

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS**

EXECUTIVE AUDIT SUMMARY (EAS)

JUNE 30, 2022



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EASTERN CARVER COUNTY SCHOOLS
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JUNE 30, 2022**

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**EXECUTIVE AUDIT SUMMARY (EAS)
FOR
EASTERN CARVER COUNTY SCHOOLS
YEAR ENDED JUNE 30, 2022**

AUDIT FINDINGS AND RESULTS

We prepared this Executive Audit Summary and Management Report in conjunction with our audit of the District's financial records for the year ended June 30, 2022.

Audit Opinion – The financial statements are fairly stated. We issued what is known as a “clean” or “unmodified” audit opinion.

Yellow Book Compliance Findings – No compliance issues were reported in our review of laws, regulations, contracts, and grants that could have significant financial implications to the District.

Internal Controls – No “material weaknesses” in internal control were reported.

Single Audit – We noted one material weakness with regards to direct and material compliance requirements of the major federal programs, which was related to suspension and debarment requirements in the Child Nutrition Program. In addition to the Child Nutrition Program the Education Stabilization Fund was tested as a major federal program.

Legal Compliance – Two compliance issues were reported with respect to Minnesota Statutes related to missing required subcontractor language in contracts as well as obtaining IC134 withholding forms prior to making final payments on contracts.

Enrollment – For fiscal 2021-2022, Eastern Carver County Schools had an estimated total adjusted average daily membership of 9,245.25. For fiscal 2020-2021, Eastern Carver County Schools had an estimated total adjusted average daily membership of 9,355.10.

Fund Balance – The School's General Fund unassigned fund balance for UFARS reporting purposes increased by \$3,973,287 during fiscal year 2022, increasing from \$8,394,545 to \$12,367,832. Total fund balance of the General Fund increased by \$6,707,051, ending at \$26,126,507 as of June 30, 2022. The total ending unassigned fund balance represents 9.09% of General Fund expenditures. A District's fund balance is an important aspect in considering the School's financial wellbeing since a healthy fund balance represents things such as cash flow, as a cushion against unanticipated expenditures, enrollment changes, funding deficiencies, and aid prorations at the state level and similar problems. The District has continued to do a good job of financial planning and reacting to enrollment changes.

Budget to Actual – Total revenues on a net basis in the General Fund were \$3.6 million (or 2.58%) higher than the budgeted amount and total expenditures were \$1.1 thousand (or 0.001%) lower than had been budgeted. The net effect, including other financing sources, was an increase in total fund balance that was \$3,597,382 more than had been reflected in the District's final amended budget which is commendable given the District's General Fund expenditures exceeded \$136 million.

FINANCIAL TRENDS

EASTERN CARVER COUNTY SCHOOLS AUDITED FUND BALANCES THROUGH JUNE 30, 2022

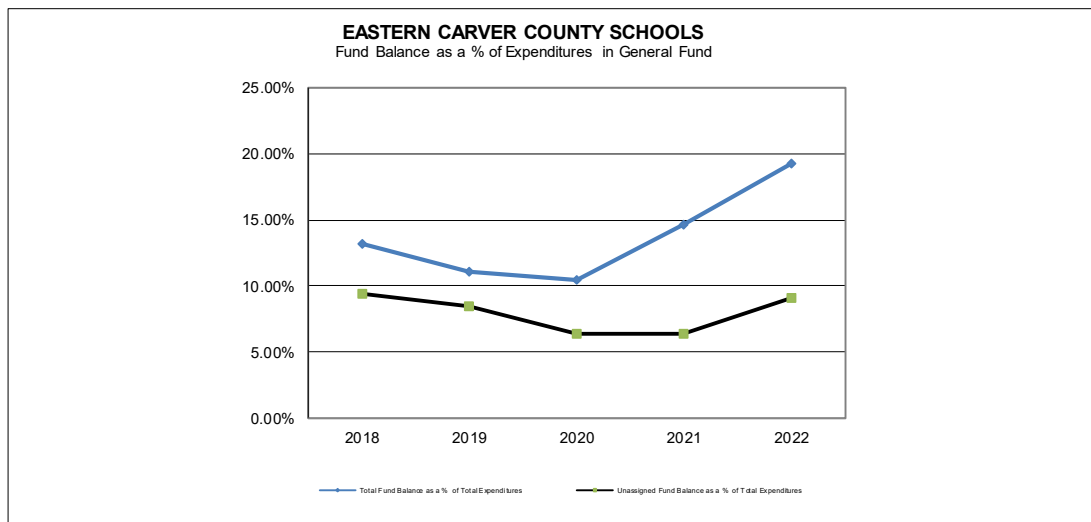
FUND DESCRIPTION	6/30/2021 AUDITED BALANCE	2021-22 AUDITED REVENUES	TRANSFERS INTO FUNDS	2021-22 AUDITED EXPENDITURES	TRANSFERS OUT OF FUNDS	6/30/22 AUDITED BALANCE
GENERAL FUND						
A. UNASSIGNED - OPERATING	\$ 8,394,545	\$ 118,294,004	\$ (2,337,686)	\$ 111,983,031	\$ -	\$ 12,367,832
As a percentage of current year operating expenditures	6.36%					9.09%
B. NONSPENDABLE FOR						
PREPAID ITEMS	58,542	260,905		58,542	-	260,905
C. RESTRICTED FOR						
STUDENT ACTIVITIES	164,120	209,824	-	157,818	-	216,126
CAREER AND TECHNICAL PROGRAM	-	337,637	1,011,086	1,348,723	-	-
ALTERNATIVE LEARNING CENTER	-	1,655,323	-	1,593,187	-	62,136
LEARNING AND DEVELOPMENT	-	2,033,526	178,720	2,212,246	-	-
ACHIEVEMENT AND INTEGRATION	-	940,937	-	940,937	-	-
MEDICAL ASSISTANCE	395,516	344,526	-	297,800	-	442,242
GIFTED AND TALENTED	-	131,885	588,732	720,617	-	-
BASIC SKILLS	293,499	1,541,924	-	1,647,263	-	188,160
SAFE SCHOOLS	135,804	375,731	-	487,011	-	24,524
CAPITAL PROJECTS	256,516	2,006,876	-	1,952,486	-	310,906
STAFF DEVELOPMENT	5,123	1,364,071	1,474	1,370,668	-	-
LTFM	154,082	6,397,480	-	6,737,191	-	(185,629)
OPERATING CAPITAL	745,627	2,176,099	-	1,964,443	-	957,283
TOTAL RESTRICTED	2,150,287	19,515,839	1,780,012	21,430,390	-	2,015,748
D. ASSIGNED FOR						
TRANSPORTATION	513,510	-	-	-	-	513,510
SEPARATION/RETIREMENT BENEFITS	1,142,326	-	557,674	-	-	1,700,000
MTSS-ADSS	1,265,398	-	-	-	-	1,265,398
CAPITAL MAINTENANCE-VICTORIA FIELD HOUSE	80,000	-	-	-	-	80,000
ALTERNATIVE COMPENSATION Q-COMP	482,964	2,522,682	-	2,546,752	-	458,894
ENERGY EFFICIENCY	190,362	21,050	-	2,646	-	208,766
FUTURE USE-DONATION/SALE OF LAND	4,606,505	2,000,000	-	-	-	6,606,505
SITE CARRY-OVER	535,017	113,932	-	-	-	648,949
TOTAL ASSIGNED	\$ 8,816,082	\$ 4,657,664	\$ 557,674.00	\$ 2,549,398	\$ -	\$ 11,482,022
TOTAL GENERAL FUND	\$ 19,419,456	\$ 139,132,116	\$ -	\$ 136,022,447	\$ -	\$ 22,529,125
DIFFERENCE		\$ 3,596,296	\$ -	\$ (1,086)	\$ -	\$ 3,597,382
% VARIANCE		2.58%		0.00%		

