



Annual Comprehensive Financial Report

YEAR ENDED JUNE 30, 2024

INDEPENDENT SCHOOL
DISTRICT NO. 112
CHASKA, MN



EASTERN CARVER
COUNTY SCHOOLS

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

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

YEAR ENDED JUNE 30, 2024

**PREPARED BY THE
FINANCE DEPARTMENT**

**DAVID BRECHT
EXECUTIVE DIRECTOR OF FINANCE AND OPERATIONS**

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INDEPENDENT SCHOOL DISTRICT NO. 112
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INTRODUCTORY SECTION



District Education Center
Finance & Operations
11 Peavey Road
Chaska, MN 55318
952-556-6100
www.district112.org

December 2, 2024

To: Eastern Carver County Community
Board of Education
Employees of the School District

INTRODUCTION

The Annual Comprehensive Financial Report (ACFR) of Independent School District No. 112, Eastern Carver County Schools, Chaska, Minnesota (the District) for the fiscal year ended June 30, 2024 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 residents of the Eastern Carver County Schools, for it describes in financial terms, the position and operating results of the District. Questions and comments are solicited and welcome.

REPORT FORMAT

This ACFR is presented in three main sections: Introductory, Financial, and Statistical. In addition to information contained in this letter, the introductory section includes the District's organizational chart, and a list of the District's principal officials. The financial section includes the independent auditor's report, Management's Discussion and Analysis (MD&A), basic financial statements, notes to basic financial statements, and detailed combined 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 a MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction. 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. The 4-year graduation rate across Chanhassen High School, Chaska High School and the Integrated Arts Academy for the 2023 graduating class was 93.0% compared to the state average of 83.3%. Its students consistently perform above state averages on state tests, and approximately 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 and achievement in those classes is strong. Several elementary and middle schools have been recognized by state organizations for excellence in education. 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 is founded in our commitment to 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 and launched a new strategic plan in the fall of 2022.

The District’s Strategic Plan 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

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. During 2023-2024, the district enrolled 9030 students in grades K-12 from a population of approximately 65,000 residents living in an 84.16 square mile area. The District operated 15 school buildings: 2 traditional high schools, an arts-focused alternative learning center high school, 3 middle schools, 7 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 28.68 and comprise over 2.2 million square feet in size.

Superintendent Dr. Sayles-Adams began her tenure in the district in July 2020. She left the district in January 2024 and was replaced by Interim Superintendent Dr. Erin Rathke who was later selected as Superintendent. Dr. Rathke served as the Assistant Superintendent in the district beginning fall 2020. With years of experience spanning a multitude of roles, she has a passion for students and continuous improvement. She is a data driven leader guided by strategic planning and focused on improving the learning and preparation of all students.

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, 2024, 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 2023-24 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 Executive 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 Star Tribune, to inform residents of the District's financial position and operating plan for the fiscal year.

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

The budget is adopted by the School Board by June 30th of each year for the following fiscal year beginning July 1. If needed, the budget is revised based upon enrollment changes, effects of negotiated employee contracts, or other new information impacting revenues or expenditures in the fall and spring. 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 27,000 active accounts have been defined in the District's chart of accounts.

SIGNIFICANT EVENTS

The District's finances are largely dependent on student enrollment. Eastern Carver County experienced increasing enrollment from FY10 to FY20. In that decade, over 850 students joined the District, an increase of 9.88%. In the years during and following COVID, overall district enrollment has declined and has not yet recovered to pre-COVID numbers.

To accommodate the enrollment increases experienced since 2008, 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 School's enrollment. The district lost over 300 students during the 2020-2021 school year as a result of the pandemic; the first drop in enrollment in a decade. This enrollment loss had an impact on the budget as well as the future financial forecast. It also created challenges in how to project enrollment and facility needs as the previous trend for enrollment was disrupted. Eastern Carver County Schools projects enrollment every year and will continue to monitor for and identify new trends in enrollment after COVID to support financial planning.

As the economy and residential housing construction continues to grow in the District, cities in the District issued just over 500 new housing permits in calendar year 2023. Expansion continues in Victoria and Chaska where the largest number of issued permits of the four cities exists. Local city officials estimate new construction to remain steady over the next year. Post-pandemic, many public-school districts are still experiencing enrollment decline. The District continues to study this trend to determine how enrollment projection methodologies will 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. The District annually receives just over \$1500 per pupil or approximately \$15 million in local referendum operating revenue. The district receives \$724 per pupil unit of Local Optional Revenue or approximately \$7 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 2023-24 this levy provided \$5.3 million for technology and security including providing 1:1 devices for students in all grades.

In November of 2021, the Eastern Carver County voters approved an operating referendum which 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 provided an increase in operating revenue of \$550 per pupil. In June 2023, the Minnesota state legislature provided school boards with the authority to renew one time an expiring operating referendum

if the per pupil amount of the referendum is the same as the amount expiring and the term of the renewed referendum is no longer than the initial term approved by the voters. With this authority, the School Board approved the renewal of a \$150.35 referenda that was due to expire June 2024.

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 (LTFMR). This LTFMR program establishes an equalization levy and state aid program for all Minnesota school districts. This funding source provides some resources to address deferred maintenance needs in district-owned facilities to protect these important community assets. To further protect the District's physical assets, the School Board approved the sale of \$34 million in general obligation facilities maintenance bonds to support the first two years of capital renewal projects contained within the 10-year LTFM plan to address maintenance and renewal needs. Debt service for the bond sale will be supported from LTFMR funds. Implementation of the 10-year LTFM plan is in process across all district buildings.

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 \$6 billion from 2012 to 2022 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 2023 Legislative session increased K-12 funding in Minnesota for the 2023-24 and 2024-25 biennium, including a 4.0% increase the first year and 2.0% in the second year in the general education formula allowance. Along with increased funding, there are a myriad of new legislative mandates, some of which are not supported with additional funding, that will have an impact on how new monies will need to be used.

COMMUNITY

Carver County was the second fastest growing of Minnesota counties with a 6% increase between 2020 and 2023. 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. Carver county's estimated population for 2024 is approximately 112,000 residents which makes it the 11th largest county in Minnesota. Carver County's availability of land, abundant lakes, woods, trails, and open space are attractive features for growing communities and the population is expected to exceed 161,000 by 2040.

The majority of the population is in the eastern part of the county, including the cities of Chaska and Chanhassen. By 2040, Chanhassen and Chaska 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 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 recently completed 5-mile stretch between Carver and Cologne that was expanded to a 4-lane highway. 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. Costco opened in Chaska the summer of 2024. 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 completed a comprehensive strategic planning process that identified what was working well, what needed improvement, and the desired 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 and responsible citizen. The Strategic Direction established within this plan has four elements:

- Improving 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. The District concluded the sale of East Union For \$1.517 million to the Southwest Metro Cooperative District #288 to be used as a K-5 day treatment facility that will support students from Eastern Carver County, as well as students from the 13 member districts.

During the 2023 Legislative session, Eastern Carver County School district was granted the authority from the state to utilize Lease Levy to help fund a new Transportation Center for the district. The current transportation facility is situated near the gateway to the city of Chaska downtown district and is in a prime area for redevelopment. The existing site is undersized for the District's current needs and, as the community and population grows, lacks room for expansion and is not centrally located. The District is currently working to purchase property in Carver County for a new facility whose construction will be funded by lease levy revenues. The district has worked to limit the impact of necessary infrastructure investments funded through property tax to the residents of Carver County by structuring initiatives to keep tax rates flat to declining.

Eastern Carver County Schools World's Best Workforce goals exceed the Minnesota averages in all third graders reading at grade level. 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 completed an assessment of middle school programming and developed a multi-year implementation plan to change course offerings to better meet the needs of students and align to state requirements. Schedules were built that ensured all students met requirements for physical education, health, and art. By moving to more alternate day courses, schools are able to offer more reading and math intervention classes that keep students in their core courses. On the other end of the achievement spectrum, plans were developed to add advanced coursework in language arts, science, and social studies starting with a course in 7th grade language arts and growing over the next three years.

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 so they 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 2021-2022 Annual Comprehensive Financial Report (ACFR). The District plans to submit the 2023-2024 ACFR to the ASBO Certificate Program for consideration.

ACKNOWLEDGMENTS

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

The image shows two handwritten signatures in black ink. The signature on the left is 'Erin Rathke' and the signature on the right is 'David Brecht'.

Erin Rathke
Superintendent

David Brecht
Executive Director of Finance & Operations

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
SCHOOL BOARD AND ADMINISTRATION
JUNE 30, 2024**

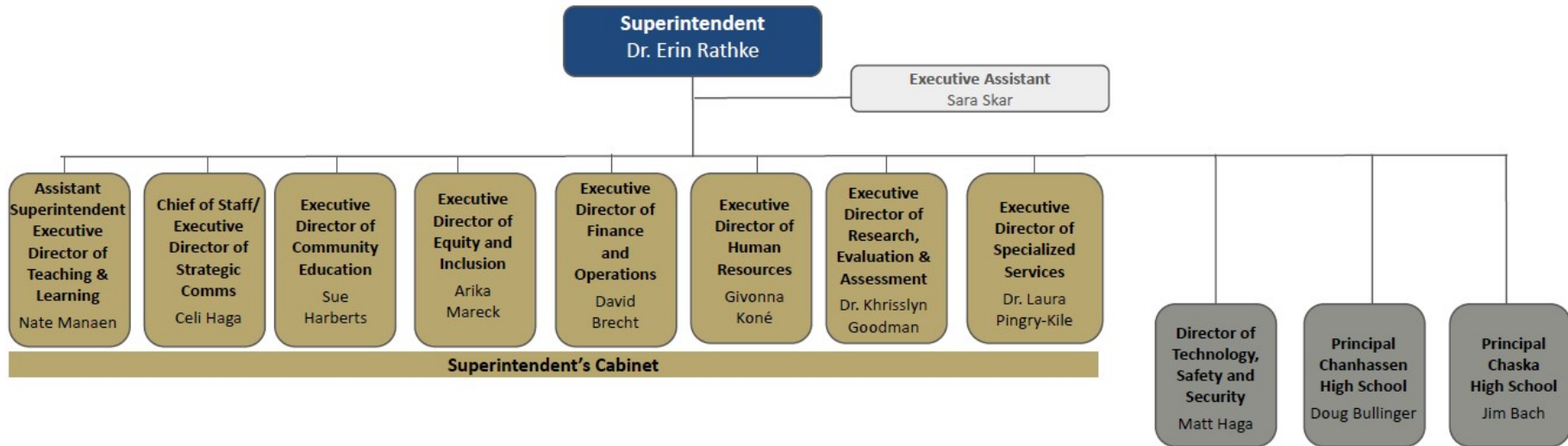
SCHOOL BOARD

NAME	TERM ON BOARD EXPIRES	BOARD POSITION
Jennifer Stone	January 1, 2027	Chairperson
Sean Olson	January 1, 2025	Vice Chairperson/Clerk
Angela Erickson	January 1, 2025	Treasurer
Tim Klein	January 1, 2027	Director
Ellie Krug	January 1, 2027	Director
Jeffrey Ross, Ph.D.	January 1, 2025	Director
Joseph Scott	January 1, 2027	Director

ADMINISTRATION

Erin Rathke, Ed.D.	Superintendent
David Brecht	Executive Director of Finance & Operations

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
ORGANIZATIONAL CHART
JUNE 30, 2024**



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, 2024, 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, 2024, 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.

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule – General Fund, budgetary comparison schedule – Food Service Fund, budgetary comparison schedule – Community Service Fund, the schedule of change in the District's net OPEB liability, the schedule of money-weighted rate of return on plan assets for OPEB, 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 for the year ended June 30, 2024 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Independent School District No. 112's basic financial statements. The individual fund financial schedules and Uniform Financial Accounting and Reporting Standards (UFARS) compliance table for the year ended June 30, 2024 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 for the year ended June 30, 2024 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 individual fund financial schedules and UFARS compliance table are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2024.

We also previously audited, in accordance with GAAS, the basic financial statements of Independent School District No. 112 as of and for the year ended June 30, 2023, (not presented herein), and have issued our report thereon dated March 21, 2024 which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. The individual fund financial schedules for the year ended June 30, 2023 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 related directly to the underlying accounting and other records used to prepare the 2023 basic financial statements. The information was subjected to the audit procedures applied in the audit of the 2023 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the individual fund financial schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2023.

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.

Report on Summarized Comparative Information

We have previously audited the District's 2023 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated March 21, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended **June 30, 2023**, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2024, on our consideration of Independent School District No. 112's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Independent School District No. 112's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Independent School District No. 112's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 2, 2024

REQUIRED SUPPLEMENTARY INFORMATION

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

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, 2024. 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 2023-2024 fiscal year include the following:

- The District's total revenues exceeded expenses by \$32,730,839 during the fiscal year ended June 30, 2024, resulting in an ending net position of \$84,385,201.
- At June 30, 2024, 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 \$58,938,783, a decrease of \$9,681,531 from the prior year.
- After a number of years of enrollment growth, the District's Average Daily Membership (ADMs) decreased by 3.04% in fiscal year 2021, by 1.18% in fiscal year 2022, and by 0.84% in fiscal year 2023, and by 0.76% in fiscal year 2024. Average Daily Membership impacts state aid revenues and can lead to financial constraints for the district.
- The District's General Fund, its primary operating fund, closed the fiscal year with an unassigned fund balance of \$17,950,757, an increase of \$3,755,623 from June 30, 2023, or from 10.30% to 12.38% of total expenditures.
- The District sold the East Union Elementary building for \$1,517,000. The proceeds have been allocated in general fund assigned balance Future Use – Donation/Sale of Land with current planned use for a new Transportation Center.
- 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). These funds will be used for implementation of the MTSS framework for interventions to ensure that all students receive evidence-based instruction that leads to academic proficiency.
- The District maintains an internal service fund for medical, dental, and Chrome Book® self-insurance. The self-insured medical plan fund balance decreased by \$522,757 to \$5,548,207 which provides stability to prevent future large increases in health insurance premiums. The District's self-insured dental plan fund balance decreased by \$42,520 and ended the fiscal year with a fund balance of \$334,378. 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 \$121,971.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

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, and supplementary information. The basic financial statements include several statements that present different views of the District:

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

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

Government-Wide Statements

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

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

**INDEPENDENT SCHOOL DISTRICT NO. 112
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MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

- 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 and for Chrome Book® insurance. 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, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's *combined* net position was \$84,385,201 on June 30, 2024 (see Table A-1).

The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2024, resulting in the District's net position to be \$84,385,201. The District's total net position was significantly impacted in fiscal 2024 and 2023 by the required actuarial calculation changes included in GASB Statements related to statewide pension plan. The District had \$21,901,866 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
	2024	2023	
Current and Other Assets	\$ 152,309,394	\$ 160,048,739	(4.84)%
Capital Assets	257,722,349	238,953,348	7.85
Total Assets	410,031,743	399,002,087	2.76
Deferred Outflows of Resources	25,638,804	36,283,403	(29.34)
Current Liabilities	27,314,655	27,267,703	0.17
Net Pension Liability	102,957,655	107,563,018	(4.28)
Long-Term Liabilities	143,365,059	162,002,725	(11.50)
Total Liabilities	273,637,369	296,833,446	(7.81)
Deferred Inflows of Resources	77,647,977	86,797,682	(10.54)
Net Position:			
Net Investment in Capital Assets	121,188,091	113,535,100	6.74
Restricted	21,901,866	9,804,431	123.39
Unrestricted	(58,704,756)	(71,685,169)	(18.11)
Total Net Position	<u>\$ 84,385,201</u>	<u>\$ 51,654,362</u>	63.37

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

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
	2024	2023	
Revenues			
<u>Program Revenues</u>			
Charges for Services	\$ 10,660,269	\$ 12,522,411	(14.87)%
Operating Grants and Contributions	35,324,217	25,906,701	36.35
Capital Grants and Contributions	1,314,954	2,205,593	(40.38)
<u>General Revenues</u>			
Property Taxes	60,411,091	55,575,294	8.70
Unrestricted State Aid	77,267,790	72,593,683	6.44
Investment Earnings	3,842,885	3,315,256	15.92
Other	2,932,267	1,781,931	64.56
Total Revenues	<u>191,753,473</u>	<u>173,900,869</u>	10.27
Expenses			
Administration	3,970,409	3,685,199	7.74
District Support Services	4,857,579	4,472,810	8.60
Regular Instruction	62,979,118	49,253,855	27.87
Vocational Education Instruction	1,209,918	848,879	42.53
Special Education Instruction	24,769,811	20,063,827	23.46
Instructional Support Services	10,897,140	8,826,398	23.46
Pupil Support Services	15,297,735	13,648,633	12.08
Sites and Buildings	15,015,081	22,511,781	(33.30)
Fiscal and Other Fixed Cost Programs	1,096,153	817,382	34.11
Food Service	7,853,351	5,986,438	31.19
Community Service	8,301,183	8,181,129	1.47
Interest and Fiscal Charges on			
Long-Term Liabilities	2,775,156	1,708,125	62.47
Total Expenses	<u>159,022,634</u>	<u>140,004,456</u>	13.58
Change in Net Position	32,730,839	33,896,413	
Beginning Net Position	<u>51,654,362</u>	<u>17,757,949</u>	
Ending Net Position	<u>\$ 84,385,201</u>	<u>\$ 51,654,362</u>	

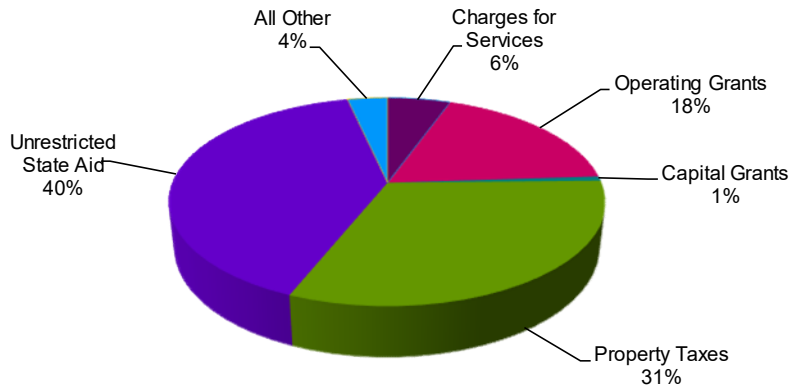
**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

Total revenues were \$193,753,473 while total expenses were \$159,022,634, increasing net position by \$32,730,839.

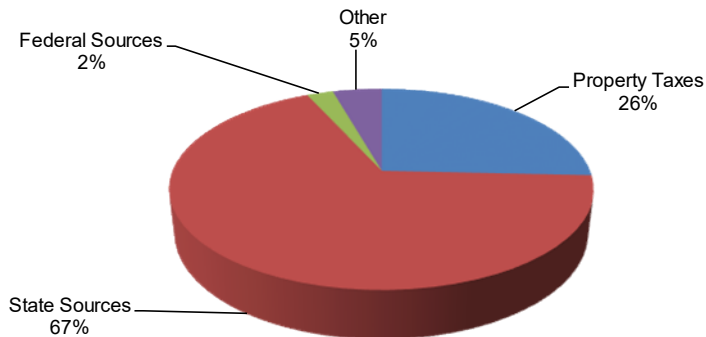
The cost of all *governmental* activities this year was \$159,022,634.

- A portion of the cost was paid by the users of the District's programs (Table A-1, Charges for Services, \$10,660,269). The majority of this category, \$8.7 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-1, Operating and Capital Grants and Contributions, \$36,639,171).
- 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 \$60,411,091 in property taxes, \$77,267,790 of unrestricted state aid, and with investment earnings and other general revenues.

