



December 2, 2024

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

This Executive Audit Summary and Management Report presents information which we believe is important to you as members of the school board. We encourage you to review the sections of this report, the audited financial statements, and the auditors' reports.

We would be pleased to furnish additional information with respect to these suggestions and discuss this memorandum with you at your convenience. We wish to express our appreciation to the District for the courtesies, cooperation, and assistance extended to us during the course of our work.

CliftonLarsonAllen LLP

A handwritten signature in black ink, appearing to read 'Christopher G. Knopik'.

Christopher G. Knopik, CPA, CFE
Principal

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

EXECUTIVE AUDIT SUMMARY (EAS)

JUNE 30, 2024



CPAs | CONSULTANTS | WEALTH ADVISORS

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**INDEPENDENT SCHOOL DISTRICT NO. 112
EASTERN CARVER COUNTY SCHOOLS
TABLE OF CONTENTS
JUNE 30, 2024**

EXECUTIVE AUDIT SUMMARY

AUDIT FINDINGS AND RESULTS	1
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FINANCIAL TRENDS

FINANCIAL RESULTS	2
--------------------------	----------

FUND BALANCES OF THE GENERAL FUND	4
--	----------

STUDENTS SERVED FOR AID	5
--------------------------------	----------

OTHER KEY TOPICS

APPENDIX A

FINANCIAL TRENDS OF YOUR DISTRICT	6
--	----------

APPENDIX B

COMPARATIVE EXPENDITURES PER STUDENT SERVED	15
--	-----------

APPENDIX C

ACCOUNTING UPDATE	16
--------------------------	-----------

APPENDIX D

FORMAL REQUIRED COMMUNICATIONS	18
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**EXECUTIVE AUDIT SUMMARY (EAS)
FOR
EASTERN CARVER COUNTY SCHOOLS
YEAR ENDED JUNE 30, 2024**

AUDIT FINDINGS AND RESULTS

We prepared this Executive Audit Summary and Management Report in conjunction with our audit of the District's financial records for the year ended June 30, 2024.

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

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

Internal Controls – Two material weaknesses and one significant deficiency in internal controls were noted. One material weakness was related to completing timely and proper approval of bank reconciliations. The second material weakness in internal control of reporting related payroll errors caught at year end reconciliation instead of in a more timely manner. The one significant deficiency was related to the School not retaining proper support for journal entries.

Single Audit – We noted four material weakness with regards to direct and material compliance requirements of the major federal programs, which was related to suspension and debarment and procurement requirements in the Child Nutrition Cluster and Special Education Cluster.

Legal Compliance – Two compliance issues were reported with respect to Minnesota Statutes related to prompt payments of bills and errors in the UFARs turnaround report.

Enrollment – For fiscal 2023-2024, Eastern Carver County Schools had an estimated total adjusted average daily membership of 9,097.25. For fiscal 2022-2023, Eastern Carver County Schools had an estimated total adjusted average daily membership of 9,166.66.

Fund Balance – The School's General Fund unassigned fund balance for financial statement reporting purposes increased by \$3,755,623 during fiscal year 2024, increasing from \$14,195,134 to \$17,950,757. Total fund balance of the General Fund increased by \$6,845,344, ending at \$33,286,179 as of June 30, 2024. The total ending unassigned fund balance represents 12.38% of General Fund expenditures. A District's fund balance is an important aspect in considering the School's financial wellbeing since a healthy fund balance represents things such as cash flow, as a cushion against unanticipated expenditures, enrollment changes, funding deficiencies, and aid prorations at the state level and similar problems. The District has continued to do a good job of financial planning and reacting to enrollment changes.

Budget to Actual – Total revenues on a net basis in the General Fund were \$1.61 million (or 1.09%) higher than the budgeted amount and total expenditures were \$09,455 (or 0.21%) lower than had been budgeted. The net effect, including other financing sources, was an increase in total fund balance that was \$2,128,181 more than had been reflected in the District's final amended budget, which is commendable given the District's General Fund expenditures exceeded \$150 million.

