2,492,379
	<u>\$ 365,565</u>	<u>\$ 33,747,259</u>	<u>\$ -</u>	<u>\$ 34,112,824</u>

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

	Level 1	Level 2	Level 3	Total
Mutual Fund - Equity	\$ 2,946,309	\$ -	\$ -	\$ 2,946,309
Mutual Fund - Fixed Income	2,461,159	-	-	2,461,159
Total	<u>\$ 5,407,468</u>	<u>\$ -</u>	<u>\$ -</u>	<u>5,407,468</u>

Investments Measured at Amortized Cost				375,864
Total				<u>\$ 5,783,332</u>

**NOTE 4 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance*	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated or Amortized:				
Land	\$ 19,320,976	\$ -	\$ -	\$ 19,320,976
Construction in Progress	429,277	3,460,148	(429,277)	3,460,148
Total Capital Assets, Not Being Depreciated or Amortized	<u>19,750,253</u>	<u>3,460,148</u>	<u>(429,277)</u>	<u>22,781,124</u>
Capital Assets, Being Depreciated:				
Land Improvements	8,686,915	1,097,434	-	9,784,349
Buildings and Improvements	307,600,648	1,041,726	-	308,642,374
Equipment	14,790,693	7,461,709	(148,201)	22,104,201
Leased Assets, Being Amortized:				
Land and Land Improvements	1,709,301	-	-	1,709,301
Equipment	157,165	171,292	-	328,457
Total Capital Assets, Being Depreciated/Amortized	<u>332,944,722</u>	<u>9,772,161</u>	<u>(148,201)</u>	<u>342,568,682</u>
Accumulated Depreciation for:				
Land Improvements	(4,874,556)	(379,459)	-	(5,254,015)
Buildings and Improvements	(109,773,534)	(7,550,208)	-	(117,323,742)
Equipment	(7,329,156)	(2,439,211)	144,527	(9,623,840)
Accumulated Amortization for:				
Land and Land Improvements	-	(148,635)	-	(148,635)
Equipment	(24,917)	(39,223)	-	(64,140)
Total Accumulated Depreciation/Amortization	<u>(122,002,163)</u>	<u>(10,556,736)</u>	<u>144,527</u>	<u>(132,414,372)</u>
Total Capital Assets, Being Depreciated/Amortized, Net	<u>210,942,559</u>	<u>(784,575)</u>	<u>(3,674)</u>	<u>210,154,310</u>
Governmental Activities Capital Assets, Net	<u>\$ 230,692,812</u>	<u>\$ 2,675,573</u>	<u>\$ (432,951)</u>	<u>\$ 232,935,434</u>

\*Certain beginning balances were revised due to the implementation of GASB 87.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
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**NOTE 4 CAPITAL ASSETS (CONTINUED)**

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

**Governmental Activities**

District Support Services	\$ 28,964
Regular Instruction	7,911,685
Instructional Support Services	673,087
Pupil Support Services	1,247,309
Sites and Buildings	598,676
Food Service	97,015
Total Depreciation/Amortization Expense, Governmental Activities	<u><u>\$ 10,556,736</u></u>

**NOTE 5 LONG-TERM LEASE RECEIVABLES**

The District, acting as lessor, leases certain real property to several communications companies on which to install cell towers under long-term, non-cancelable lease agreements. All three leases expire in fiscal year 2051. During the year ended December 31, 2022, the District recognized \$62,733 and \$54,813 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Total future minimum lease payments to be received under lease agreements are as follows:

Year Ending June 30,	Long-Term Leases Receivable	
	Principal	Interest
2023	\$ 18,481	\$ 54,271
2024	19,040	53,712
2025	19,615	53,136
2026	25,732	52,495
2027	29,315	51,650
2028-2030	176,565	243,998
2033-2037	258,289	211,858
2038-2042	361,199	165,971
2043-2047	489,914	102,831
2048-2052	415,820	23,264
Total	<u><u>\$ 1,813,970</u></u>	<u><u>\$ 1,013,186</u></u>

Changes in the lease receivables for the year are as follows:

	June 30, 2021	Additions	Retirements	June 30, 2022	Principal Due Within One Year
Long-Term Lease Receivables					
Cellular Towers	<u>\$ 1,831,908</u>	<u>\$ -</u>	<u>\$ 17,938</u>	<u>\$ 1,813,970</u>	<u>\$ 18,481</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112  
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**NOTE 6 LONG-TERM LIABILITIES**

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

Bond Issue	Net Interest Rate	Original Issue	Maturities	Principal Outstanding	
				Due Within One Year	Total
2013A GO Building Refunding Bonds	3.00% - 4.00%	\$ 65,815,000	2018-2028	\$ 36,725,000	\$ 42,290,000
2016A GO Building Bonds	3.50% - 5.00%	57,650,000	2018-2036	2,775,000	53,515,000
2020A GO Refunding Bonds	2.00%	44,080,000	2023-2028	4,325,000	44,080,000
Total General Obligation Bonds				43,825,000	139,885,000
<u>Certificates of Participation</u>					
2021A Certificates of Participation	2.00% - 4.00%	8,435,000	2023-2042	230,000	8,435,000
<u>Equipment Certificates</u>					
2021B GO Equipment Certificates	1.45%	6,839,000	2022-2029	840,000	6,139,000
Bond Premiums				-	8,977,257
Financed Purchases				206,435	1,282,780
Long-Term Leases				180,328	1,866,311
Severance Benefits Payable				-	1,365,679
Compensated Absences Payable				955,725	826,309
Total				<u>\$ 46,237,488</u>	<u>\$ 168,777,336</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 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.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
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JUNE 30, 2022**

**NOTE 6 LONG-TERM LIABILITIES (CONTINUED)**

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

General Obligation Bonds Payable (Continued)

In November 2020, the District issued \$44,080,000 of Taxable General Obligation Refunding Bonds, Series 2020A. A portion of the proceeds of this issuance were used in 2022 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 2012 bonds. This resulted in a cash flow savings of \$988,700 and a net present value savings of \$973,696. The remaining portion will be used in fiscal year 2023 to advance refund the February 1, 2025 through 2028 maturities of the District's \$65,815,000 General Obligation School Building Refunding Bonds, Series 2013A Bonds.

Certificates of Participation Payable

In August 2021, the District issued \$8,435,00 in Certificates of Participation, Series 2021A. The proceeds of the Certificates will be used to finance the construction of an addition to Carver elementary School for additional classroom space.

Financed Purchases and Equipment Certificates

In August 2020, the District entered into a financed purchase arrangement for \$1,710,426 for the purchase of 15 school buses. The agreement calls for annual payments totaling of \$224,394 for eight years.

In August 2021, the District issued \$6,839,000 General Obligation Equipment Certificates, Series 2021. The proceeds of these certificates were used to finance the costs of acquiring new and used school buses. Principal payments on the certificates are due annually and extend through February 1, 2029.

Long-Term Leases

The District leases equipment as well as land for various terms under long-term, non-cancelable lease agreements. The equipment leases expire at various dates between fiscal year 2025 and fiscal year 2027. The land leases with the City of Victoria expires in fiscal year 2033. Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class.

	Governmental Activities
Land and Land Improvements	\$ 1,709,301
Equipment	328,457
Less: Accumulated Amortization	(212,775)
	<u>\$ 1,824,983</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112  
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JUNE 30, 2022**

**NOTE 6 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		Finance Purchase Agreement		Certificates of Participation	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 43,825,000	\$ 4,491,700	\$ 206,435	\$ 17,959	\$ 230,000	\$ 328,093
2024	12,775,000	3,111,350	209,325	15,069	330,000	226,300
2025	13,285,000	2,712,750	212,256	12,138	340,000	218,050
2026	11,455,000	2,355,250	215,227	9,167	345,000	209,550
2027	11,770,000	2,029,850	218,241	6,154	355,000	200,925
2028-2032	28,150,000	5,920,350	221,296	3,098	1,930,000	849,425
2033-2037	18,625,000	1,633,625	-	-	2,285,000	496,700
Thereafter	-	-	-	-	2,620,000	164,400
Total	<u>\$ 139,885,000</u>	<u>\$ 22,254,875</u>	<u>\$ 1,282,780</u>	<u>\$ 63,585</u>	<u>\$ 8,435,000</u>	<u>\$ 2,693,443</u>

Equipment Certificates		Long-Term Leases		Total	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 840,000	\$ 89,016	\$ 180,328	\$ 54,919	\$ 45,281,763	\$ 4,981,687
852,000	76,836	189,599	48,803	14,355,924	3,478,358
864,000	64,482	196,159	42,408	14,897,415	3,049,828
877,000	51,954	179,797	36,082	13,072,024	2,662,003
889,000	39,237	172,446	30,163	13,404,687	2,306,329
1,817,000	39,614	850,873	74,741	32,969,169	6,887,228
-	-	97,109	-	21,007,109	2,130,325
-	-	-	-	2,620,000	164,400
<u>\$ 6,139,000</u>	<u>\$ 361,139</u>	<u>\$ 1,866,311</u>	<u>\$ 287,116</u>	<u>\$ 157,608,091</u>	<u>\$ 25,660,158</u>

**D. Changes in Long-Term Debt**

	June 30, 2021	Additions	Retirements	June 30, 2022
Bonds Payable	\$ 165,930,000	\$ -	\$ 26,045,000	\$ 139,885,000
Bond Premiums	14,135,093	722,337	5,880,173	8,977,257
Equipment Certificates	-	6,839,000	700,000	6,139,000
Certificates of Participation	-	8,435,000	-	8,435,000
Financed Purchases	1,486,365	-	203,585	1,282,780
Long-Term Leases Payable	1,841,549	171,292	146,530	1,866,311
Severance Benefits Payable	1,936,878	1,365,679	1,936,878	1,365,679
Compensated Absences Payable	955,726	1,010,371	1,139,788	826,309
Total	<u>\$ 186,285,611</u>	<u>\$ 18,543,679</u>	<u>\$ 36,051,954</u>	<u>\$ 168,777,336</u>

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



**INDEPENDENT SCHOOL DISTRICT NO. 112  
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**NOTE 7 INTERFUND BALANCES AND TRANSFERS**

The District had the following interfund receivables and payables at year ended June 30, 2022.

	Due from Other Fund	Due to Other Fund
General Fund	\$ -	\$ 27,864
Fiduciary Funds:		
OPEB Irrevocable Trust Fund	27,864	-
	<u>\$ 27,864</u>	<u>\$ 27,864</u>

The General Fund owes the Irrevocable Trust Fund for board-approved OPEB contributions.