**Figure A-1
Sources of District's Revenues**



**Figure A-2
General Fund Source of Revenue**



**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

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
	2024	2023		2024	2023	
Administration	\$ 3,970,409	\$ 3,685,199	7.74 %	\$ 2,911,146	\$ 165,472	1659.30 %
District Support Services	4,857,579	4,472,810	8.60	4,846,618	4,468,885	8.45
Regular Instruction	62,979,118	49,253,855	27.87	60,589,915	46,250,463	31.00
Vocational Education Instruction	1,209,918	848,879	42.53	1,202,200	848,879	41.62
Special Education Instruction	24,769,811	20,063,827	23.46	4,435,612	3,686,070	20.33
Instructional Support Services	10,897,140	8,826,398	23.46	8,210,892	6,577,949	24.82
Pupil Support Services	15,297,735	13,648,633	12.08	14,605,716	13,540,320	7.87
Sites and Buildings	15,015,081	22,511,781	(33.30)	12,629,183	21,110,998	(40.18)
Fiscal and Other Fixed Cost Programs	1,096,153	817,382	34.11	1,096,153	817,382	34.11
Food Service	7,853,351	5,986,438	31.19	(767,049)	(590,781)	29.84
Community Service	8,301,183	8,181,129	1.47	(812,348)	(469,450)	73.04
Interest and Fiscal Charges on Long-Term Liabilities	2,775,156	1,708,125	62.47	2,775,156	1,708,125	62.47
Total	<u>\$ 159,022,634</u>	<u>\$ 140,004,456</u>	13.58	<u>\$ 111,723,194</u>	<u>\$ 98,114,312</u>	13.87

The cost of all governmental activities this year was \$159,022,634, an increase of \$19,018,178 from the prior year. Regular instruction costs saw the largest increase of \$13,725,263 during the year as a result of activity relating the changes in the TRA net pension liability in fiscal year 2024 and fiscal year 2023. After applying program specific revenue, the net cost of all governmental activities this year was \$111,723,194 or an increase of \$13,608,882 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 and other financing sources exceeded its expenditures by \$6,845,344. The Food Service Fund's revenues exceeded its expenditures by \$989,961. The Community Service Fund's revenues exceeded its expenditures by \$1,102,957. The Capital Projects-Building Construction Fund's revenues were exceeded by expenditures by \$19,246,279. The Debt Service Fund's revenues exceeded its expenditures by 626,486. At the end of the 2023-24 fiscal year, the District's governmental funds reported combined fund balances (non-spendable, restricted, committed, assigned, and unassigned) of \$58,938,783, a net decrease in fund balances of \$9,681,531.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

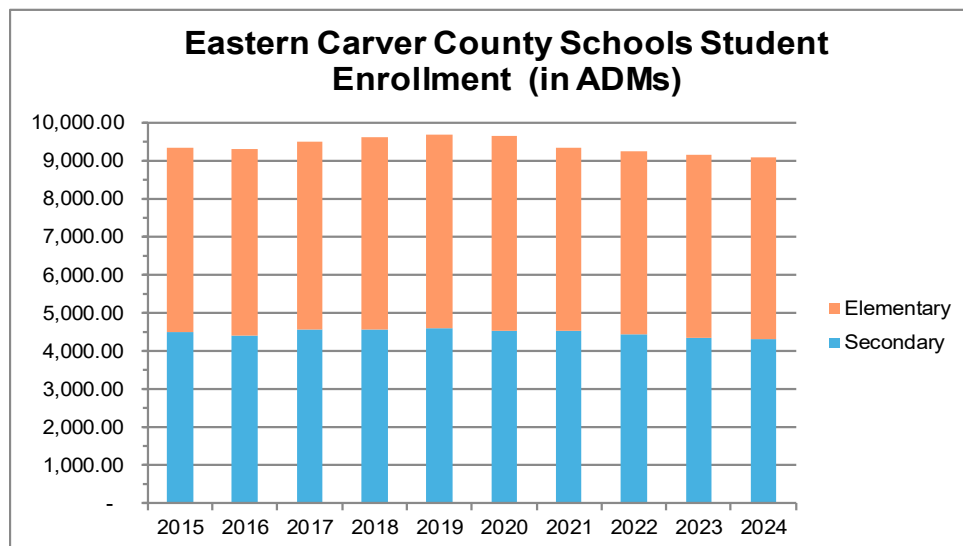
Revenues were \$191,364,225 plus other financing sources were \$1,723,216 for the District's governmental funds totaling \$193,087,441, while expenditures were \$185,976,529 plus other financing uses were \$202,768,972. As a result, the District completed the year with a net change in fund balances of (9,681,531)

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 last four years. The following chart shows the number of students served over the past ten years.



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Pre-K & KH	128	128	161	167	146	149	133	161	153	89
Reg K, Pre-K & KH	590	633	677	670	694	705	627	615	647	651
Elementary	4,106	4,107	4,101	4,205	4,243	4,245	4,056	4,029	4,023	4,029
Secondary	4,503	4,428	4,573	4,573	4,586	4,551	4,539	4,440	4,344	4,329
Total Students for Aid	9,326	9,296	9,511	9,615	9,670	9,649	9,355	9,244	9,167	9,097
Percentage Change	0.72%	-0.33%	2.32%	1.09%	0.57%	-0.22%	-3.04%	-1.18%	-0.84%	-0.76%

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

The following schedule presents a summary of General Fund Revenues.

**Table A-5
General Fund Revenues**

	Year Ended		Change	
	June 30, 2024	June 30, 2023	Increase (Decrease)	% Change
Local Sources:				
Property Taxes	\$ 38,618,570	\$ 35,227,141	\$ 3,391,429	9.6 %
Earnings on Investments	2,171,285	1,261,315	909,970	72.1
Other	4,515,264	4,559,706	(44,442)	(1.0)
State Sources	101,281,621	92,882,880	8,398,741	9.0
Federal Sources	3,571,839	4,061,303	(489,464)	(12.1)
Total General Fund Revenue	<u>\$ 150,158,579</u>	<u>\$ 137,992,345</u>	<u>\$ 12,166,234</u>	8.8

General Fund revenue increased by \$12,166,234 or 8.8% from the previous year. The changes in the major sources of revenue include:

Property Taxes increased by \$3,391,429 or 9.6%.

Earnings on Investments increased by \$909,970 or 72.1%.

Other local revenue decreased by \$44,442 or 1.0%. The decrease was the result of donations received in 2023.

State Sources increased by \$8,398,741 or 9.0% due to several factors. The largest factors was an increase in general education revenue of \$3,013,730 as well as an increase of \$4,173,138 in special education aid.

Federal revenue is recorded in the year in which the related expenditure is made. Federal sources decreased by \$489,464 from fiscal year 2024, and is returning to pre-pandemic levels as there was previously additional 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, 2024**

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, 2024	June 30, 2023	Increase (Decrease)	Percent Change
Salaries	\$ 89,324,178	\$ 85,162,916	\$ 4,161,262	4.9 %
Employee Benefits	23,006,649	21,649,263	1,357,386	6.3
Purchased Services	15,720,049	15,906,215	(186,166)	(1.2)
Supplies and Materials	5,872,435	4,823,933	1,048,502	21.7
Capital Expenditures	9,816,310	8,544,390	1,271,920	14.9
Debt Service	977,022	1,025,392	(48,370)	(4.7)
Other Expenditures	319,808	707,734	(387,926)	(54.8)
Total General Fund Expenditures	<u>\$ 145,036,451</u>	<u>\$ 137,819,843</u>	<u>\$ 7,216,608</u>	5.2

Total General Fund expenditures increased \$7,216,608 or 5.2% from the previous year. The changes in the major expenditure categories include:

The salaries increase of \$4,161,262 or 4.9%, is primarily due to contract agreements (including one-time payments) and cost of living increases from year to year included in the contracts.

Employee benefits increased by \$1,357,386 or 6.3%. The increase is due to the corresponding statutory benefits associated with salaries as well as additions to other benefits including medical and 403b contributions per contract agreements.

Capital Expenditures increased in the General Fund by \$1,271,920 or 14.9%. The increase is primarily due to an increase in Long-Term Facilities Maintenance (LTFM) projects over multiple buildings.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

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 2022-23.
- Increase in appropriations for significant unbudgeted costs.

While the District anticipated that the net change in fund balance would be an increase of \$4,717,163, total fund balance increased \$6,845,344. Revenue was above budget by \$1,612,480 or 1.09%. State and federal sources ended the year below budget to partially offset some of the following larger budget surpluses. Earnings and Investments and other revenue which includes donations, interest, fees, miscellaneous exceeded budget by \$2,358,523. The District continues to practice conservative budgeting for these items as they can fluctuate dramatically from year to year. Overall expenditures were \$309,455 below budget or 0.21%. The unassigned portion of the fund balance in the General Fund is 12.38% of expenditures which is within the Board policy guideline.

Food Service Fund

The Food Service Fund revenue for 2023-24 totaled \$8,843,312 and expenditures were \$7,853,351. The June 30, 2024 fund balance is \$5,699,972, an increase of \$989,961 from fiscal year 2023. This was an increase compared to an anticipated decrease of \$76,373 for the final budget. Federal revenue decreased from \$2,674,858 in fiscal year 2023 to \$2,451,392 in fiscal year 2024. Other revenue (primarily meal sales) decreased from \$3,567,310 in fiscal year 2023 to \$1,445,171 in fiscal year 2024 while state sources increased from \$313,714 in fiscal year 2023 to \$4,396,195 in fiscal year 2024 due to changes in state legislation that provided funding for student meals not already covered by federal funding.

Community Service Fund

The Community Service Fund revenue for 2023-24 totaled \$10,502,608 and expenditures were \$9,399,651. Total fund balance increased by \$1,102,957 which exceeded the budgeted increase in fund balance of \$500,952 by \$602,005. The ending fund balance for the Community Service Fund was \$3,312,368. Actual revenues were 7.0% or \$686,043 over budget and expenditures were 0.9% or \$84,083 over budget.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

Capital Projects - Building Construction Fund

The District currently has three active construction categories: Capital Projects Levy, Long Term Facility Maintenance and Carver Elementary Addition.

The Capital Projects or Technology Levy – Building Construction Fund revenue for 2023-24 totaled \$2,386,301 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 \$2,780,891 in 2023-24. This levy was renewed in the fall of 2019 for ten years. The remaining balance in the Capital Projects fund balance was \$323,481.

Long Term Facility Maintenance Revenue is generated through the sale of general obligation facility maintenance bonds approved by the Board. Revenue will be collected over 10 years and started in 2021-22. For 2022-23 fiscal year, the District recognized the sale of \$34,235,000 in bonds to support work identified in the 10-year facility maintenance plan. Significant work at the districts middle schools started in the summer of 2023.

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 work was expected to be finalized in the 2023-24 fiscal year. However, the final work will be completed by December of 2024. The restricted fund balance was reduced from \$712,957 in fiscal year 2022-23 to \$595,612.

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. The Debt Service Fund revenue for 2023-24 totaled \$18,953,448. Expenditures were \$18,326,962 for principal and interest payments. The total Debt Service Fund balance is \$3,978,616, an increase of \$626,486 from fiscal year 2023. Revenue and expenditures were within 2.8% and 0.02% of budget, respectively.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of June 30, 2024, the District has invested \$410,961,103 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 \$12,127,735.

**Table A-7
Capital Assets**

	<u>2024</u>	<u>2023</u>	<u>Percentage Change</u>
Land	\$ 19,318,976	\$ 19,320,976	(0.0)%
Construction in Progress	37,380,376	15,137,304	146.9
Land Improvements	10,038,125	10,095,561	(0.6)
Buildings and Improvements	310,548,781	311,327,486	(0.3)
Equipment	31,609,484	23,612,463	33.9
Leased Assets	2,065,361	2,065,361	-
Less: Accumulated Depreciation/Amortization	<u>(153,238,754)</u>	<u>(142,605,803)</u>	7.5
Total Capital Assets Net of Depreciation/ Amortization	<u>\$ 257,722,349</u>	<u>\$ 238,953,348</u>	7.9

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

Long-Term Liabilities

At year-end, the District had \$117,520,000 in general obligation bonds outstanding as shown in Note 6 to the financial statements. The District also had an estimated \$2,115,419 in net severance and compensated absences at June 30, 2024, a net decrease of \$186,696 from June 30, 2023, as well as a net OPEB liability of \$656,348, an decrease of \$2,292,193. The District also had an estimated \$102,957,655 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**

	2024	2023	Percentage Change
General Obligation Bonds	\$ 117,520,000	\$ 130,295,000	(9.8)%
Net Bond Premium and Discount	8,372,370	10,168,494	(17.7)
Equipment Certificates Payable	4,447,000	5,299,000	(16.1)
Certificates of Participation Payable	7,875,000	8,205,000	(4.0)
Financed Purchases	867,020	1,076,345	(19.4)
Long-Term Leases	1,511,902	1,708,230	(11.5)
Net Pension Liability	102,957,655	107,563,018	(4.3)
Net Other Postemployment Benefits Liability	656,348	2,948,541	(77.7)
Severance Benefits Payable	1,227,886	1,307,255	(6.1)
Compensated Absences Payable	887,533	994,860	(10.8)
Total Long-Term Liabilities	<u>\$ 246,322,714</u>	<u>\$ 269,565,743</u>	(8.6)
Long-Term Liabilities:			
Due Within One Year	\$ 15,756,520	\$ 15,197,703	
Due in More Than One Year	230,566,194	254,368,040	
Total	<u>\$ 246,322,714</u>	<u>\$ 269,565,743</u>	

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 2024 and 2025, the state of Minnesota provided an increase of 4.0% 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 resolve the funding gap for our special education services.

Over the past 22 years (FY03-FY25), inflation in Minnesota increased a cumulative 73.92%. Had the Basic Formula increased with the rate of inflation, it would have increased \$3,671 from \$4,966 in FY03 to \$8,637 for FY25. Meanwhile, the Basic Formula has increased only a cumulative 46.61% or \$2,315, which is \$1,356 below the rate of inflation over that time. Rising costs not being met by a state revenue has resulted in the District turning to local tax payers for fill that gap.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

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 unit with inflation adjustments, which equated to approximately \$5.5 million of additional revenue for the district in the first year, fiscal year 2024.

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.

In June 2023, the Minnesota state legislature provided school boards the authority to a one-time renewal of an expiring operating referendum. The Eastern Carver County School Board used this authority to renew a \$150.35 referenda that would have expired in fiscal year 2024.

The District has an additional operating referendum of \$829.19 that is set to expire in fiscal year 2026. Planning for the renewal and/or replacement of the expiring operating referendum 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. The District spent over \$1.7M in federal COVID-19 funds in the 2022-23 fiscal year and over \$933,000 in the 2023-24 fiscal year.

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, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2023)

	Governmental Activities	
	2024	2023
ASSETS		
Cash and Investments	\$ 102,546,629	\$ 116,475,396
Receivables:		
Property Taxes	32,089,548	31,091,310
Other Governments	13,922,777	9,733,416
Other	347,497	702,763
Prepaid Items	328,780	104,723
Inventories	154,960	145,643
Due from Irrevocable Trust Fund	415,838	-
Lease Receivables	2,503,365	1,795,488
Capital Assets:		
Capital Assets Not Being Depreciated or Amortized	56,699,352	34,458,280
Other Capital Assets, Net of Depreciation and Amortization	201,022,997	204,495,068
Total Assets	<u>410,031,743</u>	<u>399,002,087</u>
DEFERRED OUTFLOWS OF RESOURCES		
Losses on Debt Refunding	212,118	282,139
Deferred Outflows - Pensions	25,123,981	35,313,469
Deferred Outflows - OPEB	302,705	687,795
Total Deferred Outflows	<u>25,638,804</u>	<u>36,283,403</u>
LIABILITIES		
Salaries Payable	13,548,627	13,154,581
Accounts and Contracts Payable	8,840,097	9,853,154
Accrued Interest	1,877,180	1,978,791
Due to Other Governmental Units	2,151,674	793,111
Unearned Revenue	897,077	1,488,066
Long-Term Liabilities:		
Net Pension Liability	102,957,655	107,563,018
Net Other Postemployment Benefits Liability	656,348	2,948,541
Portion Due Within One Year	15,756,520	15,197,703
Portion Due in More Than One Year	126,952,191	143,856,481
Total Liabilities	<u>273,637,369</u>	<u>296,833,446</u>

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2023)**

	Governmental Activities	
	2024	2023
DEFERRED INFLOWS OF RESOURCES		
Property Taxes Levied for Subsequent Year	\$ 59,482,259	\$ 57,808,516
Deferred Inflows - Lease Receivable	2,310,771	1,706,441
Gains on Debt Refunding	515,047	853,508
Deferred Inflows - Pensions	12,384,664	25,330,177
Deferred Inflows - Other Postemployment Benefits	2,955,236	1,099,040
Total Deferred Inflows of Resources	<u>77,647,977</u>	<u>86,797,682</u>
NET POSITION		
Net Investment in Capital Assets	121,188,091	113,535,100
Restricted for:		
General Fund Operating Capital Purposes	140,076	516,765
General Fund State-Mandated Reserves	2,303,623	1,116,411
Food Service	5,699,972	4,564,368
Community Service	3,314,940	2,202,551
Debt Service	2,143,570	1,401,599
Capital Projects - Building Construction	8,299,685	2,737
Unrestricted	<u>(58,704,756)</u>	<u>(71,685,169)</u>
Total Net Position	<u>\$ 84,385,201</u>	<u>\$ 51,654,362</u>

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2023)**

Functions	2024				2023
	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
GOVERNMENTAL ACTIVITIES					
Administration	\$ 3,970,409	\$ 122,441	\$ 936,822	\$ -	\$ (2,911,146)
District Support Services	4,857,579	-	-	10,961	(4,846,618)
Regular Instruction	62,979,118	1,275,342	1,060,507	53,354	(60,589,915)
Vocational Education Instruction	1,209,918	-	7,718	-	(1,202,200)
Special Education Instruction	24,769,811	378,129	19,956,070	-	(4,435,612)
Instructional Support Services	10,897,140	173,200	2,497,144	15,904	(8,210,892)
Pupil Support Services	15,297,735	-	686,810	5,209	(14,605,716)
Sites and Buildings	15,015,081	620	1,155,752	1,229,526	(12,629,183)
Fiscal and Other Fixed Cost Programs	1,096,153	-	-	-	(1,096,153)
Food Service	7,853,351	1,440,849	7,179,551	-	767,049
Community Service	8,301,183	7,269,688	1,843,843	-	812,348
Interest and Fiscal Charges on Long-Term Liabilities	2,775,156	-	-	-	(2,775,156)
Total School District	<u>\$ 159,022,634</u>	<u>\$ 10,660,269</u>	<u>\$ 35,324,217</u>	<u>\$ 1,314,954</u>	(111,723,194)
GENERAL REVENUES					
Property Taxes Levied for:					
General Purposes					38,652,463
Community Service					1,143,562
Debt Service					18,226,671
Capital Projects					2,388,395
State Aid Not Restricted to Specific Purposes					77,267,790
Earnings on Investments					3,842,885
Miscellaneous					2,148,540
Gain on Sale of Capital Assets					783,727
Total General Revenues					<u>144,454,033</u>
CHANGE IN NET POSITION					32,730,839
Net Position - Beginning					<u>51,654,362</u>
NET POSITION - ENDING					<u>\$ 84,385,201</u>
					<u>\$ 51,654,362</u>