FUND DESCRIPTION	6/30/2021 AUDITED BALANCE	2021-22 AUDITED REVENUES	TRANSFERS INTO FUNDS	2021-22 AUDITED EXPENDITURES	TRANSFERS OUT OF FUNDS	6/30/22 AUDITED BALANCE
NUTRITION SERVICES						
NONSPENDABLE FOR INVENTORY	\$ 107,984	\$ 43,369		\$ -		\$ 151,353
RESTRICTED FOR FOOD SERVICE PROGRAM	2,325,421	8,780,438		6,682,217		4,423,642
BUDGET		\$ 7,335,144		\$ 7,488,437		\$ 2,280,112
NUTRITION SERVICES	\$ 2,433,405	\$ 8,823,807	\$ -	\$ 6,682,217	\$ -	\$ 4,574,995
DIFFERENCE		\$ 1,488,663		\$ (806,220)		\$ 2,294,883
% VARIANCE		20.29%		-10.77%		
COMMUNITY SERVICE						
NONSPENDABLE FOR PREPAID ITEMS	\$ 4,696	\$ -	\$ 4,883	\$ -	\$ -	\$ 9,579
A. RESTRICTED FOR						
REGULAR COMMUNITY ED PROGRAMS	252,250	6,910,523	(12,257)	6,211,501	-	939,015
EARLY CHILDHOOD FAMILY ED PROGRAMS	182,905	774,286	-	666,089	-	291,102
SCHOOL READINESS	8,768	370,058	-	316,792	-	62,034
OTHER RESTRICTED	136,910	615,083	7,374	708,192	-	51,175
BUDGET		\$ 8,359,027		\$ 8,131,330		\$ 813,226
TOTAL COMMUNITY SERVICE	\$ 585,529	\$ 8,669,950	\$ -	\$ 7,902,574	\$ -	\$ 1,352,905
DIFFERENCE		\$ 310,923		\$ (228,756)		\$ 539,679
% VARIANCE		3.72%		-2.81%		
CAPITAL PROJECTS - BUILDING CONSTRUCTION						
A. RESTRICTED FOR						
CERTIFICATES OF PARTICIPATION	\$ -	\$ 9,157,337	\$ -	\$ 3,959,530	\$ -	\$ 5,197,807
CAPITAL PROJECTS LEVY	387,994	2,813,773		2,799,436		402,331
BUDGET		\$ 11,927,454		\$ 9,302,435		\$ 3,013,013
TOTAL CAPITAL PROJECTS - BLDG CONSTR	\$ 387,994	\$ 11,971,110	\$ -	\$ 6,758,966	\$ -	\$ 5,600,138
DIFFERENCE		\$ 43,656		\$ (2,543,469)		\$ 2,587,125
DEBT SERVICE						
A. RESTRICTED FOR						
OPERATING DEBT SERVICE	\$ 4,114,284	\$ 17,335,920	\$ -	\$ 18,356,295	\$ -	\$ 3,093,909
BOND REFUNDING	46,163,321	(267,958)		14,357,920		31,537,443
BUDGET		\$ 17,864,669		\$ 32,714,415		\$ 35,427,859
TOTAL DEBT SERVICE	\$ 50,277,605	\$ 17,067,962	\$ -	\$ 32,714,215	\$ -	\$ 34,631,352
DIFFERENCE		\$ (796,707)		\$ (200)		\$ (796,507)
% VARIANCE		-4.46%		0.00%		
PROPRIETARY & TRUST						
SCHOLARSHIP FUND	\$ 76,879	\$ 111,440		\$ 69,440		\$ 118,879
OPEB IRREVOCABLE TRUST	7,381,317	(953,832)		616,289		5,811,196
INTERNAL SERVICE - SELF INS FUND	7,564,090	10,386,892		11,092,691		6,858,291
PROPRIETARY & TRUST	\$ 15,022,286	\$ 9,544,500	\$ -	\$ 11,778,420	\$ -	\$ 12,788,366
TOTAL	\$ 88,126,275	\$ 198,805,741	\$ -	\$ 201,857,753	\$ -	\$ 85,074,263

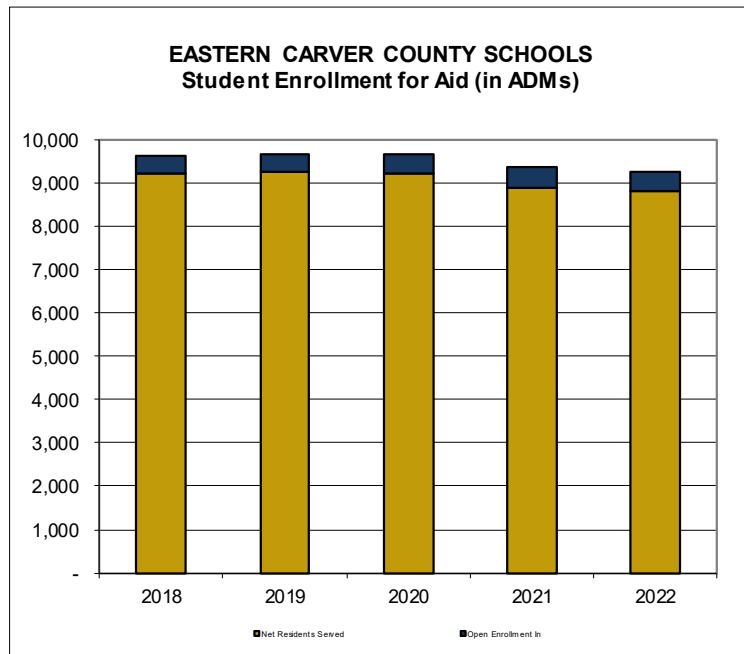
Fund Balances of the General Fund

Unless otherwise noted, all graphs and charts reflect the combined activity of the District's General Fund.

	2018	2019	2020	2021	2022
Unassigned Fund Balance	\$ 11,180,798	\$ 10,660,042	\$ 8,171,437	\$ 8,394,545	\$ 12,367,832
Assigned Fund Balance	2,814,814	2,835,932	2,996,063	8,816,082	11,482,022
Restricted Fund Balance	1,328,466	255,281	2,059,732	2,150,287	2,015,748
Nonspendable Fund Balance	210,909	173,719	174,282	58,542	260,905
Total Fund Balance	<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>
Total Expenditures	<u>\$ 118,056,376</u>	<u>\$ 125,773,413</u>	<u>\$ 128,479,462</u>	<u>\$ 132,237,551</u>	<u>\$ 136,021,361</u>
Total Fund Balance as a % of Total Expenditures	<u>13.16%</u>	<u>11.07%</u>	<u>10.43%</u>	<u>14.69%</u>	<u>19.21%</u>
Unassigned Fund Balance as a % of Total Expenditures	<u>9.47%</u>	<u>8.48%</u>	<u>6.36%</u>	<u>6.35%</u>	<u>9.09%</u>



Students Served for Aid



	2018	2019	2020	2021	2022
Total Residents	10,828.24	10,905.12	10,897.82	10,681.27	10,678.89
Open Enrollment Out*	(1,612.88)	(1,663.83)	(1,695.42)	(1,812.02)	(1,883.26)
Net Residents Served	9,215.36	9,241.29	9,202.40	8,869.25	8,795.63
Open Enrollment In	399.45	428.71	446.20	485.85	448.62
Net ADM Served	9,614.81	9,670.00	9,648.60	9,355.10	9,244.25
* including charter schools					
Net Pupil Units Served	10,529.38	10,587.25	10,558.70	10,262.88	10,132.18
% of Net Served to Total Residents	89%	89%	89%	88%	87%

As reflected in the above chart and graph, the net impact of open enrollment out continues to be significant for the District.