**NOTE 8 FUND BALANCES AND NET POSITION**

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 Area Learning Center – Represents amounts restricted for students attending area learning centers.

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

Restricted for Capital Projects Levy – Represents available resources from the capital projects levy to be used for building construction and other projects under Minnesota Statutes.

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

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.

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**NOTE 8 FUND BALANCES AND NET POSITION (CONTINUED)**

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 Projects Funded by Certificates of Participation – Represents the balance in the building construction fund for projects funded by certificates of participation/lease purchase agreement with related lease levy authority under Minnesota Statutes.

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

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	\$ 4,423,642
Restricted for Community Education	51,175
Restricted for Debt Service	3,093,909
Total Restricted for Other Purposes	<u>\$ 7,568,726</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.

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**NOTE 8 FUND BALANCES AND NET POSITION (CONTINUED)**

The District presents certain portions of net position as net investment in capital assets. This amount represents the net amounts invested in capital assets (original cost net of accumulated depreciation and amortization) less capital related debt including the outstanding balances of any long-term, capital related liabilities and the corresponding unamortized premiums, discounts, and gains or losses on refunding. Below is the calculation of the District's net investment in capital assets at June 30, 2022:

Capital Assets, Net of Accumulated Depreciation/Amortization	\$ 232,935,434
Capital-Related Long-Term Liabilities	(157,608,091)
Unamortized Premiums on Capital-Related Debt	(8,977,257)
Deferred Inflows and Deferred Outflows on Refundings	(1,158,568)
Unspent Bond Proceeds	36,734,031
Net Investment in Capital Assets	<u>\$ 101,925,549</u>

**NOTE 9 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 of Minnesota (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.

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**NOTE 9    DEFINED BENEFIT PENSION PLANS (CONTINUED)**

A. Plan Description (Continued)

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

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 Minnesota State Colleges and Universities).

B. Benefits Provided

PERA and TRA provide retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

**1. General Employees Plan Benefits**

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% 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. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

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**NOTE 9    DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**B. Benefits Provided (Continued)**

**2. TRA Benefits**

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

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

*Tier I Benefits*

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

With these provisions:

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

or

*Tier II Benefits*

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

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

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**NOTE 9    DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**B.    Benefits Provided (Continued)**

**2.    TRA Benefits (Continued)**

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

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

**C.    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 2022 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, 2022 were \$1,761,237. The District's contributions were equal to the required contributions as set by state statute.

**2.    TRA Contributions**

Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for fiscal year 2022 were:

	2022	
	Employee	Employer
Basic	11.00%	12.34%
Coordinated	7.50%	8.34%

The Districts contributions to TRA for the plan's fiscal year ended June 30, 2022 were \$5,327,679. The District's contributions were equal to the required contributions for each year as set by state statute.

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**NOTE 9    DEFINED BENEFIT PENSION PLANS (CONTINUED)**

D. Pension Costs

**1. General Employees Plan Pension Costs**

At June 30, 2022, the District reported a liability of \$11,329,499 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. 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 \$345,977. The net pension liability was measured as of June 30, 2021, 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, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was .2653% at the end of the measurement period and .2936% for the beginning of the period.

The District's Proportionate Share of the Net Pension Liability	\$ 11,329,499
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the District	<u>345,977</u>
Total	<u><u>\$ 11,675,476</u></u>

For the year ended June 30, 2022, the District recognized pension expense of (\$244,275) for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized an additional \$27,915 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.

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**NOTE 9    DEFINED BENEFIT PENSION PLANS (CONTINUED)**

D. Pension Costs (Continued)

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

At June 30, 2022, 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	\$     69,605	\$     346,713
Changes in Actuarial Assumptions	6,917,557	250,616
Net Difference Between Projected and Actual		
Earnings on Plan Investments	-	9,811,824
Changes in Proportion and Differences Between		
District Contributions and Proportionate Share		
of Contributions	359,935	1,418,510
District Contributions Subsequent to the		
Measurement Date	1,761,237	-
Total	<u>\$   9,108,334</u>	<u>\$ 11,827,663</u>

\$1,761,237 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, 2023. 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
2023	\$   (865,325)
2024	(420,480)
2025	(518,565)
2026	(2,676,196)
Thereafter	-



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**NOTE 9    DEFINED BENEFIT PENSION PLANS (CONTINUED)**

D. Pension Costs (Continued)

**2. TRA Pension Costs**

At June 30, 2022 the District reported a liability of \$46,152,449 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2021, 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 1.0546% at the end of the measurement period and 1.1110% at the beginning of the period.

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

<u>Description</u>	<u>Amount</u>
District's Proportionate Share of the TRA	
Net Pension Liability	\$ 46,152,449
State's Proportionate Share of the Net Pension	
Liability Associated with the District	<u>3,892,293</u>
Total	<u><u>\$ 50,044,742</u></u>

For the year ended June 30, 2022, the District recognized pension expense of \$1,788,654. It also recognized \$372,880 as a decrease to pension expense and negative grant revenue for the support provided by direct aid.

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**NOTE 9 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

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

At June 30, 2022, 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	\$ 1,250,010	\$ 1,307,221
Changes in Actuarial Assumptions	16,913,133	41,639,307
Net Difference Between Projected and Actual		
Earnings on Plan Investments	-	38,698,583
Changes in Proportion and Differences Between		
District Contributions and Proportionate Share		
of Contributions	4,118,827	5,070,792
District Contributions Subsequent to the		
Measurement Date	5,327,679	-
Total	<u>\$ 27,609,649</u>	<u>\$ 86,715,903</u>

A total of \$5,327,679 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, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense Amount
2023	\$ (30,268,463)
2024	(23,067,196)
2025	(5,555,034)
2026	(7,786,824)
2027	2,243,584
Thereafter	-

**3. Aggregate Pension Costs**

	TRA	GERF	Total
Net Pension Liability	\$ 46,152,449	\$ 11,329,499	\$ 57,481,948
Deferred Outflows of Resources	27,609,649	9,108,334	36,717,983
Deferred Inflows of Resources	86,715,903	11,827,663	98,543,566
Pension Expense	8,270,048	(216,360)	8,053,688

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**NOTE 9 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**E. Long-Term Expected Return on Investment**

The State Board of Investment, which manages the investments of PERA, 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
Unallocated Cash	2.00	
Totals	100.00 %	

**F. Actuarial Methods and Assumptions**

The total pension liability in the June 30, 2021, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan and benefit increases after retirement are assumed to be 1.25% for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 29 years of service and 6.0% per year thereafter.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. 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.

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**NOTE 9    DEFINED BENEFIT PENSION PLANS (CONTINUED)**

F. Actuarial Methods and Assumptions (Continued)

The following changes in PERA actuarial assumptions and plan provisions for occurred in 2021:

**General Employees Fund**

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

TRA preretirement mortality rates were based on the RP-2014 white-collar employee table, male rates set back five years and female rates set back seven 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 three years, and female rates set back three 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 2019 and the study of the economic assumptions presented to the Board in November 2017.

The following changes in TRA actuarial assumptions and plan provisions for occurred in 2021:

- The investment return assumption was changed from 7.50% to 7.00%.

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**NOTE 9 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**G. Discount Rate**

The discount rate used to measure the PERA General Employees Plan liability in 2021 was 6.50%. 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 7.00%. The discount rate used to measure the TPL at the prior measurement date was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contribution will be made at the fiscal year 2021 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).

**H. Pension Liability Sensitivity**

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

Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
General Employees Plan Discount Rate	5.50%	6.50%	7.50%
District's Proportionate Share of the General Employees Plan Net Pension Liability	\$ 23,106,394	\$ 11,329,499	\$ 1,665,837
TRA Discount Rate	6.00%	7.00%	8.00%
District's Proportionate Share of the TRA Net Pension Liability	\$ 93,230,194	\$ 46,152,449	\$ 7,544,946

**I. Pension Plan Fiduciary Net Position**

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

Detailed information about TRA's fiduciary net position is available in a separately issued TRA financial report. That report can be obtained at [www.MinnesotaTRA.org](http://www.MinnesotaTRA.org); by writing to TRA at 60 Empire Drive #400, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-2409 or 1-800-657-3669.

**INDEPENDENT SCHOOL DISTRICT NO. 112  
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**NOTE 10 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.

**NOTE 11 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 2022, 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.

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**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)**

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

The components of the net OPEB liability (asset) of the District at June 30, 2022 were as follows:

Total OPEB Liability	\$ 8,362,146
Plan Fiduciary Net Position	<u>5,811,196</u>
District's Net OPEB Liability (Asset)	<u>\$ 2,550,950</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	69%

**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, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021. 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, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Salary Increases	Service Graded Table
Investment Rate of Return	5.90%
20-Year Municipal Bond Yield	3.80%
Health Care Trend Rates	6.50% decreasing to 5.00% over 6 years

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2020 Generational Improvement Scale.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2014 through June 30, 2018.

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**NOTE 11 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 (2.00%).

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return</b>
Fixed Income	50.00 %	4.50 %
Domestic Equity	33.00	7.50
International Equity	17.00	7.70
Total	100.00 %	6.00
Reduced for Assumed Investment Expense		-
Net Assumed Investment Return (Weighted Avg, Rounded to 1/4%)		6.00 %

The discount rate used to measure the total OPEB liability was 4.10%. 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.



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**NOTE 11 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, 2022:
  - The superintendent's lump sum payable to a Health Reimbursement Account changed from \$20,000 per year of service up to \$120,000 to \$15,000 per year of services up to \$120,000.
  - Teachers who retire by June 30, 2022 under an Early Retirement Incentive will receive a lump sum payment of \$15,000 (pro-rated if less than 1.0 FTE) to a Health Care Savings Plan.
  - The health care trend rates, mortality rates, salary increase rates for non-teachers, withdrawal rates, and percentage of future retirees eligible for a subsidy who are assumed to continue on one of the district's medical plans post-employment were updated.
  - The rate of inflation was changed from 2.50% to 2.00%.
  - The expected long-term investment return was changed from 6.00% to 5.90%.
  - The discount rate was changed from 3.00% to 4.10%.