FINANCIAL TRENDS

**EASTERN CARVER COUNTY SCHOOLS
AUDITED FUND BALANCES THROUGH JUNE 30, 2024**

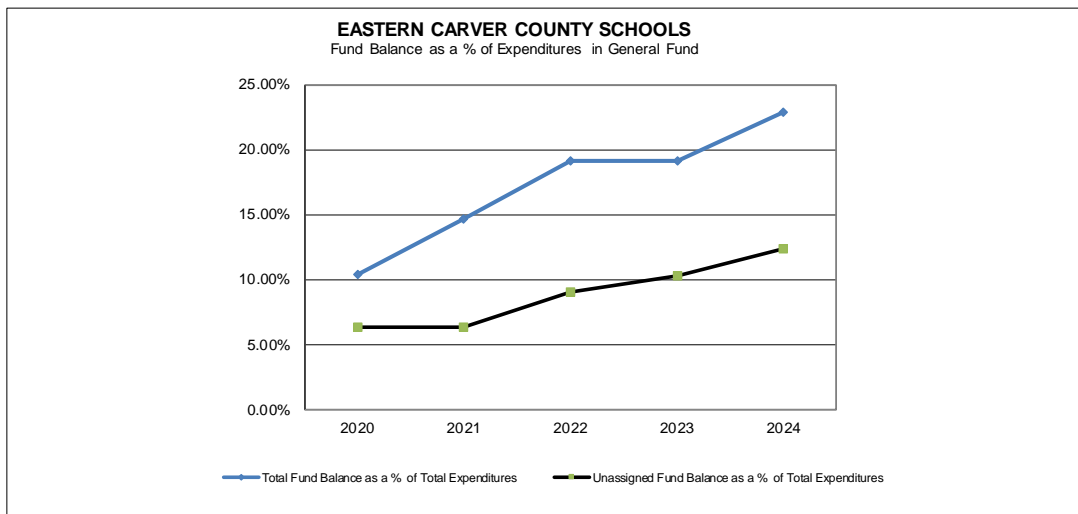
FUND DESCRIPTION	6/30/23 AUDITED BALANCE	2023-24 AUDITED REVENUES	TRANSFERS INTO FUNDS	2023-24 AUDITED EXPENDITURES	TRANSFERS OUT OF FUNDS	6/30/24 AUDITED BALANCE
GENERAL FUND						
A. UNASSIGNED - OPERATING	\$ 14,798,047	\$ 123,052,413	\$ (2,766,591)	\$ 115,857,193	\$ -	\$ 19,226,675
As a percentage of current year operating expenditures	10.74%					13.26%
B. NONSPENDABLE FOR						
PREPAID ITEMS	96,263	-	206,141	-	-	302,404
C. RESTRICTED FOR						
CAREER AND TECHNICAL PROGRAM	-	401,400	739,655	1,141,055	-	-
ALTERNATIVE LEARNING CENTER	79,987	2,114,715	-	2,070,067	-	124,635
LEARNING AND DEVELOPMENT	-	2,043,993	503,779	2,547,772	-	-
ACHIEVEMENT AND INTEGRATION	-	965,127	-	965,127	-	-
MEDICAL ASSISTANCE	436,929	378,129	-	482,515	-	332,542
GIFTED AND TALENTED	-	130,485	630,143	760,629	-	-
LITERACY INCENTIVE AID	-	487,940	-	468,356	-	19,585
LIBRARY AID	-	160,504	-	146,930	-	13,573
BASIC SKILLS	-	2,642,365	-	2,059,935	-	582,430
SAFE SCHOOLS	91,715	344,344	-	331,194	-	104,865
CAPITAL PROJECTS-SAFETY & SECURITY LEVY	297,783	2,903,673	-	2,293,146	-	908,310
STAFF DEVELOPMENT	-	1,422,169	18,028	1,440,197	-	-
STUDENT ACTIVITIES	209,997	220,518	-	212,832	-	217,683
LONG-TERM FACILITY MAINTENANCE (LTFM)	(602,913)	8,372,768	-	9,045,772	-	(1,275,917)
OPERATING CAPITAL	516,765	2,216,601	-	2,593,291	-	140,076
TOTAL RESTRICTED	1,030,263	24,804,730	1,891,605	26,558,817	-	1,167,782
D. ASSIGNED FOR						
SEPARATION/RETIREMENT BENEFITS	1,700,000	-	-	-	-	1,700,000
MTSS-ADSS	766,358	-	113,603	-	-	879,961
CAPITAL MAINTENANCE-VICTORIA FIELD HOUSE	80,000	-	-	-	-	80,000
ALTERNATIVE COMPENSATION Q-COMP	346,728	2,461,973	-	2,508,628	-	300,074
ENERGY EFFICIENCY	213,786	45,709	-	-	-	259,495
CONSTRUCTION - NUTRITION SERVICES	200,000	-	-	-	-	200,000
FUTURE USE-DONATION/SALE OF LAND	6,606,505	1,516,970	-	111,813	-	8,011,662
SITE CARRY-OVER	602,885	-	555,242	-	-	1,158,127
TOTAL ASSIGNED	\$ 10,516,262	\$ 4,024,652	\$ 668,845	\$ 2,620,440	\$ -	\$ 12,589,319
TOTAL GENERAL FUND	\$ 26,440,835	\$ 151,881,795	\$ -	\$ 145,036,451	\$ -	\$ 33,286,179
BUDGET		\$ 150,063,069	\$ -	\$ 145,345,906	\$ -	\$ 31,157,998
DIFFERENCE		\$ 1,818,726	\$ -	\$ (309,455)	\$ -	\$ 2,128,181
% VARIANCE		1.21%		-0.21%		

FUND DESCRIPTION	6/30/23 AUDITED BALANCE	2023-24 AUDITED REVENUES	TRANSFERS INTO FUNDS	2023-24 AUDITED EXPENDITURES	TRANSFERS OUT OF FUNDS	6/30/24 AUDITED BALANCE
FOOD SERVICE						
NONSPENDABLE FOR INVENTORY	\$ 145,643	\$ -	\$ 9,317	\$ -	\$ -	\$ 154,960
RESTRICTED FOR FOOD SERVICE PROGRAM	4,564,368	8,843,312	(9,317)	7,853,351	-	5,545,012
BUDGET		\$ 6,470,192		\$ 6,546,565		\$ 4,633,638
FOOD SERVICE	\$ 4,710,011	\$ 8,843,312	\$ -	\$ 7,853,351	\$ -	\$ 5,699,972
DIFFERENCE		\$ 2,373,120		\$ 1,306,786		\$ 1,066,334
% VARIANCE		36.68%		19.96%		
COMMUNITY EDUCATION						
NONSPENDABLE FOR PREPAID ITEMS	\$ 8,460	\$ -	\$ 17,916	\$ -	\$ -	\$ 26,376
A. RESTRICTED FOR						
REGULAR COMMUNITY ED PROGRAMS	1,745,271	8,351,907	(17,916)	7,224,326	-	2,854,936
EARLY CHILDHOOD FAMILY ED PROGRAMS	328,938	864,412	-	917,636	-	275,714
SCHOOL READINESS	104,973	365,231	-	423,598	-	46,606
OTHER RESTRICTED	21,769	921,058	-	834,091	-	108,736
BUDGET		\$ 9,816,565		\$ 9,315,613		\$ 2,710,363
TOTAL COMMUNITY EDUCATION	\$ 2,209,411	\$ 10,502,608	\$ -	\$ 9,399,651	\$ -	\$ 3,312,368
DIFFERENCE		\$ 686,043		\$ 84,038		\$ 602,005
% VARIANCE		6.99%		0.90%		
CAPITAL PROJECTS - BUILDING CONSTRUCTION						
A. RESTRICTED FOR						
CERTIFICATES OF PARTICIPATION	\$ 712,957	\$ 39,109		\$ 156,454		\$ 595,612
CAPITAL PROJECTS LEVY	718,071	2,386,301		\$2,780,891		323,481
LTFM BONDS	30,476,899	480,868		19,215,212		11,742,555
BUDGET		\$ 2,986,301		\$ 18,036,964		\$ 16,857,264
TOTAL BUILDING FUND	\$ 31,907,927	\$ 2,906,278	\$ -	\$ 22,152,557	\$ -	\$ 12,661,648
DIFFERENCE		(\$80,023)		\$4,115,593		(4,195,616)
DEBT SERVICE						
A. RESTRICTED FOR						
OPERATING DEBT SERVICE	\$ 3,352,130	\$ 18,953,448		\$ 18,326,962		\$ 3,978,616
BUDGET		\$ 18,439,210		\$ 18,329,942		\$ 3,461,398
TOTAL DEBT SERVICE	\$ 3,352,130	\$ 18,953,448	\$ -	\$ 18,326,962	\$ -	\$ 3,978,616
DIFFERENCE		\$ 514,238		\$ (2,980)		\$ 517,218
% VARIANCE		2.79%		-0.02%		
PROPRIETARY & TRUST						
CUSTODIAL TRUST	\$ 158,010.00	\$ 108,651.00	\$ -	\$ 111,161.00	\$ -	\$ 155,500.00
OPEB IRREVOCABLE TRUST	5,757,084	636,860	-	418,782	-	5,975,162
INTERNAL SERVICE - SELF INS FUND	6,541,979	12,161,408	-	12,698,831	-	6,004,556
PROPRIETARY & TRUST	\$ 12,457,073	\$ 12,906,919	\$ -	\$ 13,228,774	\$ -	\$ 12,135,218
TOTAL	\$ 81,077,387	\$ 205,994,360	\$ -	\$ 215,997,746	\$ -	\$ 71,074,001