OTHER KEY TOPICS

GASB Reporting Model

Statement of Net Position

The Statement of Net Position essentially tells you what your District owns and owes at a given point in time, the last day of the fiscal year. Theoretically, net position represents the resources the District has leftover to use for providing services after its debts are settled. However, those resources are not always in expendable form, or there may be restrictions on how some of those resources can be used. Therefore, the statement divides the net position into three components: net investment in capital assets, restricted net position, and unrestricted net position. Beginning in fiscal 2015, the District was required to implement GASB Statement No. 68, which significantly impacted the District's ending net position as a result of recording the District's estimated share of the respective unfunded liability for the statewide pension plans for TRA and PERA. The following table presents components of the District's net position at year-end, along with a simplified reconciliation of the difference between the governmental fund balances and total net position:

	As of June 30,	
	2022	2021
Total Fund Balance for Governmental Funds	\$ 72,241,101	\$ 73,103,989
Capital Assets, Less Accumulated Depreciation	232,755,931	228,851,263
Long-Term Liabilities	(168,777,336)	(184,444,062)
Net Pension Liability - Related	(119,307,531)	(124,933,258)
Other - Net	2,390,659	1,670,218
Total Net Position - Governmental Activities	<u>\$ 19,302,824</u>	<u>\$ (5,751,850)</u>
Net Position:		
Invested in Capital Assets	\$ 101,746,046	\$ 93,146,068
Restricted	9,404,374	6,735,546
Unrestricted	(91,802,800)	(105,633,464)
Total Net Position - Governmental Activities	<u>\$ 19,347,620</u>	<u>\$ (5,751,850)</u>

Most of the District's fund balances translate into restricted net position by virtue of external restrictions (statutory reserves) or by the nature of the fund they are in (e.g. unrestricted food service fund balance can only be spent for food service program costs). The unrestricted net position category consists mainly of the General Fund unreserved fund balances, offset against noncapital long-term obligations such as vacation or severance payable and beginning in fiscal 2015, the District's estimated share of the unfunded portion of statewide pension plans. Consequently, many Minnesota school districts have accumulated deficits in this component of net position.

Statement of Activities

The Statement of Activities tracks the District's yearly revenues and expenses, as well as any other transactions that increase or reduce total net position. These amounts represent the full cost of providing education. This statement provides a more comprehensive measure than just the amount of cash that changed hands, as reflected in the fund-based financial statements. This statement includes the cost of supplies used, depreciation of long-lived capital assets, and other accrual-based expenses. As mentioned previously, the line item for "Change in Net Pension Liability" was a new requirement beginning in fiscal 2015. The following table presents a simplified reconciliation of the change in the District's governmental fund balances to the change in total net position for fiscal years 2022 and 2021:

	Year Ended June 30,	
	2022	2021
Net Change in Fund Balance - Total Governmental Funds	\$ (818,092)	\$ 52,753,093
Capital Asset Purchases	12,803,032	8,188,351
Depreciation and Amortization	(10,736,239)	(9,131,462)
Issuance of Long-Term Debt	(15,996,337)	(44,080,000)
Repayment of Bonds and Certificates Payable*	26,948,585	12,895,000
Transfer to OPEB Trust Fund	(297,059)	(390,270)
Change in Net Pension Liability	5,625,727	(8,447,455)
Other - Net	7,569,853	(2,515,751)
Change in Net Position - Governmental Funds	<u>\$ 25,099,470</u>	<u>\$ 9,271,506</u>

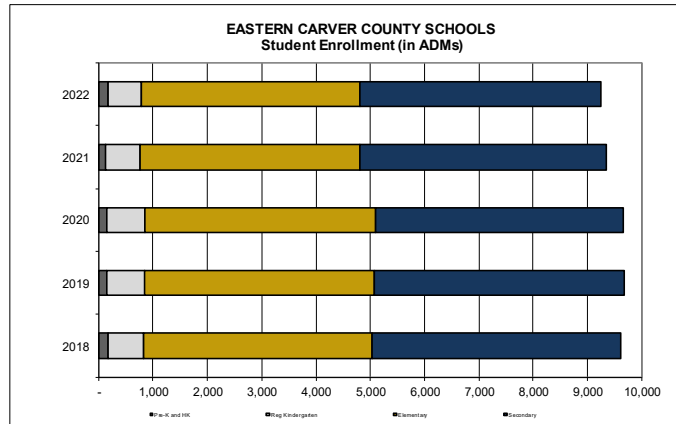
**Includes bond refunding activities which save taxpayer dollars*

APPENDIX A

FINANCIAL TRENDS OF YOUR DISTRICT

Within this report there are a number of areas where condensed financial statement data has been presented.

Student Enrollment (Average Daily Membership-ADM)

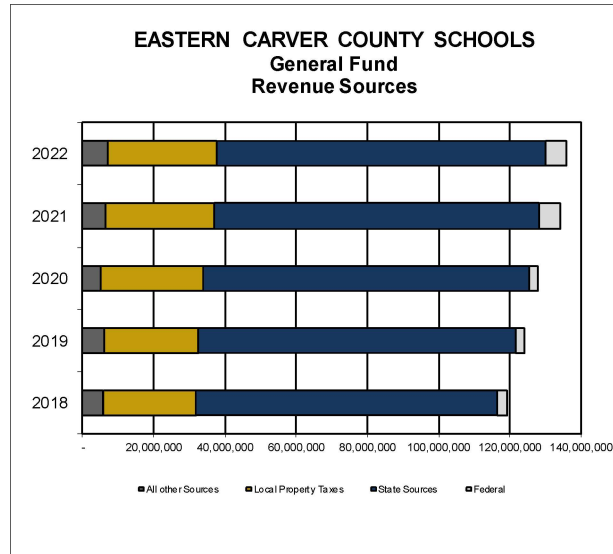


	2018	2019	2020	2021	2022
Pre-K and HK	166.95	146.28	148.71	133.28	161.06
Reg Kindergarten	670.00	694.08	704.87	627.19	614.60
Elementary	4,204.96	4,243.41	4,244.52	4,055.92	4,029.02
Secondary	4,572.90	4,586.23	4,550.50	4,538.71	4,439.57
Net ADM Served	<u>9,614.81</u>	<u>9,670.00</u>	<u>9,648.60</u>	<u>9,355.10</u>	<u>9,244.25</u>
Percent Change	1.09%	0.57%	-0.22%	-3.04%	-1.18%

As noted in the above chart, the District's student ADMs for fiscal 2021-2022 was 110.85 ADMs (or 1.18%) lower than the prior year.