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2023)**

	Major Funds					Total Government Funds	Total Government Funds
	General	Food Service	Community Service	Capital Projects	Debt Service	2024	2023
ASSETS							
Cash and Investments	\$ 52,201,979	\$ 5,972,446	\$ 4,862,851	\$ 19,341,945	\$ 13,078,844	\$ 95,458,065	\$ 108,404,739
Receivables:							
Current Property Taxes	21,422,252	-	555,125	-	9,872,135	31,849,512	30,938,985
Delinquent Property Taxes	160,856	-	4,587	-	74,593	240,036	152,325
Due from Other Minnesota School Districts	122,441	146	1,969	-	-	124,556	128,080
Due from Minnesota Department of Education	10,021,155	164,202	169,608	-	33,788	10,388,753	8,128,372
Due from Federal through Minnesota Department of Education	3,118,225	38,477	-	-	-	3,156,702	1,031,203
Due from Federal Government Received Directly	8,664	-	-	-	-	8,664	4,322
Due from Other Governmental Units	244,102	-	-	-	-	244,102	441,439
Accounts and Interest Receivable	157,131	14,555	43,585	107,424	24,802	347,497	702,763
Due from Other Funds	415,838	-	-	-	-	415,838	-
Lease Receivable	2,503,365	-	-	-	-	2,503,365	1,795,488
Prepays	302,404	-	26,376	-	-	328,780	104,723
Inventory	-	154,960	-	-	-	154,960	145,643
Total Assets	<u>\$ 90,678,412</u>	<u>\$ 6,344,786</u>	<u>\$ 5,664,101</u>	<u>\$ 19,449,369</u>	<u>\$ 23,084,162</u>	<u>\$ 145,220,830</u>	<u>\$ 151,978,082</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE							
Liabilities:							
Salaries and Compensated Absences Payable	\$ 9,358,771	\$ 266,883	\$ 457,658	\$ 69,690	\$ -	\$ 10,153,002	\$ 10,068,756
Payroll Deductions and Employer Contributions Payable	3,111,376	120,753	133,432	30,064	-	3,395,625	3,085,825
Accounts and Contracts Payable	1,734,922	33,291	78,318	5,909,083	475	7,756,089	8,324,476
Due to Other Governmental Units	1,335,070	-	37,720	778,884	-	2,151,674	793,111
Unearned Revenue	109,098	223,887	564,092	-	-	897,077	1,488,066
Total Liabilities	<u>15,649,237</u>	<u>644,814</u>	<u>1,271,220</u>	<u>6,787,721</u>	<u>475</u>	<u>24,353,467</u>	<u>23,760,234</u>
Deferred Inflows of Resources:							
Unavailable Revenue - Property Taxes Levied for Subsequent Year	39,341,381	-	1,077,941	-	19,062,937	59,482,259	57,808,516
Unavailable Revenue - Delinquent Property Taxes	90,844	-	2,572	-	42,134	135,550	82,577
Lease Receivable	2,310,771	-	-	-	-	2,310,771	1,706,441
Total Deferred Inflows of Resources	<u>41,742,996</u>	<u>-</u>	<u>1,080,513</u>	<u>-</u>	<u>19,105,071</u>	<u>61,928,580</u>	<u>59,597,534</u>

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2023)**

	Major Funds					Total Government Funds 2024	Total Government Funds 2023
	General	Food Service	Community Service	Capital Projects	Debt Service		
Fund Balance:							
Nonspendable:							
Prepays	\$ 302,404	\$ -	\$ 26,376	\$ -	\$ -	\$ 328,780	\$ 104,723
Inventory	-	154,960	-	-	-	154,960	145,643
Restricted for:							
Student Activities	217,683	-	-	-	-	217,683	209,997
Area Learning Center	124,635	-	-	-	-	124,635	79,987
Basic Skills Programs	582,430	-	-	-	-	582,430	-
Capital Projects Levy	908,310	-	-	323,481	-	1,231,791	1,015,854
School Library Aid	13,573	-	-	-	-	13,573	-
Community Education	-	-	2,854,936	-	-	2,854,936	1,745,271
Early Childhood and Family Education	-	-	275,714	-	-	275,714	328,938
Long-Term Facility Maintenance	-	-	-	11,742,555	-	11,742,555	-
Medical Assistance	332,542	-	-	-	-	332,542	436,929
Operating Capital	140,076	-	-	-	-	140,076	516,765
Literacy Incentive Aid	19,585	-	-	595,612	-	615,197	712,957
Safe Schools Levy	104,865	-	-	-	-	104,865	91,715
School Readiness	-	-	46,606	-	-	46,606	104,973
Other Purposes	-	5,545,012	108,736	-	3,978,616	9,632,364	38,415,166
Assigned for:							
Transportation Center	8,011,662	-	-	-	-	8,011,662	6,606,505
Construction	200,000	-	-	-	-	200,000	200,000
Separation/Retirement Benefits	1,700,000	-	-	-	-	1,700,000	1,700,000
Capital Maintenance - Victoria Field House	80,000	-	-	-	-	80,000	80,000
Quality Comp	300,074	-	-	-	-	300,074	346,728
Energy Efficiency	259,495	-	-	-	-	259,495	213,785
MTSS-ADSiS	879,961	-	-	-	-	879,961	766,358
Site Carry-Over	1,158,127	-	-	-	-	1,158,127	602,886
Unassigned	17,950,757	-	-	-	-	17,950,757	14,195,134
Total Fund Balance	<u>33,286,179</u>	<u>5,699,972</u>	<u>3,312,368</u>	<u>12,661,648</u>	<u>3,978,616</u>	<u>58,938,783</u>	<u>68,620,314</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 90,678,412</u>	<u>\$ 6,344,786</u>	<u>\$ 5,664,101</u>	<u>\$ 19,449,369</u>	<u>\$ 23,084,162</u>	<u>\$ 145,220,830</u>	<u>\$ 151,978,082</u>

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, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2023)**

	2024	2023
Total Fund Balance for Governmental Funds	\$ 58,938,783	\$ 68,620,314
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	19,318,976	19,320,976
Construction in Progress	37,380,376	15,137,304
Land Improvements, Net of Accumulated Depreciation	3,988,617	4,429,685
Buildings and Improvements, Net of Accumulated Depreciation	179,060,529	186,167,095
Equipment, Net of Accumulated Depreciation	16,566,364	12,267,672
Leased Assets, Net of Amortization	1,407,487	1,630,616
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.		
	135,550	82,577
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	(656,348)	(2,948,541)
Deferred Inflows of Resources - Other Postemployment Benefits	(2,955,236)	(1,099,040)
Deferred Outflows of Resources - Other Postemployment Benefits	302,705	687,795
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	212,118	282,139
Gains on Debt Refunding	(515,047)	(853,508)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		
	(1,877,180)	(1,978,791)
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	(102,957,655)	(107,563,018)
Deferred Inflows of Resources - Pensions	(12,384,664)	(25,330,177)
Deferred Outflows of Resources - Pensions	25,123,981	35,313,469

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 (CONTINUED)
JUNE 30, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2023)**

	<u>2024</u>	<u>2023</u>
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	\$ (117,520,000)	\$ (130,295,000)
Unamortized Premiums	(8,372,370)	(10,168,494)
Certificates of Participation Payable	(4,447,000)	(5,299,000)
Equipment Certificates Payable	(7,875,000)	(8,205,000)
Long-Term Leases Payable	(1,511,902)	(1,708,230)
Financed Purchase Agreement Payable	(867,020)	(1,076,345)
Severance Benefits Payable	(1,227,886)	(1,307,255)
Compensated Absences Payable	(887,533)	(994,860)
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:		
	<u>6,004,556</u>	<u>6,541,979</u>
Total Net Position of Governmental Activities	<u><u>\$ 84,385,201</u></u>	<u><u>\$ 51,654,362</u></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
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2023)**

	Major Funds					Total Governmental Funds	
	General	Food Service	Community Service	Capital Projects	Debt Service	2024	2023
REVENUES							
Local Sources:							
Property Taxes	\$ 38,618,570	\$ -	\$ 1,142,559	\$ 2,386,301	\$ 18,210,688	\$ 60,358,118	\$ 55,599,658
Earnings and Investments	2,171,285	218,776	180,636	518,413	404,876	3,493,986	3,070,196
Other	4,515,264	1,445,171	7,303,110	-	-	13,263,545	14,859,416
State Sources	101,281,621	4,396,195	1,816,379	1,564	337,884	107,833,643	95,093,247
Federal Sources	3,571,839	2,783,170	59,924	-	-	6,414,933	6,938,749
Total Revenues	150,158,579	8,843,312	10,502,608	2,906,278	18,953,448	191,364,225	175,561,266
EXPENDITURES							
Current:							
Administration	4,798,968	-	-	-	-	4,798,968	4,488,465
District Support Services	4,341,172	-	-	-	-	4,341,172	3,968,011
Elementary and Secondary Regular Instruction	59,756,968	-	-	-	-	59,756,968	58,050,289
Vocational Education Instruction	1,291,587	-	-	-	-	1,291,587	1,121,135
Special Education Instruction	26,362,550	-	-	-	-	26,362,550	24,681,532
Instructional Support Services	9,899,474	-	-	-	-	9,899,474	8,570,222
Pupil Support Services	13,516,178	-	-	-	-	13,516,178	12,257,336
Sites and Buildings	13,156,555	-	-	-	-	13,156,555	14,295,689
Fiscal and Other Fixed Cost Programs	1,096,153	-	-	-	-	1,096,153	817,382
Food Service	-	7,379,081	-	-	-	7,379,081	6,337,465
Community Service	23,514	-	9,375,810	-	-	9,399,324	8,939,228
Capital Outlay	9,816,310	474,270	23,841	22,152,557	-	32,466,978	23,563,269
Debt Service:							
Principal	735,653	-	-	-	13,627,000	14,362,653	13,897,119
Interest and Fiscal Charges	241,369	-	-	-	4,699,962	4,941,331	4,989,387
Total Expenditures	145,036,451	7,853,351	9,399,651	22,152,557	18,326,962	202,768,972	185,976,529
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,122,128	989,961	1,102,957	(19,246,279)	626,486	(11,404,747)	(10,415,263)

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 (CONTINUED)
YEAR ENDED JUNE 30, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2023)**

	Major Funds					Total Governmental Funds	
	General	Food Service	Community Service	Capital Projects	Debt Service	2024	2023
OTHER FINANCING SOURCES							
Sale of Real Property	\$ 1,517,000	\$ -	\$ -	\$ -	\$ -	\$ 1,517,000	\$ -
Sale of Equipment	2,050	-	-	-	-	2,050	250
Insurance Recovery	204,166	-	-	-	-	204,166	114,223
Issuance of Long-Term Leases	-	-	-	-	-	-	27,603
Sale of Bonds	-	-	-	-	-	-	34,235,000
Bond Premium	-	-	-	-	-	-	3,762,604
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	-	(31,390,000)
Total Other Financing Sources	<u>1,723,216</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,723,216</u>	<u>6,749,680</u>
NET CHANGE IN FUND BALANCE	6,845,344	989,961	1,102,957	(19,246,279)	626,486	(9,681,531)	(3,665,583)
FUND BALANCES							
Beginning of Year	<u>26,440,835</u>	<u>4,710,011</u>	<u>2,209,411</u>	<u>31,907,927</u>	<u>3,352,130</u>	<u>68,620,314</u>	<u>72,285,897</u>
End of Year	<u>\$ 33,286,179</u>	<u>\$ 5,699,972</u>	<u>\$ 3,312,368</u>	<u>\$ 12,661,648</u>	<u>\$ 3,978,616</u>	<u>\$ 58,938,783</u>	<u>\$ 68,620,314</u>

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, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2023)**

	<u>2024</u>	<u>2023</u>
Net Change in Fund Balance - Total Governmental Funds	\$ (9,681,531)	\$ (3,665,583)
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	31,632,059	17,144,619
Gain/(Loss) on Disposal of Capital Assets	783,727	(440,468)
Proceeds from the Sales of Capital Assets	(1,519,050)	(250)
Depreciation and Amortization Expense	(12,127,735)	(10,685,987)
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.		
	52,973	(24,364)
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	-	(27,603)
Principal Payments - Long-Term Leases	196,328	185,684
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.		
	7,361,388	21,727,805
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).		
	186,696	(110,127)
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.		
	50,907	(276,094)

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 (CONTINUED)
YEAR ENDED JUNE 30, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2023)**

	<u>2024</u>	<u>2023</u>
<p>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:</p>		
Sale of General Obligation Bonds	\$ -	\$ (34,235,000)
Bond Premiums	-	(3,762,604)
Payment to Refunded Bond Escrow Agent	-	31,390,000
Repayment of Bond Principal	12,775,000	12,435,000
Repayment of Certificates of Participation Payable	1,182,000	1,070,000
Repayment of Financed Purchases	209,325	206,435
Change in Accrued Interest	101,611	122,696
Amortization of Bond Premium	1,796,124	2,571,367
Amortization of Deferred Charges on Refunding Bonds	268,440	587,199
<p>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.</p>		
	<u>(537,423)</u>	<u>(316,312)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 32,730,839</u></u>	<u><u>\$ 33,896,413</u></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, 2024
 (WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2023)

	Governmental Activities Internal Service Funds	
	2024	2023
ASSETS		
Cash and Cash Equivalents	\$ 7,088,564	\$ 8,070,657
Total Assets	<u>7,088,564</u>	<u>8,070,657</u>
LIABILITIES		
Claims Payable	<u>1,084,008</u>	<u>1,528,678</u>
NET POSITION		
Unrestricted	<u>\$ 6,004,556</u>	<u>\$ 6,541,979</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, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2023)**

	Governmental Activities Internal Service Funds	
	2024	2023
OPERATING REVENUES		
Charges for Services:		
Health Insurance Premiums	\$ 10,938,261	\$ 9,959,519
Dental Insurance Premiums	825,892	759,478
Chrome Book Insurance Premiums	48,356	42,332
Total Operating Revenues	<u>11,812,509</u>	<u>10,761,329</u>
OPERATING EXPENSES		
Health Insurance Claim Payments	11,808,328	10,486,751
Dental Insurance Claim Payments	869,248	824,205
General Administration Fees	-	4,000
Supplies and Materials	21,255	7,745
Total Operating Expenses	<u>12,698,831</u>	<u>11,322,701</u>
OPERATING LOSS	(886,322)	(561,372)
NONOPERATING INCOME		
Earnings on Investments	<u>348,899</u>	<u>245,060</u>
CHANGE IN NET POSITION	(537,423)	(316,312)
Net Position - Beginning	<u>6,541,979</u>	<u>6,858,291</u>
NET POSITION - ENDING	<u><u>\$ 6,004,556</u></u>	<u><u>\$ 6,541,979</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 (CONTINUED)
YEAR ENDED JUNE 30, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2023)**

	Governmental Activities Internal Service Funds	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Interfund Services Provided	\$ 11,764,153	\$ 10,718,997
Receipts from Insurance Premiums	48,356	42,332
Payments for Administrative Costs	-	(4,000)
Payments for Medical Fees and Insurance Claims	(13,126,918)	(10,764,672)
Payments for Supplies and Materials	(16,583)	(7,745)
Net Cash Used by Operating Activities	(1,330,992)	(15,088)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	348,899	245,060
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(982,093)	229,972
CASH AND CASH EQUIVALENTS - BEGINNING	8,070,657	7,840,685
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 7,088,564</u>	<u>\$ 8,070,657</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$ (886,322)	\$ (561,372)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Increase (Decrease) in Claims Payable	(444,670)	546,284
Net Cash Used by Operating Activities	<u>\$ (1,330,992)</u>	<u>\$ (15,088)</u>

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2024**

	Scholarship Fund	OPEB Irrevocable Trust
ASSETS		
Cash and Cash Equivalents	\$ 45,871	\$ -
Investments:		
Domestic Fixed Income Securities	-	3,131,012
Domestic Equities	-	3,185,052
Money Markets	110,629	74,936
Total Assets	<u>156,500</u>	<u>6,391,000</u>
LIABILITIES		
Accounts and Contracts Payable	1,000	-
Due to Other Funds	-	415,838
Total Liabilities	<u>1,000</u>	<u>415,838</u>
NET POSITION		
Restricted for Scholarship Fund	155,500	-
Restricted for OPEB	<u>-</u>	<u>5,975,162</u>
Total Net Position	<u>\$ 155,500</u>	<u>\$ 5,975,162</u>

See accompanying Notes to Basic Financial Statements.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2024**

	Scholarship Fund	OPEB Irrevocable Trust
ADDITIONS		
Contributions	\$ 102,869	\$ -
Investment Income	5,782	636,860
Total Additions	<u>108,651</u>	<u>636,860</u>
DEDUCTIONS		
Benefits Paid to Plan Members	-	415,838
Scholarships Awarded	111,161	-
Administrative Expenses	-	2,944
Total Deductions	<u>111,161</u>	<u>418,782</u>
NET INCREASE (DECREASE) IN NET POSITION	(2,510)	218,078
Net Position - Beginning of Year	<u>158,010</u>	<u>5,757,084</u>
NET POSITION - END OF YEAR	<u><u>\$ 155,500</u></u>	<u><u>\$ 5,975,162</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, 2024**

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.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

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.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statement Presentation (Continued)

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

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide, internal service fund, and the fiduciary fund 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, 2024**

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, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

Fiduciary Funds

Scholarship Fund

The Scholarship Fund is a custodial fund 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, 2024**

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	\$ 147,590,491	\$ 955,608	\$ 148,546,099
Special Revenue Fund:			
Food Service Fund	6,470,192	-	6,470,192
Community Service Fund	9,816,565	-	9,816,565
Capital Projects Fund	2,986,301	-	2,986,301
Debt Service Fund	18,439,210	-	18,439,210
<u>Expenditures</u>			
General Fund	\$ 145,429,216	\$ (83,310)	\$ 145,345,906
Special Revenue Fund:			
Food Service Fund	6,546,565	-	6,546,565
Community Service Fund	9,315,613	-	9,315,613
Capital Projects Fund	15,986,118	2,050,846	18,036,964
Debt Service Fund	18,329,942	-	18,329,942

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, 2024**

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. The District did not have any Cash with Fiscal Agent in fiscal year 2024. In the Debt Service Fund, a 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 assets 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, 2024**

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 assets 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. Lease Receivable

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, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Lease Receivable (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 recognizes 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.

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.

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 2023 pay 2024 levy, normally revenue for the 2024-25 fiscal year, are also advance recognized as June 30, 2024, as required by state statute to match revenue with the same fiscal year as the related expenditures.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Property Taxes (Continued)

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, 2024, 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 for individual purchases, \$50,000 or more for group asset purchases, 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.

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.

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Capital Assets (Continued)

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets. Useful lives vary from three to five years for SBITA assets.

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.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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".

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 (\$1,275,918) in the General Fund in relation to Long-Term Facilities Maintenance funding. 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, 2024**

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/amortization, 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, deferred outflows or resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

Excess of Expenditures Over Budget:

	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Special Revenue Funds:			
Food Service Fund	\$ 6,546,565	\$ 7,853,351	\$ 1,306,786
Community Service Fund	9,315,613	9,399,651	84,038
Capital Projects Fund	18,036,964	22,152,557	4,115,593

These overages were considered by District management to be the result of necessary expenditures critical to operations.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

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, 2024 is \$7,352,939 and \$9,853,405, respectively, and were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

At June 30, 2024, 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

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

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, 2024, the District’s investment balances were as follows:

	<u>Fair Value</u>
Federal Home Loan Bank	\$ 5,924,690
Negotiable Certificates of Deposit	248,027
U.S. Treasuries with Maturities at Purchase of Greater than One Year	<u>3,028,632</u>
Total	<u><u>\$ 9,201,349</u></u>
	 <u>Amortized</u>
	<u>Cost</u>
Minnesota School District Liquid Asset Fund Term	\$ 10,000,000
Minnesota School District Liquid Asset Fund Plus Liquid Class	12,240,176
Minnesota School District Liquid Asset Fund Plus Max Class	3,978,425
MN Trust Investment Shares	1,114,665
U.S. Treasuries with Maturities at Purchase of Less than One Year	9,292,184
Money Markets	<u>49,528,001</u>
Total	<u><u>\$ 86,153,451</u></u>
 Total Investments Held with Broker	 <u><u>\$ 95,354,800</u></u>

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

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	\$ 3,185,052
Mutual Fund - Fixed Income	3,131,012
Money Market Mutual Funds	74,936
Total	<u>\$ 6,391,000</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	\$ 12,240,176	\$ -	\$ -	\$ -	\$ 12,240,176	AAAf
MSDLAF+ Max Class	3,978,425	-	-	-	3,978,425	AAAf
MSDLAF TERM	10,000,000	-	-	-	10,000,000	AAAf
Federal Home Loan Bank	5,924,690	5,924,690	-	-	-	Aaa
Negotiable Certificates of Deposit	248,027	248,027	-	-	-	Aaa
MN Trust Investment Shares	1,114,665	-	-	-	1,114,665	AAAf
U.S. Treasury Notes	12,320,816	12,320,816	-	-	-	Aaa
Money Market	49,528,001	-	-	-	49,528,001	NR
Total	<u>\$ 95,354,800</u>	<u>\$ 18,493,533</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,861,267</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 5	Over 5		
Mutual Fund - Equity	\$ 3,185,052	\$ -	\$ -	\$ -	\$ 3,185,052	NR
Mutual Fund - Fixed Income	3,131,012	-	126,375	3,004,637	-	NR
Money Market Mutual Funds	74,936	-	-	-	74,936	AAAm
Total	<u>\$ 6,391,000</u>	<u>\$ -</u>	<u>\$ 126,375</u>	<u>\$ 3,004,637</u>	<u>\$ 3,259,988</u>	

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Credit Risk and Interest Rate Risk (Continued) - The Minnesota School District Liquid Asset Fund (MSDLAF) is an external investment pool not registered with the Securities Exchange Commission (SEC). The fair value of the position in the pool is the same as the value of the pool shares. MSDLAF+ Liquid Class and MAX Class are managed to maintain a dollar-weighted average portfolio maturity of no greater than 60 days and seeks to maintain a constant net asset value (NAV) per share of \$1.00. The MSDLAF+ Term series is a fixed-rate investment portfolio designed to match the cashflow requirements of investors with cashflows from the portfolio with planned redemption dates of up to one year. Each series of MSDALF+ Term is a portfolio of permitted investments and will have s series-specific termination date. The MSDLAF+ pools are valued at amortized cost in accordance with accounting statements issued by the Government Accounting Standards Board.