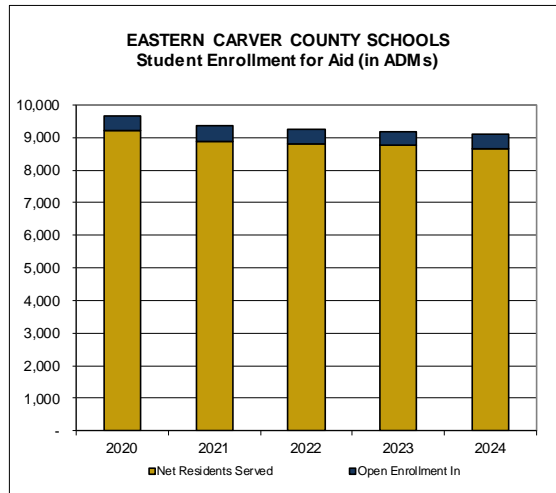
Fund Balances of the General Fund

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

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Unassigned Fund Balance	\$ 8,171,437	\$ 8,394,545	\$ 12,367,832	\$ 14,195,134	\$ 17,950,757
Assigned Fund Balance	2,996,063	8,816,082	11,482,022	10,516,262	12,589,319
Restricted Fund Balance	2,059,732	2,150,287	2,015,748	1,633,176	2,443,699
Nonspendable Fund Balance	174,282	58,542	260,905	96,263	302,404
Total Fund Balance	<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>
Total Expenditures	<u>\$ 128,479,462</u>	<u>\$ 132,237,551</u>	<u>\$ 136,021,361</u>	<u>\$ 137,819,843</u>	<u>\$ 145,036,451</u>
Total Fund Balance as a % of Total Expenditures	<u>10.43%</u>	<u>14.69%</u>	<u>19.21%</u>	<u>19.19%</u>	<u>22.95%</u>
Unassigned Fund Balance as a % of Total Expenditures	<u>6.36%</u>	<u>6.35%</u>	<u>9.09%</u>	<u>10.30%</u>	<u>12.38%</u>



Students Served for Aid



	2020	2021	2022	2023	2024
Total Residents	10,897.82	10,681.27	10,678.89	10,667.62	10,626.31
Open Enrollment Out*	(1,695.42)	(1,812.02)	(1,883.26)	(1,915.63)	(1,962.86)
Net Residents Served	9,202.40	8,869.25	8,795.63	8,751.99	8,663.45
Open Enrollment In	446.20	485.85	448.62	414.67	433.80
Net ADM Served	<u>9,648.60</u>	<u>9,355.10</u>	<u>9,244.25</u>	<u>9,166.66</u>	<u>9,097.25</u>
* including charter schools					
Net Pupil Units Served	<u>10,558.70</u>	<u>10,262.88</u>	<u>10,132.18</u>	<u>10,035.43</u>	<u>9,962.95</u>
% of Net Served to Total Residents	89%	88%	87%	86%	86%

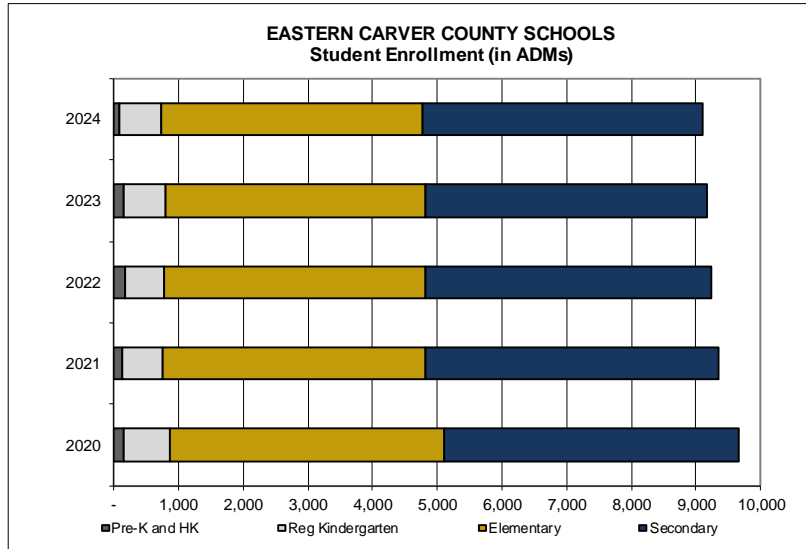
As reflected in the above chart and graph, the net impact of open enrollment out continues to be significant for the District.