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

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Beginning Balance	\$ 9,341,843	\$ 7,381,317	\$ 1,960,526
Changes for the Year:			
Service Cost	551,361	-	551,361
Interest Cost	272,335	-	272,335
Assumption Changes	(600,372)	-	(600,372)
Plan Changes	526,195	-	526,195
Differences Between Expected and Actual Experience	(571,716)	(1,389,330)	817,614
Contributions-Employer	-	66,432	(66,432)
Net Investment Income	-	435,498	(435,498)
Benefit Payments	(679,215)	(679,215)	-
Administrative Expense	-	(3,506)	3,506
Other Changes	(478,285)	-	(478,285)
Net Changes	<u>(979,697)</u>	<u>(1,570,121)</u>	<u>590,424</u>
Ending Balance	<u>\$ 8,362,146</u>	<u>\$ 5,811,196</u>	<u>\$ 2,550,950</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 11 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)**

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

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

	1% Decrease (3.10%)	Discount Rate (4.10%)	1% Increase (5.10%)
Net OPEB Liability (Asset)	\$ 3,058,949	\$ 2,550,950	\$ 2,060,591

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% then 3.00%) or 1% point higher (7.25% decreasing to 6.00 then 5.00%) than the current healthcare cost trend rates:

	Healthcare Cost		
	1% Decrease (5.25% Decreasing to 4.00% then 3.00%)	Current Trend Rates (6.25% Decreasing to 5.00% then 4.00%)	1% Increase (7.25% Decreasing to 6.00% then 5.00%)
Net OPEB Liability (Asset)	\$ 1,735,932	\$ 2,550,950	\$ 3,506,890

For the year ended June 30, 2022, the District recognized OPEB expense of (\$294,611). At June 30, 2022, 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	-	-
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:

Year Ending June 30,	Future Recognition
2023	\$ (306,998)
2024	(283,292)
2025	(258,905)
2026	(106,799)
2027	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, 2022**

**NOTE 12 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 eight 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, 2022, there is a reserve of \$6,858,291.

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, 2022. 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 \$7,840,685 in cash and investments at June 30, 2022, for payment of claims.

Changes in the balances of claim liabilities during fiscal years 2022 and 2021 were as follows:

	2022	2021
Beginning of Fiscal Year Liability - July 1,	\$ 858,663	\$ 1,556,647
Current Year Claims, Changes in Estimates, and Other Charges	11,058,294	9,103,379
Current Year Claims Paid, Including an Estimate of Claims Incurred But Not Reported (IBNR)	(10,934,563)	(9,801,363)
End of Fiscal Year Liability - June 30,	<u>\$ 982,394</u>	<u>\$ 858,663</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
<b>Total OPEB Liability</b>						
Service Cost	\$ 551,361	\$ 731,921	\$ 681,442	\$ 503,435	\$ 474,096	\$ 495,806
Interest	272,335	235,974	261,220	256,717	252,157	240,822
Changes of Benefit Terms	-	-	500,555	-	-	-
Differences Between Expected and Actual Experience	(571,716)	-	621,665	-	(641,079)	-
Assumption Changes	(600,372)	129,011	29,518	82,424	(242,654)	-
Plan Changes	526,195	-	-	-	-	-
Benefit Payments	(679,215)	(302,253)	(652,767)	(340,657)	(359,309)	(403,432)
Other Changes	(478,285)	-	-	-	-	-
<b>Net Change in Total OPEB Liability</b>	<u>(979,697)</u>	<u>794,653</u>	<u>1,441,633</u>	<u>501,919</u>	<u>(516,789)</u>	<u>333,196</u>
Total OPEB Liability - Beginning	9,341,843	8,547,190	7,105,557	6,603,638	7,120,427	6,787,231
<b>Total OPEB Liability - Ending (a)</b>	<u><u>\$ 8,362,146</u></u>	<u><u>\$ 9,341,843</u></u>	<u><u>\$ 8,547,190</u></u>	<u><u>\$ 7,105,557</u></u>	<u><u>\$ 6,603,638</u></u>	<u><u>\$ 7,120,427</u></u>
<b>Plan Fiduciary Net Position</b>						
Contributions - Employer	\$ 66,432	\$ -	-	\$ -	\$ -	\$ -
Net Investment Income	(953,832)	1,371,101	392,528	414,913	409,420	540,837
Benefit Payments	(679,215)	(302,253)	(652,767)	(340,657)	(359,309)	(403,432)
Administrative Expense	(3,506)	(4,078)	(4,189)	(3,853)	(3,793)	-
<b>Net Change in Plan Fiduciary Net Position</b>	<u>(1,570,121)</u>	<u>1,064,770</u>	<u>(264,428)</u>	<u>70,403</u>	<u>46,318</u>	<u>137,405</u>
Plan Fiduciary Net Position - Beginning	7,381,317	6,316,547	6,580,975	6,510,572	6,464,254	6,326,849
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u><u>\$ 5,811,196</u></u>	<u><u>\$ 7,381,317</u></u>	<u><u>\$ 6,316,547</u></u>	<u><u>\$ 6,580,975</u></u>	<u><u>\$ 6,510,572</u></u>	<u><u>\$ 6,464,254</u></u>
<b>District's Net OPEB Liability - Ending (a) - (b)</b>	\$ 2,550,950	\$ 1,960,526	\$ 2,230,643	\$ 524,582	\$ 93,066	\$ 656,173
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	69.49%	79.01%	73.90%	92.62%	98.59%	90.78%
Covered-Employee Payroll	\$ 81,708,696	\$ 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	3.12%	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**

<u>Year</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2022	5.90%
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 EIGHT MEASUREMENT DATES\***

	Measurement Date June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Collective Net Pension Liability	1.0546%	1.1110%	1.0975%	1.0464%	1.0332%	1.0154%	0.9896%	1.0319%
District's Proportionate Share of the Collective Net Pension Liability								
\$	46,152,449	\$ 82,082,169	\$ 69,954,880	\$ 65,723,959	\$ 206,245,462	\$ 242,197,127	\$ 61,216,547	\$ 47,524,026
State's Proportionate Share of the Collective Net Pension Liability Associated with District								
	3,892,293	6,878,723	6,190,796	6,174,859	19,937,507	24,309,844	7,508,902	3,345,045
Total	<u>\$ 50,044,742</u>	<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>	<u>\$ 50,869,071</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	\$ 47,576,600
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	73.90%	126.99%	112.11%	111.83%	368.16%	456.54%	120.79%	99.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.63%	75.48%	78.21%	78.07%	51.57%	44.88%	76.80%	81.50%

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

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

	Year Ended June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily Required Contribution	\$ 5,327,679	\$ 5,077,404	\$ 5,119,103	\$ 4,810,778	\$ 4,407,846	\$ 4,201,506	\$ 3,978,762	\$ 3,801,128	\$ 3,330,362
Contributions in Relation to the Statutorily Required Contribution	(5,327,679)	(5,077,404)	(5,119,103)	(4,810,778)	(4,407,846)	(4,201,506)	(3,978,762)	(3,801,128)	(3,330,362)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 63,881,043	\$ 62,452,694	\$ 64,635,139	\$ 62,396,602	\$ 58,771,280	\$ 56,020,080	\$ 53,050,160	\$ 50,681,707	\$ 47,576,600
Contributions as a Percentage of Covered Payroll	8.34%	8.13%	7.92%	7.71%	7.50%	7.50%	7.50%	7.50%	7.00%

\*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 EIGHT MEASUREMENT DATES\***

	Measurement Date June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.2653%	0.2936%	0.2823%	0.2905%	0.2853%	0.2827%	0.2857%	0.3156%
District's Proportionate Share of the Net Pension Liability	\$ 11,329,499	\$ 17,602,662	\$ 15,607,735	\$ 16,115,749	\$ 18,213,364	\$ 22,953,838	\$ 14,806,457	\$ 14,830,383
State's Proportionate Share of the Net Pension Liability Associated with the District	345,977	542,887	485,102	528,574	228,979	299,794	-	-
Total	<u>\$ 11,675,476</u>	<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>	<u>\$ 14,830,383</u>
District's Covered Payroll	\$ 23,483,160	\$ 20,672,920	\$ 19,977,560	\$ 19,627,627	\$ 18,396,040	\$ 17,595,507	\$ 16,914,210	\$ 16,569,766
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	48.25%	85.15%	78.13%	82.11%	99.01%	130.45%	87.54%	89.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.00%	79.06%	80.23%	79.53%	75.90%	68.90%	78.20%	78.70%

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

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

	Year Ended June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily Required Contribution	\$ 1,761,237	\$ 1,408,265	\$ 1,550,469	\$ 1,498,317	\$ 1,472,072	\$ 1,379,703	\$ 1,319,663	\$ 1,247,423	\$ 1,201,308
Contributions in Relation to the Statutorily Required Contribution	(1,761,237)	(1,761,237)	(1,550,469)	(1,498,317)	(1,472,072)	(1,379,703)	(1,319,663)	(1,247,423)	(1,201,308)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 23,483,160	\$ 23,483,160	\$ 20,672,920	\$ 19,977,560	\$ 19,627,627	\$ 18,396,040	\$ 17,595,507	\$ 16,914,210	\$ 16,569,766
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.38%	7.250%

\*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**

**2021**

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

**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.

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

**CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS  
(CONTINUED)**

2019

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

2018

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

2017

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

2016

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

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

**CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS  
(CONTINUED)**

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**

2021

- The investment return assumption was changed from 7.50 percent to 7.00 percent.

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%.

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

**CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS  
(CONTINUED)**

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%.

2016

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

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

2019

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

2018

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

## **SUPPLEMENTARY INFORMATION**

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
GENERAL FUND  
BALANCE SHEET  
JUNE 30, 2022  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

	2022	2021
<b>ASSETS</b>		
Cash and Investments	\$ 46,018,350	\$ 41,581,653
Receivables:		
Current Taxes	19,554,404	16,815,207
Delinquent Taxes	91,503	138,073
Accounts and Interest Receivable	152,523	65,339
Due from Other Minnesota School Districts	47,430	38,093
Due from Minnesota Department of Education	8,513,095	7,844,937
Due from Federal Through the Minnesota Department of Education	1,561,151	1,270,403
Due from Federal Government Received Directly	104,224	-
Due from Other Governmental Units	180,145	280,065
Long-Term Lease Receivables	1,813,970	-
Prepays	260,905	58,542
Total Assets	<u>\$ 78,297,700</u>	<u>\$ 68,361,917</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 8,975,945	\$ 9,521,296
Payroll Deductions and Employer Contributions Payable	2,704,956	2,383,572
Accounts and Contracts Payable	1,917,554	4,759,877
Due to Other Minnesota School Districts	368,890	298,384
Due to Other Governmental Units	479,609	1,079,772
Due to Other Funds	27,864	4,440
Unearned Revenue	122,905	173,353
Total Liabilities	<u>14,597,723</u>	<u>18,220,694</u>
Deferred Inflows:		
Unavailable Revenue - Property Taxes Levied for Subsequent Year	35,737,412	30,610,559
Unavailable Revenue - Delinquent Taxes	66,884	111,208
Long-Term Lease Receivables	1,769,174	-
Total Deferred Inflows of Resources	<u>37,573,470</u>	<u>30,721,767</u>
Fund Balance:		
Nonspendable:		
Prepays	260,905	58,542
Restricted for:		
Student Activities	216,126	164,120
Area Learning Center	62,136	-
Basic Skills Programs	188,160	293,499
Capital Projects Levy	310,906	256,516
Long-Term Facility Maintenance	-	154,082
Medical Assistance	442,242	395,516
Operating Capital	771,654	745,627
Safe Schools Levy	24,524	135,804
Assigned for:		
Transportation	513,510	513,510
Future Use - Donation/Sale of Land	6,606,505	4,606,505
Separation/Retirement Benefits	1,700,000	1,142,326
Capital Maintenance - Victoria Field House	80,000	80,000
Quality Comp	458,894	482,964
Energy Efficiency	208,766	190,362
MTSS-ADSIS	1,265,398	1,265,398
Site Carry-Over	648,949	535,017
Unassigned	<u>12,367,832</u>	<u>8,394,545</u>
Total Fund Balance	<u>26,126,507</u>	<u>19,419,456</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 78,297,700</u>	<u>\$ 68,361,917</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, 2022  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2021)**