The Liquid Class has no redemption requirements. The Max Class may not be redeemed for at least 14 days, and a 24-hour hold is placed on redemption requests. Redemptions prior to 14 days may be subject to penalty. The Term series requires a minimum investment of \$100,000, and early withdrawal may result in substantial early redemption penalties.

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, 2024, the investment balances were fully covered by insurance for each brokerage firm.

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	\$ 102,546,629
Cash and Cash Equivalents - Statement of Fiduciary	
Net Position	<u>6,547,500</u>
Total Cash and Investments	<u>\$ 109,094,129</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Fair Value Measurements

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

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

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

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

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

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

**INDEPENDENT SCHOOL DISTRICT NO. 112
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

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
U.S. Treasury Notes	\$ 3,028,632	\$ -	\$ -	\$ 3,028,632
Federal Home Loan Bank	-	5,924,690	-	5,924,690
Negotiable Certificates of Deposit	-	248,027	-	248,027
Total	<u>\$ 3,028,632</u>	<u>\$ 6,172,717</u>	<u>\$ -</u>	<u>9,201,349</u>
Investments Measured at Amortized Cost				86,153,451
Total				<u>\$ 95,354,800</u>

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

	Level 1	Level 2	Level 3	Total
Mutual Fund - Equity	\$ 3,185,052	\$ -	\$ -	\$ 3,185,052
Mutual Fund - Fixed Income	3,131,012	-	-	3,131,012
Total	<u>\$ 6,316,064</u>	<u>\$ -</u>	<u>\$ -</u>	<u>6,316,064</u>
Investments Measured at Amortized Cost				74,936
Total				<u>\$ 6,391,000</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated or Amortized:				
Land	\$ 19,320,976	\$ -	\$ (2,000)	\$ 19,318,976
Construction in Progress	15,137,304	22,243,072	-	37,380,376
Total Capital Assets, Not Being Depreciated or Amortized	34,458,280	22,243,072	(2,000)	56,699,352
Capital Assets, Being Depreciated:				
Land Improvements	10,095,561	-	(57,436)	10,038,125
Buildings and Improvements	311,327,486	1,327,671	(2,106,376)	310,548,781
Equipment	23,612,463	8,061,316	(64,295)	31,609,484
Leased Assets, Being Amortized:				
Land and Land Improvements	1,709,301	-	-	1,709,301
Equipment	356,060	-	-	356,060
Total Capital Assets, Being Depreciated/Amortized	347,100,871	9,388,987	(2,228,107)	354,261,751
Accumulated Depreciation for:				
Land Improvements	(5,665,876)	(408,816)	25,184	(6,049,508)
Buildings and Improvements	(125,160,391)	(7,772,972)	1,445,111	(131,488,252)
Equipment	(11,344,791)	(3,722,818)	24,489	(15,043,120)
Accumulated Amortization for:				
Land and Land Improvements	(297,270)	(148,635)	-	(445,905)
Equipment	(137,475)	(74,494)	-	(211,969)
Total Accumulated Depreciation/Amortization	(142,605,803)	(12,127,735)	1,494,784	(153,238,754)
Total Capital Assets, Being Depreciated/Amortized, Net	204,495,068	(2,738,748)	(733,323)	201,022,997
Governmental Activities Capital Assets, Net	<u>\$ 238,953,348</u>	<u>\$ 19,504,324</u>	<u>\$ (735,323)</u>	<u>\$ 257,722,349</u>

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

Governmental Activities	
District Support Services	\$ 31,780
Regular Instruction	9,274,718
Special Education Instruction	6,959
Instructional Support Services	609,985
Pupil Support Services	1,455,338
Sites and Buildings	587,937
Food Service	161,018
Total Depreciation/Amortization Expense, Governmental Activities	<u>\$ 12,127,735</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

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, noncancelable lease agreements. All four leases expire in fiscal year 2051. During the year ended December 31, 2024, the District recognized \$88,065 and \$75,541 in lease revenue and interest revenue, respectively, pursuant to these contracts.

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
2016A GO Building Bonds	3.50% - 5.00%	\$ 57,650,000	2018-2036	\$ 3,060,000	\$ 47,825,000
2020A GO Refunding Bonds	2.00%	44,080,000	2023-2028	10,225,000	35,460,000
2023A GO Facility Maintenance Bonds	4.00% - 5.00%	34,235,000	2028 - 2038	-	34,235,000
Total General Obligation Bonds				13,285,000	117,520,000
Certificates of Participation					
2021A Certificates of Participation	2.00% - 4.00%	8,435,000	2023-2042	340,000	7,875,000
Equipment Certificates					
2021B GO Equipment Certificates	1.45%	6,839,000	2022-2029	864,000	4,447,000
Bond Premiums				-	8,372,370
Financed Purchases				212,256	867,020
Long-Term Leases				203,232	1,511,902
Severance Benefits Payable				-	1,227,886
Compensated Absences Payable				852,032	887,533
Total				<u>\$ 15,756,520</u>	<u>\$ 142,708,711</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.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

B. Descriptions of Long-Term Liabilities

General Obligation Bonds Payable (Continued)

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

In November 2020, the District issued \$44,080,000 of Taxable General Obligation Refunding Bonds, Series 2020A. 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 was 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.

In February 2023, the District issued \$34,235,000 of General Obligation Facilities Maintenance Bonds, Series 2023A. The proceeds of this issue were used to provide funds for deferred capital maintenance projects at various District facilities as described in the District's 10-year facility plan. Maturity payments on these bonds occur annually from February 1, 2029 through February 1, 2038, with installments ranging from \$2,315,000 to \$3,340,000.

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.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

B. Descriptions of Long-Term Liabilities (Continued)

Financed Purchases and Equipment Certificates (Continued)

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.

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
2025	\$ 13,285,000	\$ 4,222,700	\$ 212,256	\$ 1,238	\$ 340,000	\$ 218,050
2026	11,455,000	3,865,200	215,227	9,167	345,000	209,550
2027	11,770,000	3,539,800	218,241	6,154	355,000	200,925
2028	12,120,000	3,203,600	221,296	3,098	365,000	192,050
2029	6,035,000	2,855,000	-	-	375,000	182,925
2030-2034	39,830,000	9,089,150	-	-	2,065,000	713,450
2035-2039	23,025,000	1,904,475	-	-	2,425,000	357,500
2040-2042	-	-	-	-	1,605,000	64,600
Total	<u>\$ 117,520,000</u>	<u>\$ 28,679,925</u>	<u>\$ 867,020</u>	<u>\$ 19,657</u>	<u>\$ 7,875,000</u>	<u>\$ 2,139,050</u>

Year Ending June 30.	Equipment Certificates		Long-Term Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 864,000	\$ 64,482	\$ 203,232	\$ 44,910	\$ 14,904,488	\$ 4,551,380
2026	877,000	51,954	183,937	38,420	13,076,164	4,174,291
2027	889,000	39,237	176,122	32,449	13,408,363	3,818,565
2028	902,000	26,347	153,634	27,314	13,761,930	3,452,409
2029	915,000	13,268	161,261	22,662	7,486,261	3,073,855
2030-2034	-	-	633,716	38,985	42,528,716	9,841,585
2035-2039	-	-	-	-	25,450,000	2,261,975
2040-2042	-	-	-	-	1,605,000	64,600
Total	<u>\$ 4,447,000</u>	<u>\$ 195,288</u>	<u>\$ 1,511,902</u>	<u>\$ 204,740</u>	<u>\$ 132,220,922</u>	<u>\$ 31,238,660</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

D. Changes in Long-Term Debt

	June 30, 2023	Additions	Retirements	June 30, 2024
Bonds Payable	\$ 130,295,000	\$ -	\$ 12,775,000	\$ 117,520,000
Bond Premiums	10,168,494	-	1,796,124	8,372,370
Equipment Certificates	5,299,000	-	852,000	4,447,000
Certificates of Participation	8,205,000	-	330,000	7,875,000
Financed Purchases	1,076,345	-	209,325	867,020
Long-Term Leases Payable	1,708,230	-	196,328	1,511,902
Severance Benefits Payable	1,307,255	1,227,886	1,307,255	1,227,886
Compensated Absences Payable	994,860	1,368,340	1,475,667	887,533
Total	<u>\$ 159,054,184</u>	<u>\$ 2,596,226</u>	<u>\$ 18,941,699</u>	<u>\$ 142,708,711</u>

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

NOTE 7 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 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 School Library Aid – Represents accumulated resources available to be spent on library aid uses listed in the Minnesota Statutes 2023, Section 134.356, subdivision 1.

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

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 FUND BALANCES AND NET POSITION (CONTINUED)

Restricted for Operating Capital – The District levies taxes and receives state aid to be used for the purchase of equipment, books, and vehicles and to purchase, rent, improve and repair school facilities as allowed by state statute. The cumulative excess of such revenues over equipment and facilities expenditures is reported as a restriction of fund balance in the General Fund.

Restricted for Literacy Incentive Aid – Represents available resources dedicated exclusively for to support implementation of evidence-based reading instruction in accordance with wit the Read Act and Minnesota Statute 124D.98, subdivision 5.

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

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

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

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

Restricted for Long Term Facilities Maintenance (LTFM) – Represents available resources to be used for LTFM capital projects in accordance with the 10-year plan.

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	\$ 5,545,012
Restricted for Community Education	108,736
Restricted for Debt Service	<u>3,978,616</u>
Total Restricted for Other Purposes	<u><u>\$ 9,632,364</u></u>

Assigned for Transportation Center – Represents funds set aside from the Cottrell Estate and sale of land in Victoria to be used for costs associated with a new transportation center.

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

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 FUND BALANCES AND NET POSITION (CONTINUED)

Assigned for Construction – Represents amounts assigned for future construction projects.

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.

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, 2024:

Capital Assets, Net of Accumulated Depreciation/ Amortization	\$ 257,722,349
Capital-Related Long-Term Liabilities	(132,220,922)
Capital Related Contracts and Accounts Payable	(5,909,083)
Unamortized Premiums on Capital-Related Debt	(8,372,370)
Deferred Inflows and Deferred Outflows on Refundings	(302,929)
Unspent Bond Proceeds	10,271,046
Net Investment in Capital Assets	<u><u>\$ 121,188,091</u></u>

**INDEPENDENT SCHOOL DISTRICT NO. 112
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLANS

A. Plan Description

1. General Employees Retirement Plan

The District participates in the following cost-sharing multiemployer defined benefit pension plans administered by the Public Employees Retirement Association (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax-qualified plans under Section 401(a) of the Internal Revenue Code.

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

2. Teachers Retirement Fund (TRA)

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

Educators employed in Minnesota's public elementary and secondary schools, charter schools, and certain other TRA-covered educational institutions maintained by the state are required to be TRA members (except those employed by St. Paul schools or Minnesota state colleges and universities). Educators first hired by Minnesota state may elect either TRA coverage or coverage through the Defined Contribution Plan (DCR) administered by the state of Minnesota.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided

1. General Employees Plan Benefits

PERA provides 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.

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

Benefit increases are provided to benefit recipients each January. 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. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

2. TRA Benefits

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

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

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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

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.

**INDEPENDENT SCHOOL DISTRICT NO. 112
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

2. TRA Benefits (Continued)

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

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 2023 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, 2024 were \$1,992,340. 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 the fiscal year for coordinated were 7.75% for the employee and 8.75% for the employer. Basic rates were 11.25% for the employee and 12.75% for the employer. The District's contributions to TRA for the plan's fiscal year ended June 30, 2024 were \$6,004,608. The District's contributions were equal to the required contributions for each year as set by state statute.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs

1. General Employees Plan Pension Costs

At June 30, 2024, the District reported a liability of \$17,877,266 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 \$492,795, for a total net pension liability of \$18,370,061 associated with the District. The net pension liability was measured as of June 30, 2023, 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, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The District's proportionate share was .3197% at the end of the measurement period and .3129% for the beginning of the period.

The District's Proportionate Share of the Net Pension Liability	\$ 17,877,266
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the District	<u>492,795</u>
Total	<u><u>\$ 18,370,061</u></u>

For the year ended June 30, 2024, the District recognized pension expense of \$3,197,910 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized an additional \$2,215 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the General Employees Fund.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Plan Pension Costs (Continued)

At June 30, 2024, 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	\$ 587,096	\$ 123,154
Changes in Actuarial Assumptions	2,894,080	4,900,009
Net Difference Between Projected and Actual		
Earnings on Plan Investments	-	668,548
District Contributions and Proportionate Share		
Changes in Proportion	1,631,438	430,314
District Contributions Subsequent to the		
Measurement Date	1,992,340	-
Total	<u>\$ 7,104,954</u>	<u>\$ 6,122,025</u>

\$1,992,340 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, 2025. 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
2025	\$ 773,307
2026	(1,914,987)
2027	520,087
2028	(387,818)
Thereafter	-

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs

At June 30, 2024 the District reported a liability of \$85,080,389 for its proportionate share of TRA's net pension liability. The net pension liability was measured as of June 30, 2023, 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 1.0305% at the end of the measurement period and 1.0338% at the beginning of the period.

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

Description	Amount
District's Proportionate Share of the TRA	
Net Pension Liability	\$ 85,080,389
State's Proportionate Share of the Net Pension	
Liability Associated with the District	5,959,761
Total	<u>\$ 91,040,150</u>

For the year ended June 30, 2024, the District recognized a decrease in pension expense of \$2,606,567. It also recognized \$589,147 as a decrease to pension expense and negative grant revenue for the support provided by direct aid.

At June 30, 2024, 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	\$ 843,445	\$ 1,238,955
Changes in Actuarial Assumptions	9,911,394	-
Net Difference Between Projected and Actual		
Earnings on Plan Investments	-	315,569
District Contributions and Proportionate Share		
Changes in Proportion	1,259,580	4,708,115
District Contributions Subsequent to the		
Measurement Date	6,004,608	-
Total	<u>\$ 18,019,027</u>	<u>\$ 6,262,639</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. TRA Pension Costs (Continued)

A total of \$6,004,608 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, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2025	\$ 667,422
2026	(1,531,702)
2027	8,264,269
2028	(1,447,674)
2029	(200,535)

3. Aggregate Pension Totals

The aggregate amount of net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense for the District's defined benefit pension plans are summarized below. These liabilities are typically liquidated by the individual activity in which the employee's costs are associated.

	<u>TRA</u>	<u>GERF</u>	<u>Total</u>
Net Pension Liability	\$ 85,080,389	\$ 17,877,266	\$ 102,957,655
Deferred Outflows of Resources	18,019,027	7,104,954	25,123,981
Deferred Inflows of Resources	6,262,639	6,122,025	12,384,664
Pension Expense	(3,195,714)	3,200,125	4,411

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 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	33.50 %	5.10 %
International Equity	16.50	5.30
Private Markets	25.00	5.90
Fixed Income	25.00	0.75
Totals	<u>100.00 %</u>	

The long-term expected rate of return on TRA pension 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 pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocations 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	33.50 %	5.10 %
International Equity	16.50	5.30
Private Markets	25.00	5.90
Fixed Income	25.00	0.75
Totals	<u>100.00 %</u>	

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2023, 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 7.0% for PERA and 7.0% for TRA. 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 7.0% for PERA and 7.0% for TRA 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. 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 percent after 27 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table.

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 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation.

TRA pre-retirement mortality rates were based on the RP-2014 white collar employee table, male rates set back 5 years and female rates set back 7 years. Generational projection uses the MP-2015 scale. Post-retirement mortality rates were based on the RP-2014 white collar annuitant table, male rates set back 3 years and female rates set back 3 years, with further adjustments of the rates.

Generational projection uses the MP-2015 scale. Post-disability mortality rates were based on the RP-2014 disabled retiree mortality table, without adjustment.

Inflation is assumed to be 2.5% for TRA. Benefit increases after retirement are assumed to be 1.0% for January 2019 through January 2023 then increasing by 0.10% each year up to 1.5% annually.

Salary growth assumptions for TRA range in annual increments from 2.85% to 8.85% before July 1, 2028, and 3.25% to 9.25% after June 30, 2028.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Actuarial Methods and Assumptions (Continued)

The following changes in actuarial assumptions and plan provisions for occurred in 2023:

General Employees Fund

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

Changes in Plan Provisions:

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

Teachers Retirement Association

Changes in Actuarial Assumptions

- The employer contribution rate will increase from 8.75% to 9.5% on July 1, 2025.

Changes in Plan Provisions:

- There were no changes in plan provisions since the prior valuation.

G. Discount Rate

The discount rate used to measure the PERA General Employees Plan liability in 2023 was 7.0%. 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.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

G. Discount Rate (Continued)

The discount rate used to measure the TRA pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee contribution will be made at the fiscal year 2023 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
<u>General Employees Plan Discount Rate</u>	6.00%	7.00%	8.00%
District's Proportionate Share of the General Employees Plan Net Pension Liability	\$ 31,626,319	\$ 17,877,266	\$ 6,568,147
<u>TRA Discount Rate</u>	6.00%	7.00%	8.00%
District's Proportionate Share of the TRA Net Pension Liability	\$ 135,696,961	\$ 85,080,389	\$ 43,644,560

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.

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

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 9 COMMITMENTS AND CONTINGENCIES

A. Federal and State Programs

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

B. Contingencies

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

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PLAN

A. Plan Description

The District operates and administers a single-employer defined benefit other postemployment benefit plan (the Plan) that provides health insurance to eligible employees and their spouses through the District's self-insured health insurance plan. There are 1,233 active participants, 53 retired participants, and 14 spouses receiving payments. 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 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 2024, the District was reimbursed by its irrevocable trust for the explicit and implicit cost of benefits for retirees and made no additional contributions to the irrevocable trust and, therefore, made no contributions to the Plan.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

C. Net OPEB Liability (Asset) of the District

The components of the net OPEB liability (asset) of the District at June 30, 2024 were as follows:

Total OPEB Liability	\$ 6,631,510
Plan Fiduciary Net Position	<u>5,975,162</u>
District's Net OPEB Liability (Asset)	<u><u>\$ 656,348</u></u>

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	90%
--	-----

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, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2023. 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, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	Service Graded Table
Investment Rate of Return	6.00%
20-Year Municipal Bond Yield	4.10%
Health Care Trend Rates	6.50% Decreasing to 5.00% over 6 Years and to 4.00% Over the Next 48 Years

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Teachers) with MP-2021 Generational Improvement Scale.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

D. Actuarial Methods and Assumptions (Continued)

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2014 through June 30, 2018 and a study of economic assumptions dated November 2017. The rates for other employees are based on the Public Employees Retirement Association of Minnesota most recent four-year experience study for the General Employees Plan completed in 2019 and a review of the inflation assumption.