APPENDIX A

FINANCIAL TRENDS OF YOUR DISTRICT

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

Student Enrollment (Average Daily Membership-ADM)

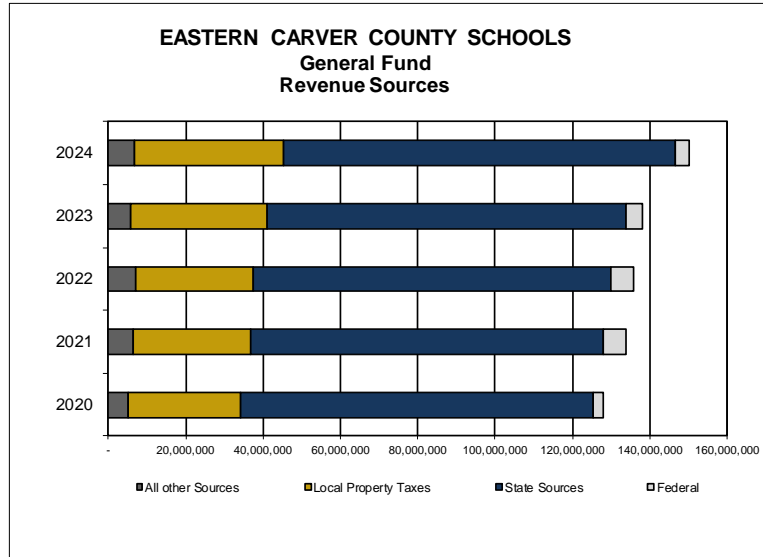


	2020	2021	2022	2023	2024
Pre-K and HK	148.71	133.28	161.06	153.10	88.56
Reg Kindergarten	704.87	627.19	614.60	646.54	651.34
Elementary	4,244.52	4,055.92	4,029.02	4,023.20	4,028.85
Secondary	4,550.50	4,538.71	4,439.57	4,343.82	4,328.50
Net ADM Served	<u>9,648.60</u>	<u>9,355.10</u>	<u>9,244.25</u>	<u>9,166.66</u>	<u>9,097.25</u>
Percent Change	-0.22%	-3.04%	-1.18%	-0.84%	-0.76%

As noted in the above chart, the District's student ADMs for fiscal 2023-2024 was 69.41 ADMs (or 0.76%) lower than the prior year.

General Fund Revenue

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



The table below illustrates the fluctuation that occurs between the taxes and state aid categories based on legislative activity. The Legislature determines what portion of the general education funding formula will be paid by local taxpayers.

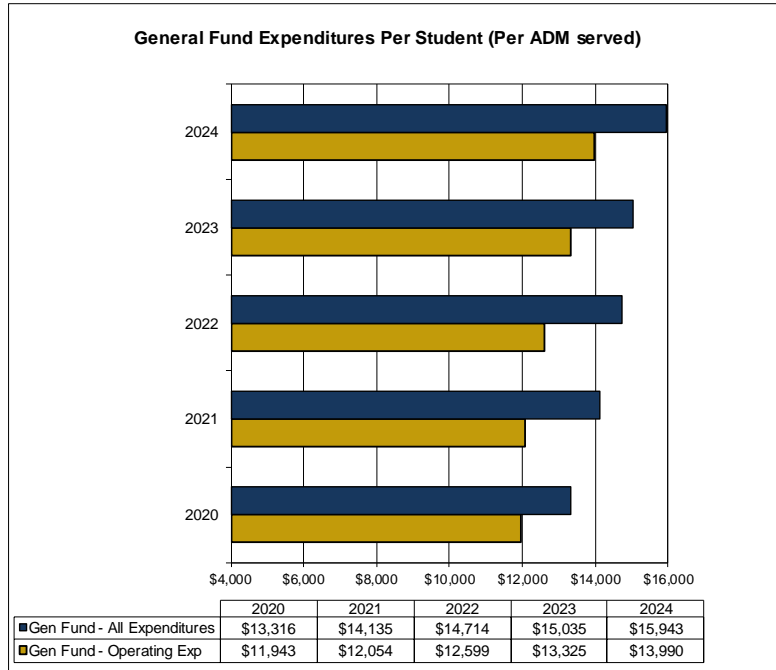
	2020	2021	2022	2023	2024
Local Property Taxes	\$ 28,980,262	\$ 30,492,311	\$ 30,523,562	\$ 35,227,141	\$ 38,618,570
State Sources	91,497,077	91,176,434	92,390,036	92,882,880	101,281,621
Federal Sources	2,421,112	5,854,359	5,717,833	4,061,303	3,571,839
All Other Sources	5,051,497	6,446,021	7,070,162	5,821,021	6,686,549
Total Revenues	<u>\$ 127,949,948</u>	<u>\$ 133,969,125</u>	<u>\$ 135,701,593</u>	<u>\$ 137,992,345</u>	<u>\$ 150,158,579</u>

	2020	2021	2022	2023	2024
Local Property Taxes	23%	23%	22%	26%	26%
State Sources	72%	68%	68%	67%	67%
Federal Sources	2%	4%	4%	3%	2%
All Other Sources	4%	5%	5%	4%	4%
Total Revenues	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