General Fund Revenue

The following table and graph summarizes the District's General Fund revenue sources for the last five years.



The table below illustrates the fluctuation that occurs between the taxes and state aid categories based on legislative activity. The Legislature determines what portion of the general education funding formula will be paid by local taxpayers. For fiscal 2021 and 2022 the impact of federal funding related to COVID-19 was significant but crucial in relation to the harm the enrollment decline and resulting revenue loss would have had.

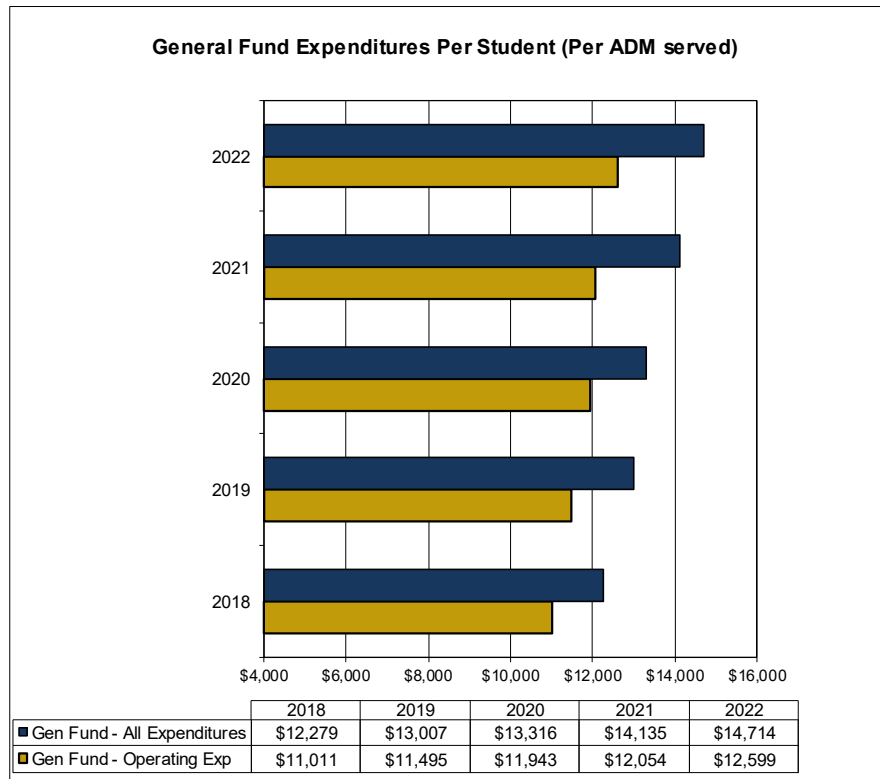
	2018	2019	2020	2021	2022
Local Property Taxes	\$ 25,939,168	\$ 26,433,846	\$ 28,980,262	\$ 30,492,311	\$ 30,523,562
State Sources	84,895,247	89,273,990	91,497,077	91,176,434	92,390,036
Federal Sources	2,523,922	2,419,042	2,421,112	5,854,359	5,717,833
All Other Sources	5,745,459	6,014,089	5,051,497	6,446,021	7,070,162
Total Revenues	<u>\$ 119,103,796</u>	<u>\$ 124,140,967</u>	<u>\$ 127,949,948</u>	<u>\$ 133,969,125</u>	<u>\$ 135,701,593</u>

	2018	2019	2020	2021	2022
Local Property Taxes	22%	21%	23%	23%	22%
State Sources	71%	72%	72%	68%	68%
Federal Sources	2%	2%	2%	4%	4%
All Other Sources	5%	5%	4%	5%	5%
Total Revenues	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

General Fund Expenditures

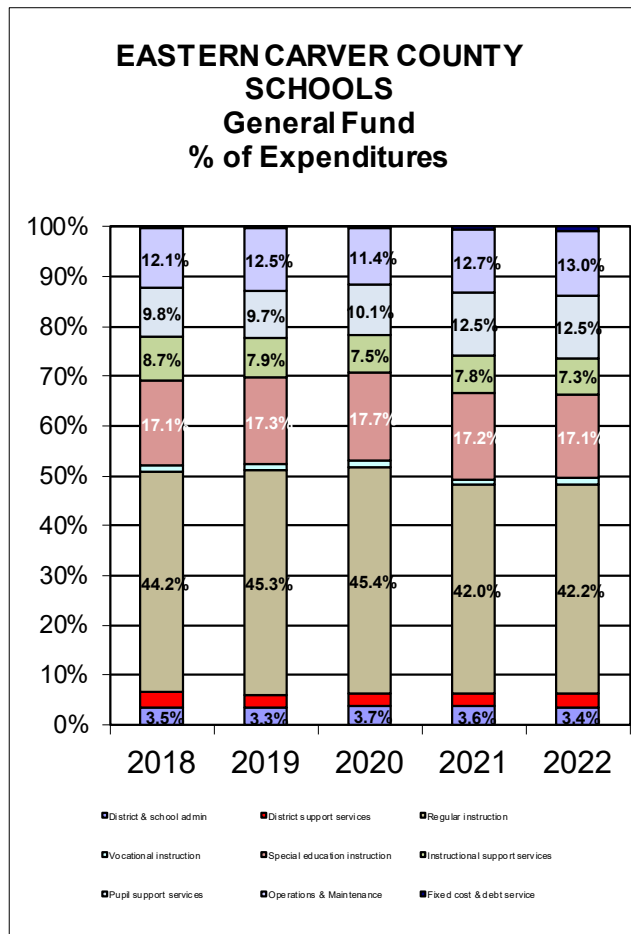
EXPENDITURES PER ADM

Expenditures per ADM (average daily membership) are summarized in the following graph.



In fiscal 2022, General Fund expenditures per student increased by 4.10% while total ADMs served decreased 1.18%. Operating expenditures exclude the costs for transportation and for capital outlay.