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

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Fixed Income	50.00 %	4.70 %
Domestic Equity	33.00	7.50
International Equity	17.00	7.20
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 4.60%. The projection of cash flows and OPEB trust assets used to determine the discount rate were based on recent employer contribution history and their stated funding policy. The OPEB trust's long-term assumed investment return was used to discount projected benefit payments for as long as projected trust assets are available to fund OPEB payments. Once projected trust assets are exhausted, the municipal bond index rate of 4.10% was applied to the remaining expected benefit payments.

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

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

D. Actuarial Methods and Assumptions (Continued)

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

- Assumption Changes:
 - The health care trend rates and mortality tables were updated.
 - The percentage of future retirees who are assumed to continue on one of the district's medical plans post-employment was reduced from 80% to 60% for Teachers.
 - The long-term expected investment return was changed from 6.10% to 6.00%.
 - The discount rate was changed from 4.20% to 4.60%.
- Plan Provisions Changes:
 - The Principals' District Contribution increased from \$5,400 to \$9,000 per year for those who retire after July 1, 2022.
 - Principals' hired after June 30, 2023 are no longer eligible for post-employment District contributions to the Health Care Savings Plan.

E. Rate of Return

For the current year ended, the annual money-weighted rate of return on investments, net of investment expense, was 11.1%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

F. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Beginning Balance	\$ 8,705,625	\$ 5,757,084	\$ 2,948,541
Changes for the Year:			
Service Cost	459,901	-	459,901
Change in Benefit Terms	-	-	-
Interest Cost	375,331	-	375,331
Assumption Changes	(1,328,654)	-	(1,328,654)
Plan Changes	170,393	-	170,393
Differences Between Expected and Actual Experience	-	-	-
Assumption Changes	-	-	-
Contributions-Employer	-	47,079	(47,079)
Net Investment Income	-	345,425	(345,425)
Differences Between Expected and Actual Investment Income	(1,288,169)	291,435	(1,579,604)
Benefit Payments	(462,917)	(462,917)	-
Administrative Expense	-	(2,944)	2,944
Other Changes	-	-	-
Net Changes	<u>(2,074,115)</u>	<u>218,078</u>	<u>(2,292,193)</u>
Ending Balance	<u>\$ 6,631,510</u>	<u>\$ 5,975,162</u>	<u>\$ 656,348</u>

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

	1% Decrease (3.60%)	Discount Rate (4.60%)	1% Increase (5.60%)
Net OPEB Liability (Asset)	\$ 1,061,899	\$ 656,348	\$ 266,084

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower (5.50% decreasing to 4.00% then 3.00%) or 1% point higher (7.50% decreasing to 6.00 then 5.00%) than the current healthcare cost trend rates:

	Healthcare Cost		
	1% Decrease (5.50%) Decreasing to 4.00% then 3.00%)	Current Trend Rates (6.50%) Decreasing to 5.00% then 4.00%)	1% Increase (7.50%) Decreasing to 6.00% then 5.00%)
Net OPEB Liability (Asset)	\$ 41,605	\$ 656,348	\$ 1,375,457

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

F. Changes in the Net OPEB Liability (Continued)

For the year ended June 30, 2024, the District recognized negative OPEB expense of \$3,801. At June 30, 2024, 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	\$ 177,619	\$ 1,400,169
Change of Assumptions	20,183	1,555,067
Net Difference Between Projected and Actual Investment Earnings	104,903	-
Total	<u>\$ 302,705</u>	<u>\$ 2,955,236</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
2025	\$ (514,866)
2026	(328,194)
2027	(699,086)
2028	(668,057)
2029	(442,328)
Total	<u>\$ (2,652,531)</u>

NOTE 11 SELF-INSURANCE

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

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 SELF-INSURANCE (CONTINUED)

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, 2024, there is a reserve of \$6,004,556.

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, 2024. 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 \$7,088,564 in cash and investments at June 30, 2024, for payment of claims.

Changes in the balances of claim liabilities during fiscal years 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Beginning of Fiscal Year Liability - July 1,	\$ 1,528,678	\$ 982,394
Current Year Claims, Changes in Estimates, and Other Charges	12,677,576	11,310,956
Current Year Claims Paid, Including an Estimate of Claims Incurred But Not Reported (IBNR)	<u>(13,122,246)</u>	<u>(10,764,672)</u>
End of Fiscal Year Liability - June 30,	<u>\$ 1,084,008</u>	<u>\$ 1,528,678</u>

REQUIRED SUPPLEMENTARY INFORMATION

**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, 2024**

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Property Taxes	\$ 38,702,532	\$ 38,702,532	\$ 38,618,570	\$ (83,962)
Earnings and Investments	550,000	550,000	2,171,285	1,621,285
Other	3,778,026	3,778,026	4,515,264	737,238
State Sources	101,222,588	101,573,143	101,281,621	(291,522)
Federal Sources	3,337,345	3,942,398	3,571,839	(370,559)
Total Revenues	147,590,491	148,546,099	150,158,579	1,612,480
EXPENDITURES				
Current:				
Administration	4,758,368	4,629,015	4,798,968	169,953
District Support Services	4,253,922	4,331,318	4,341,172	9,854
Elementary and Secondary Regular Instruction	60,283,764	60,800,982	59,756,968	(1,044,014)
Vocational Education Instruction	1,308,862	1,310,962	1,291,587	(19,375)
Special Education Instruction	26,735,064	26,898,305	26,362,550	(535,755)
Community Education	-	23,514	23,514	-
Instructional Support Services	10,075,874	10,227,051	9,899,474	(327,577)
Pupil Support Services	13,037,880	13,353,766	13,516,178	162,412
Sites and Buildings	14,118,296	13,135,493	13,156,555	21,062
Fiscal and Other Fixed Cost Programs	1,079,156	1,079,156	1,096,153	16,997
Capital Outlay	8,352,651	8,130,965	9,816,310	1,685,345
Debt Service:				
Principal	\$ 1,182,324	1,182,324	735,653	(446,671)
Interest and Fiscal Charges	243,055	243,055	241,369	(1,686)
Total Expenditures	145,429,216	145,345,906	145,036,451	(309,455)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,161,275	3,200,193	5,122,128	1,921,935
OTHER FINANCING SOURCES				
Sale of Real Property	-	1,516,970	1,517,000	30
Sale of Equipment	-	-	2,050	2,050
Insurance Recovery	-	-	204,166	204,166
Total Other Financing Sources	-	1,516,970	1,723,216	206,246
NET CHANGE IN FUND BALANCE	<u>\$ 2,161,275</u>	<u>\$ 4,717,163</u>	6,845,344	<u>\$ 2,128,181</u>
FUND BALANCE				
Beginning of Year			26,440,835	
End of Year			<u>\$ 33,286,179</u>	

**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, 2024**

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Earnings and Investments	\$ -	\$ -	\$ 218,776	\$ 218,776
Other - Primarily Meal Sales	1,402,100	1,402,100	1,445,171	43,071
State Sources	2,616,700	2,616,700	4,396,195	1,779,495
Federal Sources	2,451,392	2,451,392	2,783,170	331,778
Total Revenues	6,470,192	6,470,192	8,843,312	2,373,120
EXPENDITURES				
Current:				
Food Service	6,369,165	6,367,965	7,379,081	1,011,116
Capital Outlay	177,400	178,600	474,270	295,670
Total Expenditures	6,546,565	6,546,565	7,853,351	1,306,786
NET CHANGE IN FUND BALANCE	<u>\$ (76,373)</u>	<u>\$ (76,373)</u>	989,961	<u>\$ 1,066,334</u>
FUND BALANCE				
Beginning of Year			4,710,011	
End of Year			<u>\$ 5,699,972</u>	

**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, 2024**

	Budgeted Amounts		Actual	Over (Under)
	Original	Final	Amounts	Final Budget
REVENUES				
Local Sources:				
Property Taxes	\$ 1,145,247	\$ 1,145,247	\$ 1,142,559	\$ (2,688)
Earnings and Investments	-	-	180,636	180,636
Other - Primarily Tuition and Fees	6,899,950	6,899,950	7,303,110	403,160
State Sources	1,771,368	1,771,368	1,816,379	45,011
Federal Sources	-	-	59,924	59,924
Total Revenues	<u>9,816,565</u>	<u>9,816,565</u>	<u>10,502,608</u>	<u>686,043</u>
EXPENDITURES				
Current:				
Community Service	9,294,613	9,294,613	9,375,810	81,197
Capital Outlay	21,000	21,000	23,841	2,841
Total Expenditures	<u>9,315,613</u>	<u>9,315,613</u>	<u>9,399,651</u>	<u>84,038</u>
NET CHANGE IN FUND BALANCE	<u>\$ 500,952</u>	<u>\$ 500,952</u>	1,102,957	<u>\$ 602,005</u>
FUND BALANCE				
Beginning of Year			<u>2,209,411</u>	
End of Year			<u>\$ 3,312,368</u>	

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

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability:								
Service Cost	\$ 459,901	\$ 559,858	\$ 551,361	\$ 731,921	\$ 681,442	\$ 503,435	\$ 474,096	\$ 495,806
Interest	375,331	355,084	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	(1,328,654)	(43,340)	(600,372)	129,011	29,518	82,424	(242,654)	-
Plan Changes	170,393	-	526,195	-	-	-	-	-
Differences Between Expected and Actual Experience	(1,288,169)							
Benefit Payments	(462,917)	(528,123)	(679,215)	(302,253)	(652,767)	(340,657)	(359,309)	(403,432)
Other Changes	-	-	(478,285)	-	-	-	-	-
Net Change in Total OPEB Liability	(2,074,115)	343,479	(979,697)	794,653	1,441,633	501,919	(516,789)	333,196
Total OPEB Liability - Beginning	8,705,625	8,362,146	9,341,843	8,547,190	7,105,557	6,603,638	7,120,427	6,787,231
Total OPEB Liability - Ending (a)	<u>\$ 6,631,510</u>	<u>\$ 8,705,625</u>	<u>\$ 8,362,146</u>	<u>\$ 9,341,843</u>	<u>\$ 8,547,190</u>	<u>\$ 7,105,557</u>	<u>\$ 6,603,638</u>	<u>\$ 7,120,427</u>
Plan Fiduciary Net Position:								
Contributions - Employer	\$ 47,079	\$ 90,545	\$ 66,432	\$ -	\$ -	\$ -	\$ -	\$ -
Net Investment Income	636,860	386,581	(953,832)	1,371,101	392,528	414,913	409,420	540,837
Benefit Payments	(462,917)	(528,123)	(679,215)	(302,253)	(652,767)	(340,657)	(359,309)	(403,432)
Administrative Expense	(2,944)	(3,115)	(3,506)	(4,078)	(4,189)	(3,853)	(3,793)	-
Net Change in Plan Fiduciary Net Position	218,078	(54,112)	(1,570,121)	1,064,770	(264,428)	70,403	46,318	137,405
Plan Fiduciary Net Position - Beginning	5,757,084	5,811,196	7,381,317	6,316,547	6,580,975	6,510,572	6,464,254	6,326,849
Plan Fiduciary Net Position - Ending (b)	<u>\$ 5,975,162</u>	<u>\$ 5,757,084</u>	<u>\$ 5,811,196</u>	<u>\$ 7,381,317</u>	<u>\$ 6,316,547</u>	<u>\$ 6,580,975</u>	<u>\$ 6,510,572</u>	<u>\$ 6,464,254</u>
District's Net OPEB Liability - Ending (a) - (b)	\$ 656,348	\$ 2,948,541	\$ 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	90.10%	66.13%	69.49%	79.01%	73.90%	92.62%	98.59%	90.78%
Covered-Employee Payroll	\$ 86,368,237	\$ 84,159,957	\$ 81,708,696	\$ 83,953,550	\$ 81,508,301	\$ 72,780,783	\$ 70,660,954	\$ 64,837,602

* 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.

See accompanying Notes to Required Supplementary Information

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

Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2024	11.10%
2023	6.70%
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 TEN MEASUREMENT DATES**

	Measurement Date June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Collective Net Pension Liability	1.0305%	1.0338%	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	\$ 85,080,389	\$ 82,781,235	\$ 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 Total	<u>5,959,761</u> <u>\$ 91,040,150</u>	<u>6,138,962</u> <u>\$ 88,920,197</u>	<u>3,892,293</u> <u>\$ 50,044,742</u>	<u>6,878,723</u> <u>\$ 88,960,892</u>	<u>6,190,796</u> <u>\$ 76,145,676</u>	<u>6,174,859</u> <u>\$ 71,898,818</u>	<u>19,937,507</u> <u>\$ 226,182,969</u>	<u>24,309,844</u> <u>\$ 266,506,971</u>	<u>7,508,902</u> <u>\$ 68,725,449</u>	<u>3,345,045</u> <u>\$ 50,869,071</u>
District's Covered Payroll	\$ 66,112,877	\$ 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
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	128.69%	129.59%	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	76.42%	76.17%	86.63%	75.48%	78.21%	78.07%	51.57%	44.88%	76.80%	81.50%

See accompanying Notes to Required Supplementary Information

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

	Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 6,004,608	\$ 5,652,651	\$ 5,327,679	\$ 5,077,404	\$ 5,119,103	\$ 4,810,778	\$ 4,407,846	\$ 4,201,506	\$ 3,978,762	\$ 3,801,128
Contributions in Relation to the Statutorily Required Contribution	(6,004,608)	(5,652,651)	(5,327,679)	(5,077,404)	(5,119,103)	(4,810,778)	(4,407,846)	(4,201,506)	(3,978,762)	(3,801,128)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 68,624,091	\$ 66,112,877	\$ 63,881,043	\$ 62,452,694	\$ 64,635,139	\$ 62,396,602	\$ 58,771,280	\$ 56,020,080	\$ 53,050,160	\$ 50,681,707
Contributions as a Percentage of Covered Payroll	8.75%	8.55%	8.34%	8.13%	7.92%	7.71%	7.50%	7.50%	7.50%	7.50%

See accompanying Notes to Required Supplementary Information

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

	Measurement Date June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.3197%	0.3129%	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	\$ 17,877,266	\$ 24,781,783	\$ 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	492,795	726,588	345,977	542,887	485,102	528,574	228,979	299,794	-	-
Total	<u>\$ 18,370,061</u>	<u>\$ 25,508,371</u>	<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	\$ 25,464,720	\$ 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
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	70.20%	105.53%	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	83.10%	76.67%	87.00%	79.06%	80.23%	79.53%	75.90%	68.90%	78.20%	78.70%

See accompanying Notes to Required Supplementary Information

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

	Year Ended June 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 1,992,340	\$ 1,909,854	\$ 1,761,237	\$ 1,408,265	\$ 1,550,469	\$ 1,498,317	\$ 1,472,072	\$ 1,379,703	\$ 1,319,663	\$ 1,247,423
Contributions in Relation to the Statutorily Required Contribution	(1,992,340)	(1,909,854)	(1,761,237)	(1,408,265)	(1,550,469)	(1,498,317)	(1,472,072)	(1,379,703)	(1,319,663)	(1,247,423)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 26,564,533	\$ 25,464,720	\$ 23,483,160	\$ 23,483,160	\$ 20,672,920	\$ 19,977,560	\$ 19,627,627	\$ 18,396,040	\$ 17,595,507	\$ 16,914,210
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.38%

See accompanying Notes to Required Supplementary Information

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 1 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

2023

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2021

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

A. General Employees Fund (Continued)

2020 (Continued)

- 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.

Changes in Plan Provisions

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

2019

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreased from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

A. General Employees Fund (Continued)

2018

Changes in Actuarial Assumption

- 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 2.50% per year thereafter to 1.25% per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50% beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.

2017

Changes in Actuarial Assumption

- 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.

Changes in Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

A. General Employees Fund (Continued)

2016

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all future years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate was changed from 7.90% to 7.50%.
- 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.

Changes in Actuarial Plan Provisions

- There have been no changes since the prior valuation.

2015

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2035 and 2.50 percent per year thereafter.

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increase the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 1 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

2023

Changes in Actuarial Assumptions:

- The employer contribution rate will increase from 8.75% to 9.5% on July 1, 2025.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2022

Changes in Actuarial Assumptions

- None

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2021

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020

Changes in Actuarial Assumptions

- Assumed termination rates were changed to more closely reflect actual experience.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back 5 years and female rates set back 7 years.
- Generational projection uses the MP-2015 scale. Assumed form of annuity election proportions were changed to more closely reflect actual experience for female retirees.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

A. Coordinated Plan (Continued)

2019

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018

Changes in Actuarial Assumptions

- The investment return assumption was changed from 8.5% to 7.5%.
- The price inflation assumption was lowered from 3.0% to 2.5%.
- The payroll growth assumption was lowered from 3.5% to 3.0%.
- The wage inflation assumption (above price inflation) was reduced from 0.75% to 0.35% for the next 10 years, and 0.75% thereafter.
- The total salary increase assumption was adjusted by the wage inflation change.
- The amortization date for the funding of the Unfunded Actuarial Accrual Liability (UAAL) was reset to June 30, 2048 (30 years).
- The mechanism in the law that provided the TRA Board with some authority is set contribution rates was eliminated.

Changes in Plan Provisions

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

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

A. Coordinated Plan (Continued)

2017

Changes in Actuarial Assumptions

- The cost of living adjustment (COLA) was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2045.
- Adjustment were made to the combined service annuity loads. The active load was reduced from 1.4% to 0.0%, the vested inactive load increased from 4.0% to 7.0% and the non-vested inactive load increased from 4.0% to 9.0%.
- The investment return assumption was changed from 8.0% to 7.5%.
- The COLA was not assumed to increase to 2.5% but remain at 2.0% for all future years.
- 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.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016

Changes in Actuarial Assumptions

- The cost of living adjustment was not assumed to increase (it remained at 2.0% for all future years).
- The price inflation assumption was lowered from 3.0% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.5%.
- Minor changes at some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back 6 years, and female rates set back 5 years. Generational projection uses the MP-2015 scale.
- The postretirement mortality assumption was changed to the RP-2014 while collar annuitant table, male rates set back 3 years and female rates set back 3 years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
- The post-disability mortality assumption was changed to the RP-2014 disabled retiree mortality table, without adjustments.
- Separate retirement assumptions for members hired before or after July 1, 1989 were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional forms of payment at retirement were made.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

A. Coordinated Plan (Continued)

2016 (Continued)

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015

Changes in Actuarial Assumptions

- The cost of living adjustment was assumed to increase from 2.0% annually to 2.5% annually on July 1, 2037.
- The investment return assumption was changed from 8.25% to 8.0%.

Changes in Plan Provisions

- The Duluth Teachers Retirement Fund Association was merged into TRA on June 30, 2015. This also resulted in a state-provided contribution stream of \$14.377 million until the System becomes fully funded.

2014

Changes in Actuarial Assumptions

- The cost of living adjustment was assumed to increase from 2.0% annually to 2.5% annually once the legally specified criteria was met. This was estimated to occur July 1, 2031.

Changes in Plan Provisions

- The increase in the postretirement benefit adjustment (COLA) will be made once the System is 90% funded (on a market value basis) in two consecutive years, rather than just one year.

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

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

2024

Changes in Actuarial Assumptions

- The health care trend rates and mortality tables were updated.
- The percentage of future retirees who are assumed to continue on one of the district's medical plans post-employment was reduced from 80% to 60% for Teachers.
- The long-term expected investment return was changed from 6.10% to 6.00%.
- The discount rate was changed from 4.20% to 4.60%.

Changes in Plan Provisions

- The Principals' District Contribution increased from \$5,400 to \$9,000 per year for those who retire after July 1, 2022.
- Principals' hired after June 30, 2023 are no longer eligible for post-employment District contributions to the Health Care Savings Plan.