General Fund Expenditures

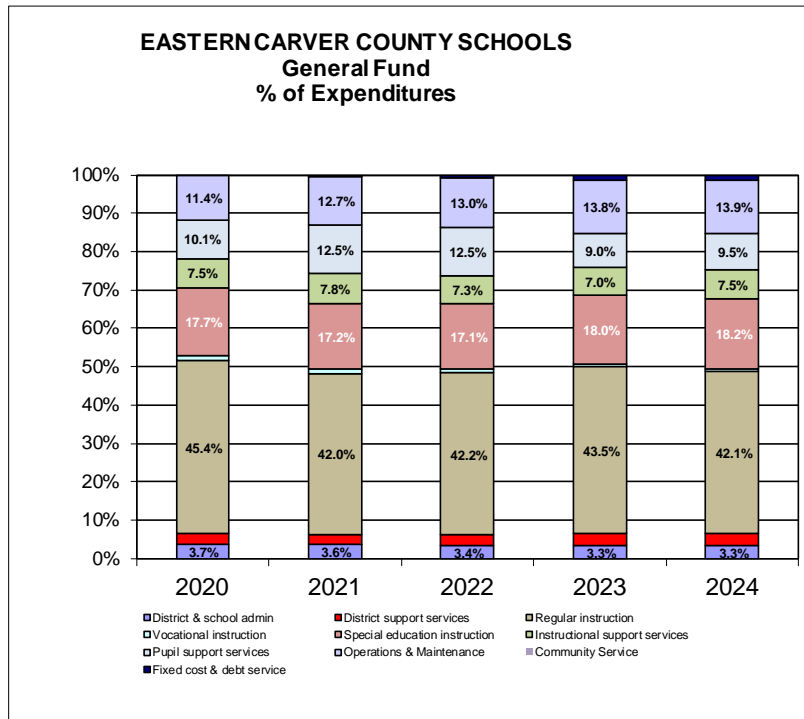
EXPENDITURES PER ADM

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



In fiscal 2024, General Fund expenditures per student increased by 6.04% while total ADMs served decreased 0.76%. Operating expenditures exclude the costs for transportation and for capital outlay.

General Fund Expenditures (Continued)



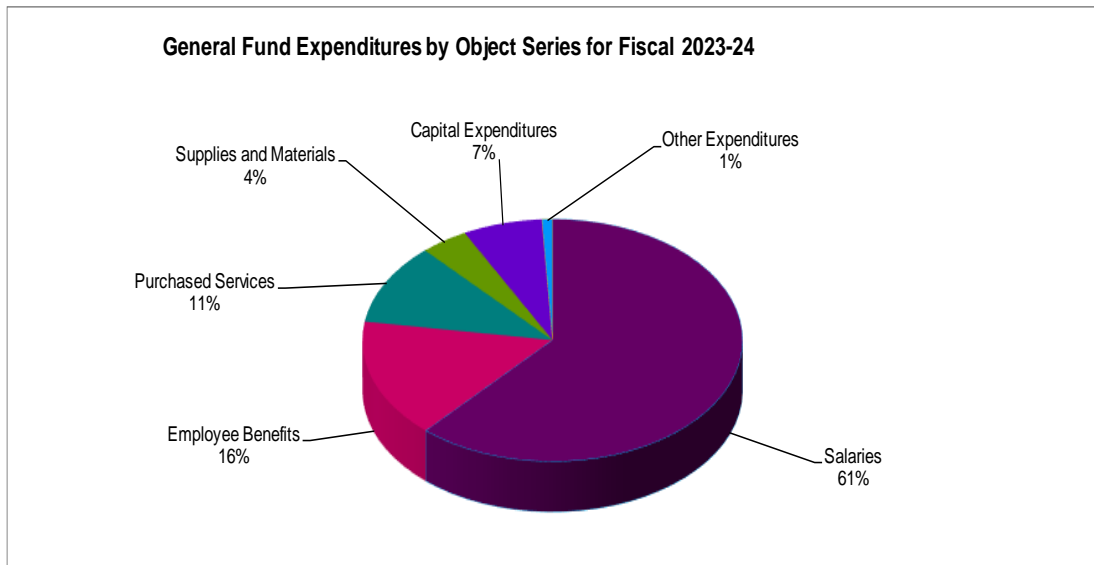
	2020	2021	2022	2023	2024
District and School Admin	\$ 4,736,528	\$ 4,780,109	\$ 4,562,359	\$ 4,488,647	\$ 4,798,968
District Support Services	3,446,513	3,562,358	3,807,722	4,370,107	4,743,893
Regular Instruction	58,311,252	55,479,602	57,415,695	60,012,153	60,990,316
Vocational Instruction	1,495,626	1,429,151	1,431,874	1,123,202	1,291,587
Special Education Instruction	22,801,931	22,799,560	23,208,620	24,844,767	26,370,221
Instructional Support Services	9,668,772	10,282,644	9,872,803	9,627,307	10,861,220
Pupil Support Services	13,040,532	16,558,021	17,036,768	12,444,698	13,722,037
Operations and Maintenance	14,639,445	16,739,257	17,623,648	19,066,188	20,161,520
Community Service	-	-	-	-	23,514
Fixed Cost and Debt Service	338,863	606,849	1,061,872	1,842,774	2,073,175
Total Expenditures	\$ 128,479,462	\$ 132,237,551	\$ 136,021,361	\$ 137,819,843	\$ 145,036,451

General Fund Expenditures (Continued)