	2022		2021	
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 30,396,831	\$ 30,523,562	\$ 126,731	\$ 30,492,311
Earnings and Investments	50,000	113,418	63,418	47,996
Other	5,790,281	6,956,744	1,166,463	6,398,025
State Sources	90,581,741	92,390,036	1,808,295	91,176,434
Federal Sources	5,474,263	5,717,833	243,570	5,854,359
Total Revenues	132,293,116	135,701,593	3,408,477	133,969,125
<b>EXPENDITURES</b>				
Current:				
Administration:				
Salaries	3,590,741	3,596,397	5,656	3,824,795
Employee Benefits	844,382	819,171	(25,211)	810,969
Purchased Services	51,969	56,017	4,048	54,686
Supplies and Materials	11,255	11,291	36	9,225
Other Expenditures	74,404	73,893	(511)	71,161
Total Administration	4,572,751	4,556,769	(15,982)	4,770,836
District Support Services:				
Salaries	2,388,073	2,381,717	(6,356)	2,286,011
Employee Benefits	556,802	541,939	(14,863)	528,325
Purchased Services	495,642	486,543	(9,099)	511,580
Supplies and Materials	97,827	120,324	22,497	129,869
Other Expenditures	(33,765)	(29,104)	4,661	(63,022)
Total District Support Services	3,504,579	3,501,419	(3,160)	3,392,763
Elementary and Secondary Regular Instruction:				
Salaries	40,637,068	40,180,441	(456,627)	39,742,502
Employee Benefits	10,316,852	10,067,595	(249,257)	10,105,073
Purchased Services	2,837,364	3,301,538	464,174	1,977,008
Supplies and Materials	2,235,798	2,164,895	(70,903)	2,038,530
Other Expenditures	439,180	413,489	(25,691)	461,601
Total Elementary and Secondary Regular Instruction	56,466,262	56,127,958	(338,304)	54,324,714

**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, 2022  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2021)**

		2022		2021
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>EXPENDITURES (Continued)</b>				
Current (Continued):				
Vocational Education Instruction:				
Salaries	\$ 676,434	\$ 732,772	\$ 56,338	\$ 708,188
Employee Benefits	198,101	207,845	9,744	180,461
Purchased Services	543,498	474,164	(69,334)	523,605
Supplies and Materials	8,355	12,863	4,508	5,750
Other Expenditures	4,709	4,230	(479)	11,147
Total Vocational Education Instruction	1,431,097	1,431,874	777	1,429,151
Special Education Instruction:				
Salaries	17,777,063	17,537,991	(239,072)	17,481,265
Employee Benefits	4,734,886	4,661,918	(72,968)	4,624,579
Purchased Services	596,956	619,837	22,881	382,211
Supplies and Materials	329,100	173,140	(155,960)	162,109
Other Expenditures	124,423	127,017	2,594	149,396
Total Special Education Instruction	23,562,428	23,119,903	(442,525)	22,799,560
Instructional Support Services:				
Salaries	5,730,170	6,158,883	428,713	6,410,451
Employee Benefits	1,437,912	1,443,999	6,087	1,523,767
Purchased Services	535,745	417,547	(118,198)	356,772
Supplies and Materials	254,381	241,526	(12,855)	570,719
Other Expenditures	58,927	53,519	(5,408)	59,957
Total Instructional Support Services	8,017,135	8,315,474	298,339	8,921,666
Pupil Support Services:				
Salaries	6,776,689	6,875,049	98,360	3,629,156
Employee Benefits	1,848,405	1,584,188	(264,217)	892,780
Purchased Services	2,607,067	2,388,407	(218,660)	7,120,203
Supplies and Materials	819,731	1,059,912	240,181	118,067
Other Expenditures	23,581	24,038	457	18,825
Total Pupil Support Services	12,075,473	11,931,594	(143,879)	11,779,031

**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, 2022  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2021)**

		2022		2021
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>EXPENDITURES (Continued)</b>				
Current (Continued):				
Sites and Buildings:				
Salaries	\$ 4,165,279	\$ 3,947,219	\$ (218,060)	\$ 3,817,339
Employee Benefits	1,186,937	1,075,845	(111,092)	1,085,804
Purchased Services	6,220,520	7,101,102	880,582	6,076,809
Supplies and Materials	753,633	1,142,938	389,305	1,023,148
Other Expenditures	34,255	11,677	(22,578)	25,120
Total Sites and Buildings	12,360,624	13,278,781	918,157	12,028,220
Fiscal and Other Fixed Costs:				
Purchased Services	633,219	632,351	(868)	606,849
Capital Outlay:				
Administration	6,033	5,590	(443)	9,273
District Support Services	279,050	306,303	27,253	169,595
Regular Instruction	1,251,320	1,287,737	36,417	1,154,888
Special Education Instruction	-	88,717	88,717	-
Instructional Support Services	1,394,966	1,557,329	162,363	1,332,808
Pupil Support Services	5,178,143	5,105,174	(72,969)	4,554,596
Sites and Buildings	4,459,964	4,344,867	(115,097)	4,711,037
Total Capital Outlay	12,569,476	12,695,717	126,241	11,932,197
Debt Service:				
Principal	808,594	350,115	(458,479)	248,978
Interest and Fiscal Charges	20,809	79,406	58,597	3,586
Total Debt Service	829,403	429,521	(399,882)	252,564
Total Expenditures	136,022,447	136,021,361	(1,086)	132,237,551
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(3,729,331)	(319,768)	3,409,563	1,731,574
<b>OTHER FINANCING SOURCES</b>				
Sale of Real Property	-	-	-	2,106,505
Sale of Equipment	-	7,105	7,105	14,632
Insurance Recovery	-	9,422	9,422	297,640
Issuance of Long-Term Leases	-	171,292	171,292	1,710,426
Issuance of Financed Purchase Arrangements	-	-	-	157,165
Issuance of Equipment Certificates	6,839,000	6,839,000	-	-
Total Other Financing Sources	6,839,000	7,026,819	187,819	4,286,368
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 3,109,669</u>	6,707,051	<u>\$ 3,597,382</u>	6,017,942
<b>FUND BALANCE</b>				
Beginning of Year		19,419,456		13,401,514
End of Year		<u>\$ 26,126,507</u>		<u>\$ 19,419,456</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
FOOD SERVICE FUND  
BALANCE SHEET  
JUNE 30, 2022  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and Investments	\$ 4,821,637	\$ 2,575,707
Receivables:		
Accounts and Interest Receivable	8,825	698
Due from Other Minnesota School Districts	763	-
Due from Minnesota Department of Education	4,334	84
Due from Federal Through the Minnesota Department of Education	200,711	372,797
Inventory	<u>151,353</u>	<u>107,984</u>
Total Assets	<u><u>\$ 5,187,623</u></u>	<u><u>\$ 3,057,270</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 235,040	\$ 194,033
Payroll Deductions and Employer Contributions Payable	51,354	39,597
Accounts and Contracts Payable	75,758	48,740
Unearned Revenue	<u>250,476</u>	<u>341,495</u>
Total Liabilities	612,628	623,865
Fund Balance:		
Nonspendable:		
Inventory	151,353	107,984
Restricted for:		
Food Service	<u>4,423,642</u>	<u>2,325,421</u>
Total Fund Balance	<u><u>4,574,995</u></u>	<u><u>2,433,405</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 5,187,623</u></u>	<u><u>\$ 3,057,270</u></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, 2022  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2021)**

	2022			2021
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>REVENUES</b>				
Local Sources:				
Earnings and Investments	\$ 500	\$ 10,701	\$ 10,201	\$ 2,283
Other - Primarily Meal Sales	831,032	1,162,185	331,153	362,567
State Sources	275,000	222,539	(52,461)	33,577
Federal Sources	6,228,612	7,428,382	1,199,770	4,707,267
Total Revenues	<u>7,335,144</u>	<u>8,823,807</u>	<u>1,488,663</u>	<u>5,105,694</u>
<b>EXPENDITURES</b>				
Current:				
Salaries	2,048,417	2,053,203	4,786	1,549,163
Employee Benefits	457,036	456,126	(910)	348,472
Purchased Services	566,618	591,985	25,367	342,403
Supplies and Materials	3,841,805	3,289,734	(552,071)	2,063,351
Other Expenditures	268	453	185	559
Capital Outlay	574,293	290,716	(283,577)	81,499
Total Expenditures	<u>7,488,437</u>	<u>6,682,217</u>	<u>(806,220)</u>	<u>4,385,447</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (153,293)</u>	2,141,590	<u>\$ 2,294,883</u>	720,247
<b>FUND BALANCE</b>				
Beginning of Year		2,433,405		1,713,158
End of Year		<u>\$ 4,574,995</u>		<u>\$ 2,433,405</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
COMMUNITY SERVICE FUND  
BALANCE SHEET  
JUNE 30, 2022  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and Investments	\$ 2,745,413	\$ 1,906,728
Receivables:		
Current Taxes	536,636	521,405
Delinquent Taxes	2,856	4,334
Accounts and Interest Receivable	5,474	748
Due from Minnesota Department of Education	149,067	169,244
Due from Federal Through the Minnesota Department of Education	135,582	65,488
Due from Other Governmental Units	14,515	-
Prepays	<u>9,579</u>	<u>4,696</u>
Total Assets	<u><u>\$ 3,600,094</u></u>	<u><u>\$ 2,672,643</u></u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 495,588	\$ 411,517
Payroll Deductions and Employer Contributions Payable	102,219	82,983
Accounts and Contracts Payable	74,567	46,935
Due to Other Minnesota School Districts	29,983	60,857
Due to Other Governmental Units	4,615	3,404
Unearned Revenue	<u>497,725</u>	<u>471,832</u>
Total Liabilities	1,204,697	1,077,528
Deferred Inflows:		
Property Taxes Levied for Subsequent Year	1,040,424	1,006,158
Unavailable Revenue - Delinquent Taxes	<u>2,068</u>	<u>3,428</u>
Total Deferred Inflows of Resources	1,042,492	1,009,586
Fund Balance:		
Nonspendable:		
Prepays	9,579	4,696
Restricted for:		
Community Education	939,015	252,250
Early Childhood and Family Education	291,102	182,905
School Readiness	62,034	8,768
Other Purposes	<u>51,175</u>	<u>136,910</u>
Total Fund Balance	<u><u>1,352,905</u></u>	<u><u>585,529</u></u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u><u>\$ 3,600,094</u></u>	<u><u>\$ 2,672,643</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, 2022  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2021)**