2023

Changes in Actuarial Assumptions

- The rate of inflation was changed from 2.00% to 2.50%.
- The expected long-term investment return was changed from 5.90% to 6.10%.
- The discount rate was changed from 4.10% to 4.20%.

2022

- 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.

2021

- The expected long-term investment return was changed from 4.00% to 3.50%.
- The discount rate was changed from 2.60% to 2.30%

2020

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

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 1 CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

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%.

NOTE 2 COMPLIANCE – BUDGETS

The budget and actual amounts are both prepared on the modified accrual basis of accounting in accordance with GAAP.

In the following fund, expenditures exceeded the appropriations during the year ended June 30, 2024:

	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Special Revenue Funds:			
Food Service Fund	\$ 6,546,565	\$ 7,853,351	\$ 1,306,786
Community Service Fund	9,315,613	9,399,651	84,038
Capital Projects Fund	18,036,964	22,152,557	4,115,593

The overages above were considered by District management to be the result of necessary expenditures critical to operations.

SUPPLEMENTARY INFORMATION

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
GENERAL FUND
BALANCE SHEET
JUNE 30, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2023)**

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and Investments	\$ 52,201,979	\$ 50,266,242
Receivables:		
Current Taxes	21,422,252	20,853,860
Delinquent Taxes	160,856	101,101
Accounts and Interest Receivable	157,131	250,890
Due from Other Minnesota School Districts	122,441	128,080
Due from Minnesota Department of Education	10,021,155	7,943,510
Due from Federal Through the Minnesota Department of Education	3,118,225	894,798
Due from Federal Government Received Directly	8,664	4,322
Due from Other Governmental Units	244,102	418,452
Long-Term Lease Receivables	2,503,365	1,795,488
Prepays	<u>302,404</u>	<u>96,263</u>
 Total Assets	 <u><u>\$ 90,678,412</u></u>	 <u><u>\$ 82,753,006</u></u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 9,358,771	\$ 9,291,610
Payroll Deductions and Employer Contributions Payable	3,111,376	2,910,053
Accounts and Contracts Payable	1,734,922	2,656,437
Due to Other Minnesota School Districts	418,476	246,166
Due to Other Governmental Units	916,594	513,004
Unearned Revenue	<u>109,098</u>	<u>631,684</u>
Total Liabilities	15,649,237	16,248,954
 Deferred Inflows:		
Unavailable Revenue - Property Taxes Levied for Subsequent Year	39,341,381	38,304,059
Unavailable Revenue - Delinquent Taxes	90,844	52,717
Long-Term Lease Receivables	<u>2,310,771</u>	<u>1,706,441</u>
Total Deferred Inflows of Resources	41,742,996	40,063,217

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
GENERAL FUND
BALANCE SHEET (CONTINUED)
JUNE 30, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2023)**

	<u>2024</u>	<u>2023</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE (CONTINUED)		
Fund Balance:		
Nonspendable:		
Prepays	\$ 302,404	\$ 96,263
Restricted for:		
Student Activities	217,683	209,997
Area Learning Center	124,635	79,987
Basic Skills Programs	582,430	-
Capital Projects Levy	908,310	297,783
School Library Aid	13,573	-
Medical Assistance	332,542	436,929
Operating Capital	140,076	516,765
Literacy Incentive Aid	19,585	-
Safe Schools Levy	104,865	91,715
Assigned for:		
Transportation Center	8,011,662	6,606,505
Construction	200,000	200,000
Separation/Retirement Benefits	1,700,000	1,700,000
Capital Maintenance - Victoria Field House	80,000	80,000
Quality Comp	300,074	346,728
Energy Efficiency	259,495	213,785
MTSS-ADSIS	879,961	766,358
Site Carry-Over	1,158,127	602,886
Unassigned	17,950,757	14,195,134
Total Fund Balance	<u>33,286,179</u>	<u>26,440,835</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 <u><u>\$ 90,678,412</u></u>	 <u><u>\$ 82,753,006</u></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, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2023)**

	2024		2023	
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 38,702,532	\$ 38,618,570	\$ (83,962)	\$ 35,227,141
Earnings and Investments	550,000	2,171,285	1,621,285	1,261,315
Other	3,778,026	4,515,264	737,238	4,559,706
State Sources	101,573,143	101,281,621	(291,522)	92,882,880
Federal Sources	3,942,398	3,571,839	(370,559)	4,061,303
Total Revenues	148,546,099	150,158,579	1,612,480	137,992,345
EXPENDITURES				
Current:				
Administration:				
Salaries	3,555,102	3,713,458	158,356	3,494,456
Employee Benefits	935,662	922,591	(13,071)	849,529
Purchased Services	53,351	93,798	40,447	49,498
Supplies and Materials	5,797	10,293	4,496	4,415
Other Expenditures	79,103	58,828	(20,275)	90,567
Total Administration	4,629,015	4,798,968	169,953	4,488,465
District Support Services:				
Salaries	2,777,209	2,883,784	106,575	2,792,889
Employee Benefits	697,418	649,008	(48,410)	644,758
Purchased Services	735,173	793,837	58,664	417,680
Supplies and Materials	157,110	187,071	29,961	146,916
Other Expenditures	(35,592)	(172,528)	(136,936)	(34,232)
Total District Support Services	4,331,318	4,341,172	9,854	3,968,011
Elementary and Secondary Regular Instruction:				
Salaries	44,112,051	42,561,011	(1,551,040)	41,711,860
Employee Benefits	11,429,201	10,619,353	(809,848)	10,463,237
Purchased Services	2,251,394	3,452,430	1,201,036	3,232,470
Supplies and Materials	2,572,205	2,626,213	54,008	2,208,776
Other Expenditures	436,131	497,961	61,830	433,946
Total Elementary and Secondary Regular Instruction	60,800,982	59,756,968	(1,044,014)	58,050,289

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
GENERAL FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2023)**

	2024			2023
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
EXPENDITURES (CONTINUED)				
Current (Continued):				
Vocational Education Instruction:				
Salaries	\$ 735,503	\$ 770,509	\$ 35,006	\$ 693,670
Employee Benefits	208,016	230,777	22,761	195,335
Purchased Services	351,863	277,189	(74,674)	220,293
Supplies and Materials	11,200	9,508	(1,692)	7,789
Other Expenditures	4,380	3,604	(776)	4,048
Total Vocational Education Instruction	1,310,962	1,291,587	(19,375)	1,121,135
Special Education Instruction:				
Salaries	20,260,729	20,010,340	(250,389)	18,825,171
Employee Benefits	5,625,835	5,440,146	(185,689)	4,974,237
Purchased Services	507,325	499,096	(8,229)	582,821
Supplies and Materials	369,672	252,336	(117,336)	161,446
Other Expenditures	134,744	160,632	25,888	137,857
Total Special Education Instruction	26,898,305	26,362,550	(535,755)	24,681,532
Community Education Services:				
Employee Benefits	23,514	23,514	-	-
Instructional Support Services:				
Salaries	6,722,058	7,256,857	534,799	6,264,303
Employee Benefits	1,872,855	1,888,767	15,912	1,588,607
Purchased Services	572,241	345,462	(226,779)	356,981
Supplies and Materials	989,450	348,263	(641,187)	306,359
Other Expenditures	70,447	60,125	(10,322)	53,972
Total Instructional Support Services	10,227,051	9,899,474	(327,577)	8,570,222
Pupil Support Services:				
Salaries	7,786,679	7,993,496	206,817	7,348,645
Employee Benefits	2,176,246	2,124,323	(51,923)	1,792,208
Purchased Services	2,406,407	1,981,518	(424,889)	2,182,733
Supplies and Materials	957,606	1,388,178	430,572	916,378
Other Expenditures	26,828	28,663	1,835	17,372
Total Pupil Support Services	13,353,766	13,516,178	162,412	12,257,336

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
GENERAL FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2023)**

	2024			2023
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
EXPENDITURES (CONTINUED)				
Current (Continued):				
Sites and Buildings:				
Salaries	\$ 4,348,531	\$ 4,134,723	\$ (213,808)	\$ 4,031,922
Employee Benefits	1,253,715	1,108,170	(145,545)	1,141,352
Purchased Services	6,905,888	7,180,566	274,678	8,046,357
Supplies and Materials	597,664	1,050,573	452,909	1,071,854
Other Expenditures	29,695	(317,477)	(347,172)	4,204
Total Sites and Buildings	13,135,493	13,156,555	21,062	14,295,689
Fiscal and Other Fixed Costs:				
Purchased Services	1,079,156	1,096,153	16,997	817,382
Capital Outlay:				
Administration	750	-	(750)	182
District Support Services	286,723	402,721	115,998	408,562
Regular Instruction	1,803,957	1,233,348	(570,609)	1,983,001
Vocational Education Instruction	-	-	-	2,067
Special Education Instruction	148,961	7,671	(141,290)	163,235
Instructional Support Services	661,331	961,746	300,415	1,029,482
Pupil Support Services	77,900	205,859	127,959	187,362
Sites and Buildings	5,151,343	7,004,965	1,853,622	4,770,499
Total Capital Outlay	8,130,965	9,816,310	1,685,345	8,544,390

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
GENERAL FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2023)**

	2024		2023	
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
EXPENDITURES (CONTINUED)				
Debt Service:				
Principal	\$ 1,182,324	\$ 735,653	\$ (446,671)	\$ 622,119
Interest and Fiscal Charges	243,055	241,369	(1,686)	403,273
Total Debt Service	<u>1,425,379</u>	<u>977,022</u>	<u>(448,357)</u>	<u>1,025,392</u>
Total Expenditures	<u>145,345,906</u>	<u>145,036,451</u>	<u>(309,455)</u>	<u>137,819,843</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,200,193	5,122,128	1,921,935	172,502
OTHER FINANCING SOURCES				
Sale of Real Property	1,516,970	1,517,000	30	-
Sale of Equipment	-	2,050	2,050	-
Insurance Recovery	-	204,166	204,166	114,223
Total Other Financing Sources	<u>1,516,970</u>	<u>1,723,216</u>	<u>206,246</u>	<u>141,826</u>
NET CHANGE IN FUND BALANCE	<u>\$ 4,717,163</u>	6,845,344	<u>\$ 2,128,181</u>	314,328
FUND BALANCE				
Beginning of Year		<u>26,440,835</u>		<u>26,126,507</u>
End of Year		<u>\$ 33,286,179</u>		<u>\$ 26,440,835</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
FOOD SERVICE FUND
BALANCE SHEET
JUNE 30, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2023)**

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and Investments	\$ 5,972,446	\$ 5,072,816
Receivables:		
Accounts and Interest Receivable	14,555	27,302
Due from Other Minnesota School Districts	146	-
Due from Minnesota Department of Education	164,202	8,076
Due from Federal Through the Minnesota Department of Education	38,477	66,541
Inventory	<u>154,960</u>	<u>145,643</u>
 Total Assets	 <u><u>\$ 6,344,786</u></u>	 <u><u>\$ 5,320,378</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 266,883	\$ 257,989
Payroll Deductions and Employer Contributions Payable	120,753	56,089
Accounts and Contracts Payable	33,291	34,591
Due to Other Governmental Units	-	5,230
Unearned Revenue	<u>223,887</u>	<u>256,468</u>
Total Liabilities	644,814	610,367
 Fund Balance:		
Nonspendable:		
Inventory	154,960	145,643
Restricted for:		
Food Service	<u>5,545,012</u>	<u>4,564,368</u>
Total Fund Balance	<u>5,699,972</u>	<u>4,710,011</u>
 Total Liabilities and Fund Balance	 <u><u>\$ 6,344,786</u></u>	 <u><u>\$ 5,320,378</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, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2023)**

	2024			2023
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Earnings and Investments	\$ -	\$ 218,776	\$ 218,776	\$ 131,289
Other - Primarily Meal Sales	1,402,100	1,445,171	43,071	3,567,310
State Sources	2,616,700	4,396,195	1,779,495	313,714
Federal Sources	2,451,392	2,783,170	331,778	2,674,858
Total Revenues	6,470,192	8,843,312	2,373,120	6,687,171
EXPENDITURES				
Current:				
Salaries	2,227,381	2,342,369	114,988	2,185,836
Employee Benefits	531,422	523,311	(8,111)	499,304
Purchased Services	298,170	246,833	(51,337)	372,806
Supplies and Materials	3,310,242	3,818,375	508,133	3,278,948
Other Expenditures	750	448,193	447,443	571
Capital Outlay	178,600	474,270	295,670	214,940
Total Expenditures	6,546,565	7,853,351	1,306,786	6,552,405
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(76,373)	989,961	1,066,334	134,766
OTHER FINANCING SOURCES				
Sale of Equipment	-	-	-	250
Total Other Financing Sources (Uses)	-	-	-	250
NET CHANGE IN FUND BALANCE	<u>\$ (76,373)</u>	989,961	<u>\$ 1,066,334</u>	135,016
FUND BALANCE				
Beginning of Year		4,710,011		4,574,995
End of Year		<u>\$ 5,699,972</u>		<u>\$ 4,710,011</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
COMMUNITY SERVICE FUND
BALANCE SHEET
JUNE 30, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2023)**

	2024	2023
ASSETS		
Cash and Investments	\$ 4,862,851	\$ 3,764,069
Receivables:		
Current Taxes	555,125	588,787
Delinquent Taxes	4,587	2,860
Accounts and Interest Receivable	43,585	36,260
Due from Other Minnesota School Districts	1,969	-
Due from Minnesota Department of Education	169,608	163,618
Due from Federal Through the Minnesota Department of Education	-	69,864
Due from Other Governmental Units	-	22,987
Prepays	26,376	8,460
	<u>\$ 5,664,101</u>	<u>\$ 4,656,905</u>
Total Assets		
	<u>\$ 5,664,101</u>	<u>\$ 4,656,905</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 457,658	\$ 465,240
Payroll Deductions and Employer Contributions Payable	133,432	102,050
Accounts and Contracts Payable	78,318	104,732
Due to Other Minnesota School Districts	35,550	20,163
Due to Other Governmental Units	2,170	8,548
Unearned Revenue	564,092	599,914
Total Liabilities	1,271,220	1,300,647
Deferred Inflows:		
Property Taxes Levied for Subsequent Year	1,077,941	1,145,247
Unavailable Revenue - Delinquent Taxes	2,572	1,600
Total Deferred Inflows of Resources	1,080,513	1,146,847
Fund Balance:		
Nonspendable:		
Prepays	26,376	8,460
Restricted for:		
Community Education	2,854,936	1,745,271
Early Childhood and Family Education	275,714	328,938
School Readiness	46,606	104,973
Other Purposes	108,736	21,769
Total Fund Balance	3,312,368	2,209,411
	<u>\$ 5,664,101</u>	<u>\$ 4,656,905</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance		
	<u>\$ 5,664,101</u>	<u>\$ 4,656,905</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, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2023)**

		2024		2023
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 1,145,247	\$ 1,142,559	\$ (2,688)	\$ 1,045,617
Earnings and Investments	-	180,636	180,636	79,599
Other - Primarily Tuition and Fees	6,899,950	7,303,110	403,160	6,732,400
State Sources	1,771,368	1,816,379	45,011	1,762,025
Federal Sources	-	59,924	59,924	202,588
Total Revenues	9,816,565	10,502,608	686,043	9,822,229
EXPENDITURES				
Current:				
Salaries	5,729,891	5,803,026	73,135	5,563,231
Employee Benefits	1,540,620	1,314,689	(225,931)	1,264,089
Purchased Services	1,465,194	1,728,578	263,384	1,620,841
Supplies and Materials	512,919	504,713	(8,206)	478,955
Other Expenditures	45,989	24,804	(21,185)	12,112
Capital Outlay	21,000	23,841	2,841	26,495
Total Expenditures	9,315,613	9,399,651	84,038	8,965,723
NET CHANGE IN FUND BALANCE	<u>\$ 500,952</u>	1,102,957	<u>\$ 602,005</u>	856,506
FUND BALANCE				
Beginning of Year		2,209,411		1,352,905
End of Year		<u>\$ 3,312,368</u>		<u>\$ 2,209,411</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
CAPITAL PROJECTS – BUILDING CONSTRUCTION FUND
BALANCE SHEET
JUNE 30, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2023)**

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and Investments	\$ 19,341,945	\$ 37,175,393
Receivables:		
Accounts and Interest Receivable	<u>107,424</u>	<u>332,800</u>
Total Assets	<u><u>\$ 19,449,369</u></u>	<u><u>\$ 37,508,193</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Salaries and Compensated Absences Payable	\$ 69,690	\$ 53,917
Payroll Deductions and Employer Contributions Payable	30,064	17,633
Accounts and Contracts Payable	5,909,083	5,528,716
Due to Other Governmental Units	<u>778,884</u>	<u>-</u>
Total Liabilities	<u>6,787,721</u>	<u>5,600,266</u>
Fund Balance:		
Restricted for:		
Capital Projects Levy	323,481	718,071
Projects Funded by Certificates of Participation	595,612	712,957
Long-Term Facilities Maintenance	11,742,555	-
Restricted for Capital Projects	<u>-</u>	<u>30,476,899</u>
Total Fund Balance	<u>12,661,648</u>	<u>31,907,927</u>
Total Liabilities and Fund Balance	<u><u>\$ 19,449,369</u></u>	<u><u>\$ 37,508,193</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, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2023)**

	2024		2023	
	Final Budget	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 2,386,301	\$ 2,386,301	\$ -	\$ 2,226,071
Earnings and Investments	600,000	518,413	(81,587)	858,863
State Sources	-	1,564	1,564	2,695
Total Revenues	<u>2,986,301</u>	<u>2,906,278</u>	<u>(80,023)</u>	<u>3,087,629</u>
EXPENDITURES				
Current:				
Salaries	851,722	847,905	(3,817)	783,522
Employee Benefits	262,167	255,444	(6,723)	232,889
Purchased Services	1,737,475	3,534,209	1,796,734	2,908,753
Supplies and Materials	-	13,718	13,718	20,272
Other Expenditures	-	1,564	1,564	2,695
Capital Outlay	15,185,600	17,499,717	2,314,117	10,829,313
Total Expenditures	<u>18,036,964</u>	<u>22,152,557</u>	<u>4,115,593</u>	<u>14,777,444</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(15,050,663)	(19,246,279)	(4,195,616)	(11,689,815)
OTHER FINANCING SOURCES				
Sale of Bonds	-	-	-	34,235,000
Bond Premium	-	-	-	3,762,604
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,997,604</u>
NET CHANGE IN FUND BALANCE	<u>\$ (15,050,663)</u>	(19,246,279)	<u>\$ (4,195,616)</u>	26,307,789
FUND BALANCE				
Beginning of Year		<u>31,907,927</u>		<u>5,600,138</u>
End of Year		<u>\$ 12,661,648</u>		<u>\$ 31,907,927</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
DEBT SERVICE FUND
BALANCE SHEET
JUNE 30, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2023)**

	Totals	
	2024	2023
ASSETS		
Cash and Investments	\$ 13,078,844	\$ 12,126,219
Receivables:		
Current Taxes	9,872,135	9,496,338
Delinquent Taxes	74,593	48,364
Accounts and Interest Receivable	24,802	55,511
Due from Minnesota Department of Education	33,788	13,168
	<u>33,788</u>	<u>13,168</u>
Total Assets	<u>\$ 23,084,162</u>	<u>\$ 21,739,600</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Accounts and Contracts Payable	\$ 475	\$ -
Deferred Inflows:		
Property Taxes Levied for Subsequent Year	19,062,937	18,359,210
Unavailable Revenue - Delinquent Taxes	42,134	28,260
Total Deferred Inflows of Resources	<u>19,105,071</u>	<u>18,387,470</u>
Fund Balance:		
Restricted for:		
Debt Service	<u>3,978,616</u>	<u>3,352,130</u>
Total Deferred Inflows of Resources and Fund Balance	<u>\$ 23,084,162</u>	<u>\$ 21,739,600</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2023)**