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

	2024				2023	2022
	Final Amended Budget	Actual	Over (Under) Budget	%	Actual	Actual
District and School Admin	\$ 4,629,015	\$ 4,798,968	\$ 169,953	3.7%	\$ 4,488,465	\$ 4,556,769
District Support Services	4,331,318	4,341,172	9,854	0.2%	3,968,011	3,501,419
Regular Instruction	60,800,982	59,756,968	(1,044,014)	-1.7%	58,050,289	56,127,958
Vocational Instruction	1,310,962	1,291,587	(19,375)	-1.5%	1,121,135	1,431,874
Special Education Instruction	26,898,305	26,362,550	(535,755)	-2.0%	24,681,532	23,119,903
Community Education	23,514	23,514	-	0.0%	-	-
Instructional Support Services	10,227,051	9,899,474	(327,577)	-3.2%	8,570,222	8,315,474
Pupil Support Services	13,353,766	13,516,178	162,412	1.2%	12,257,336	11,931,594
Operations and Maintenance	13,135,493	13,156,555	21,062	0.2%	14,295,689	13,278,781
Capital Outlay	8,130,965	9,816,310	1,685,345	20.7%	8,544,390	12,695,717
Fixed Cost and Debt Service	2,504,535	2,073,175	(431,360)	-17.2%	1,842,774	1,061,872
Total Expenditures	\$ 145,345,906	\$ 145,036,451	\$ (309,455)	-0.2%	\$ 137,819,843	\$ 136,021,361

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



	2024				2023	2022
	Final Amended Budget	Actual	Over (Under) Budget	%	Actual	Actual
Salaries	\$ 90,297,862	\$ 89,324,178	\$ (973,684)	-1.1%	\$ 85,162,916	\$ 81,410,469
Employee Benefits	24,198,948	23,006,649	(1,192,299)	-4.9%	21,649,263	20,402,500
Purchased Services	14,862,798	15,720,049	857,251	5.8%	15,906,215	15,477,506
Supplies and Materials	5,660,704	5,872,435	211,731	3.7%	4,823,933	4,926,889
Capital Expenditures	8,130,965	9,816,310	1,685,345	20.7%	8,544,390	126,595,717
Other Expenditures	2,171,115	1,296,830	(874,285)	-40.3%	1,733,126	1,108,280
Total Expenditures	\$ 145,322,392	\$ 145,036,451	\$ (285,941)	-0.2%	\$ 137,819,843	\$ 249,921,361

On a net basis, total expenditures were 0.21% lower than reflected in the final amended budget.

General Fund Operations and Financial Position

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

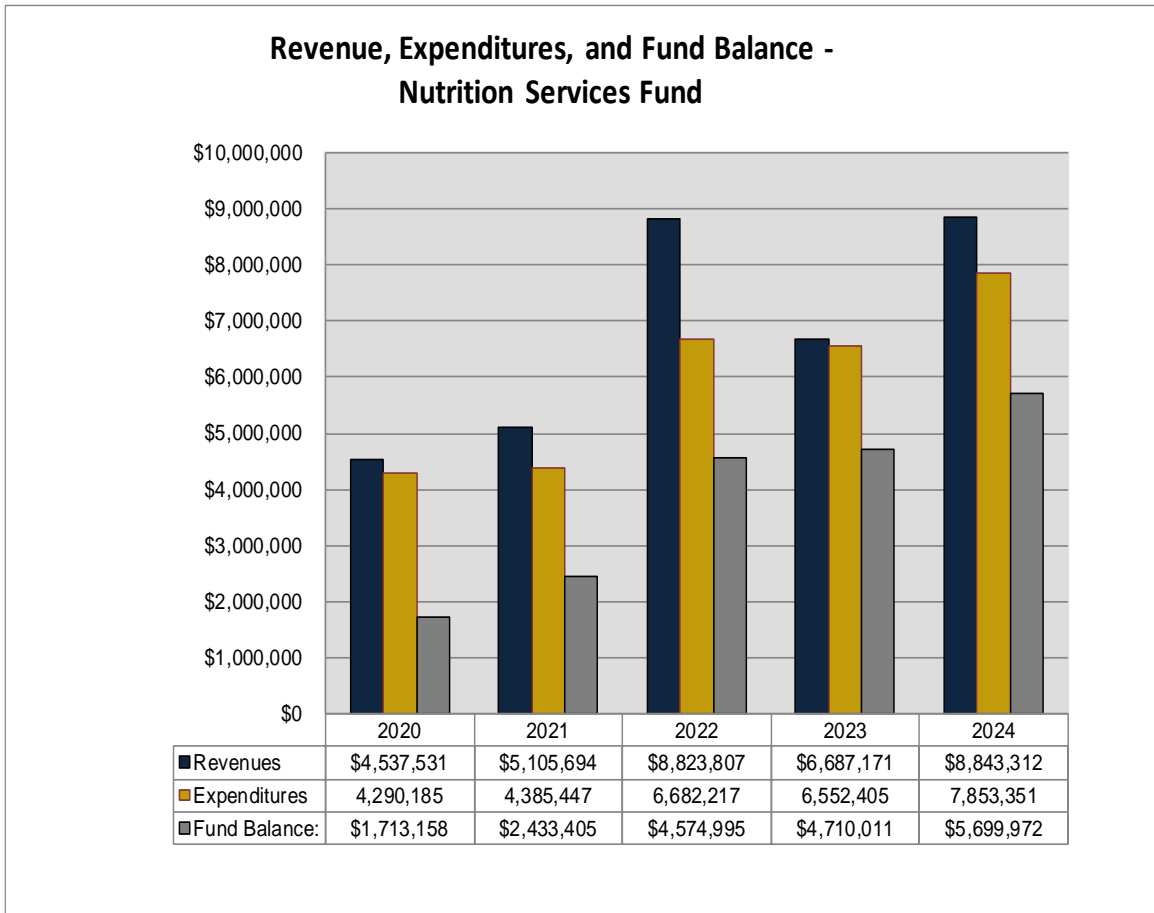
	Year Ended June 30,				
	2020	2021	2022	2023	2024
Revenues	\$ 127,949,948	\$ 133,969,125	\$ 135,701,593	\$ 137,992,345	\$ 150,158,579
Expenditures	128,479,462	132,237,551	136,021,361	137,819,843	145,036,451
Excess (Deficiency) of Revenues Over (Under) Expenditures	(529,514)	1,731,574	(319,768)	172,502	5,122,128
Other Financing Sources:					
Insurance Recovery	-	297,640	9,422	114,223	204,166
Sale of Capital Assets	6,054	2,121,137	7,105	-	1,519,050
Long-Term Lease Proceeds	-	1,867,591	171,292	27,603	-
Issuance of Equipment Certificates	-	-	6,839,000	-	-
Total Other Financing Sources	6,054	4,286,368	7,026,819	141,826	1,723,216
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(523,460)	6,017,942	6,707,051	314,328	6,845,344
FUND BALANCE					
Beginning of Year	13,924,974	13,401,514	19,419,456	26,126,507	26,440,835
End of Year	\$ 13,401,514	\$ 19,419,456	\$ 26,126,507	\$ 26,440,835	\$ 33,286,179
Restricted Fund Balance	\$ 2,059,732	\$ 2,150,287	\$ 2,015,748	\$ 1,633,176	\$ 2,443,699
Assigned Fund Balance	2,996,063	8,816,082	11,482,022	10,516,262	12,589,319
Nonspendable Fund Balance	174,282	58,542	260,905	96,263	302,404
Unassigned Fund Balance	8,171,437	8,394,545	12,367,832	14,195,134	17,950,757
Total Fund Balance	\$ 13,401,514	\$ 19,419,456	\$ 26,126,507	\$ 26,440,835	\$ 33,286,179
Unassigned Fund Balance as a Percentage of Expenditures	6.36%	6.35%	9.09%	10.30%	12.38%