General Fund Expenditures



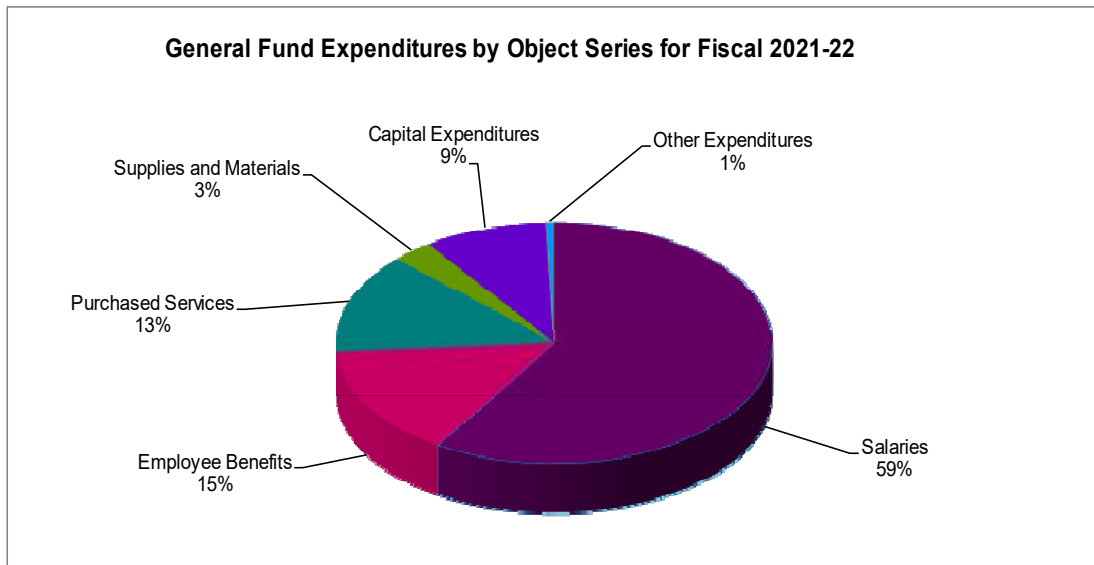
	2018	2019	2020	2021	2022
District and School Admin	\$ 4,171,214	\$ 4,154,410	\$ 4,736,528	\$ 4,780,109	\$ 4,562,359
District Support Services	3,572,255	3,283,503	3,446,513	3,562,358	3,807,722
Regular Instruction	52,135,737	56,958,060	58,311,252	55,479,602	57,415,695
Vocational Instruction	1,597,599	1,572,167	1,495,626	1,429,151	1,431,874
Special Education Instruction	20,221,742	21,725,366	22,801,931	22,799,560	23,208,620
Instructional Support Services	10,271,777	9,884,692	9,668,772	10,282,644	9,872,803
Pupil Support Services	11,525,811	12,194,383	13,040,532	16,558,021	17,036,768
Operations and Maintenance	14,305,661	15,747,436	14,639,445	16,739,257	17,623,648
Fixed Cost and Debt Service	254,580	253,396	338,863	606,849	1,061,872
Total Expenditures	\$ 118,056,376	\$ 125,773,413	\$ 128,479,462	\$ 132,237,551	\$ 136,021,361

General Fund Expenditures

The following chart summarizes District General Fund budget to actual expenditures by program dimension with capital outlay broken out and two years of comparative actual expenditures.

	2022				2021		2020
	Final Amended Budget	Actual	Over (Under) Budget	%	Actual	Actual	
District and School Admin	\$ 4,572,751	\$ 4,556,769	\$ (15,982)	-0.3%	\$ 4,770,836	\$ 4,735,871	
District Support Services	3,504,579	3,501,419	(3,160)	-0.1%	3,392,763	3,252,501	
Regular Instruction	56,466,262	56,127,958	(338,304)	-0.6%	54,324,714	56,798,534	
Vocational Instruction	1,431,097	1,431,874	777	0.1%	1,429,151	1,495,191	
Special Education Instruction	23,562,428	23,119,903	(442,525)	-1.9%	22,799,560	22,768,084	
Instructional Support Services	8,017,135	8,315,474	298,339	3.7%	8,949,836	8,546,568	
Pupil Support Services	12,075,473	11,931,594	(143,879)	-1.2%	11,779,031	12,708,746	
Operations and Maintenance	12,360,624	13,278,781	918,157	7.4%	12,028,220	11,998,277	
Capital Outlay	12,569,476	12,695,717	126,241	1.0%	10,289,000	5,184,040	
Fixed Cost and Debt Service	1,462,622	1,061,872	(400,750)	-27.4%	606,849	991,650	
Total Expenditures	\$ 136,022,447	\$ 136,021,361	\$ (1,086)	0.0%	\$ 130,369,960	\$ 128,479,462	

The following graph and chart summarizes District General Fund budget to actual expenditures by object type with two years of comparative actual expenditures.



	2022				2021		2020
	Final Amended Budget	Actual	Over (Under) Budget	%	Actual	Actual	
Salaries	\$ 81,741,517	\$ 81,410,469	\$ (331,048)	-0.4%	\$ 77,899,707	\$ 79,717,783	
Employee Benefits	21,124,277	20,402,500	(721,777)	-3.4%	19,751,758	20,000,278	
Purchased Services	14,521,980	15,477,506	955,526	6.6%	17,637,893	18,712,765	
Supplies and Materials	4,510,080	4,926,889	416,809	9.2%	4,057,417	3,512,162	
Capital Expenditures	12,569,476	12,695,717	126,241	1.0%	12,156,591	5,184,040	
Other Expenditures	1,555,117	1,108,280	(446,837)	-28.7%	734,185	1,352,434	
Total Expenditures	\$ 136,022,447	\$ 136,021,361	\$ (1,086)	0.0%	\$ 132,237,551	\$ 128,479,462	

On a net basis, total expenditures were 0.001% lower than reflected in the final amended budget.

General Fund Operations and Financial Position

The following table presents five years of comparative operating results for the District's General Fund.