		2022		2021
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 1,004,848	\$ 1,004,057	\$ (791)	\$ 993,904
Earnings and Investments	5,000	6,732	1,732	1,697
Other - Primarily Tuition and Fees	5,371,173	5,702,334	331,161	3,738,219
State Sources	1,593,979	1,511,345	(82,634)	1,630,589
Federal Sources	384,027	445,482	61,455	419,165
Total Revenues	8,359,027	8,669,950	310,923	6,783,574
<b>EXPENDITURES</b>				
Current:				
Salaries	5,016,518	5,061,993	45,475	4,532,187
Employee Benefits	1,268,607	1,145,580	(123,027)	998,368
Purchased Services	1,276,124	1,178,387	(97,737)	740,973
Supplies and Materials	477,128	424,300	(52,828)	272,491
Other Expenditures	62,103	68,070	5,967	50,473
Capital Outlay	28,700	24,244	(4,456)	1,453
Total Expenditures	8,129,180	7,902,574	(226,606)	6,595,945
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 229,847</u>	767,376	<u>\$ 537,529</u>	187,629
<b>FUND BALANCE</b>				
Beginning of Year		585,529		397,900
End of Year		<u>\$ 1,352,905</u>		<u>\$ 585,529</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND  
BALANCE SHEET  
JUNE 30, 2022  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and Investments	\$ 7,999,233	\$ 494,080
Receivables:		
Accounts and Interest Receivable	<u>44,828</u>	<u>-</u>
Total Assets	<u><u>\$ 8,044,061</u></u>	<u><u>\$ 494,080</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 131,939	\$ 53,118
Payroll Deductions and Employer Contributions Payable	37,713	16,368
Accounts and Contracts Payable	<u>2,274,271</u>	<u>36,600</u>
Total Liabilities	<u>2,443,923</u>	<u>106,086</u>
Fund Balance:		
Restricted for:		
Capital Projects Levy	402,331	387,994
Projects Funded by Certificates of Participation	<u>5,197,807</u>	<u>-</u>
Total Fund Balance	<u><u>5,600,138</u></u>	<u><u>387,994</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 8,044,061</u></u>	<u><u>\$ 494,080</u></u>



**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2022  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2021)**

	2022			2021
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
<b>REVENUES</b>				
Local Sources:				
Property Taxes	\$ 2,801,805	\$ 2,801,805	\$ -	\$ 2,481,507
Earnings and Investments	630	7,851	7,221	-
Other	-	3	3	-
State Sources	-	4,114	4,114	-
Total Revenues	2,802,435	2,813,773	11,338	2,481,507
<b>EXPENDITURES</b>				
Current:				
Salaries	1,228,188	1,227,554	(634)	751,606
Employee Benefits	354,375	352,560	(1,815)	213,152
Purchased Services	1,300,000	799,384	(500,616)	6,135
Other Expenditures	-	4,114	4,114	-
Capital Outlay	6,419,872	4,375,354	(2,044,518)	1,520,101
Total Expenditures	9,302,435	6,758,966	(2,543,469)	2,490,994
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	(6,500,000)	(3,945,193)	2,554,807	(9,487)
<b>OTHER FINANCING SOURCES</b>				
Issuance of Certificates of Participation	8,402,682	8,435,000	32,318	-
Premium on Certificates of Participation	722,337	722,337	-	-
Total Other Financing Sources	9,125,019	9,157,337	32,318	-
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 2,625,019</u>	5,212,144	<u>\$ 2,587,125</u>	(9,487)
<b>FUND BALANCE</b>				
Beginning of Year		387,994		397,481
End of Year		<u>\$ 5,600,138</u>		<u>\$ 387,994</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
DEBT SERVICE FUND  
BALANCE SHEET  
JUNE 30, 2022  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2021)**

	Totals	
	2022	2021
<b>ASSETS</b>		
Cash and Investments	\$ 11,266,874	\$ 12,286,349
Cash with Fiscal Agent	31,536,224	46,162,102
Receivables:		
Current Taxes	8,895,264	8,947,967
Delinquent Taxes	53,309	84,542
Accounts and Interest Receivable	24,271	1,862
Due from Minnesota Department of Education	27,142	28,575
	<u>51,803,084</u>	<u>67,511,397</u>
Total Assets	\$ 51,803,084	\$ 67,511,397
<b>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
Deferred Inflows:		
Property Taxes Levied for Subsequent Year	\$ 17,133,743	\$ 17,163,010
Unavailable Revenue - Delinquent Taxes	37,989	70,782
Total Deferred Inflows of Resources	<u>17,171,732</u>	<u>17,233,792</u>
Restricted for:		
Bond Refunding	31,537,443	46,163,321
Debt Service	3,093,909	4,114,284
Total Fund Balance	<u>34,631,352</u>	<u>50,277,605</u>
	<u>51,803,084</u>	<u>67,511,397</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 51,803,084	\$ 67,511,397

**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, 2022  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED JUNE 30, 2021)**

	2022		2021
	Final Budgeted Amounts	Actual Amounts	Over (Under) Final Budget
			Actual Amounts
<b>REVENUES</b>			
Local Sources:			
Property Taxes	\$ 17,140,794	\$ 17,022,651	\$ (118,143)
Earnings and Investments	575,000	(238,872)	(813,872)
State Sources	148,875	273,683	124,808
Total Revenues	<u>17,864,669</u>	<u>17,067,962</u>	<u>(796,707)</u>
<b>EXPENDITURES</b>			
Debt Service:			
Bond Principal	13,445,000	13,445,000	-
Bond Interest	4,867,056	5,924,776	1,057,720
Paying Agent Fees and Other	44,439	44,439	-
Total Expenditures	<u>18,356,495</u>	<u>19,414,215</u>	<u>1,057,720</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	(491,826)	(2,346,253)	(1,854,427)
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of Bonds	-	-	-
Bond Premium	-	-	-
Payment to Refunded Bond Escrow Agent	(14,357,920)	(13,300,000)	1,057,920
Total Other Financing Sources (Uses)	<u>(14,357,920)</u>	<u>(13,300,000)</u>	<u>1,057,920</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (14,849,746)</u>	<u>(15,646,253)</u>	<u>\$ (796,507)</u>
<b>FUND BALANCE</b>			
Beginning of Year		50,277,605	4,440,843
End of Year		<u>\$ 34,631,352</u>	<u>\$ 50,277,605</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112  
EASTERN CARVER COUNTY SCHOOLS  
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS  
COMPLIANCE TABLE  
YEAR ENDED JUNE 30, 2022**

	AUDIT	UFARS	DIFFERENCE
<b>01 GENERAL FUND</b>			
Total Revenue	\$ 135,701,593	\$ 135,701,594	\$ (1)
Total Expenditures	136,021,361	136,021,366	(5)
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	260,905	260,905	-
<i>Restricted:</i>			
401 Student Activities	216,126	216,126	-
403 Scholarships	-	-	-
403 Staff Development	-	-	-
406 Health and Safety	-	-	-
407 Capital Project Levy	310,906	310,906	-
408 Cooperative Programs	-	-	-
413 Projects Funded by COP	-	-	-
414 Operating Debt	-	-	-
416 Levy Reduction	-	-	-
417 Taconite Building Maintenance	-	-	-
424 Operating Capital	957,283	957,283	-
426 \$25 Taconite	-	-	-
427 Disabled Accessibility	-	-	-
428 Learning and Development	-	-	-
434 Area Learning Center	62,136	62,136	-
435 Contracted Alternative Programs	-	-	-
436 State-Approved Alternative Programs	-	-	-
438 Gifted and Talented	-	-	-
440 Teacher Development and Evaluations	-	-	-
441 Basic Skills Programs	188,160	188,160	-
445 Career and Technical Programs	-	-	-
448 Achievement and Integration	-	-	-
449 Safe Schools Crime Levy	24,524	24,524	-
451 QZAB Payments	-	-	-
452 OPEB Liability Not Held in Trust	-	-	-
453 Unfunded Severance & Retirement Levy	-	-	-
467 LTFM	(185,629)	(185,629)	-
472 Medical Assistance	442,242	442,242	-
464 Restricted Fund Balance	-	-	-
<i>Committed:</i>			
418 Committed for Separation	-	-	-
461 Committed Fund Balance	-	-	-
<i>Assigned:</i>			
462 Assigned Fund Balance	11,482,022	11,482,022	-
<i>Unassigned:</i>			
422 Unassigned Fund Balance	12,367,832	12,367,831	1
<b>02 FOOD SERVICE</b>			
Total Revenue	8,823,807	8,823,807	-
Total Expenditures	6,682,217	6,682,218	(1)
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	151,353	151,353	-
<i>Restricted:</i>			
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	4,423,642	4,423,642	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
<b>04 COMMUNITY SERVICE</b>			
Total Revenue	8,669,950	8,669,951	(1)
Total Expenditures	7,902,574	7,902,572	2
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	9,579	9,579	-
<i>Restricted:</i>			
426 \$25 Taconite	-	-	-
431 Community Education	939,015	939,015	-
432 E.C.F.E.	291,102	291,102	-
440 Teacher Development and Evaluations	-	-	-
444 School Readiness	62,034	62,034	-
447 Adult Basic Education	-	-	-
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	51,175	51,177	(2)
<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, 2022**