The District's General Fund revenues and other financing sources exceeded expenditures by \$6,845,344 for fiscal 2024, increasing total fund balance to \$33,286,179 at June 30, 2024. Total fund balance (financial statement presentation basis) includes a net of \$2,443,699 in restricted accounts as prescribed by state statute, \$12,589,319 in board-assigned accounts, and \$302,404 in nonspendable fund balance. That leaves an unassigned fund balance of \$17,950,757 at year-end, which is 12.38% of General Fund expenditures.

General Fund expenditures for fiscal 2024 were \$145,036,451, which represents an increase of \$7,216,608 or 5.24% from fiscal 2023.

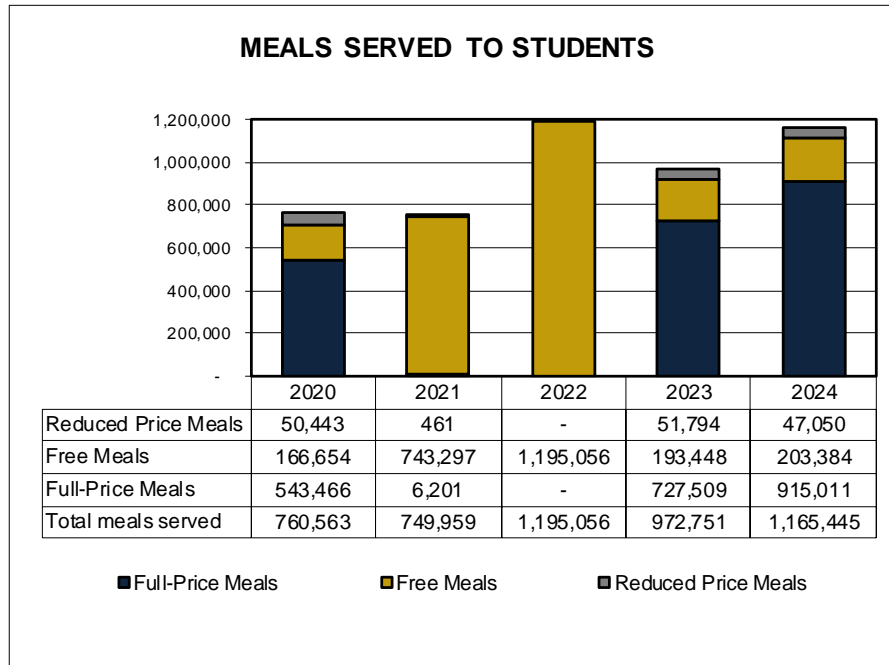
Nutrition Services Fund

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



Total revenues exceeded total expenditures by \$989,961 in the District's Nutrition Services Fund for 2024, increasing fund balance to \$5,699,972 at June 30, 2024. The ending fund balance represents 72.6% of expenditures and provides for cashflow and can serve as a source for capital improvements to the nutrition services program as needs warrant. During 2024, the District incurred \$474,270 of capital outlay invested back into the nutrition services program. Total revenue was more than the final budgeted amount by \$2,373,120 (or 36.7%) while total expenditures were \$1,306,786 (or 20.0%) more than the budgeted amount. The net impact of these variances was a net increase in the fund balance of the Nutrition Services Fund which was \$1,066,334 more than had been reflected in the budget.

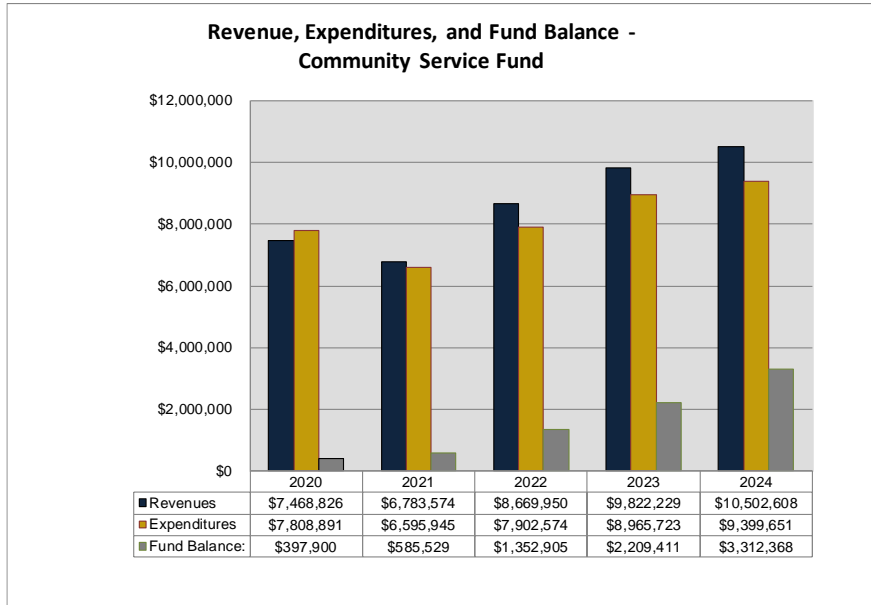
Nutrition Services Fund (Continued)