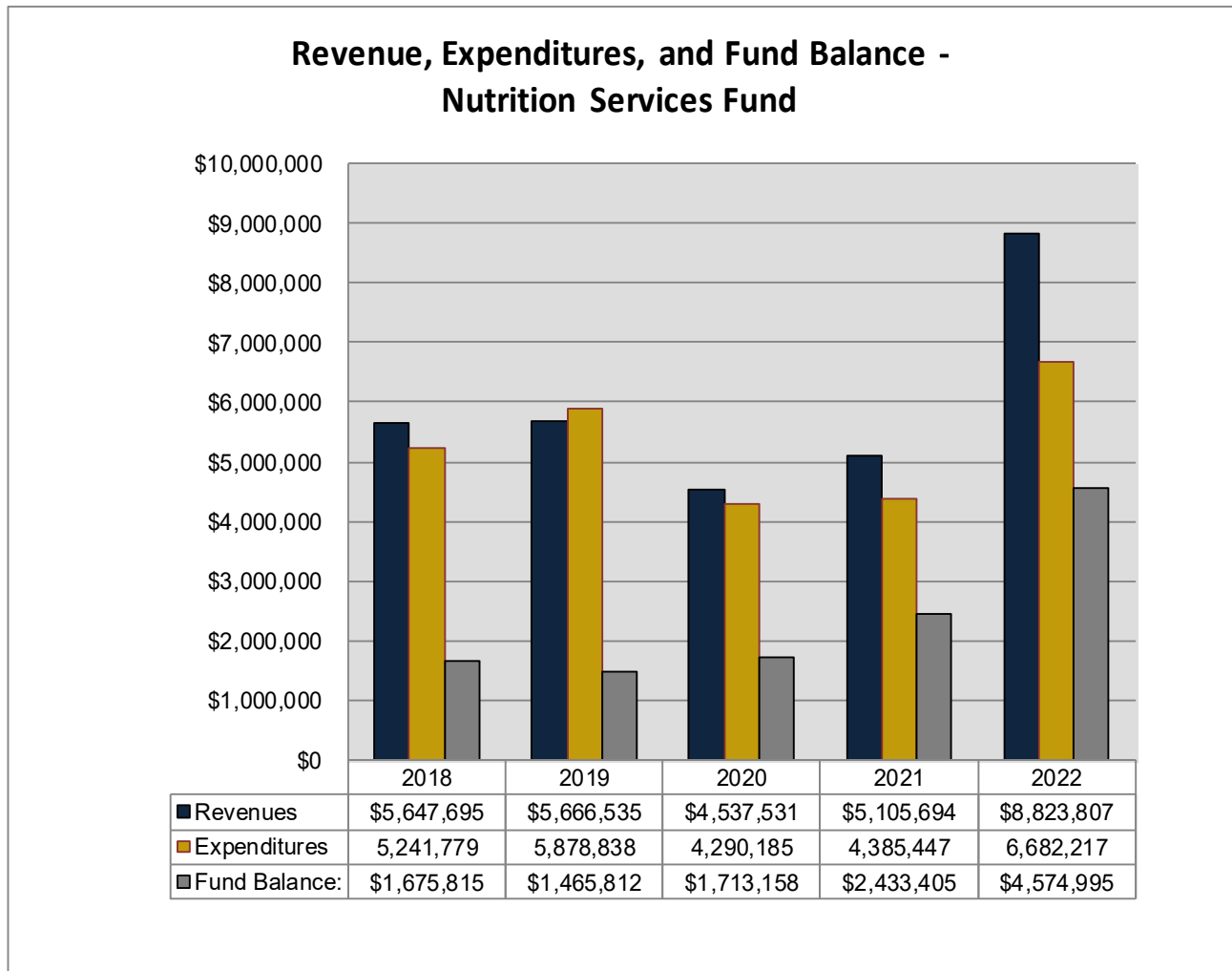
	Year Ended June 30,				
	2018	2019	2020	2021	2022
Revenues	\$ 119,103,796	\$ 124,140,967	\$ 127,949,948	\$ 133,969,125	\$ 135,701,593
Expenditures	118,056,376	125,773,413	128,479,462	132,237,551	136,021,361
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,047,420	(1,632,446)	(529,514)	1,731,574	(319,768)
Other Financing Sources:					
Insurance Recovery	12,100	241	-	297,640	9,422
Sale of Capital Assets	66,526	22,192	6,054	2,121,137	7,105
Long-Term Lease Proceeds	-	-	-	1,867,591	171,292
Issuance of Equipment Certificates	-	-	-	-	6,839,000
Total Other Financing Sources	78,626	22,433	6,054	4,286,368	7,026,819
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	1,126,046	(1,610,013)	(523,460)	6,017,942	6,707,051
FUND BALANCE					
Beginning of Year	14,408,941	15,534,987	13,924,974	13,401,514	19,419,456
End of Year	\$ 15,534,987	\$ 13,924,974	\$ 13,401,514	\$ 19,419,456	\$ 26,126,507
Restricted Fund Balance	\$ 1,328,466	\$ 255,281	\$ 2,059,732	\$ 2,150,287	\$ 2,015,748
Assigned Fund Balance	2,814,814	2,835,932	2,996,063	8,816,082	11,482,022
Nonspendable Fund Balance	210,909	173,719	174,282	58,542	260,905
Unassigned Fund Balance	11,180,798	10,660,042	8,171,437	8,394,545	12,367,832
Total Fund Balance	\$ 15,534,987	\$ 13,924,974	\$ 13,401,514	\$ 19,419,456	\$ 26,126,507
Unassigned Fund Balance as a Percentage of Expenditures	9.47%	8.48%	6.36%	6.35%	9.09%

The District's General Fund revenues and other financing sources exceeded expenditures by \$6,707,051 for fiscal 2022, increasing total fund balance to \$26,126,507 at June 30, 2022. Total fund balance (UFARS basis) includes a net of \$2,015,748 in restricted accounts as prescribed by state statute, \$11,482,022 in board-assigned accounts, and \$260,905 in nonspendable fund balance. That leaves an unassigned fund balance of \$12,367,832 at year-end, which is 9.09% of General Fund expenditures.

General Fund expenditures for fiscal 2022 were \$136,021,361 which represents an increase of \$3,783,810 or 3.21% from fiscal 2021.

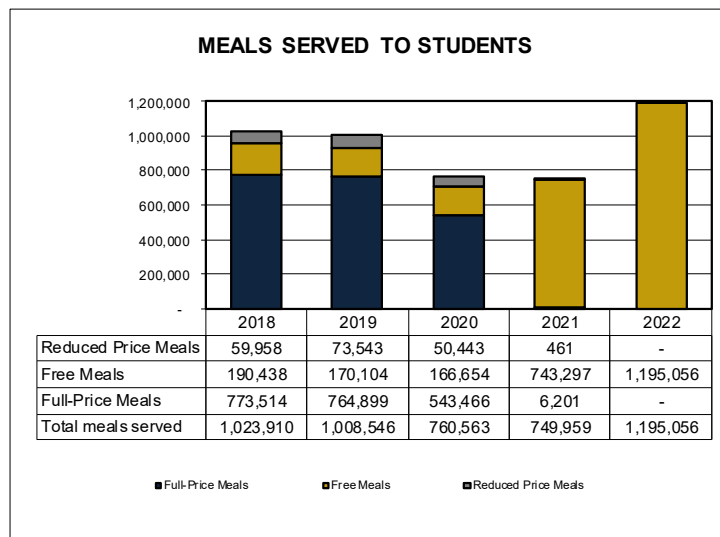
Nutrition Services Fund

The following chart reflects the financial results of the nutrition services program over the past five years:



Total revenues exceeded total expenditures by \$2,141,590 in the District's Nutrition Services Fund for 2022, increasing fund balance to \$4,574,995 at June 30, 2022. The ending fund balance represents 68.5% of expenditures and provides for cashflow and can serve as a source for capital improvements to the nutrition services program as needs warrant. During 2022, the District incurred \$290,716 of capital outlay invested back into the nutrition services program. Total revenue was more than the final budgeted amount by \$1,488,663 (or 20.3%) while total expenditures were \$806,220 (or 10.8%) lower than the budgeted amount. The net impact of these variances was a net increase in the fund balance of the Nutrition Services Fund which was \$2,294,883 more than had been reflected in the budget.

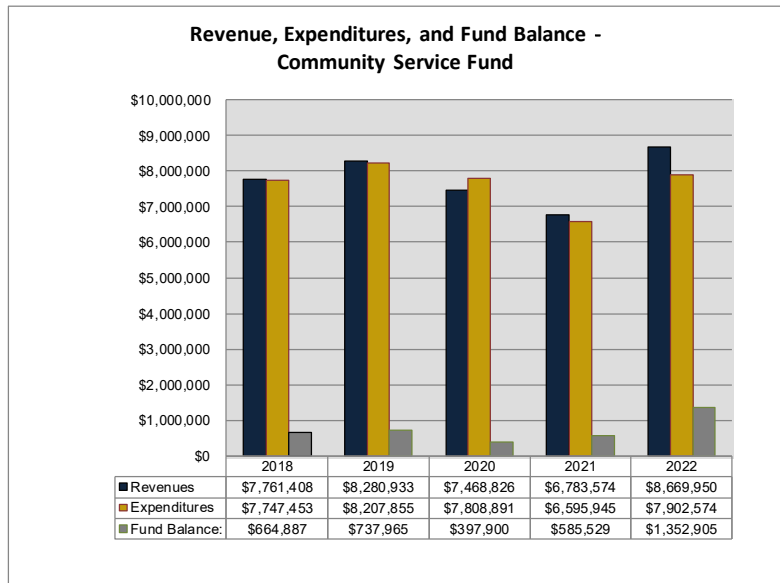
Nutrition Services Fund



Year Ended June 30,					
	2018	2019	2020	2021	2022
Percentage of Total Meals Served by Type (excluding Breakfast):					
Full Price Meals	75.5 %	75.8 %	71.5 %	0.8 %	- %
Reduced Price Meals	5.9	7.3	6.6	0.1	-
Free Meals	18.6	16.9	21.9	99.1	100.0
Total	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Community Service Fund

The following table presents five years of comparative operating results for the District's Community Service Fund:



The District's Community Service Fund had an excess of revenues over expenditures of \$767,376 for fiscal 2022, bringing the combined fund balance to \$1,352,905, or 17.12% of total expenditures at June 30, 2022. Total revenue was higher than the final budgeted amount by \$310,923 (or 3.7%) while total expenditures were \$228,756 (or 2.8%) lower than the budgeted amount. The net impact of these variances was a net increase in the fund balance of the Community Service Fund which was \$539,679 more than had been reflected in the budget.