	AUDIT	UFARS	DIFFERENCE
<b>06 BUILDING CONSTRUCTION</b>			
Total Revenue	\$ 2,813,773	\$ 2,813,773	\$ -
Total Expenditures	6,758,966	6,758,965	1
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
407 Capital Projects Levy	402,331	402,331	-
413 Projects Funded by COP	5,197,807	5,197,807	-
467 LTFM	-	-	-
464 Restricted Fund Balance	-	-	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
<b>07 DEBT SERVICE</b>			
Total Revenue	17,067,962	17,067,963	(1)
Total Expenditures	19,414,215	19,414,215	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
425 Bond Refunding	31,537,443	31,537,443	-
451 QZAB and QSCB Payments	-	-	-
464 Restricted Fund Balance	3,093,909	3,093,909	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
<b>08 TRUST</b>			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Net Position:</i>			
422 Net Position	-	-	-
<b>18 CUSTODIAL</b>			
Total Revenue	111,440	111,440	-
Total Expenditures	69,440	69,439	1
<i>Restricted/Reserved:</i>			
401 Student Activities	-	-	-
402 Scholarships	118,879	118,880	(1)
448 Achievement and Integration	-	-	-
<b>20 INTERNAL SERVICE</b>			
Total Revenue	10,386,892	10,386,893	(1)
Total Expenditures	11,092,691	11,092,691	-
<i>Net Position:</i>			
422 Net Position	6,858,291	6,858,292	(1)
<b>25 OPEB REVOCABLE TRUST</b>			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Net Position:</i>			
422 Net Position	-	-	-
<b>45 OPEB IRREVOCABLE TRUST</b>			
Total Revenue	(953,832)	(953,832)	-
Total Expenditures	616,289	616,289	-
<i>Net Position:</i>			
422 Net Position	5,811,196	5,811,196	-
<b>47 OPEB DEBT SERVICE</b>			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
425 Bond Refunding	-	-	-
464 Restricted Fund Balance	-	-	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-

## STATISTICAL SECTION (UNAUDITED)

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

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	111
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	117
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	125
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	129
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to services the District provides and the activities it performs.	130

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			
	2013	2014	2015	2016
<b>Governmental Activities</b>				
Net Investment in Capital Assets	\$ 25,761,731	\$ 36,163,062	\$ 46,163,329	\$ 54,101,920
Restricted	4,187,805	2,942,042	3,372,493	2,424,129
Unrestricted	14,478,502	15,487,611	(54,403,668)	(55,982,696)
Total Governmental Activities Net Position	<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	2022
\$ 41,254,279	\$ 63,354,300	\$ 72,086,288	\$ 81,786,405	\$ 90,069,514	\$ 101,925,549
6,203,551	6,577,454	5,535,432	7,049,447	6,735,546	9,218,745
(76,298,983)	(116,653,280)	(92,045,424)	(103,859,208)	(102,556,910)	(93,386,345)
<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>	<u>\$ 17,757,949</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			
	2013	2014	2015	2016
<b>Expenses</b>				
Governmental Activities:				
Administration	\$ 3,212,710	\$ 3,626,402	\$ 3,297,791	\$ 3,445,202
District Support Services	3,890,877	3,321,431	3,300,589	3,284,288
Regular Instruction	42,607,593	42,899,211	46,033,831	50,865,826
Vocational Education Instruction	1,596,799	1,428,802	1,679,924	1,981,182
Special Education Instruction	14,206,646	14,576,886	15,405,025	17,161,920
Instructional Support Services	6,973,472	9,082,972	9,918,408	10,428,010
Pupil Support Services	8,958,437	9,284,103	8,918,109	9,828,825
Sites and Buildings	14,932,559	14,340,867	15,713,675	17,964,670
Fiscal and Other Fixed Cost Programs	166,687	186,669	197,113	229,175
Food Service	4,583,002	4,889,769	4,924,330	5,329,152
Community Service	7,953,288	8,197,305	7,468,189	6,452,472
Interest and Fiscal Charges on Long-Term Debt	7,004,520	8,208,150	8,829,956	7,372,271
Total Governmental Activities Expenses	116,086,590	120,042,567	125,686,940	134,342,993
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services:				
Administration	-	-	-	8,594
Regular Instruction	1,628,820	1,241,884	1,185,797	1,284,840
Special Education Instruction	318,409	226,020	200,253	223,422
Instructional Support Services	3,831	189,044	202,462	200,258
Sites and Buildings	75,988	78,869	200,833	8,322
Food Service	3,368,464	3,405,897	3,377,014	3,414,224
Community Service	5,505,281	6,219,265	5,003,180	4,332,655
Operating Grants and Contributions	12,114,349	13,831,646	15,091,251	19,477,768
Capital Grants and Contributions	2,047,800	2,061,041	2,061,041	1,228,859
Total Governmental Activities Program Revenues	25,062,942	27,253,666	27,321,831	30,178,942
<b>Net Governmental Activities (Expense)/Revenue</b>	(91,023,648)	(92,788,901)	(98,365,109)	(104,164,051)
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities:				
Property Taxes:				
General Purpose	17,515,743	10,782,119	16,180,398	19,891,182
Community Service	1,298,456	1,013,910	1,349,324	563,464
Debt Service	19,881,937	18,984,530	18,846,237	20,029,222
Capital Projects	-	-	2,450,000	660,631
Unrestricted State Aid	58,542,203	68,797,029	66,743,149	67,131,311
Unrestricted Investment Earnings	(1,245,964)	1,387,783	801,631	851,689
Miscellaneous	1,866,107	1,986,690	1,609,072	447,751
Gain on Sale of Capital Assets	-	-	-	-
Total Governmental Activities	97,858,482	102,953,578	107,979,811	109,575,250
<b>Change in Net Position</b>	6,834,834	10,164,677	9,614,702	5,411,199
Net Position - Beginning, as Previously Stated	37,593,204	44,428,038	54,592,715	(4,867,846)
Prior Period Adjustment	-	-	(69,075,263)	-
Net Position - Beginning, as Restated	37,593,204	44,428,038	(14,482,548)	(4,867,846)
Net Position - Ending	\$ 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	2022
\$ 5,342,876	\$ 5,306,744	\$ 2,869,939	\$ 4,922,490	\$ 4,237,426	\$ 4,336,194
3,402,100	3,646,410	3,183,384	3,513,516	3,529,396	3,687,034
78,046,331	46,515,591	43,362,490	70,557,757	64,302,241	62,372,604
2,141,525	2,035,914	1,194,965	1,616,409	1,529,612	1,386,290
24,516,302	26,374,908	15,813,336	24,772,432	24,676,576	22,073,550
13,009,269	13,550,181	7,918,964	10,525,819	11,072,553	9,098,005
12,293,376	13,313,506	11,393,683	13,902,718	17,438,421	12,813,583
20,016,846	42,002,953	17,768,869	16,392,661	17,818,745	18,641,986
240,587	254,580	253,396	338,863	606,849	632,351
4,917,637	5,123,079	5,824,059	4,262,122	1,640,932	6,533,063
7,479,449	7,942,855	7,077,382	7,593,677	6,135,275	7,044,888
6,806,300	4,607,507	4,334,349	3,894,220	4,388,025	135,846
178,212,598	170,674,228	120,994,816	162,292,684	157,376,051	148,755,394
1,687	-	207,023	168,753	209,863	227,976
1,327,424	1,415,915	1,401,389	998,644	847,444	1,226,412
349,566	360,537	398,409	300,505	408,126	344,526
196,042	200,182	202,201	136,300	40,918	197,935
9,581	9,361	11,562	9,448	5,823	12,032
3,428,642	3,639,494	3,659,363	2,721,332	349,750	1,161,926
4,715,915	5,392,223	5,782,362	5,031,285	3,733,228	5,674,762
20,815,229	22,527,731	20,137,190	24,882,885	32,316,846	35,625,962
1,530,345	1,966,801	2,203,659	2,211,337	1,938,643	1,798,584
32,374,431	35,512,244	34,003,158	36,460,489	39,850,641	46,270,115
(145,838,167)	(135,161,984)	(86,991,658)	(125,832,195)	(117,525,410)	(102,485,279)
24,055,477	25,972,498	26,432,218	29,012,480	30,430,947	30,476,915
857,994	856,910	861,791	939,668	991,904	1,002,523
19,049,829	17,605,259	17,027,085	18,776,189	17,591,545	16,996,637
2,976,639	1,894,081	1,979,878	2,243,001	2,476,513	2,797,523
71,500,079	69,530,133	71,600,202	72,818,607	72,037,933	72,559,729
1,357,206	806,929	1,216,486	798,185	3,393	(87,338)
287,573	615,801	171,820	638,359	3,250,049	2,245,658
-	-	-	6,054	14,632	3,431
120,084,797	117,281,611	119,289,480	125,232,543	126,796,916	125,995,078
(25,753,370)	(17,880,373)	32,297,822	(599,652)	9,271,506	23,509,799
543,353	(28,841,153)	(46,721,526)	(14,423,704)	(15,023,356)	(5,751,850)
(3,631,136)	-	-	-	-	-
(3,087,783)	(28,841,153)	(46,721,526)	(14,423,704)	(15,023,356)	(5,751,850)
\$ (28,841,153)	\$ (46,721,526)	\$ (14,423,704)	\$ (15,023,356)	\$ (5,751,850)	\$ 17,757,949