	Year Ended June 30,				
	2020	2021	2022	2023	2024
Percentage of Total Meals Served by Type (excluding Breakfast):					
Full Price Meals	71.5 %	0.8 %	- %	74.8 %	78.5 %
Reduced Price Meals	6.6	0.1	-	5.3	4.0
Free Meals	21.9	99.1	100.0	19.9	17.5
Total	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

Community Service Fund

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



The District's Community Service Fund had an excess of revenues over expenditures of \$1,102,957 for fiscal 2024, bringing the combined fund balance to \$3,312,368, or 35.24% of total expenditures at June 30, 2024. Total revenue was higher than the final budgeted amount by \$686,043 (or 7.0%) while total expenditures were \$84,038 (or 0.9%) more than the budgeted amount. The net impact of these variances was a net increase in the fund balance of the Community Service Fund which was \$602,005 more than had been reflected in the budget.

APPENDIX B

	Expenditures Per Student (ADM) Served					
	Statewide			ISD No. 112		
	All	Seven County	Enrollment	Eastern Carver County Schools		
	Districts	Metro Area	> than 4,000	2022	2023	2024
	2023	2023	2023			
District and School Admin and Support Services	\$ 1,300	\$ 1,306	\$ 1,283	\$ 865	\$ 915	\$ 997
Regular Instruction (including Co- & Extra-Curricular)	6,646	6,926	6,807	6,022	6,282	6,516
Vocational Instruction (Career & Technical)	224	203	207	154	121	141
Special Education Instruction	2,891	3,013	3,120	2,481	2,671	2,875
Instructional Support Services	861	994	994	892	927	1,079
Pupil Support Services (excluding Transportation)	582	650	644	545	555	544
Pupil Transportation	972	1,042	1,001	736	771	929
Operations and Maintenance and Other	1,201	1,170	1,152	1,493	1,635	1,554
General Fund Subtotal	14,677	15,304	15,208	13,186	13,878	14,635
Nutrition Services	706	688	684	686	686	805
Community Service	763	1,346	820	845	967	1,025
Capital Expenditure (excluding Building Constr Fund)	960	936	927	1,396	951	1,125
Debt Service	1,682	1,717	1,628	2,129	2,044	2,105
Total Pre-K - 12 Operating Expenditures	<u>\$ 18,788</u>	<u>\$ 19,991</u>	<u>\$ 19,267</u>	<u>\$ 18,242</u>	<u>\$ 18,525</u>	<u>\$ 19,694</u>
Percent Change from Prior Year				6.96%	1.55%	6.31%

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

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

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

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

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

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

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

Transportation - all costs for pupil transportation

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

Nutrition services - all costs of the Nutrition Services Fund

Community service - all costs of the Community Service Fund

Capital expenditures - all capital expenditures charged to operating funds (which excludes the Building Construction Fund)

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

APPENDIX C

ACCOUNTING UPDATE

GASB Statement No. 99 – Omnibus

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

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

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

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

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This statement was effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter, so it was implemented in fiscal year 2024.

GASB Statement No. 101 – Compensated Absences

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

GASB Statement No. 102 – Certain Risk Disclosures

The primary objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement defines a *concentration* as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. This Statement is effective for periods beginning after June 15, 2024.

GASB Statement No. 103 – Financial Reporting Model Improvements

The primary objective of this Statements is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. Areas impacted include the MD&A, Proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Position, and Budgetary Comparison Information. This Statement is effective for fiscal periods beginning after June 15, 2025.



APPENDIX D

FORMAL REQUIRED COMMUNICATIONS

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 112 (the District) as of and for the year ended June 30, 2024, and have issued our report thereon dated December 2, 2024. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit in our Audit Services Statement of Work dated January 26, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

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

No new accounting policies were adopted, and the application of existing policies was not changed during 2024.

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

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

Qualitative aspects of accounting practices (continued)

Financial statement disclosures

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

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

Significant unusual transactions

We identified no significant unusual transactions.

Difficulties encountered in performing the audit

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

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has determined that the effects of uncorrected misstatement are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The following summarizes the uncorrected misstatement of the financial statements:

- New accounting guidance requires capitalization of grouped assets previously individually below capitalization thresholds now be capitalized. This guidance was implemented retrospectively, resulting in prior year purchases being recorded as additions through current year activity in the net amount of \$1,686,281 instead of restating beginning capital assets and net position due to being immaterial to governmental activities.

Corrected misstatements

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

Disagreements with management

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

Management representations

We have requested certain representations from management that are included in the management representation letter dated December 2, 2024.

Management consultations with other independent accountants

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

Significant issues discussed with management prior to engagement

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

Other audit findings or issues

We have provided a separate communication to you dated December 2, 2024, communicating internal control related matters identified during the audit.

Required supplementary information

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

Supplementary information in relation to the financial statements as a whole

With respect to the schedule of expenditures of federal awards (SEFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA to determine that the SEFA complies with the requirements of the Uniform Guidance, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated December 2, 2024.

With respect to the individual fund financial statements and the Uniform Financial Accounting and Reporting Standards Compliance Table (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated December 2, 2024.

Other information included in annual reports

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

* * *

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



CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 2, 2024



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