APPENDIX B

	Statewide			ISD No. 112		
	All	Seven County	Enrollment	Eastern Carver County Schools		
	Districts	Metro Area	> than 4,000			
	2021	2021	2021	2020	2021	2022
District and School Admin and Support Services	\$ 1,184	\$ 1,205	\$ 1,156	\$ 821	\$ 870	\$ 865
Regular Instruction (including Co- & Extra-Curricular)	6,198	6,527	6,348	5,835	5,790	6,022
Vocational Instruction (Career & Technical)	197	179	185	154	152	154
Special Education Instruction	2,625	2,792	2,839	2,339	2,430	2,481
Instructional Support Services	812	917	913	878	954	892
Pupil Support Services (excluding Transportation)	1,228	1,285	1,271	478	476	545
Pupil Transportation	-	-	-	828	780	736
Operations and Maintenance and Other	1,083	1,052	1,056	1,334	1,347	1,493
General Fund Subtotal	13,327	13,957	13,768	12,666	12,798	13,186
Nutrition Services	532	522	513	435	459	686
Community Service	610	682	658	797	703	845
Capital Expenditure (excluding Building Constr Fund)	793	815	784	543	1,105	1,396
Debt Service	1,576	1,683	1,583	1,876	1,990	2,129
Total Pre-K - 12 Operating Expenditures	\$ 16,838	\$ 17,659	\$ 17,306	\$ 16,317	\$ 17,054	\$ 18,242
Percent Change from Prior Year				0.80%	4.52%	6.96%

Source of Statewide Data: School District Profiles published by the Minnesota Department of Education

District and school admin and support services - all costs related to providing administration to the District (school board, superintendent, principals, assistant superintendents, directors of instructional areas, etc.) and all central office administration (business services, human resources, legal, data processing, other district-wide

Regular instruction - includes all activities dealing directly with the teaching of pupils including co-curricular and extra-curricular activities and the interaction between teachers and pupils in the classroom (excluding exceptional, vocational and community education instruction) and includes activities of aides or assistants of any type (paraprofessionals, clerks, graders, etc.) who assist in the educational process, except spec ed aides

Vocational instruction - consists of costs related to courses and activities which develop knowledge, skills, attitudes and behavioral characteristics for students seeking career exploration and employability

Special education instruction - consists of activities providing learning experiences for pupils of any age, who because of certain atypical characteristics or conditions, have been identified as requiring, or who would benefit by, educational programs differentiated from those provided pupils in regular or vocational instruction

Instructional support services - activities for assisting instructional staff with content and process of providing learning experiences for pupils in K-12 (curriculum, staff dev, educ media, libraries and media centers, etc.)

Pupil support services - all services to pupils not classified as instructional (counseling & guidance, health services, psychological services, social work, and safety, etc.)

Transportation - all costs for pupil transportation

Operations and maintenance - activities related to the operation, maintenance, repair and remodeling of all physical plant, facilities and grounds of the District

Nutrition services - all costs of the Nutrition Services Fund

Community service - all costs of the Community Service Fund

Construction Fund)

Debt service - all Debt Service Fund costs (principal, interest and fiscal agent costs)

APPENDIX C

LEGISLATIVE ACTIVITY

What follows are some education-related highlights of the 2022 legislative sessions as summarized from information made available by the Minnesota Department of Education, the Minnesota School Boards Association, and the Minnesota House of Representatives.

General Education

The General Education Revenue formula allowance for fiscal year 2023 remains at the level established during the 2021 legislative session. The amount will reflect an increase of 2%, or \$296 per pupil unit, over the 2022 formula to \$6,863 per pupil unit for fiscal year 2023 and later.

Special Education Cross-Subsidy Aid

Both the House and Senate made offers during the negotiations of the E12 supplemental budget bill but were unable to come to an agreement. The House's final offer included increasing the portion of the unreimbursed special education costs that are funded from 6.43% to 37.746% for fiscal year 2023 and 40.49% for fiscal year 2024 and later. The Senate's final offer included increasing the portion of the unreimbursed special education costs that are funded from 6.43% to approximately 40% for fiscal year 2023 and later.

School Board Member Earnings

The amount of yearly earnings that a school board member may receive from the school district for employment was increased from \$8,000 per fiscal year to \$20,000 per fiscal year. This could allow school board members to spend additional time working as substitute teachers, school bus drivers, food service program workers, etc.

Retired Teacher Earnings Limitations

Retired teachers who resume teaching at a public school or charter school may teach without application of an earnings limitation. Application of the earnings limitation would otherwise cause pension payments to be deferred or forfeited. The earnings limit resumes after the year 2024.

Frontline Worker Pay

To thank those Minnesotans who worked on the frontlines during the COVID-19 peacetime emergency, Gov. Tim Walz signed Frontline Worker Payments into law, enabling those workers to apply for Frontline Worker Pay. The law lists fifteen categories of frontline sectors, one of which is schools, including charter schools, state schools, and higher education.

In addition, to be eligible for Frontline Worker Pay, the applicant:

- must have been employed at least 120 hours in Minnesota in one or more frontline sectors between March 15, 2020, and June 30, 2021.
- for the hours worked during this time period the applicant –
 - was not able to telework due to the nature of the individual's work and
 - worked in close proximity to people outside of the individual's household;
- must meet the income requirements for at least one year between Dec. 31, 2019, and Jan. 1, 2022 –

APPENDIX C (CONTINUED)

Frontline Worker Pay (Continued)

- workers with direct COVID-19 patient care responsibilities must have had an adjusted gross income of less than \$350,000 for married taxpayers filing jointly, or less than \$175,000 for other filers and
 - for workers in occupations without direct COVID-19 patient care responsibilities, the adjusted gross income limit is \$185,000 for married taxpayers filing jointly, or \$85,000 for other filers; and
- must not have received an unemployment insurance benefit payment for more than 20 weeks on a cumulative basis for weeks between March 15, 2020, and June 26, 2021.

Mental Health Initiatives

A mental health package was passed which appropriates \$92.7 million to fund mental health programs and initiatives, including \$2 million in fiscal year 2023 for school-linked behavior health grants.

APPENDIX D

ACCOUNTING UPDATE

GASB Statement No. 87 – Leases

GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. Specifically, this statement:

1. Establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.
2. Defines the “lease term” and clarifies when lessees and lessors should reassess the lease term due to lease modifications or terminations.
3. Defines and establishes recognition criteria for short-term leases.
4. Amends accounting and financial reporting requirements for contracts with multiple components, contract combinations, subleases, and leaseback transactions.