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

	Fiscal Year			
	2013	2014	2015	2016
<b>General Fund</b>				
Nonspendable	\$ 288,083	\$ 221,320	\$ 170,001	\$ 296,527
Restricted (Formerly Reserved)	767,340	602,456	584,120	516,471
Assigned (Formerly Designated)	3,464,424	4,331,095	3,829,447	3,097,970
Unassigned (Formerly Unreserved)	10,020,646	9,884,913	9,815,081	9,167,649
Total General Fund	<u>\$ 14,540,493</u>	<u>\$ 15,039,784</u>	<u>\$ 14,398,649</u>	<u>\$ 13,078,617</u>
<b>All Other Governmental Funds</b>				
Nonspendable:				
Food Service	\$ 69,379	\$ 140,241	\$ 69,415	\$ 33,329
Community Service Fund	7,199	4,318	7,299	12,593
Restricted:				
Food Service Fund	867,314	607,620	1,016,100	774,486
Community Service Fund	851,697	1,297,088	1,433,169	806,804
Capital Project Funds	7,600,461	3,605,529	910,822	62,578,992
Debt Service Funds	74,375,206	73,958,775	72,178,500	70,869,122
Total All Other Governmental Funds	<u>\$ 83,771,256</u>	<u>\$ 79,613,571</u>	<u>\$ 75,615,305</u>	<u>\$ 135,075,326</u>
Total All Funds	<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	2022
\$ 135,274	\$ 210,909	\$ 173,719	\$ 174,282	\$ 58,542	\$ 260,905
1,535,946	1,328,466	1,719,002	2,210,293	2,150,287	2,015,748
2,444,142	2,814,814	2,835,932	2,996,063	8,816,082	11,482,022
10,293,579	11,180,798	9,196,321	8,020,876	8,394,545	12,367,832
<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>	<u>\$ 26,126,507</u>
\$ 98,314	\$ 82,246	\$ 80,750	\$ 177,873	\$ 107,984	\$ 151,353
19,145	12,659	15,888	11,958	4,696	9,579
1,162,848	1,593,569	1,385,062	1,535,285	2,325,421	4,423,642
631,787	652,228	722,077	385,942	580,833	1,343,326
29,108,220	2,433,109	513,816	397,481	387,994	5,600,138
4,531,725	4,197,506	3,478,347	4,440,843	50,277,605	34,631,352
<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>\$ 46,159,390</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>	<u>\$ 72,285,897</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			
	2013	2014	2015	2016
<b>Revenues</b>				
Local Sources:				
Property Taxes	\$ 38,705,044	\$ 30,905,377	\$ 38,914,942	\$ 41,105,207
Earnings on Investments	(1,246,662)	1,384,323	794,519	836,176
Other	12,588,495	13,347,669	11,769,509	12,235,246
State Sources	68,453,513	80,721,823	80,101,012	80,455,993
Federal Sources	4,250,839	3,967,893	3,794,429	3,888,957
Total Revenues	<u>122,751,229</u>	<u>130,327,085</u>	<u>135,374,411</u>	<u>138,521,579</u>
<b>Expenditures</b>				
Current:				
Administration	3,183,911	3,229,555	3,573,219	3,772,293
District Support Services	3,220,168	2,921,996	3,027,945	2,950,102
Regular Instruction	41,438,470	42,559,310	45,641,940	47,625,307
Vocational Education Instruction	1,595,765	1,435,161	1,685,188	1,948,773
Special Education Instruction	14,173,613	14,780,351	15,558,570	16,875,960
Instructional Support Services	6,685,300	7,983,086	9,543,585	9,595,473
Pupil Support Services	8,902,325	9,240,479	8,873,347	9,254,940
Sites and Buildings	7,313,460	8,210,977	8,128,629	9,125,931
Fiscal and Other Fixed Cost Programs	166,687	186,669	197,113	229,175
Food Service	4,462,184	4,800,632	4,795,546	5,242,730
Community Service	7,648,954	8,073,085	7,379,725	6,756,809
Capital Outlay	5,979,968	7,879,474	8,469,470	10,731,959
Debt Service:				
Principal	13,305,575	13,521,548	14,127,796	14,599,333
Interest and Fiscal Charges	9,258,760	9,175,695	9,120,453	8,768,095
Total Expenditures	<u>127,335,140</u>	<u>133,998,018</u>	<u>140,122,526</u>	<u>147,476,880</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,583,911)	(3,670,933)	(4,748,115)	(8,955,301)
<b>Other Financing Sources (Uses)</b>				
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	65,815,000	-	8,930,000	62,635,000
Bond Premium	6,200,364	-	514,612	9,566,682
Certificates of Participation Issued	-	-	-	-
Certificates of Participation Premiums	-	-	-	-
Equipment Certificates Issued	-	-	-	-
Long-Term Lease Proceeds	178,405	-	-	-
Payment to Refunded Bond Escrow Agent	(44,335,000)	-	(9,345,000)	(5,320,000)
Total Other Financing Sources (Uses)	<u>27,858,769</u>	<u>12,539</u>	<u>108,714</u>	<u>67,095,290</u>
Net Change in Fund Balances	<u>\$ 23,274,858</u>	<u>\$ (3,658,394)</u>	<u>\$ (4,639,401)</u>	<u>\$ 58,139,989</u>
Debt Service as a Percentage of Noncapital Expenditures	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	2022
\$ 46,992,939	\$ 46,269,294	\$ 46,303,823	\$ 50,914,734	\$ 51,594,741	\$ 51,352,075
1,328,823	733,946	1,051,401	693,513	(2,691)	(100,170)
12,915,551	14,471,276	14,853,020	12,407,395	10,498,811	13,831,766
83,554,147	86,883,567	91,369,319	93,474,773	93,126,349	94,401,717
4,081,481	4,219,267	4,097,254	3,964,119	10,980,791	13,591,697
<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>	<u>173,077,085</u>
4,134,445	4,161,954	4,154,143	4,735,871	4,770,836	4,556,769
2,916,857	3,315,225	3,101,842	3,252,501	3,392,763	3,501,419
50,525,185	51,258,058	55,609,467	56,798,534	54,324,714	56,127,958
1,642,922	1,596,160	1,572,167	1,495,191	1,429,151	1,431,874
18,048,642	20,080,847	21,725,366	22,768,084	22,799,560	23,119,903
9,314,024	9,467,393	8,347,619	8,546,568	8,949,836	8,315,474
10,364,426	11,481,382	12,095,059	12,708,746	11,779,031	11,931,594
9,883,532	11,178,646	11,720,433	11,998,277	12,028,220	13,278,781
240,587	254,580	253,396	338,863	606,849	632,351
4,824,277	5,026,265	5,748,804	4,239,152	4,303,948	6,391,501
7,040,992	7,667,442	8,123,098	7,759,823	6,594,492	7,878,330
41,142,038	33,660,934	10,780,825	7,675,967	12,862,946	19,769,643
12,352,213	12,180,000	12,500,000	13,025,000	12,895,000	13,795,115
10,107,748	6,811,550	6,419,657	5,888,029	5,772,895	6,048,621
<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>	<u>176,779,333</u>
(33,664,947)	(25,563,086)	(4,477,059)	223,928	3,687,760	(3,702,248)
-	12,100	-	-	2,106,505	-
13,741	75,263	24,492	6,054	14,632	7,105
113,243	21,047	67,177	-	297,640	9,422
-	-	-	-	44,080,000	-
-	-	-	-	2,566,556	-
-	-	-	-	-	8,435,000
-	-	-	-	-	722,337
-	-	-	-	-	6,839,000
-	-	-	-	-	171,292
(64,655,000)	-	-	-	-	(13,300,000)
<u>(64,528,016)</u>	<u>108,410</u>	<u>91,669</u>	<u>6,054</u>	<u>49,065,333</u>	<u>2,884,156</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>	<u>\$ (818,092)</u>
15.9%	13.1%	12.5%	12.3%	12.5%	12.1%

**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>
2013	2012	\$ 4,652,809,233	\$ 794,184,667	\$ 5,446,993,900	44.383%
2014	2013	4,423,059,433	796,860,467	5,219,919,900	45.319%
2015	2014	4,739,454,967	800,140,833	5,539,595,800	44.917%
2016	2015	5,447,412,074	828,199,567	6,275,611,641	39.121%
2017	2016	5,772,010,900	868,743,200	6,640,754,100	39.247%
2018	2017	5,940,540,500	892,200,200	6,832,740,700	37.007%
2019	2018	6,414,108,333	934,214,267	7,348,322,600	33.836%
2020	2019	6,938,084,633	986,227,467	7,924,312,100	33.631%
2021	2020	7,620,043,800	1,052,289,700	8,672,333,500	33.006%
2022	2021	7,932,830,100	1,113,929,900	9,046,760,000	32.327%

Notes:

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

Source: Carver County Department of Property Tax and Public Records

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

ISD No. 112 Direct Rate (1)							Overlapping Rates (2)		
Fiscal Year Ended June 30,	Payable Year	General Fund Basic Rate	Community Service	General Obligation Debt Service	OPEB	Total Direct School Tax Rate	City of Carver	City of Chanhassen	City of Chaska
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
2022	2021	14.515	0.986	16.825	-	32.327	45.282	22.114	30.068

Notes:

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

Sources:

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



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

Overlapping Rates (2)								Total Direct and Overlapping Tax Rate City of Chaska
City of Victoria	Dahlgren Township	Laketown Township	San Francisco Township	Metro Council	Metro Transit	Special Districts (2)	Carver County	
39.554	16.128	16.398	17.780	0.979	1.669	11.208	43.562	127.586
39.574	16.694	18.765	15.863	1.025	1.728	11.564	46.115	133.826
37.887	15.486	18.121	17.572	1.047	1.712	11.615	45.210	131.087
31.730	14.313	16.803	17.638	0.947	1.477	13.690	40.488	120.651
31.520	13.989	16.144	16.857	0.914	1.490	14.026	38.880	120.675
31.432	10.207	16.057	16.607	0.877	1.484	15.449	38.851	121.231
31.495	10.956	15.546	15.868	0.827	1.366	15.167	37.436	115.866
31.271	10.475	14.684	13.108	0.650	1.454	14.161	36.488	114.062
31.043	11.977	14.140	13.528	0.590	1.396	11.817	35.179	110.413
32.226	10.416	13.430	13.700	0.628	1.261	10.867	34.634	109.785

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

Taxpayer	2022			2013		
	Tax Capacity	Rank	Percentage of Total Tax Capacity	Net Tax Capacity	Rank	Percentage of Total Net Tax Capacity
CenterPoint Energy Minnegasco	\$ 1,055,958	1	1.18%	\$ 411,709	3	0.75%
LTF Real Estate Co., Inc.	923,106	2	1.03%	-		0.00%
Xcel Energy	649,250	3	0.72%	-		0.00%
Istar Minnesota LLC	556,100	4	0.62%	349,042	6	0.64%
United Healthcare Services Inc.	512,456	5	0.57%	434,586	2	0.79%
SGO MN West Village LLC	449,990	6	0.50%	-		0.00%
Target Corp	442,052	7	0.49%	435,126	1	0.79%
Aurora Investments LLC	423,905	8	0.47%	321,514	7	0.59%
U.S. Home Corporation	365,976	9	0.41%	-		0.00%
Lake Susan Apartment Homes LLC	344,700	10	0.38%	-		0.00%
Rosemount Inc./Emerson	-		-	309,044	8	0.56%
Ameriprise Financial Inc. (formerly IDS)	-		-	397,387	4	0.72%
IRET Properties	-		-	367,250	5	0.67%
Northern States Power	-		-	250,713	10	0.46%
Hazeltine National Golf Club	-		-	284,463	9	0.52%
Total	<u>\$ 5,723,493</u>		<u>6.39%</u>	<u>\$ 3,560,834</u>		<u>6.48%</u>

Note: Carver County no longer publishes principal taxpayers by Net Tax Capacity as reported in 2013.