	2024			2023
	Final Budgeted Amounts	Actual Amounts	Over (Under) Final Budget	Actual Amounts
REVENUES				
Local Sources:				
Property Taxes	\$ 18,359,210	\$ 18,210,688	\$ (148,522)	\$ 17,100,829
Earnings and Investments	80,000	404,876	324,876	739,130
State Sources	-	337,884	337,884	131,933
Total Revenues	18,439,210	18,953,448	514,238	17,971,892
EXPENDITURES				
Debt Service:				
Bond Principal	13,627,000	13,627,000	-	13,275,000
Bond Interest	4,693,942	4,693,912	(30)	4,580,716
Paying Agent Fees and Other	9,000	6,050	(2,950)	5,398
Total Expenditures	18,329,942	18,326,962	(2,980)	17,861,114
EXCESS OF REVENUES OVER EXPENDITURES	109,268	626,486	517,218	110,778
OTHER FINANCING SOURCES (USES)				
Payment to Refunded Bond Escrow Agent	-	-	-	(31,390,000)
NET CHANGE IN FUND BALANCE	<u>\$ 109,268</u>	626,486	<u>\$ 517,218</u>	(31,279,222)
FUND BALANCE				
Beginning of Year		3,352,130		34,631,352
End of Year		<u>\$ 3,978,616</u>		<u>\$ 3,352,130</u>

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS
COMPLIANCE TABLE
YEAR ENDED JUNE 30, 2024**

	AUDIT	UFARS	DIFFERENCE
01 GENERAL FUND			
Total Revenue	\$ 150,158,579	\$ 150,158,573	\$ 6
Total Expenditures	145,036,451	145,036,446	5
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	302,404	302,404	-
<i>Restricted:</i>			
401 Student Activities	217,683	217,683	-
403 Scholarships	-	-	-
403 Staff Development	-	-	-
406 Health and Safety	-	-	-
407 Capital Project Levy	908,310	908,310	-
408 Cooperative Programs	-	-	-
412 Literacy Incentive Aid	19,585	19,585	-
414 Operating Debt	-	-	-
416 Levy Reduction	-	-	-
417 Taconite Building Maintenance	-	-	-
424 Operating Capital	140,076	140,076	-
426 \$25 Taconite	-	-	-
427 Disabled Accessibility	-	-	-
428 Learning and Development	-	-	-
434 Area Learning Center	124,635	124,635	-
435 Contracted Alternative Programs	-	-	-
436 State-Approved Alternative Programs	-	-	-
438 Gifted and Talented	-	-	-
440 Teacher Development and Evaluations	-	-	-
441 Basic Skills Programs	582,430	582,430	-
443 School Library Aid	13,573	13,573	-
448 Achievement and Integration	-	-	-
449 Safe Schools Crime Levy	104,865	104,865	-
451 QZAB Payments	-	-	-
452 OPEB Liability Not Held in Trust	-	-	-
453 Unfunded Severance & Retirement Levy	-	-	-
467 LTFM	(1,275,918)	(1,275,918)	-
472 Medical Assistance	332,542	332,542	-
464 Restricted Fund Balance	-	-	-
<i>Committed:</i>			
418 Committed for Separation	-	-	-
461 Committed Fund Balance	-	-	-
<i>Assigned:</i>			
462 Assigned Fund Balance	12,589,319	12,589,319	-
<i>Unassigned:</i>			
422 Unassigned Fund Balance	19,226,675	19,226,673	2
02 FOOD SERVICE			
Total Revenue	8,843,312	8,843,313	(1)
Total Expenditures	7,853,351	7,853,353	(2)
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	154,960	154,960	-
<i>Restricted:</i>			
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	5,545,012	5,545,010	2
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
04 COMMUNITY SERVICE			
Total Revenue	10,502,608	10,502,608	-
Total Expenditures	9,399,651	9,399,650	1
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	26,376	26,376	-
<i>Restricted:</i>			
426 \$25 Taconite	-	-	-
431 Community Education	2,854,936	2,854,936	-
432 E.C.F.E.	275,714	275,714	-
440 Teacher Development and Evaluations	-	-	-
444 School Readiness	46,606	46,606	-
447 Adult Basic Education	-	-	-
452 OPEB Liability Not Held in Trust	-	-	-
464 Restricted Fund Balance	108,736	108,735	1
<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, 2024**

	AUDIT	UFARS	DIFFERENCE
06 BUILDING CONSTRUCTION			
Total Revenue	\$ 2,906,278	\$ 2,906,278	\$ -
Total Expenditures	22,152,557	22,152,556	1
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
407 Capital Projects Levy	323,481	323,481	-
413 Projects Funded by COP	595,612	595,612	-
467 LTFM	11,742,555	11,742,555	-
464 Restricted Fund Balance	-	-	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
07 DEBT SERVICE			
Total Revenue	18,953,448	18,953,448	-
Total Expenditures	18,326,962	18,326,961	1
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
425 Bond Refunding	-	-	-
451 QZAB and QSCB Payments	-	-	-
464 Restricted Fund Balance	3,978,616	3,978,616	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-
08 TRUST			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Net Position:</i>			
422 Net Position	-	-	-
18 CUSTODIAL			
Total Revenue	108,651	108,651	-
Total Expenditures	111,161	111,161	-
<i>Restricted/Reserved:</i>			
401 Student Activities	339	339	-
402 Scholarships	155,161	155,161	-
448 Achievement and Integration	-	-	-
20 INTERNAL SERVICE			
Total Revenue	12,161,408	12,161,407	1
Total Expenditures	12,698,831	12,698,830	1
<i>Net Position:</i>			
422 Net Position	6,004,556	6,004,556	-
25 OPEB REVOCABLE TRUST			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Net Position:</i>			
422 Net Position	-	-	-
45 OPEB IRREVOCABLE TRUST			
Total Revenue	636,860	636,860	-
Total Expenditures	418,782	418,782	-
<i>Net Position:</i>			
422 Net Position	5,975,162	5,975,162	-
47 OPEB DEBT SERVICE			
Total Revenue	-	-	-
Total Expenditures	-	-	-
<i>Nonspendable:</i>			
460 Nonspendable Fund Balance	-	-	-
<i>Restricted:</i>			
425 Bond Refunding	-	-	-
464 Restricted Fund Balance	-	-	-
<i>Unassigned:</i>			
463 Unassigned Fund Balance	-	-	-

STATISTICAL SECTION (UNAUDITED)

STATISTICAL SECTION (UNAUDITED)

This section of the annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	134
Revenue Capacity	
These schedules contain information to help the reader assess the District's most significant local revenue source, property taxes.	141
Debt Capacity	
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	147
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	150
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to services the District provides and the activities it performs.	152

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									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental Activities										
Net Investment in Capital Assets	\$ 46,163,329	\$ 54,101,920	\$ 41,254,279	\$ 63,354,300	\$ 72,086,288	\$ 81,786,405	\$ 90,069,514	\$ 101,925,549	\$ 113,535,100	\$ 121,188,091
Restricted	3,372,493	2,424,129	6,203,551	6,577,454	5,535,432	7,049,447	6,735,546	9,218,745	9,804,431	21,901,866
Unrestricted	<u>(54,403,668)</u>	<u>(55,982,696)</u>	<u>(76,298,983)</u>	<u>(116,653,280)</u>	<u>(92,045,424)</u>	<u>(103,859,208)</u>	<u>(102,556,910)</u>	<u>(93,386,345)</u>	<u>(71,685,169)</u>	<u>(58,704,756)</u>
Total Governmental Activities Net Position	<u>\$ (4,867,846)</u>	<u>\$ 543,353</u>	<u>\$ (28,841,153)</u>	<u>\$ (46,721,526)</u>	<u>\$ (14,423,704)</u>	<u>\$ (15,023,356)</u>	<u>\$ (5,751,850)</u>	<u>\$ 17,757,949</u>	<u>\$ 51,654,362</u>	<u>\$ 84,385,201</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			
	2015	2016	2017	2018
Expenses				
Governmental Activities:				
Administration	\$ 3,297,791	\$ 3,445,202	\$ 5,342,876	\$ 5,306,744
District Support Services	3,300,589	3,284,288	3,402,100	3,646,410
Regular Instruction	46,033,831	50,865,826	78,046,331	46,515,591
Vocational Education Instruction	1,679,924	1,981,182	2,141,525	2,035,914
Special Education Instruction	15,405,025	17,161,920	24,516,302	26,374,908
Instructional Support Services	9,918,408	10,428,010	13,009,269	13,550,181
Pupil Support Services	8,918,109	9,828,825	12,293,376	13,313,506
Sites and Buildings	15,713,675	17,964,670	20,016,846	42,002,953
Fiscal and Other Fixed Cost Programs	197,113	229,175	240,587	254,580
Food Service	4,924,330	5,329,152	4,917,637	5,123,079
Community Service	7,468,189	6,452,472	7,479,449	7,942,855
Interest and Fiscal Charges on Long-Term Debt	8,829,956	7,372,271	6,806,300	4,607,507
Total Governmental Activities Expenses	125,686,940	134,342,993	178,212,598	170,674,228
Program Revenues				
Governmental Activities:				
Charges for Services:				
Administration	-	8,594	1,687	-
Regular Instruction	1,185,797	1,284,840	1,327,424	1,415,915
Special Education Instruction	200,253	223,422	349,566	360,537
Instructional Support Services	202,462	200,258	196,042	200,182
Sites and Buildings	200,833	8,322	9,581	9,361
Food Service	3,377,014	3,414,224	3,428,642	3,639,494
Community Service	5,003,180	4,332,655	4,715,915	5,392,223
Operating Grants and Contributions	15,091,251	19,477,768	20,815,229	22,527,731
Capital Grants and Contributions	2,061,041	1,228,859	1,530,345	1,966,801
Total Governmental Activities Program Revenues	27,321,831	30,178,942	32,374,431	35,512,244
Net Governmental Activities (Expense)/Revenue	(98,365,109)	(104,164,051)	(145,838,167)	(135,161,984)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes:				
General Purpose	16,180,398	19,891,182	24,055,477	25,972,498
Community Service	1,349,324	563,464	857,994	856,910
Debt Service	18,846,237	20,029,222	19,049,829	17,605,259
Capital Projects	2,450,000	660,631	2,976,639	1,894,081
Unrestricted State Aid	66,743,149	67,131,311	71,500,079	69,530,133
Unrestricted Investment Earnings	801,631	851,689	1,357,206	806,929
Miscellaneous	1,609,072	447,751	287,573	615,801
Gain on Sale of Capital Assets	-	-	-	-
Total Governmental Activities	107,979,811	109,575,250	120,084,797	117,281,611
Change in Net Position	9,614,702	5,411,199	(25,753,370)	(17,880,373)
Net Position - Beginning, as Previously Stated	54,592,715	(4,867,846)	543,353	(28,841,153)
Prior Period Adjustment	(69,075,263)	-	(3,631,136)	-
Net Position - Beginning, as Restated	(14,482,548)	(4,867,846)	(3,087,783)	(28,841,153)
Net Position - Ending	\$ (4,867,846)	\$ 543,353	\$ (28,841,153)	\$ (46,721,526)

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					
2019	2020	2021	2022	2023	2024
\$ 2,869,939	\$ 4,922,490	\$ 4,237,426	\$ 4,336,194	\$ 3,685,199	\$ 3,970,409
3,183,384	3,513,516	3,529,396	3,687,034	4,472,810	4,857,579
43,362,490	70,557,757	64,302,241	62,372,604	49,253,855	62,979,118
1,194,965	1,616,409	1,529,612	1,386,290	848,879	1,209,918
15,813,336	24,772,432	24,676,576	22,073,550	20,063,827	24,769,811
7,918,964	10,525,819	11,072,553	9,098,005	8,826,398	10,897,140
11,393,683	13,902,718	17,438,421	12,813,583	13,648,633	15,297,735
17,768,869	16,392,661	17,818,745	18,641,986	22,511,781	15,015,081
253,396	338,863	606,849	632,351	817,382	1,096,153
5,824,059	4,262,122	1,640,932	6,533,063	5,986,438	7,853,351
7,077,382	7,593,677	6,135,275	7,044,888	8,181,129	8,301,183
4,334,349	3,894,220	4,388,025	135,846	1,708,125	2,775,156
120,994,816	162,292,684	157,376,051	148,755,394	140,004,456	159,022,634
207,023	168,753	209,863	227,976	320,966	122,441
1,401,389	998,644	847,444	1,226,412	1,320,281	1,275,342
398,409	300,505	408,126	344,526	429,226	378,129
202,201	136,300	40,918	197,935	193,821	173,200
11,562	9,448	5,823	12,032	-	620
3,659,363	2,721,332	349,750	1,161,926	3,554,908	1,440,849
5,782,362	5,031,285	3,733,228	5,674,762	6,703,209	7,269,688
20,137,190	24,882,885	32,316,846	35,625,962	27,162,140	35,324,217
2,203,659	2,211,337	1,938,643	1,798,584	2,205,593	1,314,954
34,003,158	36,460,489	39,850,641	46,270,115	41,890,144	47,299,440
(86,991,658)	(125,832,195)	(117,525,410)	(102,485,279)	(98,114,312)	(111,723,194)
26,432,218	29,012,480	30,430,947	30,476,915	35,211,704	38,652,463
861,791	939,668	991,904	1,002,523	1,045,159	1,143,562
17,027,085	18,776,189	17,591,545	16,996,637	17,093,335	18,226,671
1,979,878	2,243,001	2,476,513	2,797,523	2,225,096	2,388,395
71,600,202	72,818,607	72,037,933	72,559,729	72,593,683	77,267,790
1,216,486	798,185	3,393	(87,338)	3,315,256	3,842,885
171,820	638,359	3,250,049	2,245,658	526,492	2,148,540
-	6,054	14,632	3,431	-	783,727
119,289,480	125,232,543	126,796,916	125,995,078	132,010,725	144,454,033
32,297,822	(599,652)	9,271,506	23,509,799	33,896,413	32,730,839
(46,721,526)	(14,423,704)	(15,023,356)	(5,751,850)	17,757,949	51,654,362
-	-	-	-	-	-
(46,721,526)	(14,423,704)	(15,023,356)	(5,751,850)	17,757,949	51,654,362
\$ (14,423,704)	\$ (15,023,356)	\$ (5,751,850)	\$ 17,757,949	\$ 51,654,362	\$ 84,385,201

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

	Fiscal Year			
	2015	2016	2017	2018
General Fund				
Nonspendable	\$ 170,001	\$ 296,527	\$ 135,274	\$ 210,909
Restricted (Formerly Reserved)	584,120	516,471	1,535,946	1,328,466
Assigned (Formerly Designated)	3,829,447	3,097,970	2,444,142	2,814,814
Unassigned (Formerly Unreserved)	9,815,081	9,167,649	10,293,579	11,180,798
Total General Fund	<u>\$ 14,398,649</u>	<u>\$ 13,078,617</u>	<u>\$ 14,408,941</u>	<u>\$ 15,534,987</u>
All Other Governmental Funds				
Nonspendable:				
Food Service	\$ 69,415	\$ 33,329	\$ 98,314	\$ 82,246
Community Service Fund	7,299	12,593	19,145	12,659
Restricted:				
Food Service Fund	1,016,100	774,486	1,162,848	1,593,569
Community Service Fund	1,433,169	806,804	631,787	652,228
Capital Project Funds	910,822	62,578,992	29,108,220	2,433,109
Debt Service Funds	72,178,500	70,869,122	4,531,725	4,197,506
Total All Other Governmental Funds	<u>\$ 75,615,305</u>	<u>\$ 135,075,326</u>	<u>\$ 35,552,039</u>	<u>\$ 8,971,317</u>
Total All Funds	<u>\$ 90,013,954</u>	<u>\$ 148,153,943</u>	<u>\$ 49,960,980</u>	<u>\$ 24,506,304</u>

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

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 173,719	\$ 174,282	\$ 58,542	\$ 260,905	\$ 96,263	\$ 302,404
1,719,002	2,210,293	2,150,287	2,015,748	1,633,176	2,443,699
2,835,932	2,996,063	8,816,082	11,482,022	10,516,262	12,589,319
9,196,321	8,020,876	8,394,545	12,367,832	14,195,134	17,950,757
<u>\$ 13,924,974</u>	<u>\$ 13,401,514</u>	<u>\$ 19,419,456</u>	<u>\$ 26,126,507</u>	<u>\$ 26,440,835</u>	<u>\$ 33,286,179</u>
\$ 80,750	\$ 177,873	\$ 107,984	\$ 151,353	\$ 145,643	\$ 154,960
15,888	11,958	4,696	9,579	8,460	26,376
1,385,062	1,535,285	2,325,421	4,423,642	4,564,368	5,545,012
722,077	385,942	580,833	1,343,326	2,200,951	3,285,992
513,816	397,481	387,994	5,600,138	31,907,927	12,661,648
3,478,347	4,440,843	50,277,605	34,631,352	3,352,130	3,978,616
<u>\$ 6,195,940</u>	<u>\$ 6,949,382</u>	<u>\$ 53,684,533</u>	<u>\$ 46,159,390</u>	<u>\$ 42,179,479</u>	<u>\$ 25,652,604</u>
<u>\$ 20,120,914</u>	<u>\$ 20,350,896</u>	<u>\$ 73,103,989</u>	<u>\$ 72,285,897</u>	<u>\$ 68,620,314</u>	<u>\$ 58,938,783</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			
	2015	2016	2017	2018
Revenues				
Local Sources:				
Property Taxes	\$ 38,914,942	\$ 41,105,207	\$ 46,992,939	\$ 46,269,294
Earnings on Investments	794,519	836,176	1,328,823	733,946
Other	11,769,509	12,235,246	12,915,551	14,471,276
State Sources	80,101,012	80,455,993	83,554,147	86,883,567
Federal Sources	3,794,429	3,888,957	4,081,481	4,219,267
Total Revenues	<u>135,374,411</u>	<u>138,521,579</u>	<u>148,872,941</u>	<u>152,577,350</u>
Expenditures				
Current:				
Administration	3,573,219	3,772,293	4,134,445	4,161,954
District Support Services	3,027,945	2,950,102	2,916,857	3,315,225
Regular Instruction	45,641,940	47,625,307	50,525,185	51,258,058
Vocational Education Instruction	1,685,188	1,948,773	1,642,922	1,596,160
Special Education Instruction	15,558,570	16,875,960	18,048,642	20,080,847
Instructional Support Services	9,543,585	9,595,473	9,314,024	9,467,393
Pupil Support Services	8,873,347	9,254,940	10,364,426	11,481,382
Sites and Buildings	8,128,629	9,125,931	9,883,532	11,178,646
Fiscal and Other Fixed Cost Programs	197,113	229,175	240,587	254,580
Food Service	4,795,546	5,242,730	4,824,277	5,026,265
Community Service	7,379,725	6,756,809	7,040,992	7,667,442
Capital Outlay	8,469,470	10,731,959	41,142,038	33,660,934
Debt Service:				
Principal	14,127,796	14,599,333	12,352,213	12,180,000
Interest and Fiscal Charges	9,120,453	8,768,095	10,107,748	6,811,550
Total Expenditures	<u>140,122,526</u>	<u>147,476,880</u>	<u>182,537,888</u>	<u>178,140,436</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(4,748,115)	(8,955,301)	(33,664,947)	(25,563,086)
Other Financing Sources (Uses)				
Proceeds from Sale of Real Property	-	-	-	12,100
Proceeds from Sale of Equipment	9,102	11,108	13,741	75,263
Proceeds from Insurance Recovery	-	202,500	113,243	21,047
Face Value of Bonds Issued	8,930,000	62,635,000	-	-
Bond Premium	514,612	9,566,682	-	-
Certificates of Participation Issued	-	-	-	-
Certificates of Participation Premiums	-	-	-	-
Equipment certificates issued	(9,345,000)	(5,320,000)	(64,655,000)	-
Long term lease proceeds	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-
Total Other Financing Sources (Uses)	<u>108,714</u>	<u>67,095,290</u>	<u>(64,528,016)</u>	<u>108,410</u>
Net Change in Fund Balances	<u>\$ (4,639,401)</u>	<u>\$ 58,139,989</u>	<u>\$ (98,192,963)</u>	<u>\$ (25,454,676)</u>
Debt Service as a Percentage of Noncapital Expenditures	17.7%	17.1%	15.9%	13.1%