The statement was to be effective for reporting periods beginning after December 15, 2019. However, due to the impact of COVID-19, the effective date was moved back one and a half years to reporting periods beginning after June 15, 2021. As such, this statement was implemented for fiscal year 2022. As a result, right-to-use assets that are included in long-term leases, as well as the corresponding amortization of the right to use said assets, are being reflected with the District’s capital assets. The related long-term liabilities were also recorded and the financial statement footnotes include additional information to reflect these additions.

GASB Statement No. 91 – Conduit Debt Obligations

The primary objective of GASB Statement No. 91 is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Initially effective for reporting periods beginning after December 15, 2020 but postponed to reporting periods beginning after December 15, 2021.

GASB Statement No. 92 – Omnibus 2020

The primary objectives of this statement are to enhance comparability and consistency by addressing practice issues that have been identified during implementation and application of certain GASB statements.

This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits

APPENDIX D (CONTINUED)

GASB Statement No. 92 – Omnibus 2020 (Continued)

- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

GASB Statement No. 96 – Subscription-Based Information Technology Arrangements

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

GASB Statement No. 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans

This statement clarifies how the absence of a governing board should be considered in determining whether a primary government is financially accountable for purposes of evaluating potential component units. It also modifies the applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans. The statement also establishes accounting and financial reporting requirements for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans and modifies the investment valuation requirements for all Section 457 plans. The requirements related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. Requirements relating to the applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans are effective immediately.

GASB Statement No. 98 – The Annual Comprehensive Financial Report

This statement establishes the term *Annual Comprehensive Financial Report* and its acronym *ACFR* to replace the *Comprehensive Annual Financial Report* and its acronym *CAFR*.

GASB Statement No. 99 – Omnibus

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

APPENDIX D (CONTINUED)

This Statement addresses a variety of topics and includes specific provisions about the following:

GASB Statement No. 99 – Omnibus (Continued)

- Classification and reporting of derivative instruments within the scope of Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument
- Clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives
- Clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset
- Clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP)
- Disclosures related to nonmonetary transactions
- Pledges of future revenues when resources are not received by the pledging government
- Clarification of provisions in Statement No. 34, Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements

GASB Statement No. 100 – Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period.

GASB Statement No. 101 – Compensated Absences

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave.



APPENDIX E

FORMAL REQUIRED COMMUNICATIONS

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 112 (the District) as of and for the year ended June 30, 2022, and have issued our report thereon dated November 10, 2022. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit in our Audit Services Statement of Work dated July 5, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the basic financial statements.

As described in Note 1, the school changed accounting policies related to the recording of lease agreements by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No. 87, *Leases*, in 2022. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the capital asset and long-term debt footnotes.

We noted no transactions enter into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Qualitative aspects of accounting practices (continued)

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Due from Minnesota Department of Education
- Due from the Federal Government through the Minnesota Department of Education
- Severance Benefits Payable
- Other Postemployment Benefits Payable
- Estimated Useful Lives of Depreciable Capital Assets
- Estimated proportionate share of PERA's and TRA's net pension liability and related deferred inflows and outflows

Management's estimate of the due from Minnesota Department of Education is based on amounts anticipated to be received from the state for various aid entitlements for fiscal 2022. The most significant of these is the aid portion of general education revenue. General education revenue and certain other revenues are computed by applying an allowance per student to the number of students served by the school. Student attendance is accumulated in a statewide database, Minnesota Automated Reporting Student System (MARSS). Because of the complexity of student accounting and because of certain enrollment options, student information is input by other school districts and the MARSS data for fiscal year 2022 is not finalized until well into the next fiscal year. MDE calculates amounts owed to the District for special education excess cost tuition billing and adds the amount to the School's special education aid. Because the tuition amounts are based on estimated information, final entitlements are not expected to be known until well into the following fiscal year. Management expects any differences between estimated and actual data will be insignificant.

Management's estimate of due from the Federal Government through the Minnesota Department of Education is based on amounts anticipated to be received through the state for various federal aid entitlements for fiscal year 2022. Many federal entitlements require that supporting financial reporting information be provided both in the UFARS accounting system and also the SERVS reporting system. To the extent that these two separate systems are not in agreement and reported in a timely manner, the estimated aid entitlement may be adversely affected. Management expects any differences between estimated and actual data will be insignificant.

Management's estimate of Severance Benefits Payable is based on certain assumptions made by the District. As required by GASB Statement No. 16, the District has recorded a liability in long-term debt for accumulated sick leave convertible to early retirement pay for which it is probable the employees will be compensated. The "vesting method" used by the District to calculate this liability is based on assumptions involving the probability of employees becoming eligible to receive the benefits (vesting), and the potential use of accumulated sick leave prior to termination.

Management's estimate of other postemployment benefits payable is based on an actuarially determined calculation, less actual payments incurred on behalf of retirees and an actuarially determined estimate of implicit rate subsidy, which is the estimated increased cost of premiums due to inclusion of retirees in the same plan as the District's active employees.

Qualitative aspects of accounting practices (continued)

Management's estimate of useful lives for depreciable assets is based on guidance recommended by the Minnesota Department of Education and other sources. The useful life of a depreciable asset determines the amount of depreciation that will be recorded in any given reporting period as well as the amount of accumulated depreciation that is reported at the end of a reporting period.

Management's estimate of the District's self-insurance incurred but not reported (IBNR) claims liability is based on lag reports for actual claims through July 2022 and any remaining outstanding claims that were still incurred prior to June 30, 2022 are estimated based on an estimate of the average claims lag for a 24-month rolling period, and the average monthly claims for that same period.

Management's estimate of the District's net pension liability and related deferred inflows is based on an actuarially determined net pension liability of the state administered pension plans. This net pension liability is then allocated to all participating employers based on the actual proportion of the District's contributions as compared to total contributions.

We reviewed and tested management's procedures and underlying supporting documentation in the areas discussed above and evaluated the key factors and assumptions used to develop the estimates noted above in determining that they are reasonable in relation to the financial statements taken as a whole. We concluded that the accounting estimates and management judgments appeared to consider all significant factors and resulted in appropriate accounting recognition.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during our audit.

Circumstances that affect the form and content of the auditors' report

As previously communicated to you, the report was modified to include an emphasis-of-matter paragraph to highlight the change in accounting principle related to the adoption of new accounting guidance for leases as follows:

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.

Management representations

We have requested certain representations from management that are included in the management representation letter dated November 10, 2022.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Required supplementary information

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

Supplementary information in relation to the financial statements as a whole

With respect to the schedule of expenditures of federal awards (SEFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA to determine that the SEFA complies with the requirements of the Uniform Guidance, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA is appropriate and complete in relation to our audit of the financial statements. We compared and

reconciled the SEFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated November 10, 2022.

With respect to the individual fund financial statements and the Uniform Financial Accounting and Reporting Standards Compliance Table (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated November 10, 2022.

Other information included in annual reports

Other information (financial or nonfinancial information other than the financial statements and our auditors' report thereon) is being included in your annual report and is comprised of the introduction and statistical sections. Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information included in your annual report and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. 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. Our auditors' report on the financial statements includes a separate section, "Other Information," which states we do not express an opinion or any form of assurance on the other information included in the annual report. We did not identify any material inconsistencies between the other information and the audited financial statements.

* * *

This communication is intended solely for the information and use of the School Board and management of the District, and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
November 10, 2022



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