Source:

- (1) Colliers Securities 2021 COP Bonding Document
- (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)
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)
2023	2022	20,102,290	7,548,918 (5)	10,275,725	1,040,424	17,133,744	-	56,101,101 (2)

Notes:

- (1) State credits are included in the operating levy.
- (2) Original Gross Levy
- (3) Collections are through 6/7/22
- (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		
\$ 37,977,273	98.87%	\$ 435,599	\$ 38,412,872	100.00%	\$ -	0.00%
37,884,602	98.62%	508,100	38,392,702	99.95%	20,236	0.05%
40,421,162	98.89%	447,420	40,868,582	99.99%	5,872	0.01%
46,644,539	99.35%	293,265	46,937,804	99.98%	9,971	0.02%
45,778,504	99.46%	234,921	46,013,425	99.97%	13,292	0.03%
46,115,608	99.30%	307,159	46,422,767	99.96%	16,480	0.04%
48,755,523	99.20%	362,002	49,117,525	99.20%	29,207	0.06%
50,221,257	99.46%	219,048	50,221,257	99.46%	52,610	0.10%
50,445,361	99.76%	-	50,445,361	99.76%	-	0.00%
27,114,796	48.33%	-	27,114,796 (3)	48.33%	-	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	General Obligation Equipment Certificates	Long-Term Leases Payable	Certificates of Participation	Financed Purchases				
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	180,065,093	-	1,841,549	-	1,486,365	183,393,007	2.78%	58,871	3,115
2022	148,862,257	6,139,000	1,866,311	8,435,000	1,282,780	166,585,348	2.42%	58,871	2,830

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, 2022  
(UNAUDITED)**

Fiscal Year 2022 (Payable Year 2021)	Adjusted Taxable Net Tax Capacity*	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
<b>Overlapping:</b>				
Carver County	\$ 174,372,048	\$ 26,305,000	58.3%	\$ 15,335,815
Cities:				
Carver	7,038,696	17,875,000	100.0%	17,875,000
Chanhassen	54,692,237	5,035,000	67.7%	3,408,695
Chaska	37,633,807	59,375,000	100.0%	59,375,000
Victoria	19,718,216	19,790,000	78.8%	15,594,520
Townships:				
Dahlgren	3,345,266	-	71.5%	-
Laketown	3,859,290	-	30.3%	-
San Francisco	1,822,832	-	47.0%	-
Metropolitan Council	4,576,186,304	8,825,000	2.2%	194,150
Metropolitan Transit	3,662,962,426	187,200,000	2.0%	3,744,000
Total Overlapping				<u>115,527,180</u>
<b>Direct:</b>				
Eastern Carver County Schools ISD No. 112	101,704,079	166,585,348	100.0%	<u>166,585,348</u>
Total Direct and Overlapping Bonded Debt				<u><u>\$ 282,112,528</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: Colliers Securities 2021 COP Bonding Document

**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>
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	180,065,093	89,592,584	200.98%	58,871	3,059
2022	2021	148,862,257	93,580,837	159.07%	58,871	2,529

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>
\$ 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	1,186,374,009	13.18%	1.98%
9,473,047,120	1,420,957,068	1,272,094,811	10.48%	1.57%



**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)
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%
2022	58,871	116,702	54,142	9,244	1.7%

**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, U.S. 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	2022		2013	
	Estimated Employees	Rank	Estimated Employees (3)	Rank
Ridgeview Medical Center	1,500	1		
Lifetime Fitness	1,464	2	200	9
ISD #112	1,346 (2)	3	1,356	2
Instant Web Companies (IWCO Direct)	1,120	4		
Rosemount Inc./Emerson	977	5	1,600	1
Beckman Coulter, Inc.	853	6	900	3
Lake Region Manufacturing Co.	800	7	753	5
Entergris, Inc.	700	8	550	6
The Bernard Group	660	9		
Carver County	646	10	776	4
City of Chaska			475	7
TEL-FSI Inc.			175	10
Target Corp - Super Target location			300	8
Total	<u>10,066</u>		<u>7,085</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) Colliers Securities 2021 COP 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) 2013 CAFR for ISD #112, information provided by Springsted Inc

**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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Administrative Staff</b>										
Superintendent	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Principals	12.2	12.7	12.6	13.7	15.0	13.8	13.7	13.8	13.7	14.1
Assistant Administrators (Asst. Principals & Asst. Superintendent)	9.8	9.8	10.0	9.6	9.9	8.9	9.0	9.0	9.0	9.8
Supervisory Coordinator	4.0	4.5	4.0	4.0	4.0	5.0	4.0	5.0	5.5	6.0
<b>Total Administrative Staff</b>	<b>27.0</b>	<b>28.0</b>	<b>27.6</b>	<b>28.3</b>	<b>29.9</b>	<b>28.7</b>	<b>27.7</b>	<b>28.8</b>	<b>29.2</b>	<b>30.9</b>
<b>Support Service Staff</b>										
Administrative Deans	7.5	8.0	15.0	13.6	14.3	14.0	15.1	15.2	14.0	14.0
Counselors	20.5	21.0	16.5	19.3	20.5	20.4	19.4	19.7	19.4	19.5
Media/Librarian	12.5	12.5	12.5	12.6	12.6	12.6	12.6	12.5	12.5	13.1
Nurse	15.8	14.3	13.7	13.7	13.2	13.8	14.1	14.9	14.6	12.9
Social Worker	7.5	8.0	7.6	6.0	6.0	6.6	7.5	8.3	7.3	8.7
Psychologists	7.6	7.4	6.4	6.3	7.7	8.7	8.6	9.4	9.6	8.5
District-Wide Development Support (1)	13.0	26.0	29.5	31.0	34.2	32.7	31.9	31.2	24.3	25.5
<b>Total Support Service Staff</b>	<b>84.4</b>	<b>97.2</b>	<b>101.1</b>	<b>102.4</b>	<b>108.4</b>	<b>108.8</b>	<b>109.2</b>	<b>111.1</b>	<b>101.7</b>	<b>102.2</b>
<b>Special Education Teachers</b>										
Speech Language	17.4	17.7	18.2	17.4	19.1	19.7	19.5	18.9	19.5	19.9
Other Special Education Teachers	84.2	85.5	89.2	98.8	104.6	111.9	113.8	116.4	115.4	116.4
<b>Total Special Education Teachers</b>	<b>101.6</b>	<b>103.2</b>	<b>107.3</b>	<b>116.2</b>	<b>123.7</b>	<b>131.6</b>	<b>133.3</b>	<b>135.3</b>	<b>134.9</b>	<b>136.3</b>
<b>Classroom Teachers</b>										
K-12 Teacher	445.7	460.4	457.4	463.2	467.7	469.0	468.6	475.0	445.6	441.4
Vocational Education Teacher	5.8	5.5	8.5	9.4	9.3	8.5	9.9	9.4	7.5	7.4
Pre-K, ECFE, and Other Teacher	11.1	10.1	10.9	9.3	8.4	12.1	12.1	16.1	13.0	14.1
<b>Total Classroom Teachers</b>	<b>462.6</b>	<b>476.0</b>	<b>476.8</b>	<b>481.9</b>	<b>485.4</b>	<b>489.6</b>	<b>490.6</b>	<b>500.5</b>	<b>466.1</b>	<b>462.9</b>
<b>Total Licensed Staff (2)</b>	<b>675.6</b>	<b>704.4</b>	<b>712.8</b>	<b>728.8</b>	<b>747.4</b>	<b>758.7</b>	<b>760.8</b>	<b>775.7</b>	<b>732.0</b>	<b>732.3</b>

Notes:

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

Source: District records

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

<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>
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
2022	9,244	176,779,333	19,124	10.09%	599.2	15.4

**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 ECCE.
- (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, 2022  
(UNAUDITED)**

Facility	Use	Grades	Year Built	Year of Major Addition	Square Footage	Site Enrollment in ADMs <sup>(1)</sup>
La Academia (2)	School	K-5	1970	2005	64,015	471
Carver Elementary	School	K-5	2017		109,450	717
Chanhassen Elementary	School	K-5	1967	1970, 2005, 2014	67,056	422
East Union Elementary	School	K-5	1963	1994	22,608	106
Bluff Creek Elementary	School	K-5	1995	2001	112,549	530
Clover Ridge Elementary	School	K-5	2001	2016	103,197	583
Victoria Elementary	School	K-5	2005	2016	107,300	660
Jonathan Elementary	School	K-5	1991		85,100	574
Chaska Middle East	School	6-8	1974	2000	158,563	557
Chaska Middle West	School	6-8	1962	1968, 1970, 1991, 2004	155,352	781
Pioneer Ridge Middle	School	6-8	2002	2018	151,188	583
Chaska High School	School	9-12	1996	2005	410,336	1,545
Chanhassen High School	School	9-12	2009		410,000	1,378
Integrated Arts Academy (ALC)	School	9-12	part of DEC		16,505 <sup>(3)</sup>	69
Family Learning Center	Special/Early Child/ Adult Education		1969	1993	58,061	72
STAR Building	Transitional Program		1976		10,739	32
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						107
Targeted Services						
All Other (Includes Anicca, Tuition, Etc.)						58
<b>Total</b>					<u>2,162,975</u>	<u>9,244</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 09/06/22 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 107 ADMs are located between Chaska Middle School East, Chaska Middle School West and Pioneer Ridge Middle School.

Source: School District records, Minnesota Department of Education

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

Year Ended June 30,	Non- Program Adult Meals	Total Meals Served Students	Regular Price Meals	Free Meals Served	Reduced Price Meals Served	Federal Waiver Meals Served (2)
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
2022	19,511	1,195,056	-	-	-	1,195,056

Year Ended June 30,	Student Regular Lunch Prices		
	Elementary	Middle	High School <sup>(1)</sup>
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
2022	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, 2022  
(UNAUDITED)**

Type of Coverage	Amount of Coverage
<b>Primary Property Coverage (including pool SIR: self-insured retention)</b>	
Real and Personal Property	\$ 1,000,000
<b>General Liability Coverage (excess of SIR):</b>	
Each Occurrence Limit	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
<b>Boiler and Machinery Coverage:</b>	
Property Damage	250,000,000
<b>School Board Legal Liability:</b>	
Each Occurrence Limit	4,000,000
District Aggregate Limit	8,000,000
<b>Business Auto Coverage:</b>	
Each Occurrence Limit	4,000,000
Auto Physical Damage	Included in Property
<b>Excess Property Limits:</b>	
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
<b>Workers' Compensation</b>	
Each Accident	1,000,000
By Disease - each employee	1,000,000
By Disease - policy limit	1,000,000
<b>Cyber Liability</b>	
Each Member	2,000,000
<b>Pollution Liability</b>	
Third Party Bodily Injury/Property Damage Claims - each incident	3,000,000