**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					
2019	2020	2021	2022	2023	2024
\$ 46,303,823	\$ 50,914,734	\$ 51,594,741	\$ 51,352,075	\$ 55,599,658	\$ 60,358,118
1,051,401	693,513	(2,691)	(100,170)	3,070,196	3,493,986
14,853,020	12,407,395	10,498,811	13,831,766	14,859,416	13,263,545
91,369,319	93,474,773	93,126,349	94,401,717	95,093,247	107,833,643
4,097,254	3,964,119	10,980,791	13,591,697	6,938,749	6,414,933
157,674,817	161,454,534	166,198,001	173,077,085	175,561,266	191,364,225
4,154,143	4,735,871	4,770,836	4,556,769	4,488,465	4,798,968
3,101,842	3,252,501	3,392,763	3,501,419	3,968,011	4,341,172
55,609,467	56,798,534	54,324,714	56,127,958	58,050,289	59,756,968
1,572,167	1,495,191	1,429,151	1,431,874	1,121,135	1,291,587
21,725,366	22,768,084	22,799,560	23,119,903	24,681,532	26,362,550
8,347,619	8,546,568	8,949,836	8,315,474	8,570,222	9,899,474
12,095,059	12,708,746	11,779,031	11,931,594	12,257,336	13,516,178
11,720,433	11,998,277	12,028,220	13,278,781	14,295,689	13,156,555
253,396	338,863	606,849	632,351	817,382	1,096,153
5,748,804	4,239,152	4,303,948	6,391,501	6,337,465	7,379,081
8,123,098	7,759,823	6,594,492	7,878,330	8,939,228	9,399,324
10,780,825	7,675,967	12,862,946	19,769,643	23,563,269	32,466,978
12,500,000	13,025,000	12,895,000	13,795,115	13,897,119	14,362,653
6,419,657	5,888,029	5,772,895	6,048,621	4,989,387	4,941,331
162,151,876	161,230,606	162,510,241	176,779,333	185,976,529	202,768,972
(4,477,059)	223,928	3,687,760	(3,702,248)	(10,415,263)	(11,404,747)
-	-	2,106,505	-	-	1,517,000
24,492	6,054	14,632	7,105	250	2,050
67,177	-	297,640	9,422	114,223	204,166
-	-	44,080,000	-	34,235,000	-
-	-	2,566,556	-	3,762,604	-
-	-	-	8,435,000	-	-
-	-	-	722,337	-	-
-	-	-	6,839,000	-	-
-	-	-	171,292	27,603	-
-	-	-	(13,300,000)	(31,390,000)	-
91,669	6,054	49,065,333	2,884,156	6,749,680	1,723,216
\$ (4,385,390)	\$ 229,982	\$ 52,753,093	\$ (818,092)	\$ (3,665,583)	\$ (9,681,531)
12.5%	12.3%	12.5%	12.1%	11.2%	11.3%

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

Fiscal Year	Payable Year	Residential Property (1)	Commercial Property (2)	Total Assessed Value	Total Direct School Tax Rate
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%
2023	2022	8,398,991,200	1,142,577,800	9,541,569,000	31.220%
2024	2023	10,378,400,500	1,253,572,800	11,631,973,300	27.747%

Notes:

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

Source: Carver County Department of Property Tax and Public Records

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

Fiscal Year Ended June 30,	Payable Year	ISD No. 112 Direct Rate (1)				Overlapping Rates (2)			
		General Fund Basic Rate	Community Service	General Obligation Debt Service	OPEB	Total Direct School Tax Rate	City of Carver	City of Chanhausen	City of Chaska
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
2023	2022	14.273	0.970	15.976	-	31.220	48.400	22.415	31.625
2024	2023	12.854	0.874	14.018	-	27.747	37.434	20.195	31.185

Notes:

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

Sources:

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

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

Overlapping Rates (2)								Total Direct and Overlapping Tax Rate City of Chaska
City of Victoria	Dahlgren Township	Laketown Township	San Francisco Township	Metro Council	Metro Transit	Special Districts (2)	Carver County	
37.887	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
31.249	10.211	13.432	14.082	0.637	1.169	11.081	34.170	109.902
27.375	8.412	11.306	11.463	0.544	1.036	9.381	29.267	99.160

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

Taxpayer	2024			2015		
	Tax Capacity	Rank	Percentage of Total Tax Capacity	Tax Capacity	Rank	Percentage of Total Net Tax Capacity
CenterPoint Energy Minnegasco	\$ 2,376,744	1	2.65%	\$ 729,167	2	1.33%
Northern States Power Co	1,371,052	2	1.53%	866,972	1	1.58%
LTF Real Estate	1,315,221	3	1.47%			0.00%
Aurora Investments LLC	1,185,891	4	1.32%	339,046	8	0.62%
Ridgeview Real Estate LLC	1,115,512	5	1.25%			0.00%
Northern Natural Gas Co	1,009,120	6	1.13%			0.00%
Istar Minnesota LLC	991,514	7	1.11%	420,786	5	0.77%
Target Corp	970,708	8	1.08%	681,012	3	1.24%
United Healthcare Services Inc	898,726	9	1.00%	438,320	4	0.80%
Chaska Industrial LLC	851,046	10	0.95%			0.00%
Mills Properties Inc.			-	394,951	6	0.72%
IRET Properties			-	387,666	7	0.71%
Rosemount Inc.			-	316,584	9	0.58%
Hazeltine National Golf Club			-	290,647	10	0.53%
Total	<u>\$ 12,085,534</u>		<u>13.49%</u>	<u>\$ 4,865,151</u>		<u>8.85%</u>

Source:

- (1) Carver County Department of Property Tax and Public Records
- (2) 2015 CAFR for ISD #112

**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)
2016	2015	\$ 9,921,808	\$ 5,915,795	\$ 4,389,511	\$ 564,404	\$ 19,357,440	\$ 725,496	\$ 40,874,454 (2)
2017	2016	15,797,090	5,692,974	5,387,516	865,815	18,521,851	682,529	46,947,775 (2)
2018	2017	15,967,191	5,362,436	6,185,333	858,974	17,652,783	-	46,026,717 (2)
2019	2018	16,536,746	5,591,109	6,269,568	869,332	17,172,492	-	46,439,247 (2)
2020	2019	17,579,839	5,813,805	5,904,795	940,704	18,907,589	-	49,146,732 (2)
2021	2020	14,406,556	8,340,995 (4)	8,998,101	994,814	17,752,449	-	50,492,915 (2)
2022	2021	14,447,704	7,992,312 (4)	9,978,853	1,004,848	17,140,794	-	50,564,511 (2)
2023	2022	20,102,290	7,548,918 (4)	10,275,726	1,040,424	17,133,743	-	56,101,101 (2)
2024	2023	20,850,821	8,181,302 (4)	11,545,085	1,145,247	18,359,210	-	60,081,666 (2)
2025	2024	21,203,459	7,855,492 (4)	12,551,222	1,077,942	19,062,937	-	61,751,052 (2)

Notes:

- (1) State credits are included in the operating levy.
- (2) Original Gross Levy
- (3) Collections are through 6/5/24
- (4) 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		
\$ 40,421,162	98.89%	\$ 453,292	\$ 40,874,454	100.00%	\$ -	0.00%
46,651,449	99.37%	296,326	46,947,775	100.00%	-	0.00%
45,789,558	99.48%	232,613	46,022,171	99.99%	4,546	0.01%
46,124,761	99.32%	310,346	46,435,107	99.99%	4,140	0.01%
48,766,961	99.23%	374,729	49,141,690	99.23%	5,042	0.01%
50,231,392	99.48%	256,665	50,488,057	99.48%	4,858	0.01%
50,445,607	99.76%	106,493	50,552,100	99.76%	12,411	0.02%
55,991,064	99.80%	96,426	55,991,064	99.80%	13,611	0.02%
59,748,525	99.45%	137,712	59,748,525	99.45%	195,428	0.33%
29,901,540	48.42%	-	29,901,540 (3)	48.42%	-	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				
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
2023	140,463,494	5,299,000	1,708,230	8,205,000	1,076,345	156,752,069	2.10%	62,206	2,520
2024	125,892,370	4,447,000	1,511,902	7,875,000	867,020	140,593,292	1.76%	63,230	2,224

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, 2024
(UNAUDITED)**

Fiscal Year 2024 (Payable Year 2023)	Adjusted Taxable Net Tax Capacity*	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping:				
Carver County	\$ 182,902,799	\$ 15,613,000	58.5%	\$ 9,128,047
Cities:				
Carver	7,499,531	15,600,000	100.0%	15,600,000
Chanhasen	56,569,147	3,015,000	67.7%	2,040,368
Chaska	39,734,514	32,700,000	100.0%	32,700,000
Victoria	21,266,954	15,805,000	79.0%	12,486,851
Townships:				
Dahlgren	3,425,573	-	0.0%	-
Laketown	3,987,509	845,000	30.2%	254,774
San Francisco	1,916,105	-	0.0%	-
Metropolitan Council	5,197,211,231	217,195,000	2.1%	4,468,787
Total Overlapping				<u>76,678,827</u>
Direct:				
Eastern Carver County Schools ISD No. 112	106,932,975	140,593,292	100.0%	<u>140,593,292</u>
Total Direct and Overlapping Bonded Debt				<u><u>\$ 217,272,119</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: Bok Financial Securities, Inc. 2023A Bonding Document

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

Fiscal Year	Payable Year	Net Bonded Debt (1)	Net Tax Capacity	% of Net Debt to Net Tax Capacity	Estimated Population (2)	Net Debt per Capita	Indicated Market Value (3)	Legal Debt Limit (4)	Legal Debt Margin (5)	% Bonded Debt to Debt Limit	% Bonded Debt to Market Value
2015	2014	\$ 217,477,840	\$ 52,665,352	412.94%	56,000	\$ 3,884	\$ 6,134,657,586	\$ 920,198,638	\$ 702,720,798	23.63%	3.55%
2016	2015	268,741,994	64,588,548	416.08%	56,000	4,799	6,669,087,823	1,000,363,173	731,621,179	26.86%	4.03%
2017	2016	189,148,404	68,349,546	276.74%	56,000	3,378	7,034,697,140	1,055,204,571	866,056,167	17.93%	2.69%
2018	2017	175,618,459	70,429,593	249.35%	56,000	3,136	7,323,409,110	1,098,511,367	922,892,908	15.99%	2.40%
2019	2018	161,967,769	76,103,520	212.83%	56,000	2,892	7,702,644,235	1,155,396,635	993,428,866	14.02%	2.10%
2020	2019	147,913,130	81,718,870	181.00%	58,871	2,512	8,475,200,107	1,271,280,016	1,123,366,886	11.63%	1.75%
2021	2020	180,065,093	89,592,584	200.98%	58,871	3,059	9,109,594,013	1,366,439,102	1,186,374,009	13.18%	1.98%
2022	2021	148,862,257	93,580,837	159.07%	58,871	2,529	9,473,047,120	1,420,957,068	1,272,094,811	10.48%	1.57%
2023	2022	140,463,494	98,148,230	143.11%	62,206	2,258	10,371,270,652	1,555,690,598	1,415,227,104	9.03%	1.35%
2024	2023	125,892,370	121,342,603	103.75%	63,230	1,991	13,354,733,984	2,003,210,098	1,877,317,728	6.28%	0.94%

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 (\$11,631,973,300) by the sales ratio (87.1%).
- ✓ (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
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Population	Personal Income (<i>thousands of dollars</i>)	Per Capita Personal Income	Enrollment in ADMs	Carver Co. Unemployment Rate
	(1)	(2)	(2)	(3)	(4)
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%
2023	62,206	120,203	59,736	9,167	3.0%
2024	63,230	126,089	60,967	9,096	3.6%

Note:

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

Sources:

- (1) Eastern Carver County Schools Levy Documentation
- (2) U.S. Census - Quick Facts
- (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 TEN YEARS AGO
(UNAUDITED)**

Employer	2024		2015	
	(1)		(2)	
	Estimated Employees	Rank	Estimated Employees	Rank
ISD #112	1,587	1	1,397	2
Ridgeview Medical Center	1,500	2	1,500	1
Beckman Coulter, Inc.	1,000	3	780	9
Instant Web Companies (IWCO Direct)	800	4	1,100	5
Carver County	776	5	800	8
Entergris, Inc.	700	6	1,000	6
Integer	600	7		
The Bernard Group	600	7		
Rosemount Inc./Emerson	530	9	1,376	3
Lifetime Fitness	350	10	1,166	4
FSI International, Inc.			850	7
Lake Region Manufacturing Co.			745	10
Total	<u>8,443</u>		<u>10,714</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) Bok Financial Securities, Inc. 2023A Bonding Document. (This listing may not be a comprehensive listing for all district employers)
- (2) 2015 CAFR for ISD #112

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

	Full-Time-Equivalent Employees as of June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Administrative Staff										
Superintendent	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Principals	12.6	13.7	15.0	13.8	13.7	13.8	13.7	14.1	13.9	13.7
Assistant Administrators (Asst. Principals & Asst. Superintendent)	10.0	9.6	9.9	8.9	9.0	9.0	9.0	9.8	9.0	8.6
Supervisory Coordinator	4.0	4.0	4.0	5.0	4.0	5.0	5.5	6.0	8.8	8.8
Total Administrative Staff	27.6	28.3	29.9	28.7	27.7	28.8	29.2	30.9	32.7	32.1
Support Service Staff										
Administrative Deans	15.0	13.6	14.3	14.0	15.1	15.2	14.0	14.0	14.0	14.1
Counselors	16.5	19.3	20.5	20.4	19.4	19.7	19.4	19.5	21.8	19.4
Media/Librarian	12.5	12.6	12.6	12.6	12.6	12.5	12.5	13.1	10.7	12.6
Nurse	13.7	13.7	13.2	13.8	14.1	14.9	14.6	12.9	14.4	13.6
Social Worker	7.6	6.0	6.0	6.6	7.5	8.3	7.3	8.7	12.8	12.9
Psychologists	6.4	6.3	7.7	8.7	8.6	9.4	9.6	8.5	8.0	8.0
District-Wide Development Support (1)	29.5	31.0	34.2	32.7	31.9	31.2	24.3	25.5	24.1	29.1
Total Support Service Staff	101.1	102.4	108.4	108.8	109.2	111.1	101.7	102.2	105.8	109.7
Special Education Teachers										
Speech Language	18.2	17.4	19.1	19.7	19.5	18.9	19.5	19.9	19.4	20.1
Other Special Education Teachers	89.2	98.8	104.6	111.9	113.8	116.4	115.4	116.4	114.1	111.5
Total Special Education Teachers	107.3	116.2	123.7	131.6	133.3	135.3	134.9	136.3	133.5	131.6
Classroom Teachers										
K-12 Teacher	457.4	463.2	467.7	469.0	468.6	475.0	445.6	441.4	442.3	444.1
Vocational Education Teacher	8.5	9.4	9.3	8.5	9.9	9.4	7.5	7.4	6.4	9.5
Pre-K, ECFE, and Other Teacher	10.9	9.3	8.4	12.1	12.1	16.1	13.0	14.1	13.2	12.1
Total Classroom Teachers	476.8	481.9	485.4	489.6	490.6	500.5	466.1	462.9	461.9	465.7
Total Licensed Staff (2)	712.8	728.8	747.4	758.7	760.8	775.7	732.0	732.3	733.9	739.0

Notes:

(1) Starting in FY14 includes teacher coaches for Personalized Learning, Digital Learning and Instructional.

(2) Only reporting on staff licensed by the Minnesota Department of Education or the Minnesota Department of Health.

Source: District records

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

Fiscal Year	Enrollment in ADMs (1)	Total Governmental Fund Expenditures (2)	Cost per Pupil	Percentage Change	Classroom Teaching Staff (3)	Pupil-Teacher Ratio
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
2023	9,167	185,976,529	20,288	6.09%	595.4	15.4
2024	9,096	202,768,972	22,292	9.88%	597.3	15.2

Notes:

- (1) Enrollment in adjusted average daily membership (ADM) is the net of all students served, which includes residents, plus open enrollment in and out to other Minnesota school districts.
- (2) Total Governmental Fund Expenditures includes General, Food Service Special Revenue, Community Education Special Revenue, Capital Project - Building Construction and Debt Service Funds.
- (3) Classroom Teaching Staff includes licensed teachers in Special Education, Pre-K thru Grade 12 and 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, 2024
(UNAUDITED)**

Facility	Use	Grades	Year Built	Year of Major Addition	Square Footage	Site Enrollment in ADMs ⁽¹⁾
La Academia (2)	School	K-5	1970	2005	64,015	501
Carver Elementary	School	K-5	2017	2022	133,450	760
Chanhassen Elementary	School	K-5	1967	1970, 2005, 2014	67,056	430
Bluff Creek Elementary	School	K-5	1995	2001	112,549	476
Clover Ridge Elementary	School	K-5	2001	2016	103,197	636
Victoria Elementary	School	K-5	2005	2016	107,300	647
Jonathan Elementary	School	K-5	1991		85,100	548
Chaska Middle East	School	6-8	1974	2000	158,563	642
Chaska Middle West	School	6-8	1962	1968, 1970, 1991, 2004	155,352	738
Pioneer Ridge Middle	School	6-8	2002	2018	151,188	553
Chaska High School	School	9-12	1996	2005	410,336	1,489
Chanhassen High School	School	9-12	2009		410,000	1,311
Integrated Arts Academy (ALC)	School	9-12	part of DEC		16,505 ⁽³⁾	68
	Special/Early Child/ Adult Education		1969	1993	58,061	89
Family Learning Center	Transitional Program		1976		10,739	39
STAR Building	Office		1969	1993, 2000, 2014, 2015	38,358	
District Education Center (DEC)	Garage		1971	1973, 1976, 1990, 1993	45,800	
District Transportation Center	Athletics		2008		36,798	
Victoria Field House (4)						
Other Programs (5)	Various Facilities					
ALC Middle School						95
Targeted Services						
All Other (Includes Anicca, Tuition, Etc.)						74
Total					2,164,367	9,096

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 10/30/24 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 95 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)
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
2023	17,032	972,751	727,509	193,448	51,794	-
2024	17,115	1,166,365	915,376	203,936	47,053	-

Year Ended June 30,	Student Regular Lunch Prices		
	Elementary	Middle	High School ⁽¹⁾
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
2023	2.65	2.85	3.05
2024	-	-	- ⁽³⁾

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.

(3) The Free School Meals for Kids Program began July 1, 2023.

Source: School District Nutrition Services Department

**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
SCHEDULE OF INSURANCE COVERAGE
JUNE 30, 2024
(UNAUDITED)**

Type of Coverage	Amount of Coverage
Primary Property Coverage (including pool SIR: self-insured retention)	
Real and Personal Property	\$ 1,000,000
General Liability Coverage (excess of SIR):	
Each Occurrence Limit	4,000,000
General Aggregate Limit	8,000,000
Sexual Abuse Liability	Included
Law Enforcement Liability	Included
Employee Dishonesty (each and every loss)	1,000,000
Boiler and Machinery Coverage:	
Property Damage	250,000,000
School Board Legal Liability:	
Each Occurrence Limit	4,000,000
District Aggregate Limit	8,000,000
Business Auto Coverage:	
Each Occurrence Limit	4,000,000
Auto Physical Damage	Included in Property
Excess Property Limits:	
Excess Property	200,000,000
Excess Flood - non-hazardous flood zone	5,000,000
Excess Earthquake - non-hazardous earthquake zone	5,000,000
Total Insured Values	874,565,518
Workers' Compensation	
Each Accident	1,000,000
By Disease - each employee	1,000,000
By Disease - policy limit	1,000,000
Cyber Liability	
Each Member	2,000,000
Pollution Liability	
Third Party Bodily Injury/Property Damage Claims - each incident	3,000